

LIVE OAK COUNTY, TEXAS
ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2019



Lovvorn & Kieschnick

CERTIFIED PUBLIC ACCOUNTANTS

LOVVORN & KIESCHNICK, LLP

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**LIVE OAK COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2019**

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INTRODUCTORY SECTION

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LIVE OAK COUNTY, TEXAS

DIRECTORY OF OFFICIALS

DECEMBER 31, 2019

DISTRICT COURT

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

Judge, 36th Judicial District
Judge, 156th Judicial District
Judge, 343rd 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 & Kitley Wasicek
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, 2019, 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, 2019, 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.

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 March 4, 2021, 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
March 4, 2021

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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, 2019
(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, 2019. 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, 2019 by \$56,422,317 (presented as "net position"). Of this amount \$36,046,913 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 \$4,651,448 (a 9% increase) in fiscal year 2019. The County only had governmental activities during the 2019 year.

Fund Highlights: Governmental Funds – Fund Balances As of the close of fiscal year 2019, the County's governmental funds reported a combined ending fund balance of \$35,247,847 which was an increase of \$3,611,636 in comparison with the prior year. At the end of the year, unassigned fund balance for the general fund was \$14,878,541 equal to 131% 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 \$5,005,000 at December 31, 2019.

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, except the Buyout Fund. 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 \$76,550,492 the largest components are: 1) cash and cash equivalents of \$36,235,438 or 47%, 2) investments of \$10,404,475 or 14%, 3) receivables which largely represent the unavailable taxes for FY2019 of \$4,582,311 or 6%, and 4) capital assets, net of accumulated depreciation, \$25,328,270 or 33%. The tax receivables are offset by deferred inflows of resources: unearned 2019 tax revenues and advanced tax collections, since the FY2019 tax revenue is not recognized until FY2020 even though the levy takes place in FY2019. Capital assets are non-liquid assets and cannot be utilized to satisfy County obligations. Liabilities consist of current liabilities of \$754,648 and noncurrent liabilities of \$6,775,858.

(Continued)

The County's net position for fiscal years ended December 31, 2019 and 2018 is summarized as follows:

	Governmental Activities		Total Percentage Change 2019-2018
	2019	2018*	
Current and other assets	51,222,222	46,385,832	10%
Capital assets (net of depreciation)	25,328,270	24,416,764	4%
Total assets	76,550,492	70,812,803	8%
Deferred outflows of resources	2,397,549	1,181,138	103%
Current and other liabilities	754,651	997,571	-24%
Long-term liabilities	6,775,858	5,768,698	17%
Total liabilities	7,530,509	6,766,269	11%
Deferred inflow of resources	14,995,218	13,456,803	11%
Net position:			
Net investment in capital assets	20,323,270	19,096,764	6%
Restricted	52,134	112,888	-54%
Unrestricted	36,046,913	32,551,010	11%
Total net position	56,422,317	51,770,869	9%

*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 \$56,422,317 at the end of fiscal year 2019 compared to \$51,770,869 at the end of the previous year.

Of the County's total net position, 36% 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 \$4,651,448. The key components of this change are the following:

Live Oak County's Changes in Net Position

	Governmental Activities		
	2019	2018*	Total Percentage Change 2019-2018
Revenues:			
Net Program revenues:			
Charges for services	4,013,093	3,494,412	15%
Operating grants and contributions	334,867	279,855	20%
Capital grants and contributions	-	-	0%
General revenues:			
Property taxes	12,766,624	11,177,843	14%
Sales taxes	2,104,923	1,803,381	17%
Investment earnings	759,640	257,162	195%
Total revenues	<u>19,979,147</u>	<u>17,012,653</u>	17%
Expenses:			
General Administration	863,433	904,548	-5%
Judicial	751,842	734,504	2%
Financial	1,576,228	1,594,976	-1%
Legal	744,442	775,260	-4%
Public Facilities	261,035	425,877	-39%
Environmental Protection	279,169	207,438	35%
Public Safety	5,119,943	4,632,167	11%
Highways, Streets and Bridges	4,312,630	5,342,768	-19%
Health and Welfare	724,967	1,028,049	-29%
Culture and Recreation	162,887	170,290	-4%
Conservation	154,992	82,279	88%
Airport	159,786	159,538	0%
Interest and fiscal charges on debt	216,345	229,834	-6%
Total expenses	<u>15,327,699</u>	<u>16,287,528</u>	-6%
Change in net position	4,651,448	725,125	541%
Net position--beginning	<u>51,770,869</u>	<u>51,045,744</u>	1%
Net position--ending	<u>56,422,317</u>	<u>51,770,869</u>	9%

*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 \$4,347,960 equaled 29% of government expenses of \$15,327,699. As expected, general revenues (\$15,631,188) provided the required support and coverage for expenses.
- The largest category of expenses is Public Safety (\$5,119,943), while this category provided about 2% of total revenues of \$430,154.
- The next largest category of expenses is Highways, Streets, and Bridges (\$4,312,630) with \$772,116 in revenues, or about 4% 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 \$35,247,847, an increase of \$3,611,636 in comparison with the prior year. Approximately \$14,848,465 or 43% 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 \$14,878,541 while total fund balance reached \$35,247,847. 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 131% of total fund expenditures and transfers out.

General Fund Budgetary Highlights

For FY2019, actual expenditures were \$10,995,572 compared to the budget amount of \$12,530,575.

For FY2019, actual revenues were \$10,935,860 as compared to the budget amount of \$7,336,392.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2019 the County had \$42,474,946 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 \$911,506, or 4% more than last year.

Capital Assets at Year-End

	Governmental Activities		
	2019	2018*	Total Percentage Change 2019-2018
Land	3,346,162	3,346,162	0%
Construction in Progress	2,662,276	1,010,294	164%
Buildings and Improvements	14,308,715	14,122,096	1%
Equipment and Vehicles	10,786,522	10,406,133	4%
Infrastructure	11,371,271	11,371,271	0%
Subtotal	42,474,946	40,255,956	6%
Accumulated depreciation	(17,146,676)	(15,839,192)	8%
Capital assets, net	25,328,270	24,416,764	4%

*Restated

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 \$5,005,000 at December 31, 2019.

The County's bonded debt at December 31, 2019 was \$5,005,000, a decrease of \$315,000 or a 6% decrease compared to last year.

Long-term Obligations at Year-End

	Governmental Activities		
	2019	2018	Increase (Decrease)
Certificates of Obligation	5,005,000	5,320,000	(315,000)
Compensated Absences	127,164	155,824	(28,660)
Net Pension Liability (Asset)	1,371,599	(323,831)	1,695,430
Net OPEB Liability	272,095	292,874	(20,779)
Totals	6,775,858	5,444,867	1,330,991

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, 2019

Exhibit 1

ASSETS	
Cash and Cash Equivalents	36,235,436
Investments	10,404,475
Receivables	
Taxes Receivable	4,043,447
Due from Others	538,864
Capital Assets	
Land	3,346,162
Construction in Progress	2,662,276
Buildings and Improvements	14,308,715
Equipment and Vehicles	10,786,522
Infrastructure	11,371,271
Less Accumulated Depreciation	(17,146,676)
TOTAL ASSETS	<u><u>76,550,492</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pensions	2,379,983
Deferred Outflow Related to OPEB	17,566
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>2,397,549</u></u>
LIABILITIES	
Accounts Payable	463,322
Accrued Wages	201,653
Interest Payable	89,673
Noncurrent Liabilities	
Due Within One Year	452,164
Due in More Than One Year	4,680,000
Net Pension Liability	1,371,599
Net OPEB Liability	272,095
TOTAL LIABILITIES	<u><u>7,530,506</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues - Property Taxes	3,373,352
Advanced Tax Collections	11,265,955
Deferred Inflow Related to Pensions	318,138
Deferred Inflow Related to OPEB	37,773
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>14,995,218</u></u>
NET POSITION	
Net Investment In Capital Assets	20,323,270
Restricted For:	
Debt Service	52,134
Unrestricted	36,046,913
TOTAL NET POSITION	<u><u>56,422,317</u></u>

The accompanying notes are an integral part of this statement.

**LIVE OAK COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General Administration	863,433	2,672,761	117,899	-
Judicial	751,842	-	-	-
Financial	1,576,228	-	-	-
Legal	744,442	-	-	-
Public Facilities	261,035	-	-	-
Environmental Protection	279,169	-	-	-
Public Safety	5,119,943	421,118	9,036	-
Highways, Streets and Bridges	4,312,630	747,567	24,549	-
Health and Welfare	724,967	55,854	144,321	-
Culture and Recreation	162,887	-	-	-
Conservation	154,992	6,720	39,062	-
Airport	159,786	109,073	-	-
Interest on Long Term Debt	216,345	-	-	-
Total Governmental Activities	15,327,699	4,013,093	334,867	-

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

1,927,227
(751,842)
(1,576,228)
(744,442)
(261,035)
(279,169)
(4,689,789)
(3,540,514)
(524,792)
(162,887)
(109,210)
(50,713)
(216,345)

(10,979,739)

12,766,624
2,104,923
759,640
15,631,187

4,651,448
51,770,869
56,422,317

LIVE OAK COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>
ASSETS		
Cash and Cash Equivalents	11,520,281	23,804,377
Investments	8,305,877	2,098,598
Receivables		
Taxes Receivable	1,775,446	2,112,207
Due From Others	474,909	3,187
Due From Other Funds	-	-
TOTAL ASSETS	<u><u>22,076,513</u></u>	<u><u>28,018,369</u></u>
LIABILITIES		
Accounts Payable	296,009	112,441
Due to Other Funds	23,749	-
Accrued Wages	159,800	38,300
TOTAL LIABILITIES	<u><u>479,558</u></u>	<u><u>150,741</u></u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	298,111	335,215
Deferred Revenues - Property Taxes	1,477,335	1,776,992
Advanced Tax Collections	4,942,968	5,940,492
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>6,718,414</u></u>	<u><u>8,052,699</u></u>
FUND BALANCES		
Restricted for:		
Debt Service	-	-
Committed, Reported In:		
Special Revenue Funds	-	19,814,929
Unassigned, Reported In:		
General Fund	14,878,541	-
Special Revenue Funds	-	-
TOTAL FUND BALANCES	<u><u>14,878,541</u></u>	<u><u>19,814,929</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>22,076,513</u></u>	<u><u>28,018,369</u></u>

The accompanying notes are an integral part of this statement.

Exhibit 3

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
910,778	36,235,436
-	10,404,475
155,794	4,043,447
60,768	538,864
23,749	23,749
<u>1,151,089</u>	<u>51,245,971</u>
54,870	463,320
-	23,749
3,553	201,653
<u>58,423</u>	<u>688,722</u>
36,769	670,095
119,025	3,373,352
382,495	11,265,955
<u>538,289</u>	<u>15,309,402</u>
105,038	105,038
479,415	20,294,344
-	14,878,541
(30,076)	(30,076)
<u>554,377</u>	<u>35,247,847</u>
<u>1,151,089</u>	<u>51,245,971</u>

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LIVE OAK COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO STATEMENT OF NET POSITION
 DECEMBER 31, 2019

Exhibit 3-R

Total fund balance - total governmental funds	35,247,847
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.	25,328,270
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	670,095
Other long-term liabilities which are not due in the current period are not reported in the funds	(127,164)
Payables for bond principal which are not due in the current period are not reported in the funds.	(5,005,000)
Payables for bond interest which are not due in the current period are not reported in the funds.	(89,673)
Recognition of County's proportionate share of the net pension asset (liability) is not reported in the funds.	(1,371,599)
Recognition of County's proportionate share of the net OPEB asset (liability) is not reported in the funds.	(272,095)
Deferred resource outflows/inflows related to pensions are not reported in the funds.	2,061,843
Deferred resource outflows/inflows related to OPEB are not reported in the funds.	(20,207)
Net position of governmental activities - statement of net position	<u>56,422,317</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, 2019**

	GENERAL FUND	ROAD AND BRIDGE FUND
REVENUES		
Taxes	7,080,541	7,180,907
Licenses and Permits	28,653	610,982
Intergovernmental	379,791	155,004
Fees	1,529,062	-
Fines and Forfeitures	626,095	-
Investment Income	548,238	207,050
Other	743,480	52,653
Total Revenues	<u>10,935,860</u>	<u>8,206,596</u>
EXPENDITURES		
Current		
General Administration	824,163	-
Judicial	714,390	-
Financial	1,374,267	207,466
Legal	749,329	-
Public Facilities	1,738,962	-
Environmental Protection	-	-
Public Safety	4,628,421	22,935
Highways, Streets and Bridges	-	4,022,044
Health and Welfare	707,992	-
Culture and Recreation	156,419	-
Conservation	101,629	-
Airport	-	-
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>10,995,572</u>	<u>4,252,445</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(59,712)</u>	 <u>3,954,151</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	-	-
Transfers Out	(392,227)	-
Total Other Financing Sources (Uses)	<u>(392,227)</u>	<u>-</u>
 Net Change in Fund Balances	 (451,939)	 3,954,151
 Fund Balances at Beginning of Year (Restated)	 <u>15,330,480</u>	 <u>15,860,778</u>
Fund Balances at End of Year	<u>14,878,541</u>	<u>19,814,929</u>

The accompanying notes are an integral part of this statement.

Exhibit 4

NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
585,877	14,847,325
-	639,635
39,062	573,857
188,647	1,717,709
-	626,095
4,353	759,641
113,063	909,196
<u>931,002</u>	<u>20,073,458</u>
43,824	867,987
39,062	753,452
-	1,581,733
-	749,329
-	1,738,962
279,169	279,169
-	4,651,356
-	4,022,044
200,965	908,957
-	156,419
52,082	153,711
61,715	61,715
315,000	315,000
221,988	221,988
<u>1,213,805</u>	<u>16,461,822</u>
<u>(282,803)</u>	<u>3,611,636</u>
392,227	392,227
-	(392,227)
<u>392,227</u>	<u>-</u>
109,424	3,611,636
444,953	31,636,211
<u>554,377</u>	<u>35,247,847</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, 2019

Exhibit 4-R

Net change in fund balance - total governmental funds	3,611,636
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are not reported as expenses in the SOA.	2,448,301
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,435,603)
The gain or loss on the disposal of capital assets is not reported in the funds.	(17,581)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	24,222
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	315,000
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.	5,643
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.	28,661
Implementing GASB 68 required certain expenditures to be de-expended and recorded as deferred resource outflows	(320,701)
Implementing GASB 75 required certain expenditures to be de-expended and recorded as deferred resource outflows	(8,130)
Change in net assets of governmental activities - statement of activities	<u><u>4,651,448</u></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, 2019**

Exhibit 5

ASSETS	
Cash and Cash Equivalents	1,046,039
Non-Negotiable Certificate of Deposit	33,422
Total Assets	<u><u>1,079,461</u></u>
 LIABILITIES	
Due to Others	1,079,461
Total Liabilities	<u><u>1,079,461</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, 2019

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 2019.

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 2019.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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, 2019

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 2019, and became due October 1, 2019, have been assessed to finance the budget of the fiscal year beginning January 1, 2020 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, 2019.

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, 2019

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, 2019

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.

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.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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>
In the General Fund and Road and Bridge Fund certain functional expenditures and transfers out exceeded appropriations.	In the future the budgets will be amended to cover approved expenditures and transfers.

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	30,076	

N. Accounting Pronouncements

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. Implementation of GASB 83 in the current year had no impact on the County's financial statements.

In order to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* is currently in effect to postpone the effective dates of certain provisions in Statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. The following GASB Statements reflect the extended implementation dates.

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 2020 and the impact has not yet been determined.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 2022 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, 2019. GASB 88 will be implemented by the County in fiscal year 2020 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 December 15, 2020. GASB 89 will be implemented by the County in fiscal year 2021 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, 2019. GASB 90 will be implemented by the County in fiscal year 2020 and the impact has not yet been determined.

GASB Statement No. 91, *Conduit Debt Obligations*, will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The County will assess and implement this Statement where necessary in fiscal year 2022.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.

(Continued)

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

B. Deposits and Investments

Cash and Deposits are as follows:

Cash and Deposits	
	2019
Bank Deposits	
Demand Deposits	37,279,037
Non-negotiable Certificate of Deposit	33,422
Cash and Cash Equivalents	
Petty Cash on Hand	2,440
Total Cash and Deposits	37,314,899

During the year ended December 31, 2019, 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, 2019
Investments	
Negotiable Certificates of Deposit	6,575,172
Money Market	3,829,573
Total Investments	10,404,745
Total Cash and Deposits	37,314,899
Total Deposits and Investments	47,719,644

As of December 31, 2019, 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	6,575,172	1,251,186	3,530,386	1,793,600
Money Market	3,829,573	3,829,573	-	-
Total Fair Value	10,404,745	5,080,759	3,530,386	1,793,600

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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	12/31/19	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Certificates of Deposit	6,575,172	-	6,575,172	-
Total Fair Value	6,575,172	-	6,575,172	-

(Continued)

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance January 1*	Additions/ Completions	Retirements/ Adjustments	Balance December 31
Governmental Activities:				
Capital assets, not being depreciated				
Land	3,346,162	-	-	3,346,162
Construction in Progress	1,010,294	1,735,592	83,610	2,662,276
Total capital assets, not being depreciated	<u>4,356,456</u>	<u>1,735,592</u>	<u>83,610</u>	<u>6,008,438</u>
Capital assets, being depreciated				
Building and Improvements	14,122,096	186,619	-	14,308,715
Equipment and Vehicles	10,406,133	526,089	145,700	10,786,522
Infrastructure	11,371,271	-	-	11,371,271
Total capital assets, being depreciated	<u>35,899,500</u>	<u>712,708</u>	<u>145,700</u>	<u>36,466,508</u>
Less accumulated depreciation for:				
Buildings and Improvements	(3,369,492)	(262,645)	-	(3,632,137)
Equipment and Vehicles	(7,840,677)	(755,580)	(128,119)	(8,468,138)
Infrastructure	(4,629,023)	(417,378)	-	(5,046,401)
Total accumulated depreciation	<u>(15,839,192)</u>	<u>(1,435,603)</u>	<u>(128,119)</u>	<u>(17,146,676)</u>
Total capital assets, being depreciated, net	<u>20,060,308</u>	<u>(722,895)</u>	<u>17,581</u>	<u>19,319,832</u>
Governmental activities capital assets, net	<u>24,416,764</u>	<u>1,012,697</u>	<u>101,191</u>	<u>25,328,270</u>

*Restated

Depreciation expense was charged to functions/programs of the County for the 2019 year as follows:

Governmental Activities:

General Administration	20,169
Judicial	-
Financial	-
Public Facilities	64,176
Public Safety	472,638
Highways, Streets and Bridges	756,991
Health and Welfare	17,860
Culture and Recreation	5,698
Conservation	-
Airport	<u>98,071</u>

Total Depreciation Expense 1,435,603

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

4. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2019 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%	5,320,000	-	315,000	5,005,000	325,000
Compensated Absences			155,824	127,164	155,824	127,164	127,164
Net Pension Liability (Asset)			(323,831)	2,841,703	1,146,273	1,371,599	-
Net OPEB Liability			292,874	23,601	44,380	272,095	-
Total Governmental Activities							
Long-term Obligations			<u>5,444,867</u>	<u>2,992,468</u>	<u>1,661,477</u>	<u>6,775,858</u>	<u>452,164</u>

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, 2019 are as follows:

Fiscal Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
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	385,000	147,168	532,168
2025-2029	2,205,000	465,582	2,670,582
2030-2031	1,025,000	44,612	1,069,612
TOTALS	<u>5,005,000</u>	<u>1,401,907</u>	<u>6,406,907</u>

Defeased Bonds Outstanding - None

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.

Tax Rate –

The effective tax rate for the 2018 levy year was \$0.52025 per \$100 assessed valuation. This tax rate was used for fiscal year 2019 operations. The 2019 tax roll is to be used for 2020 operations and its tax rate is \$0.51250 per \$100 valuation.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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	1,775,446	468,783	6,126	2,250,355
Road and Bridge Fund	2,112,207	3,187	-	2,115,394
Non-Major Governmental Funds	155,794	55,020	5,748	216,562
Totals	<u>4,043,447</u>	<u>526,990</u>	<u>11,874</u>	<u>4,582,311</u>

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	298,111	335,215	36,769	670,095
Deferred revenues - property taxes	1,477,335	1,776,992	119,025	3,373,352
Advanced tax collections	4,942,968	5,940,492	382,495	11,265,955
Total deferred revenue	<u>6,718,414</u>	<u>8,052,699</u>	<u>538,289</u>	<u>15,309,402</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables:

Balances due to and due from other funds at December 31, 2019, consisted of the following:

Due to Fund	Due From Fund	Amount	Purpose
Other Governmental Funds	General Fund	23,749	Short-term loan
TOTALS		<u>23,749</u>	

Interfund transfers:

		Transfer In:	
		Nonmajor Governmental Funds	Total
Transfer Out:			
General Fund	392,227	<u>392,227</u>	<u>392,227</u>

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

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	91	99
Number of active employees	130	129
Average monthly salary*:	\$3,078	\$3,151
Average age*:	49.03	49.51
Average length of service in years*:	11.15	10.84
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	63	67
Average monthly benefit:	\$797	\$859

**Averages reported for all active employees.*

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 2019.

The deposit rate payable by all employee members for the calendar year 2019 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.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2018, 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, 2018 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, 2018 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 2019 information for a 10 year time horizon.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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 ⁽¹⁾
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	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
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.

⁽¹⁾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
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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 2019 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.

Asset Class	Benchmark	Target Allocation⁽¹⁾	Geometric Real Rate of Return²
US Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT <NET> Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	13.00%	3.90%

⁽¹⁾Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

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

⁽⁴⁾Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾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:

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

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

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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, 2017	20,202,510	20,526,341	(323,831)
Changes for the year:			
Service cost	776,455	-	776,455
Interest on total pension liability ⁽¹⁾	1,668,570	-	1,668,570
Effect of plan changes ⁽²⁾	-	-	-
Effect of economic/demographic gains or losses	(181,932)	-	(181,932)
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	(86,096)	(86,096)	-
Benefit payments	(687,637)	(687,637)	-
Administrative expenses	-	(16,321)	16,321
Member contributions	-	344,183	(344,183)
Net investment income	-	(380,357)	380,357
Employer contributions	-	612,643	(612,643)
Other ⁽³⁾	-	7,517	(7,517)
Balances as of December 31, 2018	21,691,871	20,320,272	1,371,599

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

⁽²⁾No plan changes valued.

⁽³⁾Relates to allocation of system-wide items.

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	24,217,247	21,691,871	19,539,293
Fiduciary net position	20,320,272	20,320,272	20,320,272
Net pension liability / (asset)	3,896,975	1,371,599	(780,979)

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Pension Expense / Income

	<u>January 1, 2018 to December 31, 2018</u>
Service cost	776,455
Interest on total pension liability ⁽¹⁾	1,668,570
Effect of plan changes	-
Administrative expenses	16,321
Member contributions	(344,183)
Expected investment return net of investment expenses	(1,669,555)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(220,223)
Recognition of assumption changes or inputs	100,000
Recognition of investment gains or losses	548,037
Other ⁽²⁾	<u>(7,517)</u>
Pension expense / (income)	<u>867,905</u>

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

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

Deferred Inflows / Outflows of Resources

As of December 31, 2018 the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	318,138	-
Changes of assumptions	-	105,897
Net difference between projected and actual earnings	-	1,299,068
Contributions made subsequent to measurement date	N/A	975,018
Total	<u>318,138</u>	<u>2,379,983</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:	
2019	\$406,259
2020	136,997
2021	133,587
2022	409,984
2023	-
Thereafter	-

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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.

Membership Information

Members	Dec. 31, 2017	Dec. 31, 2018
Number of inactive employees entitled to but not yet receiving benefits ⁽¹⁾ :	24	24
Number of active employees:	130	129
Average age of active employees:	49.03	49.51
Average length of service in years for active employees:	11.15	10.84
Inactive Employees Receiving Benefits⁽¹⁾		
Number of benefit recipients ⁽¹⁾	54	57

⁽¹⁾ "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.

LIVE OAK COUNTY, TEXAS
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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	4.10% 20 Year Bond GO Index published by bondbuyer.com as of December 27, 2018
Cost-of-Living Adjustment	Does not apply
Disability	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.
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 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.
Retirement	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.

LIVE OAK COUNTY, TEXAS
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Total OPEB Liability

	<u>December 31, 2017</u>	<u>December 31, 2018</u>
Total OPEB Liability	292,874	272,095

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 ⁽¹⁾	3.44%	4.10%
Long-term expected rate of return, net of investment expense ⁽¹⁾	Does not apply	Does not apply
Municipal bond rate ⁽¹⁾	3.44%	4.10%

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

Other Key Actuarial Assumptions

All actuarial assumptions that determined the total OPEB liability as of December 31, 2018 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 shows the Total OPEB Liability of the employer, calculated using the discount rate of 4.10%, 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 (3.10%) or 1 percentage point higher (5.10%) 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.

	1% Decrease	Current Discount Rate	1% Increase
	3.10%	4.10%	5.10%
Total OPEB Liability	<u>318,028</u>	<u>272,095</u>	<u>235,750</u>

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Changes in Total OPEB Liability

	<u>Changes in Total OPEB Liability</u>
OPEB Liability as of December 31, 2017	292,874
Changes for the year:	
Service cost	13,214
Interest on total OPEB liability ⁽¹⁾	10,387
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	(6,966)
Effect of assumptions changes or inputs ⁽³⁾	(29,055)
Benefit payments	(8,359)
Other	-
OPEB Liability as of December 31, 2018	<u><u>272,095</u></u>

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

⁽²⁾No plan changes valued

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

OPEB Expenses / (Income)

	<u>January 1, 2018 to December/31/2018</u>
Service cost	13,214
Interest on total OPEB liability ⁽¹⁾	10,387
Effect on plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(3,100)
Recognition of assumption changes or inputs	(2,831)
Other	-
OPEB expense / (income)	<u><u>17,670</u></u>

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

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

Deferred Inflows / Outflows of Resources

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	13,561	-
Changes in assumptions	24,212	8,046
Contributions made subsequent to measurement date ⁽²⁾	<u>N/A</u>	<u>9,520</u>
Total	<u>37,773</u>	<u>17,566</u>

⁽²⁾Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected.

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:	
2019	(5,931)
2020	(5,931)
2021	(5,931)
2022	(5,931)
2023	(6,001)
Thereafter ⁽³⁾	-

⁽³⁾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

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

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, 2019 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.

(Continued)

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

15. FUND BALANCES

The following is a summary of Governmental fund balances of the County at December 31, 2019:

<u>GENERAL FUND</u>	
Unassigned	<u>14,878,541</u>
<u>ROAD AND BRIDGE FUND</u>	
Committed:	
Highways, Streets and Bridges	<u>19,814,929</u>
<u>OTHER GOVERNMENTAL FUNDS</u>	
Restricted:	
Retirement of Long-Term Debt	105,038
Committed:	
Solid Waste	73,665
Airport	116,027
Courthouse Security	31,419
County Clerk Records Management	205,077
Records Mgmt. and Preservation	103
Justice Technology	46,638
County and District Technology	<u>6,486</u>
TOTAL COMMITTED	<u>479,415</u>
Unassigned:	
Indigent Health Care	<u>(30,076)</u>
TOTAL OTHER GOVERNMENTAL FUND BALANCE	<u>554,377</u>
TOTAL GOVERNMENTAL FUND BALANCE	<u><u>35,247,847</u></u>

16. 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.

LIVE OAK COUNTY, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019

17. RESTATEMENT OF FUND BALANCE AND NET POSITION

During the year, management determined that in the prior year, capital assets had been understated and intergovernmental receivables were overstated. The restatements are as follows:

	Non Major Governmental Funds	Government-wide Level Net Position
	<u> </u>	<u> </u>
Beginning equity, as originally stated	455,160	50,938,308
Restatement for understated capital assets	-	842,768
Restatement for overstated intergovernmental receivable	<u>(10,207)</u>	<u>(10,207)</u>
Beginning equity, as restated	<u><u>444,953</u></u>	<u><u>51,770,869</u></u>

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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, 2019

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	4,950,000	4,950,000	7,080,541	2,130,541
Licenses and Permits	21,400	21,400	28,653	7,253
Intergovernmental	326,957	326,957	379,791	52,834
Fees	1,379,550	1,379,550	1,529,062	149,512
Fines and Forfeitures	586,000	586,000	626,095	40,095
Investment Income	50,800	50,800	548,238	497,438
Other	21,685	21,685	743,480	721,795
Total Revenues	<u>7,336,392</u>	<u>7,336,392</u>	<u>10,935,860</u>	<u>3,599,468</u>
EXPENDITURES				
Current				
General Government	1,854,656	1,854,656	824,163	1,030,493
Judicial	756,062	784,952	714,390	70,562
Elections	-	-	-	-
Financial	1,327,881	1,334,504	1,374,267	(39,763)
Legal	777,040	777,040	749,329	27,711
Public Facilities	1,247,435	1,757,435	1,738,962	18,473
Environmental Protection	-	-	-	-
Public Safety	4,837,918	4,893,176	4,628,421	264,755
Highways, Streets & Bridges	-	-	-	-
Health and Welfare	786,295	786,295	707,992	78,303
Culture and Recreation	182,226	197,226	156,419	40,807
Conservation	109,261	145,291	101,629	43,662
Economic Development	-	-	-	-
Airport	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>11,878,774</u>	<u>12,530,575</u>	<u>10,995,572</u>	<u>1,535,003</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,542,382)</u>	<u>(5,194,183)</u>	<u>(59,712)</u>	<u>5,134,471</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(385,000)	(385,000)	(392,227)	(7,227)
Total Other Financing Sources (Uses)	<u>(385,000)</u>	<u>(385,000)</u>	<u>(392,227)</u>	<u>(7,227)</u>
Net Change in Fund Balance	(4,927,382)	(5,579,183)	(451,939)	5,127,244
Fund Balance at Beginning of Year	15,330,480	15,330,480	15,330,480	-
Fund Balance at End of Year	<u>10,403,098</u>	<u>9,751,297</u>	<u>14,878,541</u>	<u>5,127,244</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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	6,315,000	6,315,000	7,180,907	865,907
Licenses and Permits	460,000	460,000	610,982	150,982
Intergovernmental	95,000	95,000	155,004	60,004
Investment Income	10,200	10,200	207,050	196,850
Other	-	-	52,653	52,653
Total Revenues	6,880,200	6,880,200	8,206,596	1,326,396
EXPENDITURES				
Current				
General Administration	-	-	-	-
Financial	146,350	146,350	207,466	(61,116)
Environmental Protection	-	-	-	-
Public Safety	30,479	30,479	22,935	7,544
Highways, Streets and Bridges	8,175,694	8,167,628	4,022,044	4,145,584
Culture & Recreation	-	-	-	-
Debt Service				
Principal Retirement	-	4,027	-	4,027
Interest and Fiscal Charges	-	4,039	-	4,039
Total Expenditures	8,352,523	8,352,523	4,252,445	4,100,078
Excess (Deficiency) of Revenues Over Expenditures	(1,472,323)	(1,472,323)	3,954,151	5,426,474
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(1,472,323)	(1,472,323)	3,954,151	5,426,474
Fund Balance at Beginning of Year	15,860,778	15,860,778	15,860,778	-
Fund Balance at End of Year	14,388,455	14,388,455	19,814,929	5,426,474

See accompanying notes to required supplementary information.

**LIVE OAK COUNTY, TEXAS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019**

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). Except for the Buyout Fund, budgets were adopted for all governmental funds in 2019.

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		
	2018	2017	2016
Total Pension Liability			
Service cost	776,456	826,760	864,679
Interest on total pension liability	1,668,570	1,552,453	1,405,541
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	211,794	-
Effect of economic/demographic (gains) or losses	(181,932)	(309,814)	(107,130)
Benefit payments/refunds of contributions	(773,733)	(820,065)	(686,921)
Net change in total pension liability	1,489,361	1,461,128	1,476,169
Total pension liability, beginning	20,202,510	18,741,382	17,265,213
Total pension liability, ending (a)	21,691,871	20,202,510	18,741,382
Fiduciary Net Position			
Employer contributions	612,643	605,901	1,122,513
Member contributions	344,183	340,395	349,727
Investment income net of investment expenses	(380,357)	2,601,736	1,172,031
Benefit payments/refunds of contributions	(773,733)	(820,065)	(686,921)
Administrative expenses	(16,321)	(13,651)	(12,739)
Other	7,517	1,563	102,057
Net change in fiduciary net position	(206,069)	2,715,879	2,046,668
Fiduciary net position, beginning	20,526,341	17,810,461	15,763,793
Fiduciary net position, ending (b)	20,320,272	20,526,340	17,810,461
Net pension liability / (asset), ending = (a) - (b)	1,371,599	(323,830)	930,921
Fiduciary net position as a % of total pension liability	93.68%	101.60%	95.03%
Pensionable covered payroll	4,916,893	4,862,792	4,996,113
Net pension liability as a % of covered payroll	27.90%	-6.66%	18.63%

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
 (Continued)

<u>Year Ended December 31</u>	
<u>2015</u>	<u>2014</u>
743,652	625,886
1,307,199	1,174,153
(102,093)	-
188,204	-
(282,015)	364,659
(630,102)	(614,434)
<u>1,224,845</u>	<u>1,550,263</u>
<u>16,040,368</u>	<u>14,490,105</u>
<u>17,265,213</u>	<u>16,040,368</u>

1,147,673	1,188,491
342,426	305,031
(211,110)	898,680
(630,102)	(614,434)
(11,154)	(10,964)
23,324	46,763
<u>661,058</u>	<u>1,813,567</u>
<u>15,102,735</u>	<u>13,289,169</u>
<u>15,763,793</u>	<u>15,102,736</u>
<u>1,501,420</u>	<u>937,633</u>
91.30%	94.15%
4,891,806	4,357,590
30.69%	21.52%

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

Schedule of Employer Contributions

Year Ending December 31	Actuarially Determined Contribution ⁽¹⁾	Actual Employer Contribution ⁽¹⁾	Contribution Deficiency (Excess)	Pensionable Covered Payroll ⁽²⁾	Actual Contribution as a % of Covered Payroll
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%
2018	574,293	612,643	(38,349)	4,916,893	12.5%

⁽¹⁾ 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.

⁽²⁾ 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

	Year Ended December 31 2018	Year Ended December 31 2017
Total OPEB Liability		
Service cost	13,214	13,082
Interest on total OPEB liability	10,387	10,821
Effect of plan changes	-	-
Effect of assumption changes or inputs	(29,055)	12,070
Effect of economic/demographic (gains) or losses	(6,966)	(11,634)
Benefit payments	(8,359)	(9,239)
Net change in total OPEB liability	(20,779)	15,100
Total OPEB liability, beginning	292,874	277,774
Total OPEB liability, ending	272,095	292,874
Pensionable covered payroll	4,916,893	4,862,792
Net OPEB liability (asset) as a % of covered payroll	5.53%	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.

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**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, 2019

	Solid Waste Disposal	Airport	Courthouse Security	Co. Clerk Records Management	Records Mgmt. and Preservation
ASSETS					
Cash and Cash Equivalents	85,159	114,319	32,365	208,379	10,228
Receivables					
Taxes Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Others	-	2,515	-	-	-
Total Assets	<u>85,159</u>	<u>116,834</u>	<u>32,365</u>	<u>208,379</u>	<u>10,228</u>
LIABILITIES					
Accounts Payable	9,292	412	-	3,302	10,125
Due to Other Funds	-	-	-	-	-
Accrued Wages	2,212	395	946	-	-
TOTAL LIABILITIES	<u>11,494</u>	<u>807</u>	<u>946</u>	<u>3,302</u>	<u>10,125</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Property Taxes	-	-	-	-	-
Deferred Revenues - Property Taxes	-	-	-	-	-
Advanced Tax Collections	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Restricted for Debt Service	-	-	-	-	-
Committed	73,665	116,027	31,419	205,077	103
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	<u>73,665</u>	<u>116,027</u>	<u>31,419</u>	<u>205,077</u>	<u>103</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>85,159</u>	<u>116,834</u>	<u>32,365</u>	<u>208,379</u>	<u>10,228</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
(1,585)	46,638	(55,020)	6,511	446,994	463,784	910,778
-	-	-	-	-	155,794	155,794
-	-	-	-	-	23,749	23,749
3,233	-	55,020	-	60,768	-	60,768
<u>1,648</u>	<u>46,638</u>	<u>-</u>	<u>6,511</u>	<u>507,762</u>	<u>643,327</u>	<u>1,151,089</u>
31,724	-	-	25	54,870	-	54,870
-	-	-	-	-	-	-
-	-	-	-	3,553	-	3,553
<u>31,724</u>	<u>-</u>	<u>-</u>	<u>25</u>	<u>58,423</u>	<u>-</u>	<u>58,423</u>
-	-	-	-	-	36,769	36,769
-	-	-	-	-	119,025	119,025
-	-	-	-	-	382,495	382,495
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,289</u>	<u>538,289</u>
-	-	-	-	-	105,038	105,038
-	46,638	-	6,486	479,415	-	479,415
(30,076)	-	-	-	(30,076)	-	(30,076)
<u>(30,076)</u>	<u>46,638</u>	<u>-</u>	<u>6,486</u>	<u>449,339</u>	<u>105,038</u>	<u>554,377</u>
<u>1,648</u>	<u>46,638</u>	<u>-</u>	<u>6,511</u>	<u>507,762</u>	<u>643,327</u>	<u>1,151,089</u>

LIVE OAK COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Solid Waste Disposal	Airport	Courthouse Security	Co. Clerk Records Management	Records Mgmt. and Preservation
REVENUES					
Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for Services	51,864	-	27,934	77,933	8,000
Investment Income	1,159	550	204	1,192	40
Miscellaneous	3,990	109,073	-	-	-
Total Revenues	<u>57,013</u>	<u>109,623</u>	<u>28,138</u>	<u>79,125</u>	<u>8,040</u>
EXPENDITURES					
Current					
General Administration	-	-	-	43,799	-
Judicial	-	-	28,172	-	10,890
Legal	-	-	-	-	-
Public Facilities	-	-	-	-	-
Environmental Protection	279,169	-	-	-	-
Public Safety	-	-	-	-	-
Health and Welfare	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Conservation	-	-	-	-	-
Airport	-	61,715	-	-	-
Debt Service					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Total Expenditures	<u>279,169</u>	<u>61,715</u>	<u>28,172</u>	<u>43,799</u>	<u>10,890</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(222,156)</u>	<u>47,908</u>	<u>(34)</u>	<u>35,326</u>	<u>(2,850)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	175,000	10,000	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balances	<u>(47,156)</u>	<u>57,908</u>	<u>(34)</u>	<u>35,326</u>	<u>(2,850)</u>
Fund Balances at Beginning of Year (Restated)	120,821	58,119	31,453	169,751	2,953
Fund Balances at End of Year	<u>73,665</u>	<u>116,027</u>	<u>31,419</u>	<u>205,077</u>	<u>103</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
-	-	-	-	-	585,877	585,877
-	-	39,062	-	39,062	-	39,062
-	22,254	-	662	188,647	-	188,647
-	226	-	40	3,411	942	4,353
-	-	-	-	113,063	-	113,063
-	22,480	39,062	702	344,183	586,819	931,002
-	-	-	25	43,824	-	43,824
-	-	-	-	39,062	-	39,062
-	-	-	-	-	-	-
-	-	-	-	279,169	-	279,169
-	-	-	-	-	-	-
200,965	-	-	-	200,965	-	200,965
-	-	-	-	-	-	-
-	-	52,082	-	52,082	-	52,082
-	-	-	-	61,715	-	61,715
-	-	-	-	-	315,000	315,000
-	-	-	-	-	221,988	221,988
200,965	-	52,082	25	676,817	536,988	1,213,805
(200,965)	22,480	(13,020)	677	(332,634)	49,831	(282,803)
200,000	-	7,227	-	392,227	-	392,227
-	-	-	-	-	-	-
200,000	-	7,227	-	392,227	-	392,227
(965)	22,480	(5,793)	677	59,593	49,831	109,424
(29,111)	24,158	5,793	5,809	389,746	55,207	444,953
(30,076)	46,638	-	6,486	449,339	105,038	554,377

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 SOLID WASTE DISPOSAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	46,000	46,000	51,864	5,864
Investment Income	700	700	1,159	459
Miscellaneous	-	-	3,990	3,990
Total Revenues	<u>46,700</u>	<u>46,700</u>	<u>57,013</u>	<u>10,313</u>
EXPENDITURES				
Environmental Protection	<u>283,920</u>	<u>283,920</u>	<u>279,169</u>	<u>4,751</u>
Total Expenditures	<u>283,920</u>	<u>283,920</u>	<u>279,169</u>	<u>4,751</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(237,220)</u>	<u>(237,220)</u>	<u>(222,156)</u>	<u>15,064</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	175,000	175,000	175,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>175,000</u>	<u>175,000</u>	<u>-</u>
Net Change in Fund Balance	(62,220)	(62,220)	(47,156)	15,064
Fund Balance at Beginning of Year	<u>120,821</u>	<u>120,821</u>	<u>120,821</u>	<u>-</u>
Fund Balance at End of Year	<u><u>58,601</u></u>	<u><u>58,601</u></u>	<u><u>73,665</u></u>	<u><u>15,064</u></u>

LIVE OAK COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2019
AIRPORT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Investment Income	300	300	550	250
Miscellaneous	48,850	48,850	109,073	60,223
Total Revenues	<u>49,150</u>	<u>49,150</u>	<u>109,623</u>	<u>60,473</u>
EXPENDITURES				
Airport	73,887	73,887	61,715	12,172
Total Expenditures	<u>73,887</u>	<u>73,887</u>	<u>61,715</u>	<u>12,172</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(24,737)</u>	<u>(24,737)</u>	<u>47,908</u>	<u>72,645</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	10,000	10,000	10,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balance	(14,737)	(14,737)	57,908	72,645
Fund Balance at Beginning of Year	58,119	58,119	58,119	-
Fund Balance at End of Year	<u>43,382</u>	<u>43,382</u>	<u>116,027</u>	<u>72,645</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 COURTHOUSE SECURITY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	23,000	23,000	27,934	4,934
Investment Income	100	100	204	104
Total Revenues	<u>23,100</u>	<u>23,100</u>	<u>28,138</u>	<u>5,038</u>
EXPENDITURES				
Judicial	28,240	28,240	28,172	68
Legal	-	-	-	-
Public Facilities	-	-	-	-
Total Expenditures	<u>28,240</u>	<u>28,240</u>	<u>28,172</u>	<u>68</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,140)</u>	<u>(5,140)</u>	<u>(34)</u>	<u>5,106</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(5,140)	(5,140)	(34)	5,106
Fund Balance at Beginning of Year	31,453	31,453	31,453	-
Fund Balance at End of Year	<u>26,313</u>	<u>26,313</u>	<u>31,419</u>	<u>5,106</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 COUNTY CLERK RECORDS MANAGEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	56,000	56,000	77,933	21,933
Investment Income	200	200	1,192	992
Total Revenues	<u>56,200</u>	<u>56,200</u>	<u>79,125</u>	<u>22,925</u>
EXPENDITURES				
General Administration	<u>90,000</u>	<u>90,000</u>	<u>43,799</u>	<u>46,201</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>43,799</u>	<u>46,201</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(33,800)</u>	<u>(33,800)</u>	<u>35,326</u>	<u>69,126</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(33,800)	(33,800)	35,326	69,126
Fund Balance at Beginning of Year	<u>169,751</u>	<u>169,751</u>	<u>169,751</u>	<u>-</u>
Fund Balance at End of Year	<u>135,951</u>	<u>135,951</u>	<u>205,077</u>	<u>69,126</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 RECORDS MANAGEMENT AND PRESERVATION FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	6,000	6,000	8,000	2,000
Investment Income	10	10	40	30
Total Revenues	<u>6,010</u>	<u>6,010</u>	<u>8,040</u>	<u>2,030</u>
EXPENDITURES				
Judicial	4,000	4,000	10,890	(6,890)
Total Expenditures	<u>4,000</u>	<u>4,000</u>	<u>10,890</u>	<u>(6,890)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,010</u>	<u>2,010</u>	<u>(2,850)</u>	<u>(4,860)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,010	2,010	(2,850)	(4,860)
Fund Balance at Beginning of Year	<u>2,953</u>	<u>2,953</u>	<u>2,953</u>	<u>-</u>
Fund Balance at End of Year	<u>4,963</u>	<u>4,963</u>	<u>103</u>	<u>(4,860)</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 INDIGENT HEALTH FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Investment Income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Health and Welfare	<u>200,000</u>	<u>200,000</u>	<u>200,965</u>	<u>(965)</u>
Total Expenditures	<u>200,000</u>	<u>200,000</u>	<u>200,965</u>	<u>(965)</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(200,000)</u>	 <u>(200,000)</u>	 <u>(200,965)</u>	 <u>(965)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	200,000	200,000	200,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
 Net Change in Fund Balance	 -	 -	 (965)	 (965)
Fund Balances at Beginning of Year	<u>(29,111)</u>	<u>(29,111)</u>	<u>(29,111)</u>	<u>-</u>
Fund Balances at End of Year	<u>(29,111)</u>	<u>(29,111)</u>	<u>(30,076)</u>	<u>(965)</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 JUSTICE TECHNOLOGY FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	17,000	17,000	22,254	5,254
Investment Income	100	100	226	126
Miscellaneous	-	-	-	-
Total Revenues	<u>17,100</u>	<u>17,100</u>	<u>22,480</u>	<u>5,380</u>
EXPENDITURES				
Legal	<u>28,890</u>	-	-	-
Total Expenditures	<u>28,890</u>	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,790)</u>	<u>17,100</u>	<u>22,480</u>	<u>5,380</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(11,790)	17,100	22,480	5,380
Fund Balances at Beginning of Year	<u>24,158</u>	<u>24,158</u>	<u>24,158</u>	-
Fund Balances at End of Year	<u>12,368</u>	<u>41,258</u>	<u>46,638</u>	<u>5,380</u>

LIVE OAK COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2019
 COUNTY AND DISTRICT TECHNOLOGY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fees	600	600	662	62
Investment Income	10	10	40	30
Miscellaneous	-	-	-	-
Total Revenues	610	610	702	92
EXPENDITURES				
General Administration	-	-	25	(25)
Legal	500	500	-	500
Total Expenditures	500	500	25	475
 Excess (Deficiency) of Revenues Over Expenditures	 110	 110	 677	 567
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
 Net Change in Fund Balance	 110	 110	 677	 567
Fund Balances at Beginning of Year	5,809	5,809	5,809	-
Fund Balances at End of Year	5,919	5,919	6,486	567

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DEBT SERVICE FUND

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**LIVE OAK COUNTY, TEXAS
 COMPARATIVE BALANCE SHEETS
 DEBT SERVICE FUND
 DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and Cash Equivalents	463,784	464,746
Receivables		
Taxes Receivable	155,794	152,997
Due From Other Funds	23,749	12,331
Due From Others	-	38,549
TOTAL ASSETS	<u><u>643,327</u></u>	<u><u>668,623</u></u>
LIABILITIES		
Accounts Payable	-	-
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>-</u></u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenues - Property Taxes	36,769	32,729
Deferred Revenues - Property Taxes	119,025	120,268
Advanced Tax Collections	382,495	460,419
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>538,289</u></u>	<u><u>613,416</u></u>
FUND BALANCES		
Restricted for Debt Service	105,038	55,207
Total Fund Balances	<u><u>105,038</u></u>	<u><u>55,207</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>643,327</u></u>	<u><u>668,623</u></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, 2019**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	510,000	510,000	585,877	75,877
Licenses and Permits	-	-	-	-
Intergovernmental	-	-	-	-
Investment Income	100	100	942	842
Other	-	-	-	-
Total Revenues	<u>510,100</u>	<u>510,100</u>	<u>586,819</u>	<u>76,719</u>
EXPENDITURES				
Current				
General Administration	-	-	-	-
Financial	-	-	-	-
Environmental Protection	-	-	-	-
Public Safety	-	-	-	-
Conservation	-	-	-	-
Debt Service				
Principal Retirement	315,000	315,000	315,000	-
Interest and Fiscal Charges	221,988	221,988	221,988	-
Total Expenditures	<u>536,988</u>	<u>536,988</u>	<u>536,988</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(26,888)</u>	<u>(26,888)</u>	<u>49,831</u>	<u>76,719</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(26,888)	(26,888)	49,831	76,719
Fund Balance at Beginning of Year	55,207	55,207	55,207	-
Fund Balance at End of Year	<u>28,319</u>	<u>28,319</u>	<u>105,038</u>	<u>76,719</u>

ROAD AND BRIDGE SUB-FUNDS

**LIVE OAK COUNTY, TEXAS
SCHEDULE - COMBINING BALANCE SHEET
ROAD AND BRIDGE SUB-FUNDS
DECEMBER 31, 2019**

	ROAD		
	Road and Bridge Precinct 1	Road and Bridge Precinct 2	Road and Bridge Precinct 3
ASSETS			
Cash and Cash Equivalents	1,230,885	1,954,174	3,682,622
Investments	-	-	-
Receivables			
Taxes Receivable	-	-	-
Due from Others	677	-	-
Due from Road & Bridge Sub Fund	-	-	-
Prepaid Items	-	-	-
TOTAL ASSETS	<u>1,231,562</u>	<u>1,954,174</u>	<u>3,682,622</u>
LIABILITIES			
Accounts Payable	36,034	14,564	5,995
Due to Road & Bridge Sub Fund	-	-	-
Accrued Wages	10,034	7,943	4,118
	<u>46,068</u>	<u>22,507</u>	<u>10,113</u>
TOTAL LIABILITIES			
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property Taxes	-	-	-
Deferred Revenue - Property Taxes	-	-	-
Advanced Tax Collections	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Committed	1,185,495	1,931,667	3,672,509
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>1,231,563</u>	<u>1,954,174</u>	<u>3,682,622</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
2,108,340	6,788,629	7,817,733	221,994	23,804,377
-	-	2,098,598	-	2,098,598
-	549,562	1,562,645	-	2,112,207
-	2,510	-	-	3,187
-	-	-	-	-
-	-	-	-	-
<u>2,108,340</u>	<u>7,340,701</u>	<u>11,478,976</u>	<u>221,994</u>	<u>28,018,369</u>
40,892	14,753	-	204	112,442
-	-	-	-	-
7,589	8,616	-	-	38,300
<u>48,481</u>	<u>23,369</u>	<u>-</u>	<u>204</u>	<u>150,742</u>
-	92,261	242,954	-	335,215
-	457,301	1,319,691	-	1,776,992
-	1,535,226	4,405,266	-	5,940,492
-	<u>2,084,788</u>	<u>5,967,911</u>	<u>-</u>	<u>8,052,699</u>
2,059,859	5,232,543	5,511,066	221,790	19,814,929
<u>2,108,340</u>	<u>7,340,700</u>	<u>11,478,977</u>	<u>221,994</u>	<u>28,018,370</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, 2019**

	<u>ROAD</u>		
	<u>Road and Bridge Precinct 1</u>	<u>Road and Bridge Precinct 2</u>	<u>Road and Bridge Precinct 3</u>
REVENUES			
Taxes	-	-	-
Licenses and Permits	86,314	121,814	128,770
Intergovernmental	-	-	-
Investment Income	9,353	12,775	22,691
Other	-	131	6,000
Total Revenues	<u>95,667</u>	<u>134,720</u>	<u>157,461</u>
EXPENDITURES			
Current			
General Administration	-	-	-
Financial	-	-	-
Environmental Protection	-	-	-
Public Safety	-	-	-
Highways, Streets and Bridges	1,244,738	701,095	325,923
Culture and Recreation	-	-	-
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>1,244,738</u>	<u>701,095</u>	<u>325,923</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,149,071)</u>	<u>(566,375)</u>	<u>(168,462)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In - From Road and Bridge Sub-Funds	1,284,000	998,400	921,600
Transfers Out - To Road and Bridge Sub-Funds	-	-	-
Total Other Financing Sources (Uses)	<u>1,284,000</u>	<u>998,400</u>	<u>921,600</u>
Net Change in Fund Balances	134,929	432,025	753,138
Fund Balances at Beginning of Year	<u>1,050,566</u>	<u>1,499,642</u>	<u>2,919,371</u>
Fund Balances at End of Year	<u><u>1,185,495</u></u>	<u><u>1,931,667</u></u>	<u><u>3,672,509</u></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
-	1,703,114	5,477,793	-	7,180,907
95,314	178,770	-	-	610,982
-	130,455	-	24,549	155,004
13,590	34,864	112,428	1,349	207,050
-	46,522	-	-	52,653
<u>108,904</u>	<u>2,093,725</u>	<u>5,590,221</u>	<u>25,898</u>	<u>8,206,596</u>
-	-	-	-	-
-	103,733	103,733	-	207,466
-	-	-	-	-
-	22,935	-	-	22,935
475,736	1,262,382	-	12,170	4,022,044
-	-	-	-	-
-	-	-	-	-
<u>475,736</u>	<u>1,389,050</u>	<u>103,733</u>	<u>12,170</u>	<u>4,252,445</u>
<u>(366,832)</u>	<u>704,675</u>	<u>5,486,488</u>	<u>13,728</u>	<u>3,954,151</u>
636,000	1,050,000	-	-	4,890,000
-	(300,000)	(4,590,000)	-	(4,890,000)
<u>636,000</u>	<u>750,000</u>	<u>(4,590,000)</u>	<u>-</u>	<u>-</u>
269,168	1,454,675	896,488	13,728	3,954,151
1,790,691	3,777,868	4,614,578	208,062	15,860,778
<u>2,059,859</u>	<u>5,232,543</u>	<u>5,511,066</u>	<u>221,790</u>	<u>19,814,929</u>

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FIDUCIARY FUNDS

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**LIVE OAK COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Balance 01/01/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2019</u>
<u>DISTRICT CLERK</u>				
ASSETS				
Cash in bank	61,903	-	35,041	26,862
	<u>61,903</u>	<u>-</u>	<u>35,041</u>	<u>26,862</u>
LIABILITIES				
Due to others	61,903	-	35,041	26,862
	<u>61,903</u>	<u>-</u>	<u>35,041</u>	<u>26,862</u>
<u>SHERIFF'S DEPARTMENT</u>				
ASSETS				
Cash in bank	300,340	17,214	-	317,554
	<u>300,340</u>	<u>17,214</u>	<u>-</u>	<u>317,554</u>
LIABILITIES				
Due to others	300,340	17,214	-	317,554
	<u>300,340</u>	<u>17,214</u>	<u>-</u>	<u>317,554</u>
<u>TAX ASSESSOR - COLLECTOR</u>				
ASSETS				
Cash in bank	528,094	-	46,501	481,593
	<u>528,094</u>	<u>-</u>	<u>46,501</u>	<u>481,593</u>
LIABILITIES				
Due to others	528,094	-	46,501	481,593
	<u>528,094</u>	<u>-</u>	<u>46,501</u>	<u>481,593</u>

LIVE OAK COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

	Balance 01/01/2019	Additions	Deletions	Balance 12/31/2019
<u>JUSTICES OF THE PEACE</u>				
ASSETS				
Cash in bank	52,465	29,092	-	81,557
	<u>52,465</u>	<u>29,092</u>	<u>-</u>	<u>81,557</u>
LIABILITIES				
Due to others	52,465	29,092	-	81,557
	<u>52,465</u>	<u>29,092</u>	<u>-</u>	<u>81,557</u>
<u>COUNTY ATTORNEY TRUST</u>				
ASSETS				
Cash in bank	1,329	147	-	1,476
	<u>1,329</u>	<u>147</u>	<u>-</u>	<u>1,476</u>
LIABILITIES				
Due to others	1,329	147	-	1,476
	<u>1,329</u>	<u>147</u>	<u>-</u>	<u>1,476</u>
<u>LIBRARY</u>				
ASSETS				
Cash in bank	8,823	4,535	-	13,358
	<u>8,823</u>	<u>4,535</u>	<u>-</u>	<u>13,358</u>
LIABILITIES				
Due to others	8,823	4,535	-	13,358
	<u>8,823</u>	<u>4,535</u>	<u>-</u>	<u>13,358</u>

LIVE OAK COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

	Balance 01/01/2019	Additions	Deletions	Balance 12/31/2019
SHERIFF COMMISSARY				
ASSETS				
Cash in bank	70,582	8,580	-	79,162
	<u>70,582</u>	<u>8,580</u>	<u>-</u>	<u>79,162</u>
LIABILITIES				
Due to others	70,582	8,580	-	79,162
	<u>70,582</u>	<u>8,580</u>	<u>-</u>	<u>79,162</u>
SHERIFF INMATE				
ASSETS				
Cash in bank	12,448	1,302	-	13,750
	<u>12,448</u>	<u>1,302</u>	<u>-</u>	<u>13,750</u>
LIABILITIES				
Due to others	12,448	1,302	-	13,750
	<u>12,448</u>	<u>1,302</u>	<u>-</u>	<u>13,750</u>
HEALTH DEPARTMENT				
ASSETS				
Cash in bank	2,187	-	164	2,023
	<u>2,187</u>	<u>-</u>	<u>164</u>	<u>2,023</u>
LIABILITIES				
Due to others	2,187	-	164	2,023
	<u>2,187</u>	<u>-</u>	<u>164</u>	<u>2,023</u>

LIVE OAK COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)

	Balance 01/01/2019	Additions	Deletions	Balance 12/31/2019
<u>COUNTY CLERK</u>				
ASSETS				
Cash in bank	24,118	275	-	24,393
	<u>24,118</u>	<u>275</u>	<u>-</u>	<u>24,393</u>
LIABILITIES				
Due to others	24,118	275	-	24,393
	<u>24,118</u>	<u>275</u>	<u>-</u>	<u>24,393</u>
<u>HISTORICAL SURVEY COMMISSION</u>				
ASSETS				
Cash in bank	2,664	1,647	-	4,311
Non-Negotiable Certificate of Deposit	37,180	-	3,758	33,422
	<u>39,844</u>	<u>1,647</u>	<u>3,758</u>	<u>37,733</u>
LIABILITIES				
Due to others	39,844	1,647	3,758	37,733
	<u>39,844</u>	<u>1,647</u>	<u>3,758</u>	<u>37,733</u>
<u>TOTAL - AGENCY FUNDS</u>				
ASSETS				
Cash in bank	1,064,953	62,792	81,706	1,046,039
Non-Negotiable Certificate of Deposit	37,180	-	3,758	33,422
	<u>1,102,133</u>	<u>62,792</u>	<u>85,464</u>	<u>1,079,461</u>
LIABILITIES				
Due to others	1,102,133	62,792	85,464	1,079,461
	<u>1,102,133</u>	<u>62,792</u>	<u>85,464</u>	<u>1,079,461</u>

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, 2019, 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 March 4, 2021.

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 2019-01.

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
March 4, 2021

LIVE OAK COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

2019-01 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, 2019
(Continued)

6. We noted that the County Auditor's office performed testwork in February 2020 on 103 selected payroll transactions. Their testwork disclosed that errors had been made on 13 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, 2019

STATUS OF PRIOR YEAR'S
AUDIT FINDINGS

Schedule Reference Number: (2018-01)

Corrective Action Plan:

FINDING/COMPLIANCE

Payroll Transaction Procedures

Finding not resolved; see current
year finding at 2019-01.

LIVE OAK COUNTY, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

Findings/Reference Number

Corrective Action Plan

Significant Deficiencies:

2019-01 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