

*REPORT OF EXAMINATION*

**COUNTY OF BLANCO,  
TEXAS**

*Johnson City, Texas*

**For the Year Ended  
September 30, 2022**

BLANCO COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2022

BLANCO COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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# NEFFENDORF & BLOCKER, P.C.

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## Independent Auditor's Report

Honorable Judge and County Commissioners  
Blanco County, Texas  
Johnson City, TX 78636

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Blanco County, Texas's basic financial statements as listed in the table of contents.

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 Blanco County, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Blanco County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Blanco County, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Blanco County, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Blanco County, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 4-10 and 49-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Blanco County, Texas’s basic financial statements. The accompanying combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2023, on our consideration of Blanco County, Texas’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Blanco County, Texas’s 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 Blanco County, Texas’s internal control over financial reporting and compliance.

*Neffendorf & Blocker, P.C.*  
NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas

June 3, 2023

BLANCO COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Blanco County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2022. Please read it in conjunction with the independent auditors' report on page 1, and County's Basic Financial Statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$27,040,812 (net position). Of this amount, \$15,478,306 (unrestricted net position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's net position increased by \$3,760,055 as a result of this year's operations.
- At September 30, 2022, the County's governmental funds reported combined ending fund balances of \$17,420,989, an increase of \$4,152,874 in comparison with the prior year.
- At September 30, 2022, the unassigned fund balance of the general fund was \$10,497,253, or 115 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 13). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 15 & 18) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 23) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (operating fund), the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios are presented as required supplementary information on pages 49-58. The combining statements (starting on page 59) for nonmajor funds contain even more information about the County's individual funds.

## **Reporting the County as a Whole**

### ***The Statement of Net Position and the Statement of Activities***

The analysis of the County's overall financial condition and operations begins on page 11. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided into those provided by outside parties who pay for the costs of some programs and grants provided by the outside parties and agencies (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the County's net position and changes in them. The County's net position (the difference between assets and liabilities) provide one measure of the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County, however, you should consider other factors as well, such as changes in the County's customers or its property tax base and the condition of the County's facilities.

In the Statement of Net Position and the Statement of Activities, the County has one kind of activity:

➤ Governmental activity - Most of the County's basic services are reported here, including the public safety, roads and bridges, justice system, juvenile services, health and human services, culture and recreation, conservation and development and administration. Property taxes, grants, user charges, sales tax and other tax finance most of these activities.

## **Reporting the County's Most Significant Funds**

### ***Fund Financial Statements***

The fund financial statements on pages 15 & 18 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

➤ Governmental funds - Most of the County's basic services are reported in governmental funds. These use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the County's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the County's governmental activities.

Net position of the County's governmental activities increased from \$23,195,744 to \$27,040,812. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$15,478,306 at September 30, 2022. This increase in governmental net position was the result of three factors. First, the County's revenues exceeded the expenditures by \$4,152,874. Second, the County issued new debt in the amount of \$4,502,100 and retired long-term debt in the amount of \$1,936,450 and third, the County acquired capital assets in the amount of \$3,219,646 and recorded depreciation in the amount of \$1,193,287.

**Table I**  
**Blanco County, Texas**

**NET POSITION**  
in thousands

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Current and Other Assets	\$ 21,243	\$ 15,245
Capital Assets	18,482	16,478
Total Assets	<u>\$ 39,725</u>	<u>\$ 31,723</u>
Deferred Outflow of Resources	\$ 1,099	\$ 1,227
Long-Term Liabilities	\$ 8,346	\$ 6,202
Other Liabilities	3,864	3,180
Total Liabilities	<u>\$ 12,210</u>	<u>\$ 9,382</u>
Deferred Inflow of Resources	\$ 1,573	\$ 372
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$ 9,255	\$ 11,278
Restricted	2,308	2,516
Unrestricted	15,478	9,402
Total Net Position	<u>\$ 27,041</u>	<u>\$ 23,196</u>

**Table II**  
**Blanco County, Texas**

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities	
	2022	2021
Revenues:		
Charges for Services	\$ 1,733	\$ 1,540
Property Taxes	8,362	7,327
Sales Tax	1,187	1,052
Other Taxes	45	34
Penalty and Interest	80	75
Investment Earnings	45	7
Miscellaneous	258	110
Grants	876	1,880
Total Revenue	\$ 12,586	\$ 12,025
Expenses:		
Financial Administration	\$ 214	\$ 211
Public Safety	3,317	3,255
General Administration	1,086	860
Tax Administration	452	447
Facilities Management	264	222
Roads and Bridges	1,005	932
Sanitation	134	116
Justice System	1,683	1,551
Juvenile Services	60	64
Health and Human Services	156	196
Conservation and Development	111	156
Culture and Recreation	14	12
Debt Service	330	267
Total Expenses	\$ 8,826	\$ 8,289
Increase in Net Position	\$ 3,760	\$ 3,736
Net Position - Beginning of Year	23,196	19,460
Prior Period Adjustment	85	
Net Position - End of Year	\$ 27,041	\$ 23,196

The cost of all governmental activities this year was \$8,826,308. However, as shown in the Statement of Activities on page 13, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$8,362,564 because the other costs were paid by sales tax (\$1,187,428), operating grants and capital grants (\$873,146), user charges (\$1,733,552), investment earnings (\$45,264) and other miscellaneous (\$256,051).

## THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 16) reported a combined fund balance of \$17,420,989, which is more than last year's total of \$13,111,821. Included in this year's total change in fund balance is an increase of \$1,342,805 in the County's General Fund.

The Commissioner's Court adopted the General Fund Budget and Road and Bridge Fund Budgets. Actual expenditures in the General Fund were less than the budgeted amount and less than the budgeted amount in the Road and Bridge Fund. Actual revenues in the General Fund budget and the Road and Bridge Fund were more than budgeted amounts.

## CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2022, the County had \$30,203,990 invested in a broad range of capital assets, including land, buildings, vehicles, equipment, other improvements and right-to-use leased assets. This amount represents a net increase of \$3,185,230, or 12 percent, more than last year.

### CAPITAL ASSETS

in thousands

	Governmental Activities	
	2022	2021
Land	\$ 1,334	\$ 1,334
Buildings	11,597	11,597
Improvements	7,282	6,095
Machinery & Equipment	7,306	6,533
Vehicles	1,793	1,452
Right-to-Use Leased Assets	60	
Construction in Progress	831	8
Total Capital Assets	\$ 30,203	\$ 27,019
Accumulated Depreciation and Amortization	(11,721)	(10,541)
Capital Assets, Net	\$ 18,482	\$ 16,478

This year's major additions included:

Precinct Paving Projects	\$ 1,126,818
Stonewall Tower Improv	592,520
Vehicles and Equipment	480,418
Construction in Progress	<u>823,150</u>
 TOTAL	 \$ <u><u>3,022,906</u></u>

More detailed information about the County's capital assets is presented in Note 3.E. to the financial statements.

#### DEBT

At September 30, 2022, the County had the following outstanding debt:

<b>OUTSTANDING DEBT</b>			
in thousands			
		Governmental Activities	
		<u>2022</u>	<u>2021</u>
Refunding Bonds	\$ 2,900	\$ 3,260	
Certificates of Obligation	4,260	900	
Limited Tax Notes	1,675	2,055	
Financing Purchases	340	447	
Leases	<u>52</u>		
Total Outstanding Debt	<u>\$ 9,227</u>	<u>\$ 6,662</u>	

At year-end the County had \$9,227,386 in certificates of obligation, refunding bonds, Limited Tax Notes, Financing Purchase Agreements and Leases outstanding, an increase in total debt of \$2,565,650 from the previous year.

More detailed information about the County's long-term liabilities is presented in Note 3. I, J, K, L and M to the financial statements.

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget and tax rates. The major factors are the economy and property tax valuations. These indicators were taken into account when adopting the General Fund and Road and Bridge Fund budgets for 2023. Amounts available for appropriation in the General Fund budget are \$10,938,315 and expenditures are estimated to be \$12,645,508. Estimated revenues for the Road and Bridge Fund are \$1,984,538 (including transfer from the general fund of \$1,448,538) and expenditures are estimated to be \$1,984,538.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$1,707,193 and the Road and Bridge Fund balance will remain the same by the close of 2023.

#### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Judge's office, Johnson City, Texas.

## BASIC FINANCIAL STATEMENTS

BLANCO COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

EXHIBIT A-1 (Cont'd)

	Primary Government
	Governmental Activities
<hr/>	
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 14,210,091
Investments - Current	5,431,655
Taxes Receivable, Net	195,297
Accounts Receivable, Net	137,405
Lease Receivable, Net	32,242
Due from Other Funds	74,600
Capital Assets:	
Land Purchase and Improvements	1,333,739
Buildings, Net	7,140,610
Improvements other than Buildings, Net	5,305,117
Furniture and Equipment, Net	3,818,790
Right-to-Use Lease Assets	52,905
Construction in Progress	831,400
Net Pension Asset	1,161,683
Total Assets	39,725,534
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Charge for Refunding	497,740
Deferred Outflow Related to Pension Plan	555,538
Deferred Outflow Related to OPEB	45,459
Total Deferred Outflows of Resources	1,098,737

BLANCO COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2022

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>LIABILITIES</b>	
Accounts Payable	140,641
Wages and Salaries Payable	38,377
Compensated Absences Payable	54,039
Intergovernmental Payable	44,634
Accrued Interest Payable	41,800
Unearned Revenues	2,163,578
Bonds Payable - Current	1,030,000
Right-to-Use Leases Payable - Current	11,476
Noncurrent Liabilities:	
Due Within One Year	339,624
Due in More Than One Year:	
Bonds Payable - Noncurrent	8,095,583
Net OPEB Liability	250,318
Total Liabilities	12,210,070
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	1,495,582
Deferred Inflow Related to OPEB	5,964
Deferred Resource Inflow for Leases	71,843
Total Deferred Inflows of Resources	1,573,389
<b>NET POSITION</b>	
Net Investment in Capital Assets and Lease Assets	9,255,177
Restricted:	
Restricted for Special Revenue	1,932,817
Restricted for Debt Service	374,512
Unrestricted	15,478,306
Total Net Position	\$ 27,040,812

The notes to the financial statements are an integral part of this statement.



BLANCO COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 214,258	\$ -	\$ 24,075
General Administration	1,086,598	-	-
Tax Administration	451,706	6,145	1,828
Facilities Management	264,224	-	-
Public Safety	3,316,965	169,014	2,694
Roads and Bridges	1,005,144	608,335	15,984
Sanitation	134,169	-	4,396
Justice System	1,682,899	950,058	109,719
Juvenile Services	59,566	-	-
Health and Human Services	156,283	-	-
Culture and Recreation	13,634	-	-
Conservation and Development	110,953	-	-
Interest on Debt and Right-to-Use Leases	189,288	-	-
Bond Interest	69,937	-	-
Fiscal Agent's Fees	1,900	-	-
Issuance Costs	68,784	-	-
Capital Outlay	-	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 8,826,308</b>	<b>\$ 1,733,552</b>	<b>\$ 158,696</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Prior Period Adjustment

Net Position - Ending

The notes to the financial statements are an integral part of this statement.

		Net (Expense) Revenue and Changes in Net Position	
		Capital Grants and Contributions	Primary Government Governmental
\$	-	\$	(190,183)
	-		(1,086,598)
	-		(443,733)
	-		(264,224)
	495,380		(2,649,877)
	36,858		(343,967)
	-		(129,773)
	-		(623,122)
	-		(59,566)
	-		(156,283)
	-		(13,634)
	-		(110,953)
	-		(189,288)
	-		(69,937)
	-		(1,900)
	-		(68,784)
	182,212		182,212
\$	714,450		(6,219,610)

7,359,056
1,003,508
1,187,428
45,336
80,494
2,528
256,051
45,264
<u>9,979,665</u>
3,760,055
23,195,744
85,013
<u>\$ 27,040,812</u>

BLANCO COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

	General Fund	Major Fund Road & Bridge Fund	Major Fund American Rescue Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 5,053,765	\$ 1,111,876	\$ 2,157,114
Investments - Current	5,431,655	-	-
Taxes Receivable	180,538	-	-
Allowance for Uncollectible Taxes (credit)	(9,027)	-	-
Accounts Receivable, Net	91,873	-	-
Due from Other Funds	79,186	-	-
Total Assets	<u>\$ 10,827,990</u>	<u>\$ 1,111,876</u>	<u>\$ 2,157,114</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 45,460	\$ 5,217	\$ 21,869
Wages and Salaries Payable	24,331	14,046	-
Intergovernmental Payable	44,634	-	-
Due to Other Funds	4,586	-	-
Unearned Revenues	28,333	-	2,135,245
Total Liabilities	<u>147,344</u>	<u>19,263</u>	<u>2,157,114</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	171,511	-	-
Total Deferred Inflows of Resources	<u>171,511</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Restricted for Special Revenue	11,882	1,092,613	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	-
Unassigned Fund Balance	10,497,253	-	-
Total Fund Balances	<u>10,509,135</u>	<u>1,092,613</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 10,827,990</u>	<u>\$ 1,111,876</u>	<u>\$ 2,157,114</u>

The notes to the financial statements are an integral part of this statement.

Major Fund Capital Projects	Other Funds	Total Governmental Funds
\$ 4,678,527	\$ 1,208,809	\$ 14,210,091
-	-	5,431,655
-	25,038	205,576
-	(1,252)	(10,279)
-	-	91,873
-	-	79,186
<u>\$ 4,678,527</u>	<u>\$ 1,232,595</u>	<u>\$ 20,008,102</u>
\$ 62,120	\$ 5,975	\$ 140,641
-	-	38,377
-	-	44,634
-	-	4,586
-	-	2,163,578
<u>62,120</u>	<u>5,975</u>	<u>2,391,816</u>
-	23,786	195,297
-	23,786	195,297
-	828,322	1,932,817
4,616,407	-	4,616,407
-	374,512	374,512
-	-	10,497,253
<u>4,616,407</u>	<u>1,202,834</u>	<u>17,420,989</u>
<u>\$ 4,678,527</u>	<u>\$ 1,232,595</u>	<u>\$ 20,008,102</u>

BLANCO COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2022

<b>Total Fund Balances - Governmental Funds</b>	\$	17,420,989
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		10,151,224
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.		5,133,970
The County is required under GASB Statement No. 68 to report their net pension liability/asset in the Governmental Wide Statement of Net Position. The items reported as a result of this requirement included a net pension asset of \$1,161,683, a deferred resource outflow of \$555,538 and a deferred resource inflow of \$1,495,582. The net effect of these is to increase net position.		221,639
The County is required under GASB Statement No. 75 to report their OPEB benefit plan through TCDRS. The requirement resulted in an OPEB liability of \$250,318, a deferred resource outflow of \$45,459 and a deferred resource inflow of \$5,964. The net effect of these was to decrease net position.		(210,823)
The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,193,287)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(4,482,900)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>27,040,812</b>

The notes to the financial statements are an integral part of this statement.

BLANCO COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Major Fund Road & Bridge Fund	Major Fund American Rescue Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 7,338,123	\$ -	\$ -
General Sales and Use Taxes	1,187,428	-	-
Other Taxes	45,336	-	-
Penalty and Interest on Taxes	80,494	-	-
Licenses and Permits	127,308	487,172	-
Intergovernmental Revenue and Grants	638,091	15,984	182,212
Charges for Services	771,388	-	-
Fines	47,537	119,712	-
Investment Earnings	44,365	-	-
Interest Revenue - Leases	1,601	-	-
Rents and Royalties	24,799	-	-
Contributions & Donations from Private Sources	2,529	-	-
Other Revenue	199,044	-	-
Total Revenues	<u>10,508,043</u>	<u>622,868</u>	<u>182,212</u>
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Financial Administration	200,989	-	-
General Administration	1,075,961	-	-
Tax Administration	414,942	-	-
Facilities Management	300,088	-	-
Public Safety	3,225,729	-	-
Public Works:			
Roads and Bridges	4,338	1,529,668	-
Sanitation	122,495	-	-
Justice System	1,482,487	-	-
Juvenile Services	52,722	-	-
Health and Welfare:			
Health and Human Services	80,922	-	-
Culture and Recreation	12,067	-	-
Conservation and Development	101,007	-	-
Debt Service:			
Principal on Debt and Right-to-Use Leases	1,096,450	-	-
Interest on Debt and Right-to-Use Leases	39,057	-	-
Fiscal Agent's Fees	-	-	-
Issuance Costs	-	-	-
Capital Outlay:			
Capital Outlay	875,818	150,000	182,212
Total Expenditures	<u>9,085,072</u>	<u>1,679,668</u>	<u>182,212</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,422,971</u>	<u>(1,056,800)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of Bonds	-	-	-
Proceeds from Right-to-Use Leases	60,193	-	-
Noncurrent Loans	981,907	-	-
Transfers In	-	1,077,814	-
Transfers Out	(1,122,266)	(59,495)	-
Total Other Financing Sources (Uses)	<u>(80,166)</u>	<u>1,018,319</u>	<u>-</u>
Net Change in Fund Balances	1,342,805	(38,481)	-
Fund Balance - October 1 (Beginning)	9,034,237	1,106,893	-
Prior Period Adjustment	132,093	24,201	-
Fund Balance - September 30 (Ending)	<u>\$ 10,509,135</u>	<u>\$ 1,092,613</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Major Fund		Total
Capital	Other	Governmental
Projects	Funds	Funds
\$ -	\$ 1,026,691	\$ 8,364,814
-	-	1,187,428
-	-	45,336
-	-	80,494
-	-	614,480
-	36,858	873,145
-	178,671	950,059
-	1,765	169,014
900	-	45,265
-	-	1,601
-	-	24,799
-	-	2,529
-	7,987	207,031
<u>900</u>	<u>1,251,972</u>	<u>12,565,995</u>
-	-	200,989
-	47,430	1,123,391
-	-	414,942
-	-	300,088
-	15,936	3,241,665
-	349,007	1,883,013
-	-	122,495
-	61,294	1,543,781
-	-	52,722
-	58,349	139,271
-	-	12,067
-	-	101,007
-	840,000	1,936,450
-	150,231	189,288
-	1,900	1,900
68,784	-	68,784
<u>486,591</u>	<u>-</u>	<u>1,694,621</u>
<u>555,375</u>	<u>1,524,147</u>	<u>13,026,474</u>
<u>(554,475)</u>	<u>(272,175)</u>	<u>(460,479)</u>
3,571,253	-	3,571,253
-	-	60,193
-	-	981,907
17,250	86,697	1,181,761
-	-	(1,181,761)
<u>3,588,503</u>	<u>86,697</u>	<u>4,613,353</u>
3,034,028	(185,478)	4,152,874
1,582,379	1,388,312	13,111,821
-	-	156,294
<u>\$ 4,616,407</u>	<u>\$ 1,202,834</u>	<u>\$ 17,420,989</u>

BLANCO COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	4,152,874
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2022 capital outlays and debt principal payments is to increase the change in net position.		5,133,970
The entries required by GASB Statement No. 68 did require that some expenses on B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is an increase in net position.		344,648
The requirements of recording the OPEB liability under GASB Statement No. 75 resulted in a decrease in net position.		(16,516)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,193,287)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(4,661,634)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>3,760,055</b>

The notes to the financial statements are an integral part of this statement.



BLANCO COUNTY, TEXAS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2022

	Private Purpose Trust Fund	Custodial Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 149,847	\$ 7,947,655
Due from Other Governments	30,688	-
Total Assets	<u>180,535</u>	<u>7,947,655</u>
<b>LIABILITIES</b>		
Due to Other Funds	74,600	-
Total Liabilities	<u>74,600</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for Schools	105,935	-
Restricted for Other Purposes	-	7,947,655
Total Net Position	<u>\$ 105,935</u>	<u>\$ 7,947,655</u>

The notes to the financial statements are an integral part of this statement.

BLANCO COUNTY, TEXAS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

EXHIBIT E-2

	Private Purpose Trust Fund	Custodial Fund
<b>ADDITIONS:</b>		
Investment Earnings	\$ 68	\$ -
Rents and Royalties	12,000	-
Other Revenue	-	2,683,492
Total Additions	<u>12,068</u>	<u>2,683,492</u>
<b>DEDUCTIONS:</b>		
Other Operating Costs	<u>1,944</u>	<u>3,497,071</u>
Total Deductions	<u>1,944</u>	<u>3,497,071</u>
Net Change in Fiduciary Net Position	10,124	(813,579)
Total Net Position - October 1 (Beginning)	<u>95,811</u>	<u>8,761,234</u>
Total Net Position - September 30 (Ending)	<u>\$ 105,935</u>	<u>\$ 7,947,655</u>

The notes to the financial statements are an integral part of this statement.

BLANCO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Blanco County have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

1.A. FINANCIAL REPORTING ENTITY

The County is an independent unit and is managed by a governing body of elected officials. The accompanying financial statements present the County's primary government.

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report.

1.B. BASIS OF PRESENTATION

***Government-wide Financial Statements:***

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

***Fund Financial Statements:***

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria.

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditure/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

The General Fund, the primary operating fund of the County, is always classified as a major fund. It is the basic fund of the County and covers all activities for which a separate fund has not been established.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds

The Debt Service Fund accounts for the accumulation of financial resources for and the payment of principal and interest on general long-term debt of the County other than debt service payments made by enterprise funds. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

Capital Projects Fund - To account for financial resources to be used for the acquisition and construction of major capital facilities.

**Fiduciary Funds (Not included in government-wide statements)**

Custodial Funds

The County accounts for resources held for others in a custodial capacity in custodial funds. The County's Custodial Fund is the officials fines and fees accounts.

Private Purpose Trust Funds

Private Purpose Trust Funds report trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The reporting entity includes one private purpose trust fund.

**Major and Nonmajor Funds**

The funds are further classified as major or nonmajor. The major funds are as follows:

<b>Major Fund</b>	<b>Brief Description</b>
General	See above for description.
Special Revenue Fund - Road & Bridge Fund	See above for description
Special Revenue Fund - American Rescue Fund	See above for description
Capital Projects Fund	See above for description

**Nonmajor funds** consist of special revenue funds and the debt service fund. These funds are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

## 1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. Agency and Permanent Trust Funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expense, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statement, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized revenues when both "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectable within the current period or within 60 days after year end. Also under the modified accrual basis of accounting, expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

## 1.D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

### **Cash and Cash Investments**

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts and government investment pools. All amounts are considered available upon demand and are considered to be "cash equivalents."

Several funds may be invested in an investment account and each fund has an equity interest therein. Interest earned on the Investment of these monies is allocated based upon relative equity at month end.

### **Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities relate to property taxes and court fines and fees.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as property taxes, grants, and other intergovernmental revenues since they are usually both measurable and available. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available.

### **Fixed Assets**

#### Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable.

Donated assets are recorded at their estimated fair value at the date of donation.

Pursuant to GASB Statement Number 34, an extended period of deferral is available before the requirement to record and depreciate infrastructure assets (e.g., roads, bridges, and similar items) acquired before the implementation date becomes effective. Therefore, infrastructure assets acquired prior to October 1, 2002 have not yet been capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25 - 50 years
Improvements	10 - 50 years
Machinery and Equipment	3 - 20 years
Infrastructure	25 - 50 years

#### Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### **Long-term Debt**

All long term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bond and note payables and capital lease transactions.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures.

### **Compensated Absences**

Vacation and Sick Leave - Vacation and sick leave expenses are charged to operations when taken by the employees of the County. After one year of service an employee is entitled to two weeks of vacation. If the employee does not take the vacation within the year, they will lose the benefit. If an employee is terminated for any reason they will be entitled to payment for the vacation they have earned.

### **Fund Equity**

The County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Non-spendable fund balance – amounts that are in non-spendable form (such as inventory and prepaids) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision-making authority (i.e. County Commissioners). To be reported as committed, amounts cannot be used for any other purpose unless the County takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the County Commissioners or by an official or body to which the County Commissioners delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The County Commissioners establish (and modify or rescind) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Commissioners through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

#### **Pensions**

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

#### **Other Post-Employment Benefits (OPEB)**

The fiduciary net position of the Texas County & District Retirement System Group Term Life Program (GTLP) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, and information about assets, liabilities and additions to/deductions from GTLP's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### **Deferred Inflows of Resources and Deferred Outflows of Resources**

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period while a deferred inflow of resources is an acquisition of net position. These items are presented in separate sections following assets (deferred outflows) or liabilities (deferred inflows) on the statement of net position.

Revenues are recognized when they become both measurable and available in the fund statements. Available means when due, or past due, and receivable within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Revenues are not expected to be available for the current period are reflected as deferred revenue. Unavailable revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

## **Fair Value Measurements**

The County adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement costs).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

## **Implementation of GASB Statement No. 87**

As of October 1, 2021, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset. The standard 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. Disclosures required by this standard are included in Note 3.D. and 3.M.

## **Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## **Use of Estimates**

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



**Future Adoption of Accounting Principles**

The GASB has issued the following potentially significant statements which the County has not yet adopted, and which require adoption subsequent to September 30, 2022.

Statement No.	Title	Adoption Required
96	Subscription-based Information Technology Arrangements	September 30, 2023

1.E. REVENUES, EXPENDITURES AND EXPENSES

**Property Taxes**

The County contracted with the Blanco County Appraisal District for the appraisal of properties and collection of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2021 tax roll, the total assessed valuation was \$2,228,442,010 and the taxes assessed amounted to \$8,301,937. The total tax rate was \$.3900 per \$100 valuation and allocated \$.3425 to the General Fund and \$.0475 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end. Due to the immaterial amount of additional property taxes receivable after the 60-day period, no additional accrual is made in the government-wide financial statements.

**Expenditures/Expenses**

In the government-wide financial statements, expenses are classified by function for governmental activities.

In the fund financial statements, expenditures are classified as follows:

- Governmental Funds - by Character:
  - Current (further classified by function)
  - Debt Service
  - Capital Outlay

In the fund financial statements, governmental funds report expenditures of financial resources.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as a local government unit, the County is subject to various federal, state and local laws and contractual regulations. An analysis of the County's compliance with significant laws and regulations and demonstration of its stewardship over County resources follows.

Budgetary Information

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Treasurer and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year. At any time during the year, Commissioners Court may increase the budget for unexpected revenues. Commissioners Court may transfer amounts among individual budget line items within major expenditure categories during the year, but no such transfer may increase the overall total of the budget. Formal budgetary integration is employed for the General and Special Revenue operations. Budgets for these funds are prepared on a cash basis. Unused appropriations lapse at the end of each year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

3.A. Deposits and Investments

The funds of the County must be deposited and invested under the terms of a contract, contents of which are set out in the **Depository Contract Law**. The depository bank places approved pledged securities for safekeeping and trust with the County's agent bank in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

At September 30, 2022, the carrying amount of the County's deposits was \$14,359,938 and the bank balance was \$14,673,262. The County's cash deposits held at Texas Regional Bank at September 30, 2022 and during the year ended September 30, 2022 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The **Public Funds Investment Act** (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, (10) and 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.

The County's temporary investments at September 30, 2022 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Texpool *	\$ 5,431,655	\$ 5,431,655	\$ -	\$ -

\* TexPool is a Local Government Investment Pool established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. TexPool is structured similar to money market mutual funds. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. TexPool is rated AAAM and must maintain a weighted average maturity not to exceed 60 days.

At September 30, 2022, TexPool had a weighted average maturity of 24 days. The County considers the holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value. The State Comptroller oversees TexPool with a third party managing the daily operations of the pool under contract.

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy does address the following risks:

**Custodial Credit Risk - Deposits:** This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

**Custodial Credit Risk - Investments:** This 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. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool Investment Pool invests only in investments authorized under the Public Funds Investment Act. TexPool's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2022, the County was not exposed to concentration of credit risk or foreign currency risk.

3.B. **AD VALOREM TAXES RECEIVABLE**

Ad Valorem taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Ad Valorem taxes are prorated between maintenance, debt service, and special revenues based on rates adopted for the year of the levy. Allowances for uncollectible within the General, Debt Service and Special Revenue Funds are based upon historical experience in collecting property taxes. The County is prohibited from writing off real property taxes without specific authority from the Texas Legislature.

Ad Valorem tax payments, received throughout the year, are recognized as revenue in the year received, except for those received within 60 days after year-end, which are recognized as revenue as of September 30, 2022.

The following is a summary, by major and nonmajor funds, of the gross taxes, the allowance for uncollectible taxes, and net taxes receivable.

	Taxes Receivable	Allowance for Uncollectible Taxes	Net Taxes Receivable
General Fund	\$ 180,538	\$ 9,027	\$ 171,511
Debt Service	<u>25,038</u>	<u>1,252</u>	<u>23,786</u>
<b>TOTAL - ALL FUNDS</b>	<u>\$ 205,576</u>	<u>\$ 10,279</u>	<u>\$ 195,297</u>

### 3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$227,661 which represents amounts owed and outstanding at September 30, 2022. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$182,129, resulting in a net receivable of \$45,532.

### 3.D. LEASE RECEIVABLE

On January 1, 2019 the County entered into a 60 month lease with Waste Connections Lone Star, Inc. as Lessor for the use of the solid waster transfer station located at 2021 US Hwy 281 S, Johnson City, Texas. An initial lease receivable in the amount of \$57,041 was recorded. As of September 30, 2022, the value of the lease receivable is \$32,242. The Lessee is required to make monthly fixed payments of \$2,200. The lease has an interest rate of 3.5%. The value of the deferred inflow of resources as of September 30, 2022 was \$71,843 and the County recognized lease revenue of \$56,479 during the fiscal year.

### 3.E. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2022.

	Balance 10/1/20	Additions	Deletions	Balance 9/30/21
<i>Governmental Activities:</i>				
Land	\$ 1,333,739	\$	\$	\$ 1,333,739
Buildings	11,597,385			11,597,385
Improvements	6,094,516	1,263,366		7,281,882
Machinery & Equipment	6,532,498	812,321	(34,416)	7,306,638
Vehicles	1,452,372	260,617		1,792,754
Construction in Progress	8,250	823,150		831,400
Totals at Historic Cost	\$ 27,018,760	\$ 3,159,453	\$ (34,416)	\$ 30,143,797
Less Accumulated Depreciation:				
Buildings	(4,265,780)	(190,994)		(4,323,924)
Improvements	(1,800,232)	(252,530)		(2,052,762)
Machinery & Equipment	(3,638,017)	(551,042)	12,291	(4,309,618)
Vehicles	(836,402)	(191,433)		(1,027,835)
Total Accumulated Depreciation	\$ (10,540,431)	\$ (1,185,999)	\$ 12,291	\$ (11,714,139)
Capital Assets, Net	\$ 16,478,328	\$ 1,973,454	\$ (22,125)	\$ 18,429,658
Right-to-Use Lease Assets being Amortized				
Equipment	\$	\$ 60,193	\$	\$ 60,193
Total Right-to-Use Lease Assets	\$	\$ 60,193	\$	\$ 60,193
Less Accumulated Amortization:				
Equipment	\$	\$ (7,288)	\$	\$ (7,288)
Total Accumulated Amortization	\$	\$ (7,288)	\$	\$ (7,288)

	Balance 10/1/20	Additions	Deletions	Balance 9/30/21
<i>Governmental Activities:</i>				
Total Right-to-Use Lease Assets being Amortized, Net	\$	52,905	\$	\$ 52,905
 Governmental Activities Capital Assets, Net				
	\$ 16,478,328	\$ 2,026,359	\$ (22,125)	\$ 18,482,563

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

<i>Governmental Activities:</i>	
Financial Administration	\$ 26,093
General Administration	145,843
Tax Administration	53,869
Facilities Management	38,959
Public Safety	420,846
Roads & Bridges	244,461
Sanitation	15,903
Justice System	200,420
Juvenile Services	6,844
Conservation & Development	13,113
Culture & Recreation	1,567
Health & Human Services	18,081
 Total Depreciation Expense - Governmental Activities	
	<u>\$ 1,185,999</u>

Amortization expense was charged to functions/programs of the County as follows:

<i>Governmental Activities:</i>	
General Administration	\$ <u>7,288</u>
 Total Amortization Expense - Governmental Activities	
	<u>\$ 7,288</u>

### 3.F. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2022, is as follows:

**Due to/from other funds:**

	Receivable Fund	Payable Fund	Amount
General		Special Revenue	\$ 4,586
General		Trust	74,600
TOTAL			<u>\$ 79,186</u>

This balance results from the time lag between the dates that 1) interfund goods and services are provided on reimbursable expenditures, and 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

**Interfund Transfers:**

	Transfers In	Transfers Out
General Fund	\$	\$ 1,122,266
Special Revenue Fund	86,697	
Road & Bridge Fund	1,077,814	59,495
Capital Projects	17,250	
	\$ <u>1,181,761</u>	\$ <u>1,181,761</u>

3.G. UNEARNED REVENUES

As of the year ended September 30, 2022 the County had \$2,163,578 of unspent American Rescue Plan Act of 2021 funds.

3.H. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The financial statements report separate sections for deferred outflows and inflows of resources. Deferred outflows represent an acquisition of net position that applies to a future period and so will not be recognized as an outflow of resources(expense/expenditure) until that time. Deferred inflows represent an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resource(revenue) until that time.

Deferred outflows on the Statement of Net Position consists of the deferred charge for refunding \$497,740, TCDRS pension deferred outflow of \$555,538(see note 4.A.) and the TCDRS OPEB deferred outflow of \$45,459(see note 4.B.)

Deferred inflows on the Statement of Net position consists of the TCDRS pension deferred inflow of \$1,495,582(see note 4.A.), the TCDRS OPEB deferred inflow of \$5,965(see note 4.B.) and the deferred inflow related to lease receivable(see note 3.D.).

Deferred inflows on the Balance Sheet – Governmental Funds consist of:

	General Fund	Debt Service Fund	Total
Delinquent Property Tax	\$ 171,511	\$ 23,786	\$ 195,297
Deferred Inflows - Exhibit C-1	\$ 171,511	\$ 23,786	\$ 195,297

3.I. LONG-TERM DEBT

**Governmental Activities**

As of September 30, 2022, the governmental long-term debt consisted of the following:

### Changes in Long-Term Debt

	Balance 10/1/21	Issued	Retired	Balance 9/30/22	Due Within One Year
Certificates of Obligation Payable - Series 2012	\$ 900,000	\$ -	\$ 100,000	\$ 800,000	\$ 105,000
General Obligation Refunding Bonds - Series 2012	3,260,000	-	360,000	2,900,000	375,000
Limited Tax Note - Series 2017	435,000		140,000	295,000	145,000
Limited Tax Note - Series 2021	1,620,000		240,000	1,380,000	230,000
Certificates of Obligation Payable - Series 2022		3,460,000		3,460,000	175,000
Financing Purchases Payable					
The Independent Bankers	314,920		314,920	-	-
Government Capital	131,816	542,837	335,029	339,624	339,624
Motorola Finance		439,070	439,070	-	-
Leases Payable		60,193	7,431	52,762	11,476
Subtotal	6,661,736	4,502,100	1,936,450	9,227,386	1,381,100
Premium on Refunding Bonds	158,954	111,253	20,910	249,297	
Pension Liability	369,750	262,040	631,790	-	
OPEB Liability	231,504	26,000	7,186	250,318	
Comp Time	53,201	838		54,039	
<b>TOTAL LONG TERM DEBT</b>	<b>\$ 7,475,145</b>	<b>\$ 4,902,231</b>	<b>\$ 2,596,336</b>	<b>\$ 9,781,040</b>	<b>\$ 1,219,887</b>

### 3.J. CERTIFICATES OF OBLIGATIONS, TAX REFUNDING BONDS AND LIMITED TAX NOTES

Certificates of Obligation payable at September 30, 2022 consists of the following:

\$4,020,000 General Obligation Refunding Bonds, Series 2012 due in annual installments of principal and interest through August 1, 2029; interest at 2% to 3.25%.	\$ 2,900,000
\$1,730,000 Combination and Tax Revenue Certificates of Obligation, Series 2012 due in annual installments of principal and interest through August 1, 2029; interest at 2.0% to 3.0%.	800,000
\$970,000 Limited Tax Note Series 2017 due in annual installments of principal and interest through August 15, 2024, interest at 1.170% to 1.870%	295,000
\$1,620,000 Limited Tax Note Series 2021 due in annual installments of principal and interest through February 15, 2028, interest at 1.060%	1,380,000

\$3,460,000 Combination Tax and Revenue Certificates of Obligation, Series  
 2022 due in annual installments of principal and interest through August 1, 2037,  
 Interest at 5.0% to 3.5% 3,460,000

Total Long-Term Debt \$ 8,835,000

The annual requirements for principal and interest on the outstanding certificates of obligation are as follows:

Year Ended September 30	Principal	Interest	Total
2023	\$ 1,030,000	258,552	\$ 1,288,552
2024	1,050,000	235,736	1,285,736
2025	925,000	210,045	1,135,045
2026	950,000	183,907	1,133,907
2027	975,000	157,881	1,132,881
2028 - 2032	2,510,000	427,911	2,937,911
2033 - 2037	1,395,000	141,604	1,536,604
Totals	<u>\$ 8,835,000</u>	<u>\$ 1,615,636</u>	<u>\$ 10,450,636</u>

### 3.K. LONG-TERM DEBT ADVANCE REFUNDING

During 2013, the County advance refunded a portion of the Series 2009 Certificates of Obligation by issuing \$4,020,000 general obligation refunding bonds – Series 2012. The certificates of obligation were called and were redeemed by depositing \$5,656,057 into an escrow account on July 26, 2012 (including the County’s contribution of \$1,500,000). The certificates of obligation have been defeased and removed as a liability of the County. The Series 2012 refunding bonds mature on August 1, in each of the years 2014 through 2029. The refunding bonds resulted in a gross debt service savings of \$863,864 and the net present value savings of \$468,034. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/22
Certificates of Obligation - Series 2009	<u>\$ 4,340,000</u>	<u>\$ 3,310,000</u>

### 3.L. FINANCE PURCHASES PAYABLE

On May 25, 2021 the County executed a \$131,816 finance purchase obligation with Government Capital Corporation for the purchase of a trailer and a dump truck. The finance contract is due in 2 annual installments of \$68,786 ending May 26, 2023, with an interest rate of 2.897%.

On October 13, 2021 the County executed a \$542,837 finance purchase obligation with Government Capital Corporation for the purchase of various capital equipment. The finance contract is due in 2 annual installments of \$280,677 ending June 13, 2023, with an interest rate of 2.897%.



A summary of the future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2022:

Year Ending September 30,	Principal	Interest	Annual Requirements
2023	\$ 339,624	\$ 9,839	\$ 349,463
TOTAL	\$ 339,624	\$ 9,839	\$ 349,463

### 3.M. LEASES PAYABLE

The County entered into a right-to-use asset lease with Toshiba Business Solutions for a copier. The lease term began February 2022 and continues through February 2027 (60 months). The monthly lease payments are \$1,095 and include interest at 3.5%.

Annual requirements to amortize the leases payable and related interest are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2023	\$ 11,476	\$ 1,664	\$ 13,140
2024	11,884	1,256	13,140
2025	12,307	833	13,140
2026	17,095	425	17,520
TOTAL	\$ 52,762	\$ 4,178	\$ 56,940

## NOTE 4 - OTHER NOTES

### 4.A. EMPLOYEE RETIREMENT PLAN

#### Plan Description

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

- a. Blanco County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
  - 2) The plan provides retirement, disability and survivor benefits.
  - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 150%) and is then converted to an annuity.
  - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
  - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Blanco County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2021 are shown in the Schedule of Employer Contributions.

- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org/Employer](http://www.tcdrs.org/Employer).

*Members covered by benefit terms.*

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	52
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>74</u>
	189

**Contributions**

A combination of three elements fund each employer’s plan: employee deposits, employer contributions and investment income.

- The deposit rate for employees is 4%, 5%, 6% or 7% of compensation, as adopted by the employer’s governing body.
- Participating employers are required to contribute at actuarially determined rates to ensure adequate funding for each employer’s plan. Employer contribution rates are determined annually and approved by the TCDRS Board of Trustees.
- Investment income funds a large part of the benefits employees earn.

Pursuant to state law, employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.

Each employer has the opportunity to make additional contributions in excess of its annual required contribution rate either by adopting an elected rate that is higher than the required rate or by making additional contributions on an ad hoc basis. Employers may make additional contributions to pay down their liabilities faster, pre-fund benefit enhancements and/or buffer against future adverse experience.

The contribution rate payable by the employee members for calendar year 2021 is the rate of 7% as adopted by the governing body of the employer. The employee contribution 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 County’s contributions to TCDRS for the year ended September 30, 2022 were \$289,073, and were equal to the required contributions.

**Net Pension Liability**

The County’s Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in December 31, 2021 actuarial valuation was determined using the following actuarial 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 (level percent of pay) <sup>(1)</sup>

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	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	7.50% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Blanco County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	Pub-2010 Mortality Tables
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	The termination rate is 0% for the two years immediately prior to retirement eligibility. Rates are reduced ages near retirement as it is anticipated that a member would be less likely to take a withdrawal if the partial lump sum payment option was available.

*(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.*

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 2022 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed

annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation <sup>(1)</sup>	Geometric Real Rate of Return <sup>(2)</sup>
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	3.80%
Global Equities	MSCI World (Net) Index	2.50%	4.10%
International Equities – Developed Markets	MSCI World Ex USA (Net) Index	5.00%	3.80%
International Equities – Emerging Markets	MSCI Emerging Markets (Net) Index	6.00%	4.30%
Investment – Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.00%	1.77%
Direct Lending	S&P/ LSTA Leveraged Loan Index	16.00%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(3)</sup>	4.00%	4.50%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33%S&P Global REIT (Net) Index	2.00%	3.10%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(4)</sup>	6.00%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(5)</sup>	25.00%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-1.05%

<sup>(1)</sup> Target asset allocation adopted at the March 2022 TCDRS Board meeting

<sup>(2)</sup> Geometric real rates of return in addition to assumed inflation of 2.6%, per Cliffwater's 2022 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

## Discount Rate

The discount rate used to measure the Total Pension Liability was 7.60%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pensions plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension	Fiduciary	Net Pension
	Liability	Net Position	Liability/ (Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2020	\$ 10,818,742	\$ 10,448,992	\$ 369,750
Changes for the Year:			
Service Cost	392,076		392,076
Interest on Total Pension Liability <sup>(1)</sup>	832,575		832,575
Effect of Plan Changes <sup>(2)</sup>	-		-
Effects of Economic/Demographic- Gains or Losses	78,725		78,725
Effect of Assumptions Changes or Inputs	(78,308)		(78,308)
Refund of Contributions	(2,972)	(2,972)	-
Benefit Payments	(518,335)	(518,335)	-
Administrative Expenses		(6,862)	6,862
Member Contributions		228,513	(228,513)
Net Investment Income		2,289,505	(2,289,505)
Employer Contributions		243,856	(243,856)
Other <sup>(3)</sup>		1,491	(1,491)
Balances as of December 31, 2021	\$ <u>11,522,502</u>	\$ <u>12,684,186</u>	\$ <u>(1,161,683)</u>

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

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

<sup>(3)</sup> 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 7.60%, as well as what the Blanco County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease <u>6.60%</u>	Current Discount Rate <u>7.60%</u>	1% Increase <u>8.60%</u>
Total Pension Liability	\$ 12,883,275	\$ 11,522,502	\$ 10,371,114
Fiduciary Net Position	<u>12,684,186</u>	<u>12,684,186</u>	<u>12,684,186</u>
Net Pension Liability/ (Asset)	\$ <u>199,089</u>	\$ <u>(1,161,683)</u>	\$ <u>(2,313,072)</u>

**Pension Expense / (Income)**

Prepaid Expense/(Income)	January 1, 2021 to December 31, 2021
Service Cost	\$ 392,076
Interest on Total Pension Liability <sup>(1)</sup>	832,575
Effect of Plan Changes	-
Administrative Expenses	6,862
Member Contributions	(228,513)
Expected Investment Return Net of Investment Expenses	(792,097)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	34,371
Recognition of Assumption Changes or Inputs	111,333
Recognition of Investment Gains or Losses	(410,836)
Other <sup>(2)</sup>	(1,491)
Pension Expense/(Income)	\$ (55,719)

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

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

As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 7,262	\$ 59,321
Changes of assumptions	52,205	274,873
Net difference between projected and actual earnings	1,436,115	0
Contributions made subsequent to measurement date	N/A	221,344

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

2022	\$ (171,147)
2023	(347,703)
2024	(343,058)
2025	(299,480)
2026	-
Thereafter <sup>(4)</sup>	-

<sup>(3)</sup> Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as a deferred outflow of resources.

<sup>(4)</sup> Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

4.B. GROUP TERM LIFE FUND (OPEB)

**Plan Description**

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

- a. Blanco County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) 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 TCERS pension plan. Only employer that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
  - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries to services retirees and disability retirees of employers that have elected participation in the retiree GTL program.
  - 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
  - 4) No future increases are assumed in the \$5,000 benefit amount.
  - 5) Benefit terms are established under the TCERS 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.
- c. Membership information is shown in the chart below.
- d. 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.
- e. Benefits terms are established under the TCERS 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. 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.

*Members covered by benefit terms.*

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>74</u>
	129

**Contributions**

For GASB 75 purposes, the OPEB plan is not a cost sharing plan as the employer's benefit payment for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCERS Group Term Life (GTL) Program make a combined contribution for both active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contributions associated with retirees covered are included under GASB 75.

The following shows a breakdown of the employer's contributions to the GTL program for the calendar year 2021. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments used to calculate changes in total OPEB liability. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so there should be no change in how these amounts are reported.

Coverage Type	2021 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.34%	11,099	No change from prior year
Retiree GTL Benefit	0.22%	7,182	GASB 75

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2021 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 40.67797%, allocated as follows:

Coverage Type	2022 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.35%	59.32203%	No change from prior year
Retiree GTL Benefit	0.24%	40.67797%	GASB 75

The employee contribution 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 County's contributions to TCDRS for the year ended September 30, 2022 were \$20,643 and were equal to the required contributions.

#### **Total OPEB Liability**

The County's Total OPEB Liability (NPL) was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

#### **Actuarial assumptions:**

The Total OPEB Liability as of December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis 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 Level of Percent of Salary
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 (Discount Rate)	2.06% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2021.



Cost of Living Adjustments	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	Pub-2010 Mortality Tables
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.
Other Termination of Employment	For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. No termination after eligibility for retirement is assumed.

#### Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both active and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on a 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.06% based on the 20 Year Bond Go Index published by bondbuyer.com is used as of the measurement date of December 31, 2021.

<b>Changes in Total OPEB Liability</b>		<b>Changes in Total OPEB Liability</b>
Balances as of December 31, 2020	\$	<u>231,504</u>
Changes for the year:		
Service Cost		10,252
Interest on total OPEB liability <sup>(1)</sup>		5,049
Changes of benefit terms <sup>(2)</sup>		-
Effect of economic/demographic experience		4,906
Effect of assumptions changes or inputs		5,789
Benefit payments		(7,182)
Other		-
Balance as of December 31, 2021	\$	<u><u>250,318</u></u>

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

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

<sup>(3)</sup> Reflects change in discount rate.

### Sensitivity Analysis

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 2.06%, as well as what the Blanco County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.06%) or 1 percentage point higher (3.06%) 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
	1.06%	2.06%	3.06%
Total OPEB Liability	\$ 299,162	\$ 250,318	\$ 212,452

### OPEB Expense/ (Income)

	January 1, 2021 to December 31, 2021
Service Cost	10,252
Interest on total OPEB liability <sup>(1)</sup>	5,049
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(1,353)
Recognition of assumption changes or inputs	10,891
Other	-
OPEB expense/(income)	<u>24,839</u>

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

As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,802	\$ 5,281
Changes of assumptions	3,162	33,846
Contributions made subsequent to measurement date <sup>(2)</sup>	N/A	6,332

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:	
2022	\$ 9,540
2023	14,497
2024	6,987
2025	2,139
2026	-
Thereafter <sup>(1)</sup>	-

<sup>(1)</sup>Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

<sup>(2)</sup>Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as deferred outflows of resources.

#### 4.C. RISK MANAGEMENT

The County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers compensation. The county carries commercial insurance through the Texas Association of Counties in order to manage the above listed risks. The County also provides group health insurance coverage for full time employees through the Texas Association of Counties Insurance Trust (Blue Cross - Blue Shield).

#### 4.D. PERMANENT SCHOOL TRUST FUND

The Blanco County Permanent School Fund was established by State statute to receive and disburse funds earned from State lands and other investments granted to the County for educational purposes. Administration of the Fund vests in the office of the County Judge. Allocation of available funds to the County's independent school districts is according to the scholastic population of each district. The land owned by the Fund (738.96 acres located in Bailey County, Texas) was patented to Blanco County by certificate issued by the Commissioner of the General Land Office on January 4, 1906.

On December 31, 1978, the effective date of the abolition of the County School Administrative Offices, the "corpus" of the nature amounted to \$36,416. The remaining fund balance at September 30, 2022 in excess of the permanent portion is carried forward to the subsequent fiscal periods as a State required reserve of sufficient amount to pay the ad valorem taxes.

In addition to the regular distribution of annual net revenues to the school districts each year, distributions of previously undistributed funds in excess of the permanent corpus and reserved ad valorem tax money may be distributed to each district.

#### 4.E. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor agency cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

#### 4.F. EXCESS EXPENDITURES OVER APPROPRIATIONS

Expenditures in the debt service line items in the General Fund exceeded appropriations but not in total.

#### 4.G. PRIOR PERIOD ADJUSTMENT

During fiscal year 2022, the County adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement requires recognition of certain lease receivables and deferred inflows of resources that were previously classified as lease revenue based on the lease agreements.

Prior period adjustments were necessary in the General Fund and the Road and Bridge Fund to correct payables and transfers from previous years.

	General Fund	Road & Bridge Fund	Governmental Activities
Fund Balance and Net Position as previously reported	\$ 9,034,237	\$ 1,106,893	\$ 23,195,744
General Fund corrections	132,093		132,093
Road and Bridge Fund Corrections		24,201	24,201
Lease Receivable, under GASB Statement No. 87 at October 1, 2021			57,041
Deferred Resource Inflow for Leases under GASB Statement No. 87 at October 1, 2021			<u>(128,322)</u>
Fund Balance and Net Position at October 1, 2021, restated	<u>\$ 9,166,330</u>	<u>\$ 1,131,094</u>	<u>\$ 23,280,757</u>

#### 4.H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 3, 2023, the date which the financial statements were available to be issued. The County entered into a finance purchase agreement with Government Capital Corporation on October 14, 2022 for the purchase of various capital equipment in the amount of \$502,334. The County entered into a finance purchase agreement with Government Capital Corporation on December 16, 2022 for the purchase of various capital equipment in the amount of \$736,489. The County is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BLANCO COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 7,288,537	\$ 7,288,537	\$ 7,338,123	\$ 49,586
General Sales and Use Taxes	600,000	600,000	1,187,428	587,428
Other Taxes	15,000	15,000	45,336	30,336
Penalty and Interest on Taxes	35,000	35,000	80,494	45,494
Licenses and Permits	42,000	42,000	127,308	85,308
Intergovernmental Revenue and Grants	118,753	118,753	638,091	519,338
Charges for Services	315,568	315,568	771,388	455,820
Fines	42,600	42,600	47,537	4,937
Investment Earnings	2,000	2,000	44,365	42,365
Interest Revenue - Leases	-	-	1,601	1,601
Rents and Royalties	24,000	24,000	24,799	799
Contributions & Donations from Private Sources	-	-	2,529	2,529
Other Revenue	28,584	28,584	199,044	170,460
Total Revenues	8,512,042	8,512,042	10,508,043	1,996,001
<b>EXPENDITURES:</b>				
Current:				
Financial Administration	268,888	268,888	200,989	67,899
General Administration	1,244,429	1,244,429	1,075,961	168,468
Tax Administration	432,488	432,488	414,942	17,546
Facilities Management	339,000	339,000	300,088	38,912
Public Safety	3,969,435	3,979,435	3,225,729	753,706
Roads and Bridges	10,000	10,000	4,338	5,662
Sanitation	172,448	172,448	122,495	49,953
Justice System	1,964,867	1,964,867	1,482,487	482,380
Juvenile Services	52,722	52,722	52,722	-
Health and Human Services	273,943	273,943	80,922	193,021
Culture and Recreation	13,500	13,500	12,067	1,433
Conservation and Development	114,234	114,234	101,007	13,227
Debt Service:				
Principal on Debt and Right-to-Use Leases	609,551	609,551	1,096,450	(486,899)
Interest on Debt and Right-to-Use Leases	-	-	39,057	(39,057)
Capital Outlay:				
Capital Outlay	76,786	76,786	875,818	(799,032)
Total Expenditures	9,542,291	9,552,291	9,085,072	467,219
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,030,249)	(1,040,249)	1,422,971	2,463,220
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from Right-to-Use Leases	-	-	60,193	60,193
Noncurrent Loans	541,692	541,692	981,907	440,215
Transfers Out	(1,077,814)	(1,077,814)	(1,122,266)	(44,452)
Total Other Financing Sources (Uses)	(536,122)	(536,122)	(80,166)	455,956
Net Change in Fund Balances	(1,566,371)	(1,576,371)	1,342,805	2,919,176
Fund Balance - October 1 (Beginning)	9,034,237	9,034,237	9,034,237	-
Prior Period Adjustment	-	-	132,093	132,093
Fund Balance - September 30 (Ending)	\$ 7,467,866	\$ 7,457,866	\$ 10,509,135	\$ 3,051,269

The notes to the financial statements are an integral part of this statement.

BLANCO COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE - ROAD & BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
<b>REVENUES:</b>				
Licenses and Permits	\$ 420,000	\$ 420,000	\$ 487,172	\$ 67,172
Intergovernmental Revenue and Grants	16,000	16,000	15,984	(16)
Fines	100,000	100,000	119,712	19,712
Total Revenues	<u>536,000</u>	<u>536,000</u>	<u>622,868</u>	<u>86,868</u>
<b>EXPENDITURES:</b>				
Public Works:				
Roads and Bridges	1,684,921	1,684,921	1,529,668	155,253
Capital Outlay:				
Capital Outlay	150,000	150,000	150,000	-
Total Expenditures	<u>1,834,921</u>	<u>1,834,921</u>	<u>1,679,668</u>	<u>155,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,298,921)</u>	<u>(1,298,921)</u>	<u>(1,056,800)</u>	<u>242,121</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,077,814	1,077,814	1,077,814	-
Transfers Out	-	-	(59,495)	(59,495)
Total Other Financing Sources (Uses)	<u>1,077,814</u>	<u>1,077,814</u>	<u>1,018,319</u>	<u>(59,495)</u>
Change in Fund Balance	(221,107)	(221,107)	(38,481)	182,626
Fund Balance - October 1 (Beginning)	1,106,893	1,106,893	1,106,893	-
Prior Period Adjustment	-	-	24,201	24,201
Fund Balance - September 30 (Ending)	<u>\$ 885,786</u>	<u>\$ 885,786</u>	<u>\$ 1,092,613</u>	<u>\$ 206,827</u>

The notes to the financial statements are an integral part of this statement.

BLANCO COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
<b>A. Total Pension Liability</b>			
Service Cost	\$ 392,076	\$ 358,545	\$ 320,269
Interest (on the Total Pension Liability)	832,575	791,382	741,094
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	78,725	(14,526)	27,355
Changes of Assumptions	(78,308)	549,745	-
Benefit Payments, Including Refunds of Employee Contributions	(521,307)	(545,384)	(468,422)
Net Change in Total Pension Liability	\$ 703,761	\$ 1,139,762	\$ 620,296
Total Pension Liability - Beginning	10,818,742	9,678,980	9,058,685
Total Pension Liability - Ending	\$ 11,522,503	\$ 10,818,742	\$ 9,678,981
<b>B. Total Fiduciary Net Position</b>			
Contributions - Employer	\$ 243,856	\$ 229,972	\$ 202,322
Contributions - Employee	228,513	210,707	197,801
Net Investment Income	2,289,505	988,857	1,361,347
Benefit Payments, Including Refunds of Employee Contributions	(521,307)	(545,384)	(468,422)
Administrative Expense	(6,862)	(7,646)	(7,296)
Other	1,491	(1,621)	(1,005)
Net Change in Plan Fiduciary Net Position	\$ 2,235,196	\$ 874,885	\$ 1,284,747
Plan Fiduciary Net Position - Beginning	10,448,992	9,574,107	8,289,359
Plan Fiduciary Net Position - Ending	\$ 12,684,188	\$ 10,448,992	\$ 9,574,106
<b>C. Net Pension Liability (Asset)</b>	\$ (1,161,685)	\$ 369,750	\$ 104,875
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	110.08%	96.58%	98.92%
<b>E. Covered Payroll</b>	\$ 3,264,465	\$ 3,010,105	\$ 2,825,730
<b>F. Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(35.59%)	12.28%	3.71%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.



FY 2019 Plan Year 2018		FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	320,071	\$	308,115	\$	298,580	\$	277,626	\$	266,960
	695,871		664,095		616,075		580,585		537,964
	-		70,234		-		(26,977)		-
	19,694		(175,305)		(37,860)		(66,371)		32,334
	-		-		-		92,199		-
	(486,288)		(487,285)		(405,683)		(389,059)		(309,055)
\$	549,348	\$	379,854	\$	471,112	\$	468,003	\$	528,203
	8,509,338		8,129,485		7,658,373		7,190,371		6,662,168
\$	9,058,686	\$	8,509,339	\$	8,129,485	\$	7,658,374	\$	7,190,371
\$	209,846	\$	195,825	\$	205,809	\$	203,480	\$	198,429
	188,323		176,419		169,291		166,982		157,842
	(160,196)		1,102,509		520,443		21,582		448,322
	(486,288)		(487,285)		(405,683)		(389,059)		(309,055)
	(6,658)		(5,683)		(5,692)		(5,075)		(5,214)
	(1,767)		(1,595)		7,229		49,865		24,255
\$	(256,740)	\$	980,190	\$	491,397	\$	47,775	\$	514,580
	8,546,099		7,565,911		7,074,514		7,026,738		6,512,159
\$	8,289,359	\$	8,546,101	\$	7,565,911	\$	7,074,513	\$	7,026,739
\$	769,327	\$	(36,762)	\$	563,574	\$	583,861	\$	163,633
	91.51%		100.43%		93.07%		92.38%		97.72%
\$	2,690,335	\$	2,520,267	\$	2,418,441	\$	2,385,462	\$	2,254,881
	28.60%		(1.46%)		23.30%		24.48%		7.26%

BLANCO COUNTY, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2022

	2022	2021	2020
Actuarially Determined Contribution	\$ 289,072	\$ 242,491	\$ 219,079
Contributions in Relation to the Actuarially Determined Contributions	289,072	242,491	219,079
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,468,601	\$ 3,226,469	\$ 2,916,077
Contributions as a Percentage of Covered Employee Payroll	8.30%	7.50%	7.50%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	2019	2018	2017	2016	2015	2014	2013
\$	204,742	\$ 206,622	\$ 197,800	\$ 201,155	\$ 203,480	\$ 198,429	\$ 186,963
	204,742	206,622	197,800	201,155	203,480	198,429	186,963
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	2,793,487	\$ 2,651,694	\$ 2,482,744	\$ 2,362,325	\$ 2,385,462	\$ 2,254,881	\$ 2,176,525
	7.33%	7.80%	7.97%	8.52%	8.50%	8.80%	8.60%

BLANCO COUNTY  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
SEPTEMBER 30, 2022

**Valuation Date:**

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

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	18.8 years (based on contribution rate calculated in 12/31/2021 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
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	135% of the RP-2010 General Retirees Table for males and 120% of the RP-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

*\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.*

BLANCO COUNTY, TEXAS  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	FY 2022 Plan Year 2021	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019
<b>Total OPEB Liability</b>			
Service Cost	\$ 10,252	\$ 9,458	\$ 5,479
Interest on the Total OPEB Liability	5,049	5,620	6,487
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	5,789	22,120	37,341
Changes of Assumptions	4,906	2,124	208
Benefit Payments*	(7,182)	(6,923)	(6,217)
Net Change in Total OPEB Liability	18,814	32,399	43,298
Total OPEB Liability - Beginning	231,504	199,105	155,807
Total OPEB Liability - Ending	\$ 250,318	\$ 231,504	\$ 199,105
<b>Covered Payroll</b>	\$ 3,264,465	\$ 3,010,105	\$ 2,825,730
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	7.67%	7.69%	7.05%

\*The Supplemental Death Benefit Fund is considered to be an unfunded OPEB plan under GASB 75. Because of this benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Note: GASB Codification, Vol. 2, P52.139 states that the information on this schedule should be determined as of the measurement date of the plan.

As required by GASB 75, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

<u>FY 2019</u>		<u>FY 2018</u>	
<u>Plan Year 2018</u>		<u>Plan Year 2017</u>	
\$	6,675	\$	6,265
	5,850		6,562
	-		-
	(15,818)		6,031
	(760)		(15,896)
	(6,995)		(6,805)
	<u>(11,048)</u>		<u>(3,843)</u>
	166,855		170,698
\$	<u>155,807</u>	\$	<u>166,855</u>
\$	2,690,335	\$	2,520,267
	5.79%		6.62%

BLANCO COUNTY  
 NOTES TO THE SCHEDULE OF CHANGES IN THE  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
 SEPTEMBER 30, 2022

**Valuation Date:** 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

**Methods and assumptions used to determine contribution rates:**

Actuarial Cost Method	Entry Age Level Percent of Salary
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	Salary increases do not affect benefits but are used in the allocation of costs under the actuarial cost method.
Investment Rate of Return (Discount Rate)	2.06% 20 Year Bond GO Index published by bondbuyer.com as of December 30, 2021
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	RP-2010 General Employees Mortality Table
Retirement	Deferred member are assumed to retire (100% probability at the later of: a) age 60 b) earliest retirement eligibility
Other Termination of Employment	The rate of assumed future termination from active participation in the plan vary. No termination after eligibility for retirement is assumed.

SUPPLEMENTARY INFORMATION



BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 7,276	\$ 113,915	\$ 134,501	\$ 65,461
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Total Assets	<u>\$ 7,276</u>	<u>\$ 113,915</u>	<u>\$ 134,501</u>	<u>\$ 65,461</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 27	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	7,276	113,915	134,474	65,461
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>7,276</u>	<u>113,915</u>	<u>134,474</u>	<u>65,461</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,276</u>	<u>\$ 113,915</u>	<u>\$ 134,501</u>	<u>\$ 65,461</u>

The notes to the financial statements are an integral part of this statement.

Child Safety Program	Records Management District Clrk	JP#1 Technology	JP#2 Technology	County Clerk Archive	Vital Statistics Preservation	Third Court of Appeals	Family Protection Plan
\$ 76,964	\$ 6,365	\$ 8,074	\$ 8,491	\$ 135,251	\$ 2,401	\$ 3,285	\$ 10,716
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 76,964</u>	<u>\$ 6,365</u>	<u>\$ 8,074</u>	<u>\$ 8,491</u>	<u>\$ 135,251</u>	<u>\$ 2,401</u>	<u>\$ 3,285</u>	<u>\$ 10,716</u>
\$ 5,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>5,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
71,416	6,365	8,074	8,491	135,251	2,401	3,285	10,716
-	-	-	-	-	-	-	-
<u>71,416</u>	<u>6,365</u>	<u>8,074</u>	<u>8,491</u>	<u>135,251</u>	<u>2,401</u>	<u>3,285</u>	<u>10,716</u>
<u>\$ 76,964</u>	<u>\$ 6,365</u>	<u>\$ 8,074</u>	<u>\$ 8,491</u>	<u>\$ 135,251</u>	<u>\$ 2,401</u>	<u>\$ 3,285</u>	<u>\$ 10,716</u>

BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022

	Chapter 19 Funds	Supplemental Guardianship Fees	Child Abuse Prevention	District Court Technology
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ (1,358)	\$ 9,060	\$ 519	\$ 325
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Total Assets	<u>\$ (1,358)</u>	<u>\$ 9,060</u>	<u>\$ 519</u>	<u>\$ 325</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	(1,358)	9,060	519	325
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>(1,358)</u>	<u>9,060</u>	<u>519</u>	<u>325</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ (1,358)</u>	<u>\$ 9,060</u>	<u>\$ 519</u>	<u>\$ 325</u>

The notes to the financial statements are an integral part of this statement.

County Clerk Technology	District Court Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	County Wide Road & Bridge Improvement	E-Filing Service Fee	VHF Trunking Improvement Replacement
\$ 1,323	\$ 3,919	\$ 7,675	\$ 9,962	\$ 3,721	\$ 112,290	\$ 1,024	\$ 43,329
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,323</u>	<u>\$ 3,919</u>	<u>\$ 7,675</u>	<u>\$ 9,962</u>	<u>\$ 3,721</u>	<u>\$ 112,290</u>	<u>\$ 1,024</u>	<u>\$ 43,329</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,323	3,919	7,675	9,962	3,721	112,290	1,024	43,329
-	-	-	-	-	-	-	-
<u>1,323</u>	<u>3,919</u>	<u>7,675</u>	<u>9,962</u>	<u>3,721</u>	<u>112,290</u>	<u>1,024</u>	<u>43,329</u>
<u>\$ 1,323</u>	<u>\$ 3,919</u>	<u>\$ 7,675</u>	<u>\$ 9,962</u>	<u>\$ 3,721</u>	<u>\$ 112,290</u>	<u>\$ 1,024</u>	<u>\$ 43,329</u>

BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2022

	Truancy Prevention	District Clerk	Specialty Court	Sheriff Special
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 13,501	\$ 1,875	\$ 1,180	\$ 43,540
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Total Assets	<u>\$ 13,501</u>	<u>\$ 1,875</u>	<u>\$ 1,180</u>	<u>\$ 43,540</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	13,501	1,875	1,180	43,540
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>13,501</u>	<u>1,875</u>	<u>1,180</u>	<u>43,540</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,501</u>	<u>\$ 1,875</u>	<u>\$ 1,180</u>	<u>\$ 43,540</u>

The notes to the financial statements are an integral part of this statement.

TXDot Grant Fund	Language Access Fund	Justice Court Support	Clerk of the Court	Court Facility Fee Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ 725	\$ 1,040	\$ 4,342	\$ 3,205	\$ 833,897	\$ 374,912	\$ 1,208,809
-	-	-	-	-	-	25,038	25,038
-	-	-	-	-	-	(1,252)	(1,252)
<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 1,040</u>	<u>\$ 4,342</u>	<u>\$ 3,205</u>	<u>\$ 833,897</u>	<u>\$ 398,698</u>	<u>\$ 1,232,595</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,575	\$ 400	\$ 5,975
-	-	-	-	-	5,575	400	5,975
-	-	-	-	-	-	23,786	23,786
-	-	-	-	-	-	23,786	23,786
-	725	1,040	4,342	3,205	828,322	-	828,322
-	-	-	-	-	-	374,512	374,512
<u>-</u>	<u>725</u>	<u>1,040</u>	<u>4,342</u>	<u>3,205</u>	<u>828,322</u>	<u>374,512</u>	<u>1,202,834</u>
<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 1,040</u>	<u>\$ 4,342</u>	<u>\$ 3,205</u>	<u>\$ 833,897</u>	<u>\$ 398,698</u>	<u>\$ 1,232,595</u>

BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	2,366	42,091	38,211	17,318
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>2,366</u>	<u>42,091</u>	<u>38,211</u>	<u>17,318</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Administration	-	3,716	43,714	-
Public Safety	-	-	-	12,421
Public Works:				
Roads and Bridges	-	-	-	-
Justice System	2,261	-	-	-
Health and Welfare:				
Health and Human Services	-	-	-	-
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	-	-
Interest on Debt and Right-to-Use Leases	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>2,261</u>	<u>3,716</u>	<u>43,714</u>	<u>12,421</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>105</u>	<u>38,375</u>	<u>(5,503)</u>	<u>4,897</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	105	38,375	(5,503)	4,897
Fund Balance - October 1 (Beginning)	<u>7,171</u>	<u>75,540</u>	<u>139,977</u>	<u>60,564</u>
Fund Balance - September 30 (Ending)	<u>\$ 7,276</u>	<u>\$ 113,915</u>	<u>\$ 134,474</u>	<u>\$ 65,461</u>

The notes to the financial statements are an integral part of this statement.

Child Safety Program	Records Management District Clrk	JP#1 Technology	JP#2 Technology	County Clerk Archive	Vital Statistics Preservation	Third Court of Appeals	Family Protection Plan
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
23,490	2,066	3,084	2,104	33,945	639	1,135	150
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>23,490</u>	<u>2,066</u>	<u>3,084</u>	<u>2,104</u>	<u>33,945</u>	<u>639</u>	<u>1,135</u>	<u>150</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	57,091	-	-	-
58,349	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>58,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(34,859)</u>	<u>2,066</u>	<u>3,084</u>	<u>2,104</u>	<u>(23,146)</u>	<u>639</u>	<u>1,135</u>	<u>150</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(34,859)</u>	<u>2,066</u>	<u>3,084</u>	<u>2,104</u>	<u>(23,146)</u>	<u>639</u>	<u>1,135</u>	<u>150</u>
<u>106,275</u>	<u>4,299</u>	<u>4,990</u>	<u>6,387</u>	<u>158,397</u>	<u>1,762</u>	<u>2,150</u>	<u>10,566</u>
<u>\$ 71,416</u>	<u>\$ 6,365</u>	<u>\$ 8,074</u>	<u>\$ 8,491</u>	<u>\$ 135,251</u>	<u>\$ 2,401</u>	<u>\$ 3,285</u>	<u>\$ 10,716</u>



BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Chapter 19 Funds	Supplemental Guardianship Fees	Child Abuse Prevention	District Court Technology
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	147	1,860	30	157
Fines	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>147</u>	<u>1,860</u>	<u>30</u>	<u>157</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Public Works:				
Roads and Bridges	-	-	-	-
Justice System	1,942	-	-	-
Health and Welfare:				
Health and Human Services	-	-	-	-
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	-	-
Interest on Debt and Right-to-Use Leases	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>1,942</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,795)</u>	<u>1,860</u>	<u>30</u>	<u>157</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,795)	1,860	30	157
Fund Balance - October 1 (Beginning)	<u>437</u>	<u>7,200</u>	<u>489</u>	<u>168</u>
Fund Balance - September 30 (Ending)	<u>\$ (1,358)</u>	<u>\$ 9,060</u>	<u>\$ 519</u>	<u>\$ 325</u>

The notes to the financial statements are an integral part of this statement.

County Clerk Technology	District Court Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	County Wide Road & Bridge Improvement	E-Filing Service Fee	VHF Trunking Improvement Replacement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
29	1,700	270	320	-	-	12	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>29</u>	<u>1,700</u>	<u>270</u>	<u>320</u>	<u>-</u>	<u>-</u>	<u>12</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	252,654	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	252,654	-	-
<u>29</u>	<u>1,700</u>	<u>270</u>	<u>320</u>	<u>-</u>	<u>(252,654)</u>	<u>12</u>	<u>-</u>
-	-	-	-	1,433	-	-	25,769
-	-	-	-	1,433	-	-	25,769
<u>29</u>	<u>1,700</u>	<u>270</u>	<u>320</u>	<u>1,433</u>	<u>(252,654)</u>	<u>12</u>	<u>25,769</u>
<u>1,294</u>	<u>2,219</u>	<u>7,405</u>	<u>9,642</u>	<u>2,288</u>	<u>364,944</u>	<u>1,012</u>	<u>17,560</u>
<u>\$ 1,323</u>	<u>\$ 3,919</u>	<u>\$ 7,675</u>	<u>\$ 9,962</u>	<u>\$ 3,721</u>	<u>\$ 112,290</u>	<u>\$ 1,024</u>	<u>\$ 43,329</u>

BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Truancy Prevention	District Clerk	Specialty Court	Sheriff Special
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	-	-	-	-
Fines	-	-	-	-
Other Revenue	6,048	1,210	729	-
Total Revenues	<u>6,048</u>	<u>1,210</u>	<u>729</u>	<u>-</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety	-	-	-	3,515
Public Works:				
Roads and Bridges	-	-	-	-
Justice System	-	-	-	-
Health and Welfare:				
Health and Human Services	-	-	-	-
Debt Service:				
Principal on Debt and Right-to-Use Leases	-	-	-	-
Interest on Debt and Right-to-Use Leases	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,048</u>	<u>1,210</u>	<u>729</u>	<u>(3,515)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	6,048	1,210	729	(3,515)
Fund Balance - October 1 (Beginning)	<u>7,453</u>	<u>665</u>	<u>451</u>	<u>47,055</u>
Fund Balance - September 30 (Ending)	<u>\$ 13,501</u>	<u>\$ 1,875</u>	<u>\$ 1,180</u>	<u>\$ 43,540</u>

The notes to the financial statements are an integral part of this statement.

TXDot Grant Fund	Language Access Fund	Justice Court Support	Clerk of the Court	Court Facility Fee Fund	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,691	\$ 1,026,691
36,858	-	-	-	-	36,858	-	36,858
-	-	-	4,342	3,205	178,671	-	178,671
-	725	1,040	-	-	1,765	-	1,765
-	-	-	-	-	7,987	-	7,987
<u>36,858</u>	<u>725</u>	<u>1,040</u>	<u>4,342</u>	<u>3,205</u>	<u>225,281</u>	<u>1,026,691</u>	<u>1,251,972</u>
-	-	-	-	-	47,430	-	47,430
-	-	-	-	-	15,936	-	15,936
96,353	-	-	-	-	349,007	-	349,007
-	-	-	-	-	61,294	-	61,294
-	-	-	-	-	58,349	-	58,349
-	-	-	-	-	-	840,000	840,000
-	-	-	-	-	-	150,231	150,231
-	-	-	-	-	-	1,900	1,900
<u>96,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>532,016</u>	<u>992,131</u>	<u>1,524,147</u>
<u>(59,495)</u>	<u>725</u>	<u>1,040</u>	<u>4,342</u>	<u>3,205</u>	<u>(306,735)</u>	<u>34,560</u>	<u>(272,175)</u>
<u>59,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,697</u>	<u>-</u>	<u>86,697</u>
<u>59,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,697</u>	<u>-</u>	<u>86,697</u>
-	725	1,040	4,342	3,205	(220,038)	34,560	(185,478)
-	-	-	-	-	1,048,360	339,952	1,388,312
<u>\$ -</u>	<u>\$ 725</u>	<u>\$ 1,040</u>	<u>\$ 4,342</u>	<u>\$ 3,205</u>	<u>\$ 828,322</u>	<u>\$ 374,512</u>	<u>\$ 1,202,834</u>

REPORT ON INTERNAL CONTROL



# NEFFENDORF & BLOCKER, P.C.

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## 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 Judge and Commissioners  
Blanco County, Texas  
Johnson City, TX 78636

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 Blanco County, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 3, 2023.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Blanco County, Texas'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 Blanco County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Blanco County, Texas's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001- 2022-004 and 2022-006 – 2022-007 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-005 to be a significant deficiency.

#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blanco 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*.

#### Blanco County, Texas's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Blanco County, Texas's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Blanco County, Texas's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### 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.

Sincerely,

*Neffendorf & Blocker, P.C.*

NEFFENDORF & BLOCKER, P.C.

Fredericksburg, Texas

June 3, 2023

Blanco County, Texas

SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Section I - Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued	<u>Unmodified</u>	
Internal control over financial reporting		
Material weakness(es) identified	<u>  X  </u> yes	_____ no
Significant deficiencies identified that are not considered to be material weaknesses	<u>  X  </u> yes	_____ no
Noncompliance material to financial statements noted?	_____ yes	<u>  X  </u> no

B. Section II - Findings Related to the Financial Statements

2022-001

**Type of Finding:** Material Weakness

**Criteria:** The County was required to adopt and implement GASB Statement No. 87 *Leases* for the fiscal year ended September 30, 2022. The statement 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. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease 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 the governments' leasing activities.

**Condition:** The County did not evaluate correctly the County's leases for the requirement to implement GASB Statement No. 87, *Leases*. The County incorrectly classified the leases as immaterial and did not implement GASB Statement No. 87, *Leases*. The County was not in compliance with Governmental Accounting Standards.

**Cause:** The evaluation of the leases prepared by the County was incomplete. The County classified the leases as immaterial without a calculation of materiality and the lease receivable was not included.

**Effect:** Audit procedures were performed with regard to the County's lease agreements that met the definition of the Standard. The result of the procedures determined the County had agreements as a lessee and as a lessor that were material to the financial statements.

**Questioned Costs:** None

**Recommendation:** The County should review all possible lessee and lessor agreements for compliance with GASB Statement No. 87, *Leases* and compute and document a materiality amount to determine if the agreements are material to the financial statements.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.



2022-002

**Type of Finding:** Material Weakness

**Criteria:** The County was required to adopt and implement GASB Statement No. 84 *Fiduciary Activities* in the prior year. The statement required recognition of revenues and expenses for custodial funds.

**Condition:** The County did not record the custodial funds in accordance with GASB Statement No. 84 *Fiduciary Activities*. The County was not in compliance with Governmental Accounting Standards.

**Cause:** The County failed to record the custodial funds (Officials Fines and Fees bank accounts) in accordance with GASB Statement No. 84 *Fiduciary Activities*.

**Effect:** The County was not in compliance with Governmental Accounting Standards. The custodial fund financial statements were overstated.

**Questioned Costs:** None

**Recommendation:** The County should review and comply with the requirements of GASB Statement No. 84 *Fiduciary Activities*.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

2022-003

**Type of Finding:** Material Weakness

**Criteria:** Compliance with the assertion that all transactions have been recorded, classified and fairly presented in the financial statements.

**Condition:** Financing purchase agreement was not identified and recorded in the financial statements.

**Cause:** Procedures were not in place to identify new debt agreements and the County failed to record a financing purchase agreement.

**Effect:** Debt principal and interest expense accounts were understated and other sources revenue was understated.

**Questioned Cost:** None

**Recommendation:** Controls should be implemented to make sure the County Treasurer receives documentation regarding new debt agreements and the agreements are properly accounted for.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

2022-004

**Type of Finding:** Material Weakness

**Criteria:** Compliance with the assertion that all transactions have been recorded, classified and fairly presented in the financial statements.

**Condition:** Audit procedures revealed the payroll bank account reconciliation did not agree with the general ledger cash accounts.

**Cause:** Controls and procedures were not performed to agree the payroll bank account reconciliation to the general ledger cash accounts.

**Effect:** Risk that the financial statements could be materially misstated due to the accounts not containing all the transactions.

**Questioned Cost:** None

**Recommendation:** Controls and procedures should be implemented to agree the reconciliation prepared for the payroll bank account to the general ledger cash accounts on a timely basis.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

2022-005

**Type of Finding:** Significant Deficiency

**Criteria:** Compliance with the assertion that all transactions have been recorded, classified and fairly presented in the financial statements.

**Condition:** Year end accounts payable liability post to cash accounts.

**Cause:** The County's software post the year end accounts payable liabilities to the cash accounts instead of the accounts payable liability account.

**Effect:** The general ledger cash accounts do not agree with the bank reconciliations. The general ledger cash accounts are understated and the accounts payable liability accounts are understated.

**Questioned Cost:** None

**Recommendation:** If it is not possible to correct the software, the County should prepare a journal entry to reclassify the payables to the accounts payable liability accounts.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

2022-006

**Type of Finding:** Material Weakness

**Criteria:** Compliance with the assertion of completeness of the pension and OPEB retirement plan and valuation of the retirement expenditures for the County's portion of the retirement.

**Condition:** An eligible employee's retirement was not being withheld or paid to TCDRS and the County's portion of the retirement was not paid to TCDRS from September of 2020 until March of 2022.

**Cause:** The County failed to review and reconcile the County's personnel to the TCDRS website on an annual basis to comply with GASB Statement No.68 procedures.

**Effect:** The eligible employee was overpaid and the County's expense was understated. The County paid both the eligible employees portion and the County's portion to correct the error.

**Questioned Cost:** None

**Recommendation:** Procedures should be implemented to comply with GASB Statement No. 68 requirements to review and agree the personnel information to TCDRS at least annually.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

2022-007

**Type of Finding:** Material Weakness

**Criteria:** Compliance with the assertion that all transactions have been recorded, classified and fairly presented in the financial statements.

**Condition:** Accounting records for grant receipts and related documents was incomplete. Audit procedures noted failure to identify new grants and failure to properly record grants.

**Cause:** The County does not have specific grant policies and procedures implemented.

**Effect:** Grant revenue and expenditures were improperly recorded.

**Questioned Cost:** None

**Recommendation:** The County should adopt and implement grant policies and procedures to ensure all grants are properly accounted for and recorded.

**Views of responsible officials and planned corrective action:** This information is in the attached responses.

Management's Response to Auditor's Findings:  
Summary Schedule of Prior Audit Findings and  
Corrective Action Plan  
September 30, 2022  
Prepared by  
**Blanco County**

Blanco County - Summary Schedule of Prior Audit Findings

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No prior audit findings noted.

## Blanco County - Corrective Action Plan

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### Finding 2022-001

*Finding Summary:* County should review all possible lessee and lessor agreements for compliance with GASB Statement No. 87, Leases and compute and document a materiality amount to determine if the agreements are material to the financial statements.

*Responsible Individuals:* County Auditor

*Corrective Action Plan:* Materiality will be documented on all lessee and lessor agreements related to GASB Statement No. 87, Leases and all new agreements will be added to Debtbook software upon inception.

*Anticipated Completion Date:* Ongoing

### Finding 2022-002

*Finding Summary:* County should comply with the requirements of GASB Statement No. 84, Fiduciary Activities.

*Responsible Individuals:* County Treasurer / County Auditor

*Corrective Action Plan:* The County will review the adjusting entries made by the auditor related to GASB Statement No. 84, Fiduciary Activities and develop a procedure to remedy the cause of the audit adjustment.

*Anticipated Completion Date:* Ongoing

### Finding 2022-003

*Finding Summary:* Controls should be implemented to make sure the County Treasurer receives documentation regarding new debt agreements and the agreements are properly accounted for.

*Responsible Individuals:* County Treasurer

*Corrective Action Plan:* The County will review the adjusting entries made by the auditor related to debt agreements and develop a procedure to remedy the cause of the audit adjustment.

*Anticipated Completion Date:* Ongoing

Finding 2022-004

*Finding Summary:* Controls and procedures should be implemented to agree the reconciliation prepared for the payroll bank accounts to the general ledger cash accounts on a timely basis.

*Responsible Individuals:* County Treasurer/County Auditor

*Corrective Action Plan:* The County will document all material differences between the bank reconciliation and the general ledger cash accounts. Due to the mechanics of the ledger system posting from the payroll system, a traditional bank reconciliation is not feasible. However, the County will document the monthly review performed to ensure proper postings between the two systems and prepare an off-line reconciliation to ensure bank balances are reasonable and proper.

*Anticipated Completion Date:* Ongoing

Finding 2022-005

*Finding Summary:* County's software post the year end accounts payable liabilities to the cash accounts instead of the accounts payable liability account. County should correct the software or prepare a journal entry to reclassify the payables.

*Responsible Individuals:* County Treasurer/County Auditor

*Corrective Action Plan:* The County's software records all entries subsequent to year end in a "Month 13" and historically the external auditors have made those adjusting entries using that data from Month 13 during the external audit and their preparation of the financial statements. It is not cost effective to update the system, however, the County will review the Month 13 data and prepare those adjusting entries.

*Anticipated Completion Date:* Ongoing

Finding 2022-006

*Finding Summary:* County failed to record an eligible employee's retirement from September 2020 to March 2022.

*Responsible Individuals:* County Treasurer

*Corrective Action Plan:* This adjustment was identified by the County's internal processes and corrective actions were taken to correct the error. The County will implement an annual process to ensure potential future issues are identified in a timely manner.

*Anticipated Completion Date:* Ongoing

Finding 2022-007

*Finding Summary:* The County should adopt and implement grant policies and procedures to ensure all grants are properly accounted for and recorded.

*Responsible Individuals:* County Treasurer/County Judge/Grant Coordinator

*Corrective Action Plan:* The County will consider additional processes and procedures to ensure all grants are properly accounted for and recorded timely.

*Anticipated Completion Date:* Ongoing





# NEFFENDORF & BLOCKER, P.C.

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June 3, 2023

Honorable Judge and Commissioners  
Blanco County, Texas  
Johnson City, TX 78636

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

## Significant Audit Findings

### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Blanco County, Texas are described in Note I to the financial statements. GASB Statement No. 87, *Leases* was required to be adopted and implemented. Blanco County, Texas failed to implement the Statement and audit adjustments were necessary for the adoption and implementation. The application of existing policies was not changed during the year ended September 30, 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant accounting estimates.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to

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be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. The following material misstatements detected as a result of audit procedures were corrected by management: State Comptroller revenues listed as a reconciling item on the multi-fund bank reconciliation in the amount of \$95,932 were not recorded in the General Fund, proceeds and debt payments in the amount of \$439,070 from the financing purchase agreement with Motorola Finance Corporation were not recorded in the General Fund, Toshiba copier right-to-use lease asset in the amount of \$60,193 was not recorded in the General Fund, issuance cost in the amount of \$68,784 for the Certificate of Obligation, Series 2022 bond issue was not recorded in the Debt Service Fund and revenues in the amount of \$2,683,492 and expenses in the amount of \$3,497,071 were not recorded in the Custodial Fund to comply with GASB Statement No 84.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 3, 2023.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

We applied certain limited procedures to the management's discussion and analysis (pages 4 through 10), budgetary comparison information (pages 46 and 47) and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 48-54 which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining non-major fund financial statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Commissioner's Court and management of Blanco County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

*Neffendorf + Blocker, P.C.*  
NEFFENDORF & BLOCKER, P.C.  
Fredericksburg, Texas

**County of Blanco, Texas**  
**Schedule of Uncorrected Misstatements**  
**September 30, 2022**

<u>Description</u>	<u>GL Account No.</u>	<u>Balance 9/30/2022</u>	<u>Bank Reconciliation 9/30/2022</u>	<u>Variance</u>
Payroll Clearing Account	10-100-100	21,333.33		
Payroll Clearing Account	18-100-100	1,151.91		
Total		<u>\$ 22,485.24</u>	<u>\$ (44,422.82)</u>	<u>\$ (66,908.06)</u>