

REPORT OF EXAMINATION

**COUNTY OF BLANCO,
TEXAS**

Johnson City, Texas

**For the Year Ended
September 30, 2021**

BLANCO COUNTY, TEXAS

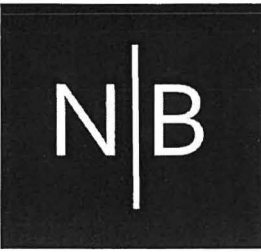
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2021

BLANCO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	4
 <u>Basic Financial Statements</u>	
Government Wide Statements:	
A-1 Statement of Net Position	11
B-1 Statement of Activities.....	12
Governmental Fund Financial Statements:	
C-1 Balance Sheet	14
C-2 Reconciliation for C-1	16
C-3 Statement of Revenues, Expenditures and Changes in Fund Balance.....	17
C-4 Reconciliation for C-3	19
Fiduciary Funds:	
E-1 Statement of Fiduciary Net Position.....	20
E-2 Statement of Changes in Fiduciary Fund Net Position	21
Notes to the Financial Statements.....	22
 <u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund.....	46
G-2 Budgetary Comparison Schedule - Road and Bridge Fund	47
G-3 Schedule of Changes in Net Pension Liability and Related Ratios	48
G-4 Schedule of Employer Contributions.....	50
Notes to the Schedule of Contributions	52
G-5 Schedule of Changes in the Total OPEB Liability and Related Ratios.....	53
Notes to the Schedule of Changes in the Total OPEB Liability and Related Ratios.....	54
 <u>Supplementary Information</u>	
H-1 Combining Balance Sheet - Nonmajor Governmental Funds	55
H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	61



NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas (the "County"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas, as of September 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 10), budgetary comparison information (pages 42 and 43) 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 44-50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining nonmajor and fiduciary fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor and fiduciary 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 15, 2022, on our consideration of Blanco County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blanco County’s internal control over financial reporting and compliance.

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

June 15, 2022

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, 2021. 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 \$23,195,744 (net position). Of this amount, \$9,401,744 (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 \$3,735,196 as a result of this year's operations.
- At September 30, 2021, the County's governmental funds reported combined ending fund balances of \$13,111,823, an increase of \$3,031,939 in comparison with the prior year.
- At September 30, 2021, the unassigned fund balance of the general fund was \$9,013,082, or 104 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 12). 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 14 & 17) 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 22) 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 46-54. The combining statements (starting on page 55) 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 14 & 17 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 \$19,460,548 to \$23,195,744. 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 \$9,401,744 at September 30, 2021. This increase in governmental net position was the result of three factors. First, the County's revenues exceeded the expenditures by \$3,031,939. Second, the County issued new debt in the amount of \$2,376,437 and retired long-term debt in the amount of \$1,123,844 and third, the County acquired capital assets in the amount of \$2,860,160 and recorded depreciation in the amount of \$932,827.

Table I
Blanco County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 15,245	\$ 10,729
Capital Assets	16,478	14,551
Total Assets	<u>\$ 31,723</u>	<u>\$ 25,280</u>
Deferred Outflow of Resources	\$ 1,227	\$ 893
Long-Term Liabilities	\$ 6,202	\$ 5,126
Other Liabilities	3,180	1,340
Total Liabilities	<u>\$ 9,382</u>	<u>\$ 6,466</u>
Deferred Inflow of Resources	<u>\$ 372</u>	<u>\$ 294</u>
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$ 11,278	\$ 8,915
Restricted	2,516	1,878
Unrestricted	9,402	8,667
Total Net Position	<u>\$ 23,196</u>	<u>\$ 19,460</u>

Table II
Blanco County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2021	2020
Revenues:		
Charges for Services	\$ 1,540	\$ 1,285
Property Taxes	7,327	6,753
Sales Tax	1,052	1,012
Other Taxes	34	29
Penalty and Interest	75	68
Investment Earnings	7	34
Miscellaneous	110	208
Grants	1,880	1,015
Total Revenue	\$ 12,025	\$ 10,404
Expenses:		
Judicial	\$	\$ 1
Financial Administration	211	172
Public Safety	3,255	2,951
General Administration	860	815
Tax Administration	447	357
Facilities Management	222	243
Roads and Bridges	932	760
Sanitation	116	113
Justice System	1,551	1,546
Juvenile Services	64	62
Health and Human Services	196	103
Conservation and Development	156	104
Culture and Recreation	12	12
Debt Service	267	235
Total Expenses	\$ 8,289	\$ 7,474
Increase in Net Position	\$ 3,736	\$ 2,930
Net Position - Beginning of Year	19,460	16,530
Net Position - End of Year	\$ 23,196	\$ 19,460

The cost of all governmental activities this year was \$8,289,472. However, as shown in the Statement of Activities on page 12, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$7,326,936 because the other costs were paid by sales tax (\$1,051,919), operating grants and capital grants (\$1,879,968), user charges (\$1,540,042), investment earnings (\$6,950) and other miscellaneous (\$110,366).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 14) reported a combined fund balance of \$13,111,823, which is more than last year's total of \$10,079,884. Included in this year's total change in fund balance is an increase of \$841,107 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 more 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 2021, the County had \$27,018,760 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$2,860,160, or 12 percent, more than last year.

CAPITAL ASSETS in thousands

	Governmental Activities	
	2021	2020
Land	\$ 1,334	\$ 1,330
Buildings	11,597	11,566
Improvements	6,095	5,342
Machinery & Equipment	6,533	4,969
Vehicles	1,452	952
Construction in Progress	8	
Total Capital Assets	\$ 27,019	\$ 24,159
Accumulated Depreciation	10,541	9,608
Capital Assets, Net	\$ 16,478	\$ 14,551

This year's major additions included:

Precinct Paving Projects	\$	554,072
Stonewall Tower Improv		869,550
Vehicles and Equipment		<u>1,194,979</u>
 TOTAL	\$	<u><u>2,618,601</u></u>

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

DEBT

At September 30, 2021, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Refunding Bonds	\$ 3,260	\$ 3,610
Certificates of Obligation	900	1,000
Limited Tax Notes	2,055	575
Capital Lease	447	224
Total Outstanding Debt	<u>\$ 6,662</u>	<u>\$ 5,409</u>

At year-end the County had \$6,661,736 in certificates of obligation, refunding bonds, Limited Tax Notes and Capital Leases outstanding, an increase in total debt of \$1,252,593 from the previous year.

More detailed information about the County's long-term liabilities is presented in Note 3. H, I, J and K 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 2022 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 2022. Amounts available for appropriation in the General Fund budget are \$7,640,930 and expenditures are estimated to be \$10,504,846. Estimated revenues for the Road and Bridge Fund are \$1,613,814 (including transfer from the general fund of \$1,077,814) and expenditures are estimated to be \$1,798,977.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$2,863,916 and the Road and Bridge Fund balance will decrease by \$185,163 by the close of 2022.

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

COUNTY OF BLANCO, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 9,320,271
Investments - Current	5,393,709
Taxes Receivable, Net	197,545
Accounts Receivable, Net	258,889
Due from Other Funds	74,600
Capital Assets:	
Land Purchase and Improvements	1,333,739
Buildings, Net	7,331,604
Improvements other than Buildings, Net	4,294,283
Furniture and Equipment, Net	3,510,452
Construction in Progress	8,250
Total Assets	31,723,342
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge for Refunding	570,580
Deferred Outflow Related to Pension Plan	607,178
Deferred Outflow Related to OPEB	49,126
Total Deferred Outflows of Resources	1,226,884
LIABILITIES	
Accounts Payable	455,641
Wages and Salaries Payable	201,799
Compensated Absences Payable	53,201
Intergovernmental Payable	38,677
Accrued Interest Payable	23,793
Unearned Revenues	1,187,061
Bonds Payable - Current	840,000
Capital Leases Payable - Current	379,887
Noncurrent Liabilities:	
Due in More Than One Year:	
Debt Payable - Noncurrent	5,600,803
Net Pension Liability	369,750
Net OPEB Liability	231,504
Total Liabilities	9,382,116
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	360,437
Deferred Inflow Related to OPEB	11,929
Total Deferred Inflows of Resources	372,366
NET POSITION	
Net Investment in Capital Assets	11,277,638
Restricted:	
Restricted for Special Revenue	2,176,410
Restricted for Debt Service	339,952
Unrestricted	9,401,744
Total Net Position	\$ 23,195,744

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

COUNTY OF BLANCO, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 211,529	\$ -	\$ 24,100
General Administration	859,953	-	-
Tax Administration	447,115	6,220	6,091
Facilities Management	221,706	-	-
Public Safety	3,255,069	142,289	4,111
Roads and Bridges	932,026	615,815	61,808
Sanitation	115,799	-	32,593
Justice System	1,550,654	775,718	71,595
Juvenile Services	63,819	-	-
Health and Welfare	50,301	-	-
Health and Human Services	145,330	-	-
Culture and Recreation	12,148	-	-
Conservation and Development	156,353	-	-
Interest on Debt	176,111	-	-
Bond Interest	51,888	-	-
Fiscal Agent's Fees	2,050	-	-
Issuance Costs	37,621	-	-
TOTAL PRIMARY GOVERNMENT	\$ 8,289,472	\$ 1,540,042	\$ 200,298

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

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	
\$	-	\$	(187,429)
	-		(859,953)
	120,000		(314,804)
	-		(221,706)
	869,550		(2,239,119)
	-		(254,403)
	-		(83,206)
	87,305		(616,036)
	-		(63,819)
	-		(50,301)
	-		(145,330)
	-		(12,148)
	-		(156,353)
	-		(176,111)
	-		(51,888)
	-		(2,050)
	-		(37,621)
\$	<u>1,076,855</u>		<u>(5,472,277)</u>

6,594,242
732,694
1,051,919
33,773
74,714
602,815
110,366
6,950
<u>9,207,473</u>
3,735,196
19,460,548
<u>\$ 23,195,744</u>

COUNTY OF BLANCO, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	Road & Bridge Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 4,165,702	\$ 1,334,112	\$ 1,582,379
Investments - Current	5,393,709	-	-
Taxes Receivable	187,148	-	-
Allowance for Uncollectible Taxes (credit)	(9,357)	-	-
Accounts Receivable, Net	146,926	59,495	-
Due from Other Funds	79,186	-	-
Total Assets	<u>\$ 9,963,314</u>	<u>\$ 1,393,607</u>	<u>\$ 1,582,379</u>
LIABILITIES			
Accounts Payable	\$ 172,448	\$ 272,451	\$ -
Wages and Salaries Payable	187,536	14,263	-
Intergovernmental Payable	38,677	-	-
Due to Other Funds	324,292	-	-
Unearned Revenues	28,333	-	-
Total Liabilities	<u>751,286</u>	<u>286,714</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	177,791	-	-
Total Deferred Inflows of Resources	<u>177,791</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted Fund Balance:			
Restricted for Special Revenue	21,155	1,106,893	-
Capital Acquisition and Contractual Obligation	-	-	1,582,379
Retirement of Long-Term Debt	-	-	-
Unassigned Fund Balance	9,013,082	-	-
Total Fund Balances	<u>9,034,237</u>	<u>1,106,893</u>	<u>1,582,379</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 9,963,314</u>	<u>\$ 1,393,607</u>	<u>\$ 1,582,379</u>

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

Other Funds	Total Governmental Funds
\$ 2,238,078	\$ 9,320,271
-	5,393,709
20,794	207,942
(1,040)	(10,397)
-	206,421
319,705	398,891
<u>\$ 2,577,537</u>	<u>\$ 15,516,837</u>
\$ 10,740	\$ 455,639
-	201,799
-	38,677
-	324,292
1,158,728	1,187,061
<u>1,169,468</u>	<u>2,207,468</u>
19,755	197,546
<u>19,755</u>	<u>197,546</u>
1,048,362	2,176,410
-	1,582,379
339,952	339,952
-	9,013,082
<u>1,388,314</u>	<u>13,111,823</u>
<u>\$ 2,577,537</u>	<u>\$ 15,516,837</u>

COUNTY OF BLANCO, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$	13,111,823
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.		9,525,907
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 2021 capital outlays and debt principal payments is to increase net position.		3,984,003
The County is required under GASB Statement No. 68 to report their net pension liability in the Government Wide Statement of Net Position. The items reported as a result of this requirement included a net pension liability of \$369,750, a Deferred Resource Outflow of \$607,178 and a Deferred Resource Inflow of \$360,437. The net effect of these was to decrease the ending net position by \$123,009.		(123,009)
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 \$231,504, a Deferred Resource Outflow of \$49,126 and a Deferred Resource Inflow of \$11,929. The net effect of these was to decrease net position by \$194,307.		(194,307)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(932,827)
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.		(2,175,846)
Net Position of Governmental Activities	\$	23,195,744

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

COUNTY OF BLANCO, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road & Bridge Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	\$ 6,524,456	\$ -	\$ -
General Sales and Use Taxes	1,051,919	-	-
Other Taxes	33,773	-	-
Penalty and Interest on Taxes	74,714	-	-
Licenses and Permits	134,587	487,448	-
Intergovernmental Revenue and Grants	1,215,346	61,808	-
Charges for Services	605,993	-	-
Fines	37,828	104,461	-
Investment Earnings	6,951	-	-
Rents and Royalties	28,675	-	-
Contributions & Donations from Private Sources	2,161	-	-
Other Revenue	77,274	-	-
Total Revenues	<u>9,793,677</u>	<u>653,717</u>	<u>-</u>
EXPENDITURES:			
Current:			
General Government:			
Financial Administration	194,144	-	-
General Administration	890,355	-	-
Tax Administration	402,191	-	-
Facilities Management	193,721	-	-
Public Safety	3,836,395	-	-
Public Works:			
Roads and Bridges	2,177	1,192,228	-
Sanitation	106,890	-	-
Justice System	1,307,463	-	-
Juvenile Services	54,491	-	-
Health and Welfare	50,301	-	-
Health and Human Services	130,157	-	-
Culture and Recreation	12,148	-	-
Conservation and Development	138,012	-	-
Debt Service:			
Principal on Debt	533,844	-	-
Interest on Debt	24,935	-	-
Fiscal Agent's Fees	-	-	-
Issuance Costs	-	-	37,621
Capital Outlay:			
Capital Outlay	780,513	-	21,894
Total Expenditures	<u>8,657,737</u>	<u>1,192,228</u>	<u>59,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,135,940</u>	<u>(538,511)</u>	<u>(59,515)</u>
OTHER FINANCING SOURCES (USES):			
Issuance of Bonds	-	-	1,620,000
Proceeds from Capital Leases	756,437	-	-
Transfers In	22	1,034,607	-
Transfers Out	(1,051,292)	-	-
Total Other Financing Sources (Uses)	<u>(294,833)</u>	<u>1,034,607</u>	<u>1,620,000</u>
Net Change in Fund Balances	841,107	496,096	1,560,485
Fund Balance - October 1 (Beginning)	<u>8,193,130</u>	<u>610,797</u>	<u>21,894</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,034,237</u>	<u>\$ 1,106,893</u>	<u>\$ 1,582,379</u>

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

Other Funds	Total Governmental Funds
\$ 754,475	\$ 7,278,931
-	1,051,919
-	33,773
-	74,714
-	622,035
-	1,277,154
169,725	775,718
-	142,289
-	6,951
-	28,675
600,653	602,814
5,935	83,209
<u>1,530,788</u>	<u>11,978,182</u>
-	194,144
37,892	928,247
-	402,191
-	193,721
234,911	4,071,306
319,241	1,513,646
-	106,890
62,651	1,370,114
-	54,491
-	50,301
15,279	145,436
-	12,148
-	138,012
590,000	1,123,844
151,176	176,111
2,050	2,050
-	37,621
-	802,407
<u>1,413,200</u>	<u>11,322,680</u>
<u>117,588</u>	<u>655,502</u>
-	1,620,000
-	756,437
16,663	1,051,292
-	(1,051,292)
<u>16,663</u>	<u>2,376,437</u>
134,251	3,031,939
<u>1,254,063</u>	<u>10,079,884</u>
<u>\$ 1,388,314</u>	<u>\$ 13,111,823</u>

COUNTY OF BLANCO, 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, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	3,031,939
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 2021 capital outlays and debt principal payments is to increase the change in net position.		3,984,003
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.		46,747
The requirements of recording the OPEB liability under GASB Statement No. 75 resulted in a decrease in net position.		(15,293)
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.		(932,827)
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.		(2,379,373)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>3,735,196</u>

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

COUNTY OF BLANCO, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2021

	Private Purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Cash Equivalents	\$ 139,729	\$ 8,761,234
Due from Other Governments	30,682	-
Total Assets	<u>170,411</u>	<u>8,761,234</u>
LIABILITIES		
Due to Other Funds	74,600	-
Total Liabilities	<u>74,600</u>	<u>-</u>
NET POSITION		
Restricted for Schools	95,811	-
Restricted for Other Purposes	-	8,761,234
Total Net Position	<u>\$ 95,811</u>	<u>\$ 8,761,234</u>

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

COUNTY OF BLANCO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT E-2

	Private Purpose Trust Fund	Custodial Fund
ADDITIONS:		
Investment Earnings	\$ 75	\$ -
Other Revenue	-	6,123,133
Total Additions	<u>75</u>	<u>6,123,133</u>
DEDUCTIONS:		
Other Operating Costs	<u>1,924</u>	<u>7,737,611</u>
Total Deductions	<u>1,924</u>	<u>7,737,611</u>
Net Change in Fiduciary Net Position	(1,849)	(1,614,478)
Total Net Position - October 1 (Beginning)	97,660	-
Prior Period Adjustment	-	10,375,712
Total Net Position - September 30 (Ending)	<u>\$ 95,811</u>	<u>\$ 8,761,234</u>

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

BLANCO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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.

I.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.

I.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:

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund - Road & Bridge 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. 75

The County adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report the costs and obligations associated with OPEB in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 4.F. and the additional disclosures required by this standard is included in Note 4.B.

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, 2021.

Statement No.	Title	Adoption Required
87	Leases	September 30, 2022

I.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 2020 tax roll, the total assessed valuation was \$1,961,176,896 and the taxes assessed amounted to \$7,214,023. The total tax rate was \$.3950 per \$100 valuation and allocated \$.3550 to the General Fund and \$.04 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, 2021, the carrying amount of the County's deposits was \$9,460,000 and the bank balance was \$11,651,806. The County's cash deposits held at Texas Regional Bank at September 30, 2021 and during the year ended September 30, 2021 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, 2021 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Texpool *	\$ 5,393,709	\$ 5,393,709	\$ -	\$ -

* 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, 2021, TexPool had a weighted average maturity of 34 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, 2021, 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, 2019.

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	\$ 187,148	\$ 9,357	\$ 177,791
Debt Service	<u>20,794</u>	<u>1,040</u>	<u>19,754</u>
 TOTAL - ALL FUNDS	 <u>\$ 207,942</u>	 <u>\$ 10,397</u>	 <u>\$ 197,545</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 \$262,340 which represents amounts owed and outstanding at September 30, 2021. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$209,872, resulting in a net receivable of \$52,468.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2021.

	Balance 10/1/20	Additions	Deletions	Balance 9/30/21
<i>Governmental Activities:</i>				
Land	\$ 1,329,789	\$ 3,950	\$	\$ 1,333,739
Buildings	11,566,150	31,235		11,597,385
Improvements	5,342,320	752,196		6,094,516
Machinery & Equipment	4,968,622	1,563,876		6,532,498
Vehicles	951,719	500,653		1,452,372
Construction in Progress		8,250		8,250
Totals at Historic Cost	\$ 24,158,600	\$ 2,860,160	\$	\$ 27,018,760
Less Accumulated Depreciation:				
Buildings	(4,047,798)	(217,982)		(4,265,780)
Improvements	(1,581,363)	(218,869)		(1,800,232)
Machinery & Equipment	(3,281,367)	(356,650)		(3,638,017)
Vehicles	(697,076)	(139,326)		(836,402)
Total Accumulated Depreciation	\$ (9,607,604)	\$ (932,827)	\$	\$ (10,540,431)
Capital Assets, Net	\$ 14,550,996	\$ 1,927,332	\$	\$ 16,478,328

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

<i>Governmental Activities:</i>	
Financial Administration	\$ 18,657
General Administration	93,283
Tax Administration	46,641
Facilities Management	27,985
Public Safety	363,803
Roads & Bridges	158,581
Sanitation	9,328
Justice System	186,565
Juvenile Services	9,328
Conservation & Development	18,656
Total Depreciation Expense - Governmental Activities	\$ 932,827

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2021, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General	\$ 28,932
Debt Service	General	290,774
General	Special Revenue	4,586
General	Trust	<u>74,600</u>
TOTAL		<u>\$ 398,892</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:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	\$ 1,051,292
Special Revenue Fund	16,685	
Road & Bridge Fund	<u>1,034,607</u>	
	<u>\$ 1,051,292</u>	<u>\$ 1,051,292</u>

3.F. UNEARNED REVENUES

During the fiscal year ended September 30, 2021 the County received \$1,158,728 from the American Rescue Plan Act of 2021. At year end these funds were not expended.

3.G. 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 \$570,580, TCDRS pension deferred outflow of \$607,178(see note 4.A.) and the TCDRS OPEB deferred outflow of \$49,126(see note 4.B.)

Deferred inflows on the Statement of Net position consists of the TCDRS pension deferred inflow of \$360,750(see note 4.A.) and the TCDRS OPEB deferred inflow of \$11,929(see note 4.B.).

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

	General Fund	Debt Service Fund	Total
Delinquent Property Tax	\$ 177,791	\$ 19,755	\$ 197,546
Deferred Inflows - Exhibit C-1	\$ 177,791	\$ 19,755	\$ 197,546

3.H. LONG-TERM DEBT

Governmental Activities

As of September 30, 2021, the governmental long-term debt consisted of the following:

Changes in Long-Term Debt

	Balance 10/1/20	Issued	Retired	Balance 9/30/21	Due Within One Year
Certificates of Obligation Payable -					
Series 2012	\$ 1,000,000	\$ -	\$ 100,000	\$ 900,000	\$ 100,000
General Obligation Refunding Bonds -					
Series 2012	3,610,000	-	350,000	3,260,000	360,000
Limited Tax Note –					
Series 2017	575,000		140,000	435,000	140,000
Limited Tax Note -					
Series 2021		1,620,000		1,620,000	240,000
Capital Leases-					
Spirit of Texas Bank	224,143		224,143	-	
The Independent Bankers		624,621	309,701	314,920	314,920
Government Capital		131,816		131,816	64,967
Subtotal	5,409,143	2,376,437	1,123,844	6,661,736	1,219,887
Premium on Refunding Bonds	179,246	-	20,292	158,954	
Pension Liability	104,873	264,877		369,750	
OPEB Liability	199,105	32,399		231,504	
Comp Time	55,667		2,466	53,201	
TOTAL LONG TERM DEBT	<u>\$ 5,948,034</u>	<u>\$ 2,673,713</u>	<u>\$ 1,146,602</u>	<u>\$ 7,475,145</u>	<u>\$ 1,219,887</u>

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

Certificates of Obligation payable at September 30, 2021 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%.

\$ 3,260,000

\$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%.	900,000
\$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%	435,000
\$1,620,000 Limited Tax Note Series 2021 due in annual installments of principal and interest through February 15, 2028, interest at 1.060%	<u>1,620,000</u>
Total Long-Term Debt	<u>\$ 6,215,000</u>

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

Year Ended September 30	Principal	Interest	Total
2022	\$ 840,000	150,232	\$ 990,232
2023	855,000	133,812	988,812
2024	875,000	114,324	989,324
2025	740,000	95,633	835,633
2026	760,000	76,895	836,895
2027 – 2031	2,145,000	113,714	2,258,714
Totals	<u>\$ 6,215,000</u>	<u>\$ 684,610</u>	<u>\$ 6,899,610</u>

3.J. 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 9/30/21
Certificates of Obligation - Series 2009	<u>\$ 4,340,000</u>	<u>\$ 3,675,000</u>

3.K. CAPITALIZED LEASES

Capital lease obligations at September 30, 2021 are composed of the following

	<u>Balance at</u> <u>9/30/2021</u>
Lease payable to The Independent Bankers for equipment; 2 annual payments of \$325,275 including principal and interest through July 2022; interest rate 3.288%	\$ 314,920
Lease payable to Government Capital Corp. for equipment; 2 annual payments of \$68,785.66 including principal and interest through May 2023; interest rate 2.897%	<u>131,816</u>
Total	<u>\$ 446,736</u>

Future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2021:

<u>Year Ended September 30,</u>	Long-Term Obligation
2022	\$ 394,061
2023	<u>68,786</u>
Total Minimum Lease Payment	\$ 462,847
Less Amount Representing Interest	<u>16,111</u>
Present Value of Lease Payments	<u>\$ 446,736</u>

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 2020 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.

Members covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to but not yet receiving benefits	51
Active employees	<u>77</u>
	179

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 2020 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, 2021 were \$242,491, 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, 2020 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 Normal ⁽¹⁾

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	7.60% (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	RP-2014 Mortality Tables

(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 2021 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 (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.25%
Global Equities	MSCI World (Net) Index	2.50%	4.55%
International Equities – Developed	MSCI World Ex USA (Net)	5.00%	4.25%
International Equities – Emerging	MSCI Emerging Markets (net) Index	6.00%	4.75%
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%	2.11%
Direct Lending	S & P/LSTA Leveraged Loan Index	16.00%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.00%	5.70%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.45%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.00%	4.90%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.00%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.00%	-0.70%

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

⁽³⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

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

⁽⁵⁾ 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 Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2019	\$ 9,678,980	\$ 9,574,107	\$ 104,873
Changes for the Year:			
Service Cost	358,545		358,545
Interest on Total Pension Liability ⁽¹⁾	791,382		791,382
Effect of Plan Changes ⁽²⁾			
Effects of Economic/Demographic Gains or Losses	(14,526)		(14,526)
Effect of Assumptions Changes or Inputs	549,745		549,745
Refund of Contributions	(67,910)	(67,910)	
Benefit Payments	(477,475)	(477,475)	
Administrative Expenses	-	(7,646)	7,646
Member Contributions	-	210,707	(210,707)
Net Investment Income	-	988,857	(988,857)
Employer Contributions	-	229,972	(229,972)
Other ⁽³⁾	-	(1,621)	1,621
Balances as of December 31, 2020	\$ <u>10,818,742</u>	\$ <u>10,448,992</u>	\$ <u>369,750</u>

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

⁽²⁾ No plan changes valued.

⁽³⁾ 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	\$ 12,074,840	\$ 10,818,742	\$ 9,754,939
Fiduciary Net Position	<u>10,448,992</u>	<u>10,448,992</u>	<u>10,448,992</u>
Net Pension Liability/(Asset)	\$ <u>1,625,848</u>	\$ <u>369,750</u>	\$ <u>(\$694,053)</u>

Pension Expense / (Income)

Prepaid Expense/(Income)	January 1, 2020 to December 31, 2020
Service Cost	\$ 358,545
Interest on Total Pension Liability ⁽¹⁾	791,382
Effect of Plan Changes	
Administrative Expenses	7,646
Member Contributions	(210,707)
Expected Investment Return Net of Investment Expenses	(770,977)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(35,696)
Recognition of Assumption Changes or Inputs	154,994
Recognition of Investment Gains or Losses	(101,064)
Other ⁽²⁾	1,621
Pension Expense/(Income)	\$ 195,744

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

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

As of December 31, 2020, 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	\$ 10,894	\$ 18,599
Changes of assumptions	-	412,309
Net difference between projected and actual earnings	349,543	
Contributions made subsequent to measurement date ⁽³⁾		176,270

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	
2021	\$ 34,211
2022	128,196
2023	(48,360)
2024	(43,576)
2025	-
Thereafter ⁽⁴⁾	-

⁽³⁾ 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.

⁽⁴⁾ 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 TCDRS 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 TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of Jan. 1 each year.
- 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 TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. 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, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	10
Active employees	<u>77</u>
	127

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 TCDRS 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 2020. 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	2020 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.29%	8,729	No change from prior year
Retiree GTL Benefit	0.23%	6,923	GASB 75

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2020 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 44.23077%, allocated as follows:

Coverage Type	2021 GTL Rate	Proportion	Financial Reporting
Active Member GTL Benefit	0.34%	60.71429%	No change from prior year
Retiree GTL Benefit	0.22%	39.28571%	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, 2021 were \$17,721 and were equal to the required contributions.

Total OPEB Liability

The County's Total OPEB Liability (NPL) was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability as of December 31, 2020 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 Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	2.12% 20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020.
Cost of Living Adjustments	Does not apply

Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	RP-2014 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 2.12% based on the 20 Year Bond Go Index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

Changes in Total OPEB Liability	
	<u>Changes in Total OPEB Liability</u>
Balances as of December 31, 2019	\$ 199,105
Changes for the year:	
Service Cost	9,458
Interest on total OPEB liability ⁽¹⁾	5,620
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	2,124
Effect of assumptions changes or inputs	22,120
Benefit payments	(6,923)
Other	-
Balance as of December 31, 2020	\$ <u><u>231,504</u></u>

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

⁽²⁾ No plan changes are valued.

⁽³⁾ Reflects change in discount rate.

Sensitivity Analysis

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 2.12%, 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 (1.12%) or 1 percentage point higher (3.12%) 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
	1.12%	2.12%	3.12%
Total OPEB Liability	\$ 275,481	\$ 231,504	\$ 197,403

OPEB Expense/ (Income)

	January 1, 2020 to December 31, 2020
Service Cost	9,458
Interest on total OPEB liability ⁽¹⁾	5,620
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(2,334)
Recognition of assumption changes or inputs	9,733
Other	-
OPEB expense/(income)	<u>22,477</u>

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

As of December 31, 2020, 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	\$ 5,603	\$ 1,823
Changes of assumptions	6,326	42,112
Contributions made subsequent to measurement date ⁽²⁾	N/A	5,191

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:

2021	\$ 7,399
2022	7,401
2023	12,358
2024	4,848
2025	-
Thereafter ⁽¹⁾	-

⁽¹⁾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.

⁽²⁾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, 2021 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 several line items in the General Fund exceeded appropriations and in total.

4.G. PRIOR PERIOD ADJUSTMENT

During fiscal year 2021, the County adopted GASB Statement No. 84 *Accounting and Reporting for Fiduciary Activities*. GASB 84 requires funds the County does not have administrative control to continue to be reported as fiduciary "custodial" funds. Adoption of GASB 84 required a prior period adjustment in the fiduciary funds of \$10,375,712. The restated beginning net position is \$10,375,712.

4.H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through June 15, 2022, the date which the financial statements were available to be issued. The County issued a notice of intention to issue County of Blanco, Texas Combination Tax and Revenue Certificates of Obligation, Series 2022 in the amount of \$3,500,000. The debt is scheduled to be authorized at the July 26, 2022 meeting of the Commissioners' Court. The County is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF BLANCO, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 6,583,427	\$ 6,583,427	\$ 6,524,456	\$ (58,971)
General Sales and Use Taxes	550,000	550,000	1,051,919	501,919
Other Taxes	15,000	15,000	33,773	18,773
Penalty and Interest on Taxes	35,000	35,000	74,714	39,714
Licenses and Permits	42,000	42,000	134,587	92,587
Intergovernmental Revenue and Grants	64,030	64,030	1,215,346	1,151,316
Charges for Services	282,568	282,568	605,993	323,425
Fines	42,600	42,600	37,828	(4,772)
Investment Earnings	2,000	2,000	6,951	4,951
Rents and Royalties	24,000	24,000	28,675	4,675
Contributions & Donations from Private Sources	-	-	2,161	2,161
Other Revenue	16,604	16,604	77,274	60,670
Total Revenues	7,657,229	7,657,229	9,793,677	2,136,448
EXPENDITURES:				
Current:				
Financial Administration	247,088	247,088	194,144	52,944
General Administration	1,210,280	1,210,280	890,355	319,925
Tax Administration	443,469	443,469	402,191	41,278
Facilities Management	274,000	274,000	193,721	80,279
Public Safety	3,619,338	3,619,338	3,836,395	(217,057)
Roads and Bridges	5,000	5,000	2,177	2,823
Sanitation	136,699	136,699	106,890	29,809
Justice System	1,775,355	1,775,355	1,307,463	467,892
Juvenile Services	54,491	54,491	54,491	-
Health and Welfare	-	-	50,301	(50,301)
Health and Human Services	245,225	245,225	130,157	115,068
Culture and Recreation	13,500	13,500	12,148	1,352
Conservation and Development	108,886	108,886	138,012	(29,126)
Debt Service:				
Principal on Debt	233,302	233,302	533,844	(300,542)
Interest on Debt	-	-	24,935	(24,935)
Capital Outlay:				
Capital Outlay	8,000	8,000	780,513	(772,513)
Total Expenditures	8,374,633	8,374,633	8,657,737	(283,104)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(717,404)	(717,404)	1,135,940	1,853,344
OTHER FINANCING SOURCES (USES):				
Proceeds from Capital Leases	624,621	624,621	756,437	131,816
Transfers In	-	-	22	22
Transfers Out	(1,034,607)	(1,034,607)	(1,051,292)	(16,685)
Total Other Financing Sources (Uses)	(409,986)	(409,986)	(294,833)	115,153
Net Change in Fund Balances	(1,127,390)	(1,127,390)	841,107	1,968,497
Fund Balance - October 1 (Beginning)	8,193,130	8,193,130	8,193,130	-
Fund Balance - September 30 (Ending)	\$ 7,065,740	\$ 7,065,740	\$ 9,034,237	\$ 1,968,497

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

COUNTY OF BLANCO, 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
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 420,000	\$ 420,000	\$ 487,448	\$ 67,448
Intergovernmental Revenue and Grants	16,000	16,000	61,808	45,808
Fines	100,000	100,000	104,461	4,461
Total Revenues	536,000	536,000	653,717	117,717
EXPENDITURES:				
Roads and Bridges	1,546,537	1,546,537	1,192,228	354,309
Total Expenditures	1,546,537	1,546,537	1,192,228	354,309
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,010,537)	(1,010,537)	(538,511)	472,026
OTHER FINANCING SOURCES (USES):				
Transfers In	1,034,607	1,034,607	1,034,607	-
Total Other Financing Sources (Uses)	1,034,607	1,034,607	1,034,607	-
Change in Fund Balance	24,070	24,070	496,096	472,026
Fund Balance - October 1 (Beginning)	610,797	610,797	610,797	-
Fund Balance - September 30 (Ending)	\$ 634,867	\$ 634,867	\$ 1,106,893	\$ 472,026

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

COUNTY OF BLANCO, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018
A. Total Pension Liability			
Service Cost	\$ 358,545	\$ 320,269	\$ 320,071
Interest (on the Total Pension Liability)	791,382	741,094	695,871
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(14,526)	27,355	19,694
Changes of Assumptions	549,745	-	-
Benefit Payments, Including Refunds of Employee Contributions	(545,384)	(468,422)	(486,288)
Net Change in Total Pension Liability	\$ 1,139,762	\$ 620,296	\$ 549,348
Total Pension Liability - Beginning	9,678,980	9,058,685	8,509,338
Total Pension Liability - Ending	\$ 10,818,742	\$ 9,678,981	\$ 9,058,686
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 229,972	\$ 202,322	\$ 209,846
Contributions - Employee	210,707	197,801	188,323
Net Investment Income	988,857	1,361,347	(160,196)
Benefit Payments, Including Refunds of Employee Contributions	(545,384)	(468,422)	(486,288)
Administrative Expense	(7,646)	(7,296)	(6,658)
Other	(1,621)	(1,005)	(1,767)
Net Change in Plan Fiduciary Net Position	\$ 874,885	\$ 1,284,747	\$ (256,740)
Plan Fiduciary Net Position - Beginning	9,574,107	8,289,359	8,546,099
Plan Fiduciary Net Position - Ending	\$ 10,448,992	\$ 9,574,106	\$ 8,289,359
C. Net Pension Liability (Asset)	\$ 369,750	\$ 104,875	\$ 769,327
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.58%	98.92%	91.51%
E. Covered Payroll	\$ 3,010,105	\$ 2,825,730	\$ 2,690,335
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	12.28%	3.71%	28.60%

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

COUNTY OF BLANCO, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE FISCAL YEAR 2021

	2021	2020	2019
Actuarially Determined Contribution	\$ 242,491	\$ 219,079	\$ 204,742
Contributions in Relation to the Actuarially Determined Contributions	242,491	219,079	204,742
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ 3,226,469	\$ 2,916,077	\$ 2,793,487
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.33%

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.

	2017	2016	2015	2014	2013	2012	2011
\$	206,622	\$ 197,800	\$ 201,155	\$ 203,480	\$ 198,429	\$ 186,963	\$ 177,602
	206,622	197,800	201,155	203,480	198,429	186,963	177,602
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$	2,651,694	\$ 2,482,744	\$ 2,362,325	\$ 2,385,462	\$ 2,254,881	\$ 2,176,525	\$ 2,096,839
	7.80%	7.97%	8.52%	8.50%	8.80%	8.60%	8.50%

BLANCO COUNTY
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2021

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	20.0 years (based on contribution rate calculated in 12/31/2020 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.6% 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	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
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.

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

COUNTY OF BLANCO, TEXAS
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability				
Service Cost	\$ 9,458	\$ 5,479	\$ 6,675	\$ 6,265
Interest on the Total OPEB Liability	5,620	6,487	5,850	6,562
Changes of Benefit Terms	-	-	-	-
Difference between Expected and Actual Experience	22,120	37,341	(15,818)	6,031
Changes of Assumptions	2,124	208	(760)	(15,896)
Benefit Payments*	(6,923)	(6,217)	(6,995)	(6,805)
Net Change in Total OPEB Liability	32,399	43,298	(11,048)	(3,843)
Total OPEB Liability - Beginning	199,105	155,807	166,855	170,698
Total OPEB Liability - Ending	\$ 231,504	\$ 199,105	\$ 155,807	\$ 166,855
Covered Payroll	\$ 3,010,105	\$ 2,825,730	\$ 2,690,335	\$ 2,520,267
Total OPEB Liability as a Percentage of Covered Payroll	7.69%	7.05%	5.79%	6.62%

*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.

BLANCO COUNTY
 NOTES TO THE SCHEDULE OF CHANGES IN THE
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 SEPTEMBER 30, 2021

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	
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)	2.12%, 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2020.
Cost of Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	RP-2014 Healthy Annuitant 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

COUNTY OF BLANCO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
ASSETS				
Cash and Cash Equivalents	\$ 7,171	\$ 72,736	\$ 129,314	\$ 55,447
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Due from Other Funds	-	2,804	10,790	5,355
Total Assets	<u>\$ 7,171</u>	<u>\$ 75,540</u>	<u>\$ 140,104</u>	<u>\$ 60,802</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 127	\$ 238
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>127</u>	<u>238</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Special Revenue	7,171	75,540	139,977	60,564
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>7,171</u>	<u>75,540</u>	<u>139,977</u>	<u>60,564</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,171</u>	<u>\$ 75,540</u>	<u>\$ 140,104</u>	<u>\$ 60,802</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
\$ 96,293	\$ 4,299	\$ 4,991	\$ 6,387	\$ 158,397	\$ 1,762	\$ 2,150	\$ 10,566
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,982	-	-	-	-	-	-	-
<u>\$ 106,275</u>	<u>\$ 4,299</u>	<u>\$ 4,991</u>	<u>\$ 6,387</u>	<u>\$ 158,397</u>	<u>\$ 1,762</u>	<u>\$ 2,150</u>	<u>\$ 10,566</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
106,275	4,299	4,991	6,387	158,397	1,762	2,150	10,566
-	-	-	-	-	-	-	-
<u>106,275</u>	<u>4,299</u>	<u>4,991</u>	<u>6,387</u>	<u>158,397</u>	<u>1,762</u>	<u>2,150</u>	<u>10,566</u>
<u>\$ 106,275</u>	<u>\$ 4,299</u>	<u>\$ 4,991</u>	<u>\$ 6,387</u>	<u>\$ 158,397</u>	<u>\$ 1,762</u>	<u>\$ 2,150</u>	<u>\$ 10,566</u>

COUNTY OF BLANCO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	Chapter 19 Funds	Supplemental Guardianship Fees	Child Abuse Prevention	District Court Technology
ASSETS				
Cash and Cash Equivalents	\$ 437	\$ 7,200	\$ 489	\$ 168
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 437</u>	<u>\$ 7,200</u>	<u>\$ 489</u>	<u>\$ 168</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Special Revenue	437	7,200	489	168
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>437</u>	<u>7,200</u>	<u>489</u>	<u>168</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 437</u>	<u>\$ 7,200</u>	<u>\$ 489</u>	<u>\$ 168</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
\$ 1,294	\$ 2,220	\$ 7,405	\$ 9,642	\$ 2,288	\$ 375,319	\$ 1,012	\$ 17,560
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,294</u>	<u>\$ 2,220</u>	<u>\$ 7,405</u>	<u>\$ 9,642</u>	<u>\$ 2,288</u>	<u>\$ 375,319</u>	<u>\$ 1,012</u>	<u>\$ 17,560</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,375	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	10,375	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,294	2,220	7,405	9,642	2,288	364,944	1,012	17,560
-	-	-	-	-	-	-	-
<u>1,294</u>	<u>2,220</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>\$ 1,294</u>	<u>\$ 2,220</u>	<u>\$ 7,405</u>	<u>\$ 9,642</u>	<u>\$ 2,288</u>	<u>\$ 375,319</u>	<u>\$ 1,012</u>	<u>\$ 17,560</u>

COUNTY OF BLANCO, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2021

	Truancy Prevention	District Clerk	Specialty Court	Sheriff Special
ASSETS				
Cash and Cash Equivalents	\$ 7,453	\$ 665	\$ 451	\$ 47,055
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 7,453</u>	<u>\$ 665</u>	<u>\$ 451</u>	<u>\$ 47,055</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Special Revenue	7,453	665	451	47,055
Retirement of Long-Term Debt	-	-	-	-
Total Fund Balances	<u>7,453</u>	<u>665</u>	<u>451</u>	<u>47,055</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 7,453</u>	<u>\$ 665</u>	<u>\$ 451</u>	<u>\$ 47,055</u>

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

American Rescue Plan	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ 1,158,728	\$ 2,188,899	\$ 49,179	\$ 2,238,078
-	-	20,794	20,794
-	-	(1,040)	(1,040)
-	28,931	290,774	319,705
<u>\$ 1,158,728</u>	<u>\$ 2,217,830</u>	<u>\$ 359,707</u>	<u>\$ 2,577,537</u>
\$ -	\$ 10,740	\$ -	\$ 10,740
1,158,728	1,158,728	-	1,158,728
<u>1,158,728</u>	<u>1,169,468</u>	<u>-</u>	<u>1,169,468</u>
-	-	19,755	19,755
-	-	19,755	19,755
-	1,048,362	-	1,048,362
-	-	339,952	339,952
-	1,048,362	339,952	1,388,314
<u>\$ 1,158,728</u>	<u>\$ 2,217,830</u>	<u>\$ 359,707</u>	<u>\$ 2,577,537</u>

COUNTY OF BLANCO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	65,539	13,165	14,672
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	65,539	13,165	14,672
EXPENDITURES:				
General Administration	-	904	36,988	-
Public Safety	-	-	-	5,152
Roads and Bridges	-	-	-	-
Justice System	-	-	-	-
Health and Human Services	-	-	-	-
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	-	904	36,988	5,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	64,635	(23,823)	9,520
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	1,079
Total Other Financing Sources (Uses)	-	-	-	1,079
Net Change in Fund Balance	-	64,635	(23,823)	10,599
Fund Balance - October 1 (Beginning)	7,171	10,905	163,800	49,965
Fund Balance - September 30 (Ending)	\$ 7,171	\$ 75,540	\$ 139,977	\$ 60,564

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,591	941	2,675	2,061	37,995	531	1,000	465
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
24,591	941	2,675	2,061	37,995	531	1,000	465
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	58,713	-	-	-
15,279	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
15,279	-	-	-	58,713	-	-	-
9,312	941	2,675	2,061	(20,718)	531	1,000	465
-	-	-	881	-	-	-	-
-	-	-	881	-	-	-	-
9,312	941	2,675	2,942	(20,718)	531	1,000	465
96,963	3,358	2,316	3,445	179,115	1,231	1,150	10,101
\$ 106,275	\$ 4,299	\$ 4,991	\$ 6,387	\$ 158,397	\$ 1,762	\$ 2,150	\$ 10,566

COUNTY OF BLANCO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Chapter 19 Funds	Supplemental Guardianship Fees	Child Abuse Prevention	District Count Technology
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	1,307	1,400	100	134
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	\$ -	\$ -	\$ -	\$ -
Total Revenues	1,307	1,400	100	134
EXPENDITURES:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Roads and Bridges	-	-	-	-
Justice System	1,523	-	-	-
Health and Human Services	-	-	-	-
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	1,523	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(216)	1,400	100	134
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(216)	1,400	100	134
Fund Balance - October 1 (Beginning)	653	5,800	389	34
Fund Balance - September 30 (Ending)	\$ 437	\$ 7,200	\$ 489	\$ 168

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	1,460	780	860	-	-	4	-
-	-	-	-	-	600,653	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
45	1,460	780	860	-	600,653	4	-
-	-	-	-	-	-	-	-
-	-	-	-	-	66,814	-	-
-	-	-	-	-	319,241	-	-
-	2,415	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	2,415	-	-	-	386,055	-	-
45	(955)	780	860	-	214,598	4	-
-	-	-	-	1,352	-	-	12,249
-	-	-	-	1,352	-	-	12,249
45	(955)	780	860	1,352	214,598	4	12,249
1,249	3,175	6,625	8,782	936	150,346	1,008	5,311
\$ 1,294	\$ 2,220	\$ 7,405	\$ 9,642	\$ 2,288	\$ 364,944	\$ 1,012	\$ 17,560

COUNTY OF BLANCO, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Truancy Prevention	District Clerk	Specialty Court	Sheriff Special
REVENUES:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	\$ 4,995	\$ 568	\$ 372	\$ -
Total Revenues	4,995	568	372	-
EXPENDITURES:				
General Administration	-	-	-	-
Public Safety	-	-	-	162,945
Roads and Bridges	-	-	-	-
Justice System	-	-	-	-
Health and Human Services	-	-	-	-
Principal on Debt	-	-	-	-
Interest on Debt	-	-	-	-
Fiscal Agent's Fees	-	-	-	-
Total Expenditures	-	-	-	162,945
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,995	568	372	(162,945)
OTHER FINANCING SOURCES (USES):				
Transfers In	1,102	-	-	-
Total Other Financing Sources (Uses)	1,102	-	-	-
Net Change in Fund Balance	6,097	568	372	(162,945)
Fund Balance - October 1 (Beginning)	1,356	97	79	210,000
Fund Balance - September 30 (Ending)	\$ 7,453	\$ 665	\$ 451	\$ 47,055

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

American Rescue Plan	Total Nonmajor Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 754,475	\$ 754,475
-	169,725	-	169,725
-	600,653	-	600,653
\$ -	\$ 5,935	\$ -	\$ 5,935
-	776,313	754,475	1,530,788
-	37,892	-	37,892
-	234,911	-	234,911
-	319,241	-	319,241
-	62,651	-	62,651
-	15,279	-	15,279
-	-	590,000	590,000
-	-	151,176	151,176
-	-	2,050	2,050
-	669,974	743,226	1,413,200
-	106,339	11,249	117,588
-	16,663	-	16,663
-	16,663	-	16,663
-	123,002	11,249	134,251
-	925,360	328,703	1,254,063
\$ -	\$ 1,048,362	\$ 339,952	\$ 1,388,314



NEFFENDORF & BLOCKER, P.C.

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
County of Blanco, 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 County of Blanco, as of and for the year ended September 30, 2021, 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 15, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Blanco'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*.

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.

We noted certain matters that we reported to management of the County of Blanco, in a separate letter dated June 15, 2022.

Sincerely,

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

June 15, 2022



NEFFENDORF & BLOCKER, P.C.

June 15, 2022

Honorable Judge and Commissioners
County of Blanco, 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 County of Blanco for the year ended September 30, 2021. 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 January 18, 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 County of Blanco are described in Note I to the financial statements. GASB Statement No. 84 *Accounting and Reporting for Fiduciary Activities* was adopted and the application of existing policies was not changed during the year ended September 30, 2021. 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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

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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 15, 2022.

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.

Other Comments and Recommendations

Grant Award Revenues and Expenditures

The County's grant manager prepares a reconciliation of the grant awards and expenditures. We recommend a copy of the reconciliation be provided to the County Treasurer for proper recording of grants in the general ledger.

Grant Expenditures

Audit procedures revealed grant expenditures were recorded incorrectly to the grant revenue accounts in the General Fund. This resulted in the revenues and expenditures being understated. We recommend the County record the grant expenditures to the correct expenditure accounts in the General Fund.

This information is intended solely for the use of the Commissioner's Court and management of County of Blanco 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