

REPORT OF EXAMINATION

**COUNTY OF BLANCO,
TEXAS**

Johnson City, Texas

For the Year Ended
September 30, 2012

BLANCO COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012

BLANCO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Blanco, as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County of Blanco's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Blanco, as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, on our consideration of the County of Blanco'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 34 through 35 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Blanco's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Neffendorf, Knopp, Doss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

March 8, 2013

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, 2012. Please read it in conjunction with the independent auditors' report on page 1, and County's Basic Financial Statements which begin on page 10.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$12,435,864 (net assets). Of this amount, \$4,093,852 (unrestricted net assets) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's net assets increased by \$1,184,099 as a result of this year's operations.
- At September 30, 2012, the County's governmental funds reported combined ending fund balances of \$3,664,859, a decrease of \$1,394,960 in comparison with the prior year.
- At September 30, 2012, the unreserved fund balance of the general fund was \$2,847,626, or 72 percent of total general fund expenditures.
- The County advance refunded a portion of the Series 2009 Certificates of Obligation by issuing \$4,020,000 refunding bonds – Series 2012. This refunding resulted in a gross debt service savings of \$863,864 and the net present value savings of \$468,034.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Assets and the Statement of Activities (on pages 9 and 10). 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 9 & 10) 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 20) 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) are presented as required supplementary information on pages 34-35. The combining statements (starting on page 37) for nonmajor funds contain even more information about the County's individual funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. 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 Assets 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 assets and changes in them. The County's net assets (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 assets 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 Assets 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 9 & 10 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 Assets 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 assets (Table I) and changes in net assets (Table II) of the County's governmental activities.

Net assets of the County's governmental activities increased from \$11,251,765 to \$12,435,864. Unrestricted net assets - the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$4,093,852 at September 30, 2012. This increase in governmental net assets was the result of three factors. First, the County's expenditures exceeded the revenues by \$1,394,960. Second, the County retired long-term debt in the amount of \$195,000 and acquired capital assets in the amount of \$1,601,644. Third, the County recorded depreciation in the amount of \$497,750.

Table I
Blanco County, Texas

NET ASSETS
in thousands

	Governmental Activities	
	2012	2011
Current and Other Assets	\$ 4,122	\$ 5,928
Capital Assets	13,384	12,142
Total Assets	<u>\$ 17,506</u>	<u>\$ 18,070</u>
Long-Term Liabilities	\$ 4,636	\$ 6,110
Other Liabilities	434	708
Total Liabilities	<u>\$ 5,070</u>	<u>\$ 6,818</u>
Net Assets:		
Invested in Capital Assets		
Net of Related Debt	\$ 7,561	\$ 6,783
Restricted	781	1,558
Unrestricted	4,094	2,911
Total Net Assets	<u>\$ 12,436</u>	<u>\$ 11,252</u>

Table II
Blanco County, Texas

CHANGES IN NET ASSETS
in thousands

	Governmental Activities	
	2012	2011
Revenues:		
Charges for Services	\$ 1,074	\$ 960
Property Taxes	3,744	3,623
Sales Tax	370	321
Other Taxes	5	10
Penalty and Interest	75	70
Investment Earnings	48	202
Miscellaneous	166	120
Grants	1,090	159
Total Revenue	\$ 6,572	\$ 5,465
Expenses:		
Financial Administration	\$ 126	\$ 87
Public Safety	1,188	1,411
General Administration	502	578
Tax Administration	292	304
Facilities Management	215	210
Roads and Bridges	608	609
Sanitation	70	130
Justice System	1,678	953
Juvenile Services	48	49
Health and Human Services	178	192
Conservation and Development	111	109
Debt Service	372	382
Total Expenses	\$ 5,388	\$ 5,014
Increase in Net Assets	\$ 1,184	\$ 451
Net Assets - Beginning of Year	11,252	10,801
Net Assets - End of Year	\$ 12,436	\$ 11,252

The cost of all governmental activities this year was \$5,388,267. However, as shown in the Statement of Activities on page 10, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$3,744,085 because the other costs were paid by sales tax (\$369,903), capital grants (\$991,204), operating grants (\$98,390), user charges (\$1,073,802), investment earnings (\$48,506) and other miscellaneous (\$246,476).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 9) reported a combined fund balance of \$3,664,863, which is less than last year's total of \$5,057,144. Included in this year's total change in fund balance is an increase of \$294,307 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 and Road and Bridge Fund were less than the budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2012, the County had \$18,526,397 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$17,558,339, or 5.5 percent, more than last year.

CAPITAL ASSETS

in thousands

	Governmental Activities	
	2012	2011
Land	\$ 1,300	\$ 1,300
Buildings	11,109	5,475
Improvements	1,991	1,805
Machinery & Equipment	3,686	3,181
Vehicles	440	437
Construction in Progress	-	5,360
Total Capital Assets	\$ 18,526	\$ 17,558
Accumulated Depreciation	5,281	5,416
Capital Assets, Net	\$ 13,245	\$ 12,142

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

DEBT

At September 30, 2012, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	Governmental Activities	
	2012	2011
Refunding Bonds	\$ 4,020	\$ -
Certificates of Obligation	1,770	6,305
Total Outstanding Debt	<u>\$ 5,790</u>	<u>\$ 6,305</u>

At year-end the County had \$5,790,000 in certificates of obligation and refunding bonds outstanding, a decrease in total debt of \$515,000 from the previous year. The County advance refunded a portion of the Series 2009 bonds by issuing \$4,020,000 Refunding Bonds – Series 2012.

More detailed information about the County's long-term liabilities is presented in Note 3. F, G and H 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 2013 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 2013. Amounts available for appropriation in the General Fund budget are \$4,313,275 and expenditures are estimated to be \$4,889,281. Estimated revenues for the Road and Bridge Fund are \$850,872 (including transfer from the general fund of \$287,180) and expenditures are estimated to be \$850,872.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$563,000 and the Road and Bridge Fund balance will remain the same by the close of 2013.

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's business office, at Blanco County, Texas, Johnson City, Texas.

BASIC FINANCIAL STATEMENTS

BLANCO COUNTY
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 271,514
Investments - Current	3,200,000
Receivables (net of allowance for uncollectibles)	650,685
Capitalized Debt Issuance Costs	138,404
Capital Assets:	
Land	1,299,789
Buildings, net	8,683,458
Improvements other than Buildings, net	1,666,235
Machinery and Equipment, net	1,596,227
Total Assets	17,506,312
LIABILITIES	
Accounts Payable	92,699
Intergovernmental Payable	64,647
Accrued Interest Payable	41,427
Deferred Revenues	25,823
Bonds Payable - Current	210,000
Noncurrent Liabilities	
Due in More Than One Year	4,635,852
Total Liabilities	5,070,448
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	7,561,391
Restricted for:	
Restricted for	538,744
Restricted for	121,342
Restricted for	120,535
Unrestricted Net Assets	4,093,852
Total Net Assets	\$ 12,435,864

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 126,310	\$ -	\$ -
General Administration	501,663	21,572	36,625
Tax Administration	292,152	10,534	-
Facilities Management	215,304	-	-
Public Safety	1,188,443	302,798	-
Roads & Bridges	607,524	423,099	-
Sanitation	70,247	-	4,500
Justice System	1,677,657	294,227	7,166
Juvenile Services	47,967	-	-
Health & Human Services	177,801	-	11,147
Culture and Recreation	9,212	-	-
Conservation and Development	101,786	21,572	24,682
Bond Interest	367,536	-	-
Fiscal Agent's Fees	400	-	-
Issuance Costs	4,265	-	-
TOTAL PRIMARY GOVERNMENT:	\$ 5,388,267	\$ 1,073,802	\$ 84,120

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Sales Taxes

Other Taxes

Penalty and Interest

Grants and Contributions Not Restricted

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Assets

Net Assets--Beginning

Net Assets--Ending

The notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (126,310)
-	(443,466)
-	(281,618)
-	(215,304)
991,204	105,559
-	(184,425)
-	(65,747)
-	(1,376,264)
-	(47,967)
-	(166,654)
-	(9,212)
-	(55,532)
-	(367,536)
-	(400)
-	(4,265)
<u>\$ 991,204</u>	<u>(3,239,141)</u>

3,053,541
690,544
369,903
5,468
74,588
14,270
166,422
48,504
<u>4,423,240</u>
1,184,099
<u>11,251,765</u>
<u>\$ 12,435,864</u>

BLANCO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	General Fund	Road and Bridge	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ (515,828)	\$ 84,036	\$ 120,535
Investments - Current	3,200,000	-	-
Taxes Receivable	144,409	-	29,764
Allowance for Uncollectible Taxes (credit)	(7,220)	-	(1,488)
Receivables (Net)	105,660	24,356	-
Intergovernmental Receivables	-	-	-
Due from Other Funds	246,329	-	-
Total Assets	<u>\$ 3,173,350</u>	<u>\$ 108,392</u>	<u>\$ 148,811</u>
LIABILITIES			
Accounts Payable	\$ 59,243	\$ 23,573	\$ -
Wages and Salaries Payable	9,881	-	-
Intergovernmental Payable	64,647	-	-
Due to Other Funds	28,931	-	-
Deferred Revenues	163,022	-	28,275
Total Liabilities	<u>325,724</u>	<u>23,573</u>	<u>28,275</u>
Fund Balances:			
Restricted Fund Balance:			
Restricted for Special Revenue	-	84,819	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	120,536
Unassigned Fund Balance	2,847,626	-	-
Total Fund Balances	<u>2,847,626</u>	<u>84,819</u>	<u>120,536</u>
Total Liabilities and Fund Balances	<u>\$ 3,173,350</u>	<u>\$ 108,392</u>	<u>\$ 148,811</u>

The notes to the Financial Statements are an integral part of this statement.

Capital Projects	Other Funds	Total Governmental Funds
\$ 134,885	\$ 447,885	\$ 271,513
-	-	3,200,000
-	-	174,173
-	-	(8,708)
-	180	130,196
246,329	-	246,329
-	28,931	275,260
<u>\$ 381,214</u>	<u>\$ 476,996</u>	<u>\$ 4,288,763</u>
\$ -	\$ -	\$ 82,816
-	-	9,881
-	-	64,647
246,329	-	275,260
-	-	191,297
<u>246,329</u>	<u>-</u>	<u>623,901</u>
13,543	476,996	575,358
121,342	-	121,342
-	-	120,536
-	-	2,847,626
<u>134,885</u>	<u>476,996</u>	<u>3,664,862</u>
<u>\$ 381,214</u>	<u>\$ 476,996</u>	<u>\$ 4,288,763</u>

BLANCO COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2012

Total Fund Balances - Governmental Funds	\$	3,664,863
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$17,558,339 and the accumulated depreciation was \$5,416,524. 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 assets.		6,783,469
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 2012 capital outlays and debt principal payments is to increase net assets.		1,796,644
The 2012 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.		(497,750)
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 increase net assets.		688,638
Net Assets of Governmental Activities	\$	12,435,864

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Road and Bridge	Debt Service Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 3,148,765	\$ -	\$ 701,366
General Sales and Use Taxes	369,903	-	-
Other Taxes	5,468	-	-
Licenses and Permits	32,044	423,099	-
Intergovernmental Revenue and Grants	83,646	14,692	-
Charges for Services	244,518	-	-
Fines	126,712	166,048	-
Forfeits	-	-	-
Investment Earnings	48,504	-	-
Rents and Royalties	19,000	-	-
Other Revenue	178,641	-	-
Total Revenues	4,257,201	603,839	701,366
EXPENDITURES:			
Current:			
General Government:			
Financial Administration	124,226	-	-
General Administration	430,077	-	-
Tax Administration	264,289	-	-
Facilities Management	194,770	-	-
Public Safety	1,065,055	-	-
Roads & Bridges	-	706,574	-
Sanitation	68,684	-	-
Justice System	1,474,775	-	-
Juvenile Services	43,393	-	-
Health & Human Services	158,197	-	-
Culture and Recreation	7,000	-	-
Conservation and Development	92,079	-	-
Debt Service:			
Bond Principal	-	-	1,700,527
Bond Interest	-	-	388,254
Fiscal Agent's Fees	-	-	400
Capital Outlay:			
Capital Outlay	9,388	-	-
Total Expenditures	3,931,933	706,574	2,089,181
Excess (Deficiency) of Revenues Over (Under) Expenditures	325,268	(102,735)	(1,387,815)
OTHER FINANCING SOURCES (USES):			
Capital-related Debt Issued (Regular Bonds)	-	-	4,020,000
Transfers In	499,059	102,735	329,830
Premium or Discount on Issuance of Bonds	-	-	284,777
Prepaid Interest	-	-	8,705
Transfers Out (Use)	(530,020)	-	-
Other (Uses)	-	-	(4,156,057)
Total Other Financing Sources (Uses)	(30,961)	102,735	487,255
Net Change in Fund Balances	294,307	-	(900,560)
Fund Balance - October 1 (Beginning)	2,553,319	84,819	1,021,096
Fund Balance - September 30 (Ending)	\$ 2,847,626	\$ 84,819	\$ 120,536

The notes to the Financial Statements are an integral part of this statement.

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,850,131
-	-	369,903
-	-	5,468
-	-	455,143
991,256	-	1,089,594
-	92,853	337,371
-	-	292,760
-	10,037	10,037
-	-	48,504
-	-	19,000
-	200	178,841
<u>991,256</u>	<u>103,090</u>	<u>6,656,752</u>
-	-	124,226
-	23,741	453,818
-	-	264,289
-	-	194,770
-	21,563	1,086,618
-	-	706,574
-	-	68,684
25,687	17,185	1,517,647
-	-	43,393
-	2,654	160,851
-	1,333	8,333
-	-	92,079
-	-	1,700,527
-	-	388,254
-	-	400
<u>1,389,287</u>	<u>-</u>	<u>1,398,675</u>
<u>1,414,974</u>	<u>66,476</u>	<u>8,209,138</u>
<u>(423,718)</u>	<u>36,614</u>	<u>(1,552,386)</u>
-	-	4,020,000
97,455	-	1,029,079
-	-	284,777
-	-	8,705
(499,059)	-	(1,029,079)
-	-	(4,156,057)
<u>(401,604)</u>	<u>-</u>	<u>157,425</u>
<u>(825,322)</u>	<u>36,614</u>	<u>(1,394,961)</u>
<u>960,207</u>	<u>440,382</u>	<u>5,059,823</u>
<u>\$ 134,885</u>	<u>\$ 476,996</u>	<u>\$ 3,664,862</u>

BLANCO COUNTY
 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, 2012

Total Net Change in Fund Balances - Governmental Funds	\$	(1,394,960)
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 2012 capital outlays and debt principal payments is to increase net assets.		1,796,644
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 net assets.		(497,750)
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 increase net assets.		1,280,165
Change in Net Assets of Governmental Activities	\$	1,184,099

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 119,248	\$ 157,134
Investments - Current	36,500	-
Total Assets	<u>155,748</u>	<u>\$ 157,134</u>
LIABILITIES		
Accounts Payable	58,088	\$ -
Due to Others	-	157,134
Total Liabilities	<u>58,088</u>	<u>\$ 157,134</u>
NET ASSETS		
Unrestricted Net Assets	<u>97,660</u>	
Total Net Assets	<u><u>\$ 97,660</u></u>	

The accompanying notes are an integral part of this statement.

BLANCO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Private Purpose Trust Fund
ADDITIONS:	
Investment Earnings	\$ 1,036
Rents and Royalties	20,200
Total Additions	<u>21,236</u>
DEDUCTIONS:	
Other Operating Expenses	21,236
Total Deductions	<u>21,236</u>
Change in Net Assets	-
Total Net Assets - October 1 (Beginning)	<u>97,660</u>
Total Net Assets - September 30 (Ending)	<u>\$ 97,660</u>

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

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

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

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Assets 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)

Agency Funds

Agency funds account for assets held by the County in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities), they do not involve the measurement of results of operations.

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 and Bridge	Accounts for all road and bridge construction and maintenance activity.
Debt Service Fund	See above for description.
Capital Projects Fund	See above for description.

Nonmajor funds consist of special revenue funds and are detailed in the Combining and Individual Fund Statements - Nonmajor Funds.

I.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 Assets 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 Assets 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.

I.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Assets, "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 Assets. 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. Accordingly, no accruals are reflected in the accounts for unpaid amounts of vacation and sick leave earned by employees. 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. The liabilities for accumulated vacation and sick leave at September 30, 2012 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Fund Equity

Beginning with fiscal year end September 30, 2012, 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).

Net Assets

Net assets represent the difference between assets and liabilities. Net assets 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 assets 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.

1.E. REVENUES, EXPENDITURES AND EXPENSES

Property Taxes

The County contracted with the Blanco County Appraisal District for the appraisal of properties and collection of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2011 tax roll, the total assessed valuation was \$1,095,899,644 and the taxes assessed amounted to \$3,831,581. The total tax rate was \$.3519 per \$100 valuation and allocated \$.2870 to the General Fund and \$.0649 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$.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, 2012, the carrying amount of the County's deposits was \$390,762 and the bank balance was \$599,706. The County's cash deposits held at Blanco National Bank at September 30, 2012 and during the year ended September 30, 2012 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, 2012 are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
<u>Certificates of Deposit -</u>				
Blanco National Bank	\$ 3,236,500	\$ 3,236,500	\$ 250,000	\$ 6,839,302

* The investment in TexPool is considered a government pool investment. Government pool investments are not categorized in accordance with GASB Statement No. 3, because they are not evidenced by securities that exist in physical or book entry form. Also, investments in government investment pools are not required to disclose custodial credit risk, concentration of credit risk and interest rate risk in accordance with GASB Statement #40.

TexPool's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. The investment manager is required to maintain a stable \$1.00 net asset value and must take immediate action if the net asset value of the portfolio falls below \$.995 or rises above \$1.005.

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. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2012, 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, 2012.

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

	<u>Taxes Receivable</u>	<u>Allowance for Uncollectible Taxes</u>	<u>Net Taxes Receivable</u>
General Fund	\$ 144,409	\$ 7,220	\$ 137,189
Nonmajor Fund - Debt Service	<u>29,764</u>	<u>1,489</u>	<u>28,275</u>
 TOTAL - ALL FUNDS	 <u>\$ 174,173</u>	 <u>\$ 8,709</u>	 <u>\$ 165,464</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 \$506,754 which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$398,059, resulting in a net receivable of \$108,695.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2012.

	<u>Balance 10/1/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/12</u>
<i>Governmental Activities:</i>				
Land	\$ 1,299,789	\$ -	\$ -	\$ 1,299,789
Buildings	5,475,075	5,633,914	-	11,108,989
Improvements	1,804,842	186,278	-	1,991,120
Machinery & Equipment	3,180,765	1,138,873	633,586	3,686,052
Vehicles	436,598	3,849	-	440,447
Construction in Progress	<u>5,361,270</u>	<u>300,576</u>	<u>5,661,846</u>	<u>-</u>
Totals at Historic Cost	\$ 17,558,339	\$ 7,263,490	\$ 6,295,432	\$ 18,526,397
Less Accumulated Depreciation:				
Buildings	(2,222,128)	(203,402)	-	(2,425,530)
Improvements	(254,513)	(70,372)	-	(324,885)
Machinery & Equipment	(2,595,055)	(182,336)	633,586	(2,143,805)
Vehicles	<u>(344,828)</u>	<u>(41,640)</u>	<u>-</u>	<u>(386,468)</u>
Total Accumulated Depreciation	<u>\$ (5,416,524)</u>	<u>\$ (497,750)</u>	<u>\$ 633,586</u>	<u>\$ 5,280,688</u>
 Capital Assets, Net	 <u>\$ 12,141,815</u>	 <u>\$ 6,765,740</u>	 <u>\$ 5,661,846</u>	 <u>\$ 13,245,709</u>

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

Governmental Activities:	
Financial Administration	\$ 13,097
General Administration	47,845
Tax Administration	27,863
Facilities Management	20,534
Public Safety	114,559
Roads & Bridges	74,492
Sanitation	7,241
Justice System	160,009
Juvenile Services	4,574
Health & Human Services	16,950
Conservation & Development	9,707
Culture & Recreation	879
	<hr/>
Total Depreciation Expense - Governmental Activities	\$ <u>497,750</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2012, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General	\$ 28,931
General	Capital Projects	<u>246,329</u>
TOTAL		\$ <u>275,260</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:

Transfer Out:	Transfer In:				TOTAL
	Road & Bridge Fund	Capital Projects Fund	General Fund	Debt Service Fund	
General Fund	\$ 102,735	\$ 97,455	\$ -	\$ 329,830	\$ 530,020
Capital Projects Fund	-	-	499,059	-	499,059
TOTAL	\$ <u>102,735</u>	\$ <u>97,455</u>	\$ <u>499,059</u>	\$ <u>329,830</u>	\$ <u>1,029,079</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

3.F. LONG-TERM DEBT

Governmental Activities

As of September 30, 2012, the governmental long-term debt consisted of the following:

Changes in Long-Term Debt

	Balance 10/1/11	Issued	Retired	Balance 9/30/12	Due Within One Year
Certificates of Obligation Payable - Series 2009	\$ 6,305,000	\$ -	\$ 4,535,000	\$ 1,770,000	\$ 210,000
General Obligation Refunding Bonds - Series 2012	-	4,020,000	-	4,020,000	-
Subtotal	6,305,000	4,020,000	4,535,000	5,790,000	210,000
Premium on Refunding Bonds	-	284,777	2,785	281,992	-
Less: Deferred Amount on Refunding Loss	-	(1,238,795)	(12,655)	(1,226,140)	-
TOTAL LONG TERM DEBT	<u>\$ 6,305,000</u>	<u>\$ 3,065,982</u>	<u>\$ 4,525,130</u>	<u>\$ 4,845,852</u>	<u>\$ 210,000</u>

3.G. CERTIFICATES OF OBLIGATIONS AND TAX REFUNDING BONDS

Certificates of Obligation payable at September 30, 2012 consists of the following:

\$6,500,000 Combination Tax and Revenue Certificates of Obligation, Series 2009 due in annual installments of principal and interest through August 1, 2019; interest on remaining outstanding bonds at 6.09%.

\$ 1,770,000

\$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%.

4,020,000

Total Long-Term Debt

\$ 5,790,000

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

Year Ended September 30	Principal	Interest	Total
2013	\$ 210,000	\$ 243,589	\$ 453,589
2014	230,000	220,354	450,354
2015	245,000	206,756	451,756
2016	260,000	192,244	452,244
2017	280,000	176,820	456,820
2018 – 2022	1,665,000	643,605	2,308,605
2023 – 2027	2,005,000	342,612	2,347,612
2028 - 2032	895,000	43,876	938,876
Totals	<u>\$ 5,790,000</u>	<u>\$ 2,069,856</u>	<u>\$ 7,859,856</u>

3.H. LONG-TERM DEBT ADVANCE REFUNDING

During 2012, 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 9/30/12
Certificates of Obligation - Series 2009	<u>\$ 4,340,000</u>	<u>\$ 4,340,000</u>

NOTE 4 - OTHER NOTES

4.A. RETIREMENT PLAN

Plan Description

The County provides retirement, disability, and death benefits for all of its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of 618 nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

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

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Funding Policy

Blanco County has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually. The County contributed using the actuarially determined rate of 8.47% for the months of the accounting year in 2012 and 8.05% for the months of the accounting year in 2011.

The contribution rate payable by the employee members for calendar year 2012 is the rate of 7%, as adopted by the governing body of the County. For calendar year 2011, the employee contribution rate was also 7%. The employee and the County contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

Annual Pension Cost

For Blanco County's accounting year ended September 30, 2012, the annual pension cost for the TCDRS plan for its employees was \$173,975, and the actual contributions were 173,975.

The annual required contributions were actuarially determined as a percent of the covered payroll of the participating employees, and were in compliance with the GASB Statement No. 27 parameters based on the actuarial valuation as of December 31, 2011 and December 31, 2010, the basis for determining the contribution rate for calendar years 2012 and 2011. The December 31, 2011 actuarial valuation is the most recent valuation.

ACTUARIAL VALUATION INFORMATION

Actuarial valuation date	12/31/11	12/31/10	12/31/09
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return ¹	8%	8%	8%
Projected salary increases ¹	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0%	0%	0.0%

¹Includes inflation at the stated rate

TREND INFORMATION FOR THE
RETIREMENT PLAN FOR THE EMPLOYEES OF
BLANCO COUNTY

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/06	\$ 107,169	100%	\$ -0-
9/30/07	116,474	100%	-0-
9/30/08	127,893	100%	-0-
9/30/09	130,929	100%	-0-
9/30/10	143,034	100%	-0-
9/30/11	145,856	100%	-0-
9/30/12	173,975	100%	-0-

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
FOR THE EMPLOYEES OF BLANCO COUNTY**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ¹ (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/09	\$ 3,502,391	\$ 4,011,460	\$ 509,069	87.31%	\$ 1,786,157	28.5%
12/31/10	3,680,159	4,262,845	582,686	86.33%	1,805,350	32.28%
12/31/11	4,029,545	4,708,857	679,312	85.57%	1,887,394	35.99%

¹The annual covered payroll is based on the employee contributions received by TCDRS for the year ending with the valuation date.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

4.B. GASB 45: ACCOUNTING AND FINANCIAL REPORTING BY EMPLOYERS FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The County of Blanco participates in a cost-sharing multiple-employer defined-benefit group-term life insurance plan operated by the Texas County & District Retirement System (TCDRS). This plan is referred to as the Group Term Life Fund (GTLF). This optional plan provides group term life insurance coverage to current eligible employees and, if elected by employers, to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB). Retired employees are insured for \$5,000.

The GTLF is a separate trust administered by the TCDRS board of trustees. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at www.tcdrs.org. TCDRS' CAFR may also be obtained by writing to the Texas County & District Retirement System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Blanco County contributions to the GTLF for the years ended September 30, 2012, 2011 and 2010, were \$16,699, \$14,865 and \$15,742, respectively, which equaled the contractually required contributions each year.

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, 2012 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

The County is involved in a lawsuit alleging violations of the Texas Open Meetings Act relating to the purchase of real property. Although the outcome of this lawsuit is not presently determinable, the County expects the liability, if any, not to have a material effect on the County's financial position.

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. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 8, 2013, the date which the financial statements were available to be issued. On October 4, 2012 the County issued \$1,730,000 Combination Tax and Revenue Certificates of Obligation, Series 2012 to improve County roads and bridges. The County is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BLANCO COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT G-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 3,150,000	\$ 3,150,000	\$ 3,148,765	\$ (1,235)
General Sales and Use Taxes	250,000	250,000	369,903	119,903
Other Taxes	6,000	6,000	5,468	(532)
Licenses and Permits	20,500	20,500	32,044	11,544
Intergovernmental Revenue and Grants	85,800	85,800	83,646	(2,154)
Charges for Services	202,775	202,775	244,518	41,743
Fines	78,000	78,000	126,712	48,712
Investment Earnings	125,000	125,000	48,504	(76,496)
Rents and Royalties	19,000	19,000	19,000	-
Other Revenue	206,800	206,800	178,641	(28,159)
Total Revenues	<u>4,143,875</u>	<u>4,143,875</u>	<u>4,257,201</u>	<u>113,326</u>
EXPENDITURES:				
Current:				
General Government:				
Financial Administration	139,144	139,144	124,226	14,918
General Administration	528,450	528,450	430,077	98,373
Tax Administration	320,218	320,218	264,289	55,929
Facilities Management	241,500	241,500	194,770	46,730
Public Safety	1,091,311	1,091,311	1,065,055	26,256
Sanitation	68,490	68,490	68,684	(194)
Justice System	1,491,174	1,491,174	1,474,775	16,399
Juvenile Services	44,402	44,402	43,393	1,009
Health & Human Services	239,153	239,153	158,197	80,956
Culture and Recreation	7,500	7,500	7,000	500
Conservation and Development	98,288	98,288	92,079	6,209
Capital Outlay:				
Capital Outlay	-	-	9,388	(9,388)
Total Expenditures	<u>4,269,630</u>	<u>4,269,630</u>	<u>3,931,933</u>	<u>337,697</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(125,755)</u>	<u>(125,755)</u>	<u>325,268</u>	<u>451,023</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	499,059	499,059
Transfers Out (Use)	(260,000)	(260,000)	(530,020)	(270,020)
Total Other Financing Sources (Uses)	<u>(260,000)</u>	<u>(260,000)</u>	<u>(30,961)</u>	<u>229,039</u>
Net Change in Fund Balances	<u>(385,755)</u>	<u>(385,755)</u>	<u>294,307</u>	<u>680,062</u>
Fund Balance - October 1 (Beginning)	<u>2,553,319</u>	<u>2,553,319</u>	<u>2,553,319</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,167,564</u>	<u>\$ 2,167,564</u>	<u>\$ 2,847,626</u>	<u>\$ 680,062</u>

BLANCO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL REVENUE FUND-ROAD & BRIDGE
FOR THE YEAR ENDED SEPTEMBER 30, 2012

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 405,000	\$ 405,000	\$ 423,099	\$ 18,099
Intergovernmental Revenue and Grants	14,600	14,600	14,692	92
Fines	100,000	100,000	166,048	66,048
Total Revenues	519,600	519,600	603,839	84,239
EXPENDITURES:				
Current:				
Roads & Bridges	779,220	779,220	706,574	72,646
Total Expenditures	779,220	779,220	706,574	72,646
Excess (Deficiency) of Revenues Over (Under) Expenditures	(259,620)	(259,620)	(102,735)	156,885
OTHER FINANCING SOURCES (USES):				
Transfers In	260,000	260,000	102,735	(157,265)
Total Other Financing Sources (Uses)	260,000	260,000	102,735	(157,265)
Change in Fund Balance	380	380	-	(380)
Fund Balance - October 1 (Beginning)	84,819	84,819	84,819	-
Fund Balance - September 30 (Ending)	\$ 85,199	\$ 85,199	\$ 84,819	\$ (380)

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM
 SEPTEMBER 30, 2012
 (Unaudited)

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREMENT PLAN
 FOR THE EMPLOYEES OF BLANCO COUNTY**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/00	1,455,599	1,669,529	213,930	87.19%	1,130,880	18.92%
12/31/01	1,670,273	1,932,916	262,643	86.41%	1,202,589	21.84%
12/31/02	1,730,373	2,047,389	317,016	84.52%	1,242,913	25.51%
12/31/03	1,932,477	2,226,550	294,073	86.79%	1,325,363	22.19%
12/31/04	2,181,881	2,522,207	340,326	86.51%	1,337,828	25.44%
12/31/05	2,503,489	2,872,010	368,521	87.17%	1,377,264	26.76%
12/31/06	2,880,567	3,160,257	279,690	91.15%	1,469,831	19.03%
12/31/07	3,038,373	3,316,255	277,882	91.62%	1,564,378	17.76%
12/31/08	3,180,974	3,674,205	493,231	86.58%	1,735,023	28.43%
12/31/09	3,502,391	4,011,460	509,069	87.31%	1,786,157	28.50%
12/31/10	3,680,159	4,262,845	582,686	86.33%	1,805,350	32.28%
12/31/11	4,029,545	4,708,857	679,312	85.57%	1,887,394	35.99%

SUPPLEMENTARY INFORMATION

BLANCO COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	13 Hot Check Fee	16 Records Management County C	17 Records Preservation
ASSETS			
Cash and Cash Equivalents	\$ 6,840	\$ 16,078	\$ 36,039
Receivables (Net)	180	-	-
Due from Other Funds	-	2,804	10,790
Total Assets	<u>\$ 7,020</u>	<u>\$ 18,882</u>	<u>\$ 46,829</u>
Fund Balances:			
Restricted Fund Balance:			
Restricted for Special Revenue	7,020	18,882	46,829
Total Fund Balances	<u>7,020</u>	<u>18,882</u>	<u>46,829</u>
Total Liabilities and Fund Balances	<u>\$ 7,020</u>	<u>\$ 18,882</u>	<u>\$ 46,829</u>

The notes to the Financial Statements are an integral part of this statement.

18	19	20	21	24	25	26	27
Courthouse Security	Child Safety Program	Records Management District C	Countywide Emergency Radio	Records Management District C	JP 1 Technology	JP 2 Technology	County Clerk Archive
\$ 51,537	\$ 128,980	\$ 299	\$ 5,000	\$ 913	\$ 11,875	\$ (2,380)	\$ 99,768
-	-	-	-	-	-	-	-
5,355	9,982	-	-	-	-	-	-
<u>\$ 56,892</u>	<u>\$ 138,962</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 913</u>	<u>\$ 11,875</u>	<u>\$ (2,380)</u>	<u>\$ 99,768</u>
56,892	138,962	299	5,000	913	11,875	(2,380)	99,768
<u>56,892</u>	<u>138,962</u>	<u>299</u>	<u>5,000</u>	<u>913</u>	<u>11,875</u>	<u>(2,380)</u>	<u>99,768</u>
<u>\$ 56,892</u>	<u>\$ 138,962</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 913</u>	<u>\$ 11,875</u>	<u>\$ (2,380)</u>	<u>\$ 99,768</u>

BLANCO COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	28 Vital Statistics Preservation	29 Third Court Of Appeals	30 Family Protection Plan	31 Chapter 19 Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,148	\$ 1,645	\$ 4,790	\$ (457)
Receivables (Net)	-	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 3,148</u>	<u>\$ 1,645</u>	<u>\$ 4,790</u>	<u>\$ (457)</u>
Fund Balances:				
Restricted Fund Balance:				
Restricted for Special Revenue	3,148	1,645	4,790	(457)
Total Fund Balances	<u>3,148</u>	<u>1,645</u>	<u>4,790</u>	<u>(457)</u>
Total Liabilities and Fund Balances	<u>\$ 3,148</u>	<u>\$ 1,645</u>	<u>\$ 4,790</u>	<u>\$ (457)</u>

The notes to the Financial Statements are an integral part of this statement.

33 Sheriff Seized Assets	38 Child Abuse Prevention	39 District Court Technology	40 County Clerk Technology	41 District Clerk Record Preservation	42 County Court Record Preservation	43 District Court Civil Tech Fee	44 Blanco County Historical Commission
\$ 77,786	\$ 170	\$ 28	\$ 276	\$ 1,890	\$ 1,750	\$ 1,790	\$ 120
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 77,786</u>	<u>\$ 170</u>	<u>\$ 28</u>	<u>\$ 276</u>	<u>\$ 1,890</u>	<u>\$ 1,750</u>	<u>\$ 1,790</u>	<u>\$ 120</u>
77,786	170	28	276	1,890	1,750	1,790	120
<u>77,786</u>	<u>170</u>	<u>28</u>	<u>276</u>	<u>1,890</u>	<u>1,750</u>	<u>1,790</u>	<u>120</u>
<u>\$ 77,786</u>	<u>\$ 170</u>	<u>\$ 28</u>	<u>\$ 276</u>	<u>\$ 1,890</u>	<u>\$ 1,750</u>	<u>\$ 1,790</u>	<u>\$ 120</u>

BLANCO COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 447,885	\$ 447,885
Receivables (Net)	180	180
Due from Other Funds	28,931	28,931
Total Assets	<u>\$ 476,996</u>	<u>\$ 476,996</u>
Fund Balances:		
Restricted Fund Balance:		
Restricted for Special Revenue	476,996	476,996
Total Fund Balances	<u>476,996</u>	<u>476,996</u>
Total Liabilities and Fund Balances	<u>\$ 476,996</u>	<u>\$ 476,996</u>

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	13 Hot Check Fee	16 Records Management County C	17 Records Preservation
REVENUES:			
Charges for Services	\$ 1,025	\$ 2,420	\$ 20,412
Forfeits	-	-	-
Other Revenue	-	-	-
Total Revenues	1,025	2,420	20,412
EXPENDITURES:			
Current:			
General Government:			
General Administration	-	-	22,111
Public Safety	-	-	-
Justice System	1,383	-	-
Health & Human Services	-	-	-
Culture and Recreation	-	-	-
Total Expenditures	1,383	-	22,111
Net Change in Fund Balance	(358)	2,420	(1,699)
Fund Balance - October 1 (Beginning)	7,378	16,462	48,528
Fund Balance - September 30 (Ending)	\$ 7,020	\$ 18,882	\$ 46,829

The notes to the Financial Statements are an integral part of this statement.

18	19	20	21	24	25	26	27
Courthouse Security	Child Safety Program	Records Management District C	Countywide Emergency Radio	Records Management District C	JP 1 Technology	JP 2 Technology	County Clerk Archive
\$ 14,123	\$ 18,057	\$ -	\$ -	\$ 978	\$ 7,965	\$ 2,371	\$ 20,160
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>14,123</u>	<u>18,057</u>	<u>-</u>	<u>-</u>	<u>978</u>	<u>7,965</u>	<u>2,371</u>	<u>20,160</u>
-	-	-	-	1,630	-	-	-
4,389	-	-	-	-	-	-	-
-	-	-	-	-	9,610	5,735	-
-	2,654	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,389</u>	<u>2,654</u>	<u>-</u>	<u>-</u>	<u>1,630</u>	<u>9,610</u>	<u>5,735</u>	<u>-</u>
9,734	15,403	-	-	(652)	(1,645)	(3,364)	20,160
47,158	123,559	299	5,000	1,565	13,520	984	79,608
<u>\$ 56,892</u>	<u>\$ 138,962</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 913</u>	<u>\$ 11,875</u>	<u>\$ (2,380)</u>	<u>\$ 99,768</u>

BLANCO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	28 Vital Statistics Preservation	29 Third Court Of Appeals	30 Family Protection Plan	31 Chapter 19 Funds
REVENUES:				
Charges for Services	\$ 293	\$ 985	\$ 735	\$ -
Forfeits	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	293	985	735	-
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Justice System	-	-	-	457
Health & Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	-	-	-	457
Net Change in Fund Balance	293	985	735	(457)
Fund Balance - October 1 (Beginning)	2,855	660	4,055	-
Fund Balance - September 30 (Ending)	\$ 3,148	\$ 1,645	\$ 4,790	\$ (457)

The notes to the Financial Statements are an integral part of this statement.

33 Sheriff Seized Assets	38 Child Abuse Prevention	39 District Court Technology	40 County Clerk Technology	41 District Clerk Record Preservation	42 County Court Record Preservation	43 District Court Civil Tech Fee	44 Blanco County Historical Commission
\$ -	\$ 100	\$ 20	\$ 144	\$ 1,560	\$ 610	\$ 895	\$ -
10,037	-	-	-	-	-	-	-
-	-	-	-	-	-	-	200
<u>10,037</u>	<u>100</u>	<u>20</u>	<u>144</u>	<u>1,560</u>	<u>610</u>	<u>895</u>	<u>200</u>
-	-	-	-	-	-	-	-
17,174	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,333
<u>17,174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,333</u>
(7,137)	100	20	144	1,560	610	895	(1,133)
84,923	70	8	132	330	1,140	895	1,253
<u>\$ 77,786</u>	<u>\$ 170</u>	<u>\$ 28</u>	<u>\$ 276</u>	<u>\$ 1,890</u>	<u>\$ 1,750</u>	<u>\$ 1,790</u>	<u>\$ 120</u>

BLANCO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:		
Charges for Services	\$ 92,853	\$ 92,853
Forfeits	10,037	10,037
Other Revenue	200	200
Total Revenues	103,090	103,090
EXPENDITURES:		
Current:		
General Government:		
General Administration	23,741	23,741
Public Safety	21,563	21,563
Justice System	17,185	17,185
Health & Human Services	2,654	2,654
Culture and Recreation	1,333	1,333
Total Expenditures	66,476	66,476
Net Change in Fund Balance	36,614	36,614
Fund Balance - October 1 (Beginning)	440,382	440,382
Fund Balance - September 30 (Ending)	\$ 476,996	\$ 476,996

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2012

	BALANCE OCTOBER 1 2011	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2012
OFFICIALS' FEES ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 128,206	\$ 2,638,620	\$ 2,609,692	\$ 157,134
Liabilities:				
Due to Others	\$ 128,206	\$ 2,638,620	\$ 2,609,692	\$ 157,134
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 128,206	\$ 2,638,620	\$ 2,609,692	\$ 157,134
Liabilities:				
Due to Others	\$ 128,206	\$ 2,638,620	\$ 2,609,692	\$ 157,134

The notes to the Financial Statements are an integral part of this statement.

BLANCO COUNTY, TEXAS

FEDERAL & STATE AWARDS SECTION

Year Ended September 30, 2012

BLANCO COUNTY, TEXAS
SINGLE AUDIT
FOR THE YEAR ENDED SEPTEMBER 30, 2012

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NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
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**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**

To the Honorable Judge and Members
of the Commissioners' Court of
Blanco County, Texas
Johnson City, TX 78636

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas (the "County"), as of and for the year ended September 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 8, 2013. 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.

Internal Control Over Financial Reporting

Management of Blanco County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Blanco County's financial statements are free of 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*.

We noted certain matters that we reported to management of Blanco County, in a separate letter dated March 8, 2013 .

This report is intended solely for the information and use of the Commissioners' Court, the county management, federal and state awarding agencies, pass-through entities and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Neffendorf, Knopp, Doss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

March 8, 2013

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE
A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

To the Honorable Judge and Members
of the Commissioners' Court of
Blanco County, Texas
Johnson City, TX 78636

Compliance

We have audited the compliance of Blanco County, Texas (the "County") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Blanco County's major federal and state programs for the year ended September 30, 2012. The County's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Blanco County, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Blanco County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal and State Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, as of and for the year ended September 30, 2012, and have issued our report thereon dated March 8, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended for the information and use of the Commissioners' Court, the county management, federal and state awarding agencies and pass-through entities and is not intended to be used and should not be used by anyone other than these specified parties.

Neffendorf, Knopp, Doss + Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas
March 8, 2013

BLANCO COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

I. Summary of the Auditor's Results:

- a. An unqualified opinion was issued on the financial statements of the County of Blanco, Texas.
- b. There were no significant deficiencies or material weaknesses in internal control disclosed by the audit of the financial statements.
- c. The audit did not disclose any material noncompliance.
- d. There were no significant deficiencies or material weaknesses in internal control over major programs.
- e. An unqualified opinion was issued on compliance for major programs.
- f. The audit did not disclose any findings required to be reported under Section 510(a).
- g. The major programs tested were:

Grantor Agency	Pass-through Grantor	Program or Cluster	CFDA # Project #
DEPARTMENT OF HOMELAND SECURITY FEMA	TEXAS DEPARTMENT OF PUBLIC SAFETY	2009 STATE HOMELAND SECURITY	97.073 2009-SS-T9-0064
DEPARTMENT OF HOMELAND SECURITY FEMA	TEXAS DEPARTMENT OF PUBLIC SAFETY	2010 STATE HOMELAND SECURITY	97.073 2010-SS-T0-0008

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- i. The County of Blanco, Texas did not qualify as a low risk auditee.

II. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards.

- None -

III. Findings and Questioned Costs for Federal and State Awards

- None -

BLANCO COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2012

- NONE -

BLANCO COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2012

FEDERAL/STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal/State Expenditures
---	---------------------------	--	-------------------------------

FEDERAL AWARDS

U.S. DEPARTMENT OF HOMELAND SECURITY

Passed Through Texas Department of Public Safety

State Homeland Security Grant Program 2009	97.073	2009-SS-T9-0064	\$ 606,426
State Homeland Security Grant Program 2010	97.073	2010-SS-T0-0008	384,830
State Homeland Security Grant Program 2010	97.073	2010-SS-T0-0005	52,082
Total Passed Through Texas Department of Public Safety			1,043,338

TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY

1,043,338

TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 1,043,338

STATE AWARDS

TEXAS TASK FORCE ON INDIGENT DEFENSE

Indigent Defense Formula Grant

212-12-016 \$ 4,215

TOTAL TEXAS TASK FORCE ON INDIGENT DEFENSE

4,215

COMMISSION OF STATE EMERGENCY

Passed Through Capital Area Council of Governments

911 Projects Grant

25,063

Total Passed Through Capital Area Council of Governments

25,063

TOTAL COMMISSION OF STATE EMERGENCY

25,063

TOTAL EXPENDITURES OF STATE AWARDS

\$ 29,278

BLANCO COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED SEPTEMBER 30, 2012

1. For all Federal and State programs, the County uses the fund types specified by the Governmental Accounting Standards Board. The General Fund is the chief operating fund of the government and is used to account for all financial resources not accounted for in some other fund. Special Revenue funds are a governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments. Capital Project funds are a governmental fund type used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets and exclusive of resources held in trust for individuals, private organizations, or other governments. Generally, federal and state financial assistance is accounted for in the General Fund, Special Revenue Funds, or Capital Project Funds.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types and Expendable Trust Funds are accounted for using a current financial resources measurement focus. All Federal and State grant funds were accounted for either in the General Fund, Capital Projects Fund, or in a Special Revenue Fund, which are Governmental Fund types. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting is used for the Governmental Fund types, the Expendable Trust Funds, and Agency Funds. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal and state grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as deferred revenues until earned.

3. The period of availability for federal and state grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal and state project period extended 30 days beyond the federal and state project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement - Provisional 6/97.

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March 8, 2013

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County of Blanco for the year ended September 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), 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 March 8, 2013. 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. No new accounting policies were adopted and the application of existing policies was not changed during 2012. 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.

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 March 8, 2013.

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

With respect to the supplementary information accompanying the financial statements, 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

Justice of the Peace No. 1

During our audit of the Justice of the Peace No. 1's office, we noted that the interest earned on his official fee account had not been remitted to the Treasurer. Apparently, the interest earned on the fee account had not been remitted to the Treasurer for several years. We recommend the interest earned be remitted to the Treasurer annually.

Sheriff's Office

During the audit period, the Sheriff's office changed procedures and currently brings the receipts and money to the Treasurer's office to deposit. However, the Treasurer does not receive a monthly report from the Sheriff's Office. We recommend that the Sheriff's Office provide a monthly report to the Treasurer.

Investments

Currently, the County has a monthly treasurer's report for balances by funds. In accordance with Chapter 2256 of the Government Code, we again recommend that the report also include the following:

1. A listing of accounts by fund showing the type of investment (money market account, certificate of deposit, etc.), balance, interest rate and maturity date as applicable.
2. A summary which shows the FDIC coverage and the amount of pledged securities by the bank.

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, Knopp, Dooss & Company, P.C.

NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas