

**REPORT OF EXAMINATION**

**COUNTY OF BLANCO,  
TEXAS**

*Johnson City, Texas*

**For the Year Ended  
September 30, 2013**

BLANCO COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2013

BLANCO COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	3
 <u>Basic Financial Statements</u>	
<b>Government Wide Statements:</b>	
A-1 Statement of Net Position .....	9
B-1 Statement of Activities.....	10
<b>Governmental Fund Financial Statements:</b>	
C-1 Balance Sheet .....	12
C-2 Reconciliation for C-1 .....	14
C-3 Statement of Revenues, Expenditures and Changes in Fund Balance.....	15
C-4 Reconciliation for C-3.....	17
<b>Fiduciary Funds:</b>	
E-1 Statement of Fiduciary Net Position.....	18
E-2 Statement of Changes in Fiduciary Fund Net Position .....	19
Notes to the Financial Statements.....	20
 <u>Required Supplementary Information</u>	
G-1 Budgetary Comparison Schedule - General Fund.....	35
G-2 Budgetary Comparison Schedule - Road and Bridge Fund .....	36
G-3 Texas County and District Retirement System .....	37
 <u>Supplementary Information</u>	
H-1 Combining Balance Sheet - Nonmajor Governmental Funds.....	38
H-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	43
H-3 Statement of Changes in Assets and Liabilities - Agency Fund .....	48

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

***Certified Public Accountants***

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas (the "County"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Blanco County, Texas, as of September 30, 2013, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 8) and budgetary comparison information (pages 35 and 36) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures, to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2014, on our consideration of Blanco County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Blanco County's internal control over financial reporting and compliance.

*Neffendorf, Knopp, Dooss & Company, P.C.*

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

Fredericksburg, Texas

April 24, 2014



## 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, 2013. 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 \$12,517,539 (net position). Of this amount, \$3,359,149 (unrestricted net position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's net position increased by \$220,078 as a result of this year's operations.
- At September 30, 2013, the County's governmental funds reported combined ending fund balances of \$4,725,747, an increase of \$1,060,885 in comparison with the prior year.
- At September 30, 2013, the unreserved fund balance of the general fund was \$3,202,592, or 76 percent of total general fund expenditures.
- The County issued \$1,730,000 Certificates of Obligation – Series 2012 for road improvements.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 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 12 & 15) 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 35-36. The combining statements (starting on page 38) for nonmajor funds contain even more information about the County's individual funds.

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

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

The analysis of the County's overall financial condition and operations begins on page 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 Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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

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

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

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

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

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

The fund financial statements on pages 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 Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the County's governmental activities increased from \$12,435,864 to \$12,517,539. Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - was \$3,359,149 at September 30, 2013. This increase in governmental net position was the result of four factors. First, the County's revenues exceeded the expenditures by \$1,060,885. Second, the County retired long-term debt in the amount of \$300,000 and acquired capital assets in the amount of \$1,320,258. Third, the County recorded depreciation in the amount of \$559,882. Fourth, the County issued certificates of obligation in the amount of \$1,730,000.

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

**NET POSITION**  
in thousands

	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 5,365	\$ 4,122
Capital Assets	14,006	13,384
Total Assets	\$ 19,371	\$ 17,506
Deferred Outflow of Resources	\$ 1,153	\$ -
Long-Term Liabilities	\$ 7,256	\$ 4,636
Other Liabilities	751	434
Total Liabilities	\$ 8,007	\$ 5,070
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$ 8,342	\$ 7,561
Restricted	816	781
Unrestricted	3,359	4,094
Total Net Position	\$ 12,517	\$ 12,436

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

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities	
	2013	2012
Revenues:		
Charges for Services	\$ 1,430	\$ 1,074
Property Taxes	3,831	3,744
Sales Tax	382	370
Other Taxes	7	5
Penalty and Interest	57	75
Investment Earnings	49	48
Miscellaneous	117	166
Grants	205	1,090
Total Revenue	<u>\$ 6,078</u>	<u>\$ 6,572</u>
Expenses:		
Financial Administration	\$ 125	\$ 126
Public Safety	1,100	1,188
General Administration	556	502
Tax Administration	320	292
Facilities Management	206	215
Roads and Bridges	749	608
Sanitation	96	70
Justice System	1,899	1,678
Juvenile Services	46	48
Health and Human Services	246	178
Conservation and Development	106	111
Culture and Recreation	11	-
Debt Service	398	372
Total Expenses	<u>\$ 5,858</u>	<u>\$ 5,388</u>
Increase in Net Position	\$ 220	\$ 1,184
Net Position - Beginning of Year	12,436	11,252
Prior Period Adjustment	(139)	-
Net Position - End of Year	<u>\$ 12,517</u>	<u>\$ 12,436</u>



The cost of all governmental activities this year was \$5,857,514. 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 \$3,831,102 because the other costs were paid by sales tax (\$381,857), capital grants (\$78,922), operating grants (\$125,482), user charges (\$1,430,145), investment earnings (\$48,854) and other miscellaneous (\$181,230).

## 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 \$4,725,746, which is more than last year's total of \$3,664,862. Included in this year's total change in fund balance is an increase of \$354,965 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 2013, the County had \$19,823,155 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$1,296,758, or 7 percent, more than last year.

### CAPITAL ASSETS in thousands

	Governmental Activities	
	2013	2012
Land	\$ 1,300	\$ 1,300
Buildings	11,109	11,109
Improvements	2,133	1,991
Machinery & Equipment	3,723	3,686
Vehicles	549	440
Construction in Progress	1,009	-
Total Capital Assets	\$ 19,823	\$ 18,526
Accumulated Depreciation	5,817	5,281
Capital Assets, Net	\$ 14,006	\$ 13,245

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

## DEBT

At September 30, 2013, the County had the following outstanding debt:

### OUTSTANDING DEBT in thousands

	Governmental Activities	
	2013	2012
Refunding Bonds	\$ 4,020	\$ 4,020
Certificates of Obligation	3,200	1,770
Total Outstanding Debt	<u>\$ 7,220</u>	<u>\$ 5,790</u>

At year-end the County had \$7,220,000 in certificates of obligation and refunding bonds outstanding, an increase in total debt of \$1,430,000 from the previous year. The County issued \$1,730,000 Certificates of Obligation – 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 2014 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 2014. Amounts available for appropriation in the General Fund budget are \$4,186,675 and expenditures are estimated to be \$4,990,478. Estimated revenues for the Road and Bridge Fund are \$876,898 (including transfer from the general fund of \$351,398) and expenditures are estimated to be \$876,898.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$803,803 and the Road and Bridge Fund balance will remain the same by the close of 2014.

## 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 POSITION  
SEPTEMBER 30, 2013

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 1,005,411
Investments - Current	3,962,140
Receivables (net of allowance for uncollectibles)	397,368
Capital Assets:	
Land	1,299,789
Buildings, net	8,461,278
Improvements other than Buildings, net	1,731,213
Machinery and Equipment, net	1,504,498
Construction in Progress	1,009,307
Total Assets	19,371,004
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred Charge for Refunding	1,153,300
Total Deferred Outflows of Resources	1,153,300
<b>LIABILITIES</b>	
Accounts Payable	314,280
Intergovernmental Payable	73,887
Accrued Interest Payable	42,898
Bonds Payable - Current	320,000
Noncurrent Liabilities	
Due in More Than One Year	7,255,700
Total Liabilities	8,006,765
<b>NET POSITION</b>	
Net Investment in Capital Assets	8,342,640
Restricted for:	
Restricted for Special Revenue	523,036
Restricted for Capital Projects	13,543
Restricted for Debt Service	279,171
Unrestricted Net Position	3,359,149
Total Net Position	\$ 12,517,539

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

BLANCO COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
Financial Administration	\$ 124,766	\$ -	\$ -
General Administration	555,781	17,686	54,442
Tax Administration	319,815	3,733	-
Facilities Management	206,043	-	-
Public Safety	1,099,525	345,332	-
Roads & Bridges	748,917	431,509	-
Sanitation	96,383	35,372	4,500
Justice System	1,899,508	578,827	12,098
Juvenile Services	46,196	-	-
Health & Human Services	245,773	-	18,147
Culture and Recreation	10,646	-	-
Conservation and Development	106,351	17,686	36,295
Bond Interest	332,174	-	-
Fiscal Agent's Fees	950	-	-
Issuance Costs	64,686	-	-
<b>TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 5,857,514</b>	<b>\$ 1,430,145</b>	<b>\$ 125,482</b>

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 Position

Net Assets - Beginning

Prior Period Adjustment

Net Position--Ending

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



Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions	Primary Government Governmental
\$ -	\$ (124,766)
-	(483,653)
-	(316,082)
-	(206,043)
78,922	(675,271)
-	(317,408)
-	(56,511)
-	(1,308,583)
-	(46,196)
-	(227,626)
-	(10,646)
-	(52,370)
-	(332,174)
-	(950)
-	(64,686)
<u>\$ 78,922</u>	<u>(4,222,965)</u>

3,115,642
715,460
381,857
6,713
57,364
11,658
105,495
48,854
<u>4,443,043</u>
220,078
12,435,865
(138,404)
<u>\$ 12,517,539</u>

BLANCO COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	General Fund	Road and Bridge Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 59,347	\$ 115,916	\$ 409,807
Investments - Current	3,163,306	-	-
Taxes Receivable	126,283	-	26,296
Allowance for Uncollectible Taxes (credit)	(6,314)	-	(1,315)
Receivables (Net)	104,814	13,698	-
Intergovernmental Receivables	20,983	-	-
Due from Other Funds	130,636	-	-
Total Assets	<u>\$ 3,599,055</u>	<u>\$ 129,614</u>	<u>\$ 434,788</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 60,807	\$ 31,760	\$ -
Wages and Salaries Payable	112,869	13,035	-
Intergovernmental Payable	73,887	-	-
Due to Other Funds	28,931	-	130,636
Total Liabilities	<u>276,494</u>	<u>44,795</u>	<u>130,636</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	119,969	-	24,981
Total Deferred Inflows of Resources	<u>119,969</u>	<u>-</u>	<u>24,981</u>
<b>FUND BALANCES</b>			
Restricted for Special Revenue	-	84,819	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	279,171
Unassigned Fund Balance	3,202,592	-	-
Total Fund Balances	<u>3,202,592</u>	<u>84,819</u>	<u>279,171</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,599,055</u>	<u>\$ 129,614</u>	<u>\$ 434,788</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ 17,868	\$ 402,473	\$ 1,005,411
798,834	-	3,962,140
-	-	152,579
-	-	(7,629)
-	6,868	125,380
-	-	20,983
-	28,931	159,567
<u>\$ 816,702</u>	<u>\$ 438,272</u>	<u>\$ 5,418,431</u>
\$ 95,755	\$ -	\$ 188,322
-	54	125,958
-	-	73,887
-	-	159,567
<u>95,755</u>	<u>54</u>	<u>547,734</u>
-	-	144,950
-	-	144,950
13,543	438,218	536,580
707,404	-	707,404
-	-	279,171
-	-	3,202,592
<u>720,947</u>	<u>438,218</u>	<u>4,725,747</u>
<u>\$ 816,702</u>	<u>\$ 438,272</u>	<u>\$ 5,418,431</u>

BLANCO COUNTY  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$	4,725,747
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 \$18,526,397 and the accumulated depreciation was \$5,280,688. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		8,358,430
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 2013 capital outlays and debt principal payments is to increase net position.		1,620,258
The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(559,882)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.		(1,627,014)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>12,517,539</b>

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, 2013

	General Fund	Road and Bridge Fund	Debt Service Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 3,189,698	\$ -	\$ 719,292
General Sales and Use Taxes	381,857	-	-
Other Taxes	6,713	-	-
Licenses and Permits	30,043	431,509	-
Intergovernmental Revenue and Grants	121,228	15,912	-
Charges for Services	541,626	-	-
Fines	142,234	202,648	-
Forfeits	-	-	-
Investment Earnings	29,669	-	17,605
Rents and Royalties	16,700	-	-
Other Revenue	56,443	8,730	-
Total Revenues	4,516,211	658,799	736,897
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Financial Administration	117,196	-	-
General Administration	501,778	-	-
Tax Administration	301,817	-	-
Facilities Management	193,540	-	-
Public Safety	992,657	-	-
Roads & Bridges	-	751,298	-
Sanitation	90,534	-	-
Justice System	1,628,110	-	-
Juvenile Services	43,393	-	-
Health & Human Services	213,270	-	-
Culture and Recreation	10,000	-	-
Conservation and Development	99,897	-	-
Debt Service:			
Bond Principal	-	-	300,000
Bond Interest	-	-	284,426
Fiscal Agent's Fees	-	-	950
Issuance Costs	-	-	-
Capital Outlay:			
Capital Outlay	-	25,058	-
Total Expenditures	4,192,192	776,356	585,376
Excess (Deficiency) of Revenues Over (Under) Expenditures	324,019	(117,557)	151,521
<b>OTHER FINANCING SOURCES (USES):</b>			
Capital-related Debt Issued (Regular Bonds)	-	-	-
Transfers In	148,504	117,557	-
Premium or Discount on Issuance of Bonds	-	-	-
Prepaid Interest	-	-	7,115
Transfers Out (Use)	(117,557)	-	-
Total Other Financing Sources (Uses)	30,947	117,557	7,115
Net Change in Fund Balances	354,966	-	158,636
Fund Balance - October 1 (Beginning)	2,847,626	84,819	120,535
Fund Balance - September 30 (Ending)	\$ 3,202,592	\$ 84,819	\$ 279,171

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



Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,908,990
-	-	381,857
-	-	6,713
-	-	461,552
78,922	-	216,062
-	107,651	649,277
-	-	344,882
-	450	450
1,580	-	48,854
-	-	16,700
-	246	65,419
<u>80,502</u>	<u>108,347</u>	<u>6,100,756</u>
-	-	117,196
-	20,278	522,056
-	-	301,817
-	-	193,540
-	68,472	1,061,129
-	-	751,298
-	-	90,534
-	36,569	1,664,679
-	-	43,393
-	17,589	230,859
-	-	10,000
-	-	99,897
-	-	300,000
-	-	284,426
-	-	950
64,686	-	64,686
<u>1,074,214</u>	<u>-</u>	<u>1,099,272</u>
<u>1,138,900</u>	<u>142,908</u>	<u>6,835,732</u>
<u>(1,058,398)</u>	<u>(34,561)</u>	<u>(734,976)</u>
1,730,000	-	1,730,000
-	-	266,061
58,746	-	58,746
-	-	7,115
<u>(144,286)</u>	<u>(4,218)</u>	<u>(266,061)</u>
<u>1,644,460</u>	<u>(4,218)</u>	<u>1,795,861</u>
586,062	(38,779)	1,060,885
<u>134,885</u>	<u>476,997</u>	<u>3,664,862</u>
<u>\$ 720,947</u>	<u>\$ 438,218</u>	<u>\$ 4,725,747</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, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,060,885
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 2013 capital outlays and debt principal payments is to increase the change in net position.		1,620,258
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(559,882)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(1,901,183)
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>220,078</b>

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

BLANCO COUNTY  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2013

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 137,663	\$ 122,417
Investments - Current	36,951	-
Accounts Receivable-Net of Uncollectible Allowance	-	40
Total Assets	<u>174,614</u>	<u>\$ 122,457</u>
<b>LIABILITIES</b>		
Accounts Payable	76,954	\$ -
Due to Others	-	122,457
Total Liabilities	<u>76,954</u>	<u>\$ 122,457</u>
<b>NET POSITION</b>		
Restricted for Schools	<u>97,660</u>	
Total Net Position	<u>\$ 97,660</u>	

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

BLANCO COUNTY  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Private Purpose Trust Fund
<b>ADDITIONS:</b>	
Investment Earnings	\$ 890
Rents and Royalties	20,200
Total Additions	<u>21,090</u>
<b>DEDUCTIONS:</b>	
Other Operating Expenses	21,090
Total Deductions	<u>21,090</u>
Change in Net Position	-
Total Net Position -October 1 (Beginning)	<u>97,660</u>
Total Net Position September 30 (Ending)	<u><u>\$ 97,660</u></u>

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

BLANCO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

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

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

1.B. BASIS OF PRESENTATION

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

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

***Fund Financial Statements:***

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

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



The funds of the financial reporting entity are described below:

**Governmental Funds**

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

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

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

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:

<b>Major Fund</b>	<b>Brief Description</b>
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.

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

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

### **Measurement Focus**

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

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

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

### **Basis of Accounting**

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

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

## 1.D. ASSETS, LIABILITIES AND EQUITY

### **Cash and Cash Investments**

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

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

### **Receivables**

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



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

## **Fixed Assets**

### Government-wide Statements

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

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

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

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

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

### Fund Financial Statements

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

## **Long-term Debt**

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

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

## **Compensated Absences**

Vacation and Sick Leave - Vacation and sick leave expenses are charged to operations when taken by the employees of the County. 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, 2013 are estimated to be insignificant and are not reflected in the accompanying financial statements.

## **Fund Equity**

Beginning with fiscal year end September 30, 2013, 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 Position**

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

#### **Use of Estimates**

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

### **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 2012 tax roll, the total assessed valuation was \$1,110,164,799 and the taxes assessed amounted to \$3,914,402. The total tax rate was \$0.3556 per \$100 valuation and allocated \$0.2904 to the General Fund and \$0.0652 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

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







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, 2013 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Texpool *	\$ 3,999,091	\$ 3,999,091	\$ -	\$ -

- \* 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, 2013, 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, 2013.

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	\$ 126,283	\$ 6,314	\$ 119,969
Nonmajor Fund - Debt Service	<u>26,295</u>	<u>1,315</u>	<u>24,980</u>
 TOTAL - ALL FUNDS	 <u>\$ 152,578</u>	 <u>\$ 7,629</u>	 <u>\$ 144,949</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 \$496,610 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 \$390,555, resulting in a net receivable of \$106,055.

### 3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2013.

	<u>Balance 10/1/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/13</u>
<i>Governmental Activities:</i>				
Land	\$ 1,299,789	\$ -	\$ -	\$ 1,299,789
Buildings	11,108,989	-	-	11,108,989
Improvements	1,991,120	141,955	-	2,133,075
Machinery & Equipment	3,686,052	60,923	23,500	3,723,475
Vehicles	440,447	108,073	-	548,520
Construction in Progress	<u>-</u>	<u>1,009,307</u>	<u>-</u>	<u>1,009,307</u>
Totals at Historic Cost	\$ 18,526,397	\$ 1,320,258	\$ 23,500	\$ 19,823,155
Less Accumulated Depreciation:				
Buildings	(2,425,530)	(222,180)	-	2,647,710
Improvements	(324,885)	(76,977)	-	401,862
Machinery & Equipment	(2,143,805)	(216,399)	23,500	2,336,704
Vehicles	<u>(386,468)</u>	<u>(44,326)</u>	<u>-</u>	<u>430,794</u>
Total Accumulated Depreciation	<u>\$ 5,280,688</u>	<u>\$ (559,882)</u>	<u>\$ 23,500</u>	<u>\$ 5,817,070</u>
 Capital Assets, Net	 <u>\$ 13,245,709</u>	 <u>\$ 760,376</u>	 <u>\$ -</u>	 <u>\$ 14,006,085</u>

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

Governmental Activities:	
Financial Administration	\$ 7,570
General Administration	33,725
Tax Administration	19,498
Facilities Management	12,503
Public Safety	117,963
Roads & Bridges	117,750
Sanitation	5,849
Justice System	220,207
Juvenile Services	2,803
Health & Human Services	14,914
Conservation & Development	6,454
Culture & Recreation	<u>646</u>
 Total Depreciation Expense - Governmental Activities	 \$ <u>559,882</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2013, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General	\$ 28,931
General	Debt Service	<u>130,636</u>
 TOTAL		 \$ <u>159,567</u>

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

Interfund Transfers:

<u>Transfer Out:</u>	<u>Transfer In:</u>		
	<u>Road &amp; Bridge Fund</u>	<u>General Fund</u>	<u>TOTAL</u>
General Fund	\$ 117,557	\$ -	\$ 117,557
Capital Projects Fund	-	144,286	144,286
Nonmajor Governmental Fund	-	4,218	4,218
 TOTAL	 \$ <u>117,557</u>	 \$ <u>148,504</u>	 \$ <u>266,061</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, 2013, the governmental long-term debt consisted of the following:

**Changes in Long-Term Debt**

	Balance 10/1/12	Issued	Retired	Balance 9/30/13	Due Within One Year
Certificates of Obligation Payable -					
Series 2009	\$ 1,770,000	\$ -	\$ 210,000	\$ 1,560,000	\$ 220,000
Series 2012	-	1,730,000	90,000	1,640,000	90,000
General Obligation Refunding Bonds -					
Series 2012	<u>4,020,000</u>	-	-	<u>4,020,000</u>	<u>10,000</u>
Subtotal	5,790,000	1,730,000	300,000	7,220,000	320,000
Premium on Refunding Bonds	281,992	58,746	19,448	321,290	-
Comp Time	<u>-</u>	<u>34,410</u>	<u>-</u>	<u>34,410</u>	<u>-</u>
<b>TOTAL LONG TERM DEBT</b>	<u><u>\$ 6,071,992</u></u>	<u><u>\$ 1,823,156</u></u>	<u><u>\$ 319,448</u></u>	<u><u>\$ 7,575,700</u></u>	<u><u>\$ 320,000</u></u>

3.G. CERTIFICATES OF OBLIGATIONS AND TAX REFUNDING BONDS

Certificates of Obligation payable at September 30, 2013 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% \$ 1,560,000

\$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

\$1,730,000 Combination and Tax Revenue Certificates of Obligation, Series 2012 due in annual installments of principal and interest through August 1, 2029; interest at 2.0% to 3.0% 1,640,000

Total Long-Term Debt \$ 7,220,000

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

Year Ended September 30	Principal	Interest	Total
2014	\$ 320,000	\$ 263,104	\$ 583,104
2015	335,000	247,706	582,706
2016	350,000	231,394	581,394
2017	370,000	214,170	584,170
2018	390,000	195,931	585,931
2019 – 2023	2,235,000	720,200	2,955,200
2024 – 2028	2,640,000	350,150	2,990,150
2029 - 2033	580,000	18,538	598,538
Totals	<u>\$ 7,220,000</u>	<u>\$ 2,241,193</u>	<u>\$ 9,461,193</u>

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

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

Description	Refunded Amount	Balance 9/30/13
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 8.59% for the months of the accounting year in 2013 and 8.47% for the months of the accounting year in 2012.

The contribution rate payable by the employee members for calendar year 2013 is the rate of 7%, as adopted by the governing body of the County. For calendar year 2012, 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, 2013, the annual pension cost for the TCDRS plan for its employees was \$186,142, and the actual contributions were 186,142.

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, 2012 and December 31, 2011, the basis for determining the contribution rate for calendar years 2013 and 2012. The December 31, 2012 actuarial valuation is the most recent valuation.

**ACTUARIAL VALUATION INFORMATION**

Actuarial valuation date	12/31/12	12/31/11	12/31/10
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
<b>Actuarial Assumptions:</b>			
Investment return <sup>1</sup>	8%	8%	8%
Projected salary increases <sup>1</sup>	5.4%	5.4%	5.4%
Inflation	3.5%	3.5%	3.5%
Cost-of-living adjustments	0%	0%	0%

<sup>1</sup>Includes 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-
9/30/13	186,142	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 <sup>1</sup> (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%
12/31/12	3,719,355	4,462,488	743,133	83.35%	2,096,839	35.44%

<sup>1</sup>The 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](http://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, 2013, 2012 and 2011, were \$17,722, \$16,699 and \$14,865, 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, 2013 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. IMPLEMENTATION OF NEW GASB ACCOUNTING STANDARDS

The County has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as well as the early implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 and 65, amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows or resources and amounts previously reported as deferred revenue as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

The implementation of GASB 63 resulted in the reclassification of \$144,950 (deferred ad valorem tax revenue which is expected to be collected in future years) to a deferred inflow of resources on the Governmental Funds Balance Sheet.

The implementation of GASB 65 resulted in a prior period adjustment of \$138,404 (expensing bond issuance costs) in the Government Wide Statement of Net Position.

#### 4.G. PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$138,404 was made to the Government Wide Statement of Net Position and the Government Wide Statement Activities. This adjustment was to expense all capitalized bond issue costs with the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

#### 4.H. SUBSEQUENT EVENTS

The County has evaluated subsequent events through April 24, 2014, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

BLANCO COUNTY  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,189,698	\$ (10,302)
General Sales and Use Taxes	330,000	330,000	381,857	51,857
Other Taxes	6,000	6,000	6,713	713
Licenses and Permits	24,000	24,000	30,043	6,043
Intergovernmental Revenue and Grants	81,187	81,187	121,228	40,041
Charges for Services	406,275	406,275	541,626	135,351
Fines	105,000	105,000	142,234	37,234
Investment Earnings	45,000	45,000	29,669	(15,331)
Rents and Royalties	18,000	18,000	16,700	(1,300)
Other Revenue	28,795	28,795	56,443	27,648
Total Revenues	<u>4,244,257</u>	<u>4,244,257</u>	<u>4,516,211</u>	<u>271,954</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Financial Administration	126,330	126,330	117,196	9,134
General Administration	533,336	533,336	501,778	31,558
Tax Administration	361,659	361,659	301,817	59,842
Facilities Management	255,393	255,393	193,540	61,853
Public Safety	1,128,327	1,128,327	992,657	135,670
Sanitation	72,536	72,536	90,534	(17,998)
Justice System	1,761,179	1,761,179	1,628,110	133,069
Juvenile Services	44,402	44,402	43,393	1,009
Health & Human Services	208,659	208,659	213,270	(4,611)
Culture and Recreation	12,500	12,500	10,000	2,500
Conservation and Development	102,200	102,200	99,897	2,303
Total Expenditures	<u>4,606,521</u>	<u>4,606,521</u>	<u>4,192,192</u>	<u>414,329</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(362,264)</u>	<u>(362,264)</u>	<u>324,019</u>	<u>686,283</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	148,504	148,504
Transfers Out (Use)	(287,180)	(287,180)	(117,557)	169,623
Total Other Financing Sources (Uses)	<u>(287,180)</u>	<u>(287,180)</u>	<u>30,947</u>	<u>318,127</u>
Net Change	(649,444)	(649,444)	354,966	1,004,410
Fund Balance - October 1 (Beginning)	<u>2,847,626</u>	<u>2,847,626</u>	<u>2,847,626</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,198,182</u>	<u>\$ 2,198,182</u>	<u>\$ 3,202,592</u>	<u>\$ 1,004,410</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, 2013

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
<b>REVENUES:</b>				
Licenses and Permits	\$ 424,000	\$ 424,000	\$ 431,509	\$ 7,509
Intergovernmental Revenue and Grants	14,692	14,692	15,912	1,220
Fines	125,000	125,000	202,648	77,648
Other Revenue	-	-	8,730	8,730
Total Revenues	<u>563,692</u>	<u>563,692</u>	<u>658,799</u>	<u>95,107</u>
<b>EXPENDITURES:</b>				
Current:				
Roads & Bridges	825,872	825,872	751,298	74,574
Capital Outlay:				
Capital Outlay	25,000	25,000	25,058	(58)
Total Expenditures	<u>850,872</u>	<u>850,872</u>	<u>776,356</u>	<u>74,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(287,180)</u>	<u>(287,180)</u>	<u>(117,557)</u>	<u>169,623</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	287,180	287,180	117,557	(169,623)
Total Other Financing Sources (Uses)	<u>287,180</u>	<u>287,180</u>	<u>117,557</u>	<u>(169,623)</u>
Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	<u>84,819</u>	<u>84,819</u>	<u>84,819</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 84,819</u>	<u>\$ 84,819</u>	<u>\$ 84,819</u>	<u>\$ -</u>

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, 2013  
 (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]
12/31/03	\$ 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%
12/31/12	3,719,355	4,462,488	743,133	83.35%	2,096,839	35.44%

BLANCO COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013

	Hot Check Fee	Records Management County C	Records Preservation	Courthouse Security
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 8,891	\$ 14,222	\$ 42,613	\$ 60,025
Receivables (Net)	180	140	1,755	1,152
Due from Other Funds	-	2,804	10,790	5,355
Total Assets	<u>\$ 9,071</u>	<u>\$ 17,166</u>	<u>\$ 55,158</u>	<u>\$ 66,532</u>
<b>LIABILITIES</b>				
Wages and Salaries Payable	\$ 54	\$ -	\$ -	\$ -
Total Liabilities	<u>54</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	<u>9,017</u>	<u>17,166</u>	<u>55,158</u>	<u>66,532</u>
Total Fund Balances	<u>9,017</u>	<u>17,166</u>	<u>55,158</u>	<u>66,532</u>
Total Liabilities and Fund Balances	<u>\$ 9,071</u>	<u>\$ 17,166</u>	<u>\$ 55,158</u>	<u>\$ 66,532</u>

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

Child Safety Program	Records Management District C	Countywide Emergency Radio	Records Management District C	JP 1 Technology	JP 2 Technology	County Clerk Archive	Vital Statistics Preservation
\$ 129,863	\$ 299	\$ 5,000	\$ 107	\$ 19,234	\$ (3,530)	\$ 93,889	\$ 2,810
453	-	-	65	800	102	1,750	36
9,982	-	-	-	-	-	-	-
<u>\$ 140,298</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 172</u>	<u>\$ 20,034</u>	<u>\$ (3,428)</u>	<u>\$ 95,639</u>	<u>\$ 2,846</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
140,298	299	5,000	173	20,034	(3,428)	95,639	2,846
<u>140,298</u>	<u>299</u>	<u>5,000</u>	<u>173</u>	<u>20,034</u>	<u>(3,428)</u>	<u>95,639</u>	<u>2,846</u>
<u>\$ 140,298</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 173</u>	<u>\$ 20,034</u>	<u>\$ (3,428)</u>	<u>\$ 95,639</u>	<u>\$ 2,846</u>



BLANCO COUNTY  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2013

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Tower Maintenance and Repair
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 778	\$ 5,435	\$ 540	\$ -
Receivables (Net)	70	-	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 848</u>	<u>\$ 5,435</u>	<u>\$ 540</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Wages and Salaries Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	848	5,435	540	-
Total Fund Balances	<u>848</u>	<u>5,435</u>	<u>540</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 848</u>	<u>\$ 5,435</u>	<u>\$ 540</u>	<u>\$ -</u>

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

Child Abuse Prevention	District Court Technology	County Clerk Technology	District Clerk Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	Sheriff Seized Asset Fund
\$ 170	\$ 67	\$ 324	\$ 3,295	\$ 2,260	\$ 2,578	\$ 366	\$ 13,237
-	-	130	130	40	65	-	-
-	-	-	-	-	-	-	-
<u>\$ 170</u>	<u>\$ 67</u>	<u>\$ 454</u>	<u>\$ 3,425</u>	<u>\$ 2,300</u>	<u>\$ 2,643</u>	<u>\$ 366</u>	<u>\$ 13,237</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
170	67	454	3,425	2,300	2,642	366	13,237
170	67	454	3,425	2,300	2,642	366	13,237
<u>\$ 170</u>	<u>\$ 67</u>	<u>\$ 454</u>	<u>\$ 3,425</u>	<u>\$ 2,300</u>	<u>\$ 2,642</u>	<u>\$ 366</u>	<u>\$ 13,237</u>

BLANCO COUNTY  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 402,473	\$ 402,473
Receivables (Net)	6,868	6,868
Due from Other Funds	28,931	28,931
Total Assets	<u>\$ 438,272</u>	<u>\$ 438,272</u>
<b>LIABILITIES</b>		
Wages and Salaries Payable	\$ 54	\$ 54
Total Liabilities	<u>54</u>	<u>54</u>
<b>FUND BALANCES</b>		
Restricted Fund Balance:		
Restricted for Special Revenue	438,218	438,218
Total Fund Balances	<u>438,218</u>	<u>438,218</u>
Total Liabilities and Fund Balances	<u>\$ 438,272</u>	<u>\$ 438,272</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, 2013

	Hot Check Fee	Records Management County C	Records Preservation	Courthouse Security
<b>REVENUES:</b>				
Charges for Services	\$ 3,753	\$ 2,471	\$ 22,770	\$ 16,793
Forfeits	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>3,753</u>	<u>2,471</u>	<u>22,770</u>	<u>16,793</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Administration	-	4,187	14,441	-
Public Safety	-	-	-	7,153
Justice System	1,218	-	-	-
Health & Human Services	-	-	-	-
Total Expenditures	<u>1,218</u>	<u>4,187</u>	<u>14,441</u>	<u>7,153</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,535</u>	<u>(1,716)</u>	<u>8,329</u>	<u>9,640</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Use)	<u>(538)</u>	-	-	-
Total Other Financing Sources (Uses)	<u>(538)</u>	-	-	-
Net Change in Fund Balance	1,997	(1,716)	8,329	9,640
Fund Balance - October 1 (Beginning)	<u>7,020</u>	<u>18,882</u>	<u>46,829</u>	<u>56,892</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,017</u>	<u>\$ 17,166</u>	<u>\$ 55,158</u>	<u>\$ 66,532</u>

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



Child Safety Program	Records Management District C	Countywide Emergency Radio	Records Management District C	JP 1 Technology	JP 2 Technology	County Clerk Archive	Vital Statistics Preservation
\$ 18,924	\$ -	\$ -	\$ 910	\$ 11,353	\$ 1,727	\$ 22,561	\$ 298
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,924</u>	<u>-</u>	<u>-</u>	<u>910</u>	<u>11,353</u>	<u>1,727</u>	<u>22,561</u>	<u>298</u>
-	-	-	1,650	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,194	2,775	26,690	600
<u>17,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,589</u>	<u>-</u>	<u>-</u>	<u>1,650</u>	<u>3,194</u>	<u>2,775</u>	<u>26,690</u>	<u>600</u>
<u>1,335</u>	<u>-</u>	<u>-</u>	<u>(740)</u>	<u>8,159</u>	<u>(1,048)</u>	<u>(4,129)</u>	<u>(302)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,335	-	-	(740)	8,159	(1,048)	(4,129)	(302)
<u>138,963</u>	<u>299</u>	<u>5,000</u>	<u>913</u>	<u>11,875</u>	<u>(2,380)</u>	<u>99,768</u>	<u>3,148</u>
<u>\$ 140,298</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 173</u>	<u>\$ 20,034</u>	<u>\$ (3,428)</u>	<u>\$ 95,639</u>	<u>\$ 2,846</u>

BLANCO COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Tower Maintenance and Repair
<b>REVENUES:</b>				
Charges for Services	\$ 848	\$ 645	\$ 1,444	\$ -
Forfeits	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	848	645	1,444	-
<b>EXPENDITURES:</b>				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Justice System	1,645	-	447	-
Health & Human Services	-	-	-	-
Total Expenditures	1,645	-	447	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(797)	645	997	-
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(797)	645	997	-
Fund Balance - October 1 (Beginning)	1,645	4,790	(457)	-
Fund Balance - September 30 (Ending)	\$ 848	\$ 5,435	\$ 540	\$ -

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

Child Abuse Prevention	District Court Technology	County Clerk Technology	District Clerk Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	Sheriff Seized Asset Fund
\$ -	\$ 39	\$ 178	\$ 1,535	\$ 550	\$ 852	\$ -	\$ -
-	-	-	-	-	-	-	450
-	-	-	-	-	-	246	-
-	39	178	1,535	550	852	246	450
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	61,319
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	61,319
-	39	178	1,535	550	852	246	(60,869)
-	-	-	-	-	-	-	(3,680)
-	-	-	-	-	-	-	(3,680)
-	39	178	1,535	550	852	246	(64,549)
170	28	276	1,890	1,750	1,790	120	77,786
<u>\$ 170</u>	<u>\$ 67</u>	<u>\$ 454</u>	<u>\$ 3,425</u>	<u>\$ 2,300</u>	<u>\$ 2,642</u>	<u>\$ 366</u>	<u>\$ 13,237</u>



BLANCO COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:		
Charges for Services	\$ 107,651	\$ 107,651
Forfeits	450	450
Other Revenue	246	246
Total Revenues	108,347	108,347
EXPENDITURES:		
Current:		
General Government:		
General Administration	20,278	20,278
Public Safety	68,472	68,472
Justice System	36,569	36,569
Health & Human Services	17,589	17,589
Total Expenditures	142,908	142,908
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,561)	(34,561)
OTHER FINANCING SOURCES (USES):		
Transfers Out (Use)	(4,218)	(4,218)
Total Other Financing Sources (Uses)	(4,218)	(4,218)
Net Change in Fund Balance	(38,779)	(38,779)
Fund Balance - October 1 (Beginning)	476,997	476,997
Fund Balance - September 30 (Ending)	\$ 438,218	\$ 438,218

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, 2013

	BALANCE OCTOBER 1 2012	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2013
<b>OFFICIALS' FEES ACCOUNTS FUND</b>				
Assets:				
Cash and Cash Equivalents	\$ 157,134	\$ 3,167,692	\$ 3,202,409	\$ 122,417
Liabilities:				
Due to Others	\$ 157,134	\$ 3,167,692	\$ 3,202,409	\$ 122,417
 <b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 157,134	\$ 3,167,692	\$ 3,202,409	\$ 122,417
Liabilities:				
Due to Others	\$ 157,134	\$ 3,167,692	\$ 3,202,409	\$ 122,417

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

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

## ***Certified Public Accountants***

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: [nkhd@austin.rr.com](mailto:nkhd@austin.rr.com)

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of County of Blanco, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 24, 2014.

#### Internal Control Over Financial Reporting

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

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

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



Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to management of the County of Blanco, in a separate letter dated April 24, 2014.

Sincerely,

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

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

April 24, 2014

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

## *Certified Public Accountants*

P.O. BOX 874 · 736 S. WASHINGTON ST.

FREDERICKSBURG, TEXAS 78624-0874

(830) 997-3348

FAX: (830) 997-3333

Email: nkhd@austin.rr.com

MEMBER  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

April 24, 2014

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, 2013. 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 April 24, 2014. 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 2013. 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 April 24, 2014.

### *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

#### Inmate Trust and Commissioner Account

The County Auditor performed an internal audit of the Inmate Trust and Commissioner Account. She made several recommendations regarding internal control and written policies and procedures. We concur with these recommendations.

#### Prior Year Recommendations

Prior year recommendation concerning the Justice of the Peace (some interest was remitted to the Treasurer) and the Sheriff have been implemented.

#### 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