

REPORT OF EXAMINATION

**COUNTY OF BLANCO,
TEXAS**

Johnson City, Texas

**For the Year Ended
September 30, 2014**

BLANCO COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2014

BLANCO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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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, 2014, 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, 2014, 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 9) 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 29, 2015, 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, Doss + Company, P.C.
NEFFENDORF, KNOPP, DOSS & COMPANY, P.C.
Fredericksburg, Texas

April 29, 2015

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, 2014. 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 \$12,566,257 (net position). Of this amount, \$4,351,892 (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 \$48,719 as a result of this year's operations.
- At September 30, 2014, the County's governmental funds reported combined ending fund balances of \$4,389,498, a decrease of \$336,248 in comparison with the prior year.
- At September 30, 2014, the unreserved fund balance of the general fund was \$3,105,816, or 71 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 10 and 11). 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 10. 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 10 & 11 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 \$12,517,539 to \$12,566,257. 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 \$4,351,892 at September 30, 2014. This increase in governmental net position was the result of three factors. First, the County's expenditures exceeded the revenues by \$336,248. Second, the County retired long-term debt in the amount of \$320,000 and acquired capital assets in the amount of \$714,484. Third, the County recorded depreciation in the amount of \$548,501.

Table I
Blanco County, Texas

NET POSITION
in thousands

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 4,222	\$ 5,365
Capital Assets	14,921	14,006
Total Assets	\$ 19,143	\$ 19,371
Deferred Outflow of Resources	\$ 1,080	\$ 1,153
Long-Term Liabilities	\$ 6,901	\$ 7,256
Other Liabilities	756	751
Total Liabilities	\$ 7,657	\$ 8,007
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$ 7,242	\$ 8,342
Restricted	972	816
Unrestricted	4,352	3,359
Total Net Position	\$ 12,566	\$ 12,517

Table II
Blanco County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2014	2013
Revenues:		
Charges for Services	\$ 1,117	\$ 1,430
Property Taxes	3,952	3,831
Sales Tax	416	382
Other Taxes	13	7
Penalty and Interest	68	57
Investment Earnings	3	49
Miscellaneous	120	117
Grants	85	205
Total Revenue	<u>\$ 5,774</u>	<u>\$ 6,078</u>
Expenses:		
Financial Administration	\$ 115	\$ 125
Public Safety	1,884	1,100
General Administration	560	556
Tax Administration	339	320
Facilities Management	194	206
Roads and Bridges	720	749
Sanitation	77	96
Justice System	1,116	1,899
Juvenile Services	51	46
Health and Human Services	257	246
Conservation and Development	87	106
Culture and Recreation	10	11
Debt Service	315	398
Total Expenses	<u>\$ 5,725</u>	<u>\$ 5,858</u>
Increase in Net Position	\$ 49	\$ 220
Net Position - Beginning of Year	12,517	12,436
Prior Period Adjustment	-	(139)
Net Position - End of Year	<u>\$ 12,566</u>	<u>\$ 12,517</u>

The cost of all governmental activities this year was \$5,724,885. 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 \$4,019,300 because the other costs were paid by sales tax (\$416,270), operating grants (\$75,021), user charges (\$1,117,340), investment earnings (\$2,548) and other miscellaneous (\$143,125).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 10) reported a combined fund balance of \$4,389,498, which is less than last year's total of \$4,725,746. Included in this year's total change in fund balance is a decrease of \$96,776 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. Actual revenues in the General Fund and Road and Bridge Fund were more than budgeted amounts.

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2014, the County had \$20,499,178 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$676,023, or 3.4 percent, more than last year.

CAPITAL ASSETS in thousands

	Governmental Activities	
	2014	2013
Land	\$ 1,300	\$ 1,300
Buildings	11,109	11,109
Improvements	3,672	2,133
Machinery & Equipment	3,750	3,723
Vehicles	595	549
Construction in Progress	73	1,009
Total Capital Assets	\$ 20,499	\$ 19,823
Accumulated Depreciation	6,327	5,817
Capital Assets, Net	\$ 14,172	\$ 14,006

This year's major additions included:

2 Ford F150 Pickups	\$ 77,205
Radio Upgrades	11,000
Road Improvements	603,026
RTS Workstation	1,500
Remote Panic System	<u>21,753</u>
 TOTAL	 \$ <u>714,484</u>

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

DEBT

At September 30, 2014, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	Governmental Activities	
	<u>2014</u>	<u>2013</u>
Refunding Bonds	\$ 4,010	\$ 4,020
Certificates of Obligation	2,890	3,200
Total Outstanding Debt	<u>\$ 6,900</u>	<u>\$ 7,220</u>

At year-end the County had \$6,900,000 in certificates of obligation and refunding bonds outstanding, a decrease in total debt of \$320,000 from the previous year.

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 2015 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 2015. Amounts available for appropriation in the General Fund budget are \$5,274,068 and expenditures are estimated to be \$5,348,867. Estimated revenues for the Road and Bridge Fund are \$907,157 (including transfer from the general fund of \$298,157) and expenditures are estimated to be \$907,148.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$75,000 and the Road and Bridge Fund balance will remain the same by the close of 2015.

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 Treasurer's office, Johnson City, Texas.

BASIC FINANCIAL STATEMENTS

BLANCO COUNTY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 749,018
Investments - Current	3,904,651
Receivables (net of allowance for uncollectibles)	317,593
Capital Assets:	
Land	1,299,789
Buildings, net	8,239,098
Improvements other than Buildings, net	3,146,480
Machinery and Equipment, net	1,413,421
Construction in Progress	73,280
Total Assets	19,143,330
DEFERRED OUTFLOW OF RESOURCES	
Deferred Charge for Refunding	1,080,460
Total Deferred Outflows of Resources	1,080,460
LIABILITIES	
Accounts Payable	342,328
Intergovernmental Payable	38,469
Accrued Interest Payable	40,387
Bonds Payable - Current	335,000
Noncurrent Liabilities	
Due in More Than One Year	6,901,349
Total Liabilities	7,657,533
NET POSITION	
Net Investment in Capital Assets	7,241,812
Restricted for:	
Restricted for Special Revenue	540,825
Restricted for Capital Projects	13,543
Restricted for Debt Service	418,185
Unrestricted Net Position	4,351,892
Total Net Position	\$ 12,566,257

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

BLANCO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT B-1

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
Financial Administration	\$ 114,810	\$ -	-	\$ (114,810)
General Administration	559,785	31,880	31,285	(496,620)
Tax Administration	339,385	37,057	-	(302,328)
Facilities Management	193,902	-	-	(193,902)
Public Safety	1,883,753	223,981	1,000	(1,658,772)
Roads & Bridges	720,206	482,260	-	(237,946)
Sanitation	76,756	-	4,500	(72,256)
Justice System	1,116,476	342,162	6,952	(767,362)
Juvenile Services	50,602	-	-	(50,602)
Health & Human Services	256,954	-	10,428	(246,526)
Culture and Recreation	10,589	-	-	(10,589)
Conservation and Development	87,011	-	20,856	(66,155)
Bond Interest	313,141	-	-	(313,141)
Fiscal Agent's Fees	1,515	-	-	(1,515)
TOTAL PRIMARY GOVERNMENT:	\$ 5,724,885	\$ 1,117,340	\$ 75,021	(4,532,524)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	3,234,618
Property Taxes, Levied for Debt Service	716,743
Sales Taxes	416,270
Other Taxes	13,348
Penalty and Interest	67,939
Grants and Contributions Not Restricted	9,639
Miscellaneous Revenue	120,138
Investment Earnings	2,548
Total General Revenues	4,581,243
Change in Net Position	48,719
Net Position- Beginning	12,517,538
Net Position--Ending	\$ 12,566,257

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

BLANCO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General Fund	Road and Bridge Fund	Debt Service Fund
ASSETS			
Cash and Cash Equivalents	\$ (69,693)	\$ 130,524	\$ 550,321
Investments - Current	3,201,334	-	-
Taxes Receivable	95,573	-	19,360
Allowance for Uncollectible Taxes (credit)	(4,779)	-	(968)
Receivables (Net)	94,083	15,216	-
Due from Other Funds	132,136	-	-
Total Assets	<u>\$ 3,448,654</u>	<u>\$ 145,740</u>	<u>\$ 568,713</u>
LIABILITIES			
Accounts Payable	\$ 68,899	\$ 45,664	\$ -
Wages and Salaries Payable	115,745	15,257	-
Intergovernmental Payable	38,469	-	-
Due to Other Funds	28,931	-	132,136
Total Liabilities	<u>252,044</u>	<u>60,921</u>	<u>132,136</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	90,794	-	18,392
Total Deferred Inflows of Resources	<u>90,794</u>	<u>-</u>	<u>18,392</u>
FUND BALANCES			
Restricted Fund Balance:			
Restricted for Special Revenue	-	84,819	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	418,185
Unassigned Fund Balance	3,105,816	-	-
Total Fund Balances	<u>3,105,816</u>	<u>84,819</u>	<u>418,185</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 3,448,654</u>	<u>\$ 145,740</u>	<u>\$ 568,713</u>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ (282,645)	\$ 420,511	\$ 749,018
703,317	-	3,904,651
-	-	114,933
-	-	(5,747)
-	7,328	116,627
-	28,931	161,067
<u>\$ 420,672</u>	<u>\$ 456,770</u>	<u>\$ 5,040,549</u>
\$ 96,000	\$ 85	\$ 210,648
-	679	131,681
-	-	38,469
-	-	161,067
<u>96,000</u>	<u>764</u>	<u>541,865</u>
-	-	109,186
-	-	109,186
-	456,006	540,825
324,672	-	324,672
-	-	418,185
-	-	3,105,816
<u>324,672</u>	<u>456,006</u>	<u>4,389,498</u>
<u>\$ 420,672</u>	<u>\$ 456,770</u>	<u>\$ 5,040,549</u>

BLANCO COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014

Total Fund Balances - Governmental Funds	\$	4,389,498
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 \$19,823,155 and the accumulated depreciation was \$5,817,070. 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.		7,540,787
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 2014 capital outlays and debt principal payments is to increase net position.		1,034,484
The 2014 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(548,501)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of bond sales as an increase in bonds payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		149,989
Net Position of Governmental Activities	\$	12,566,257

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, 2014

	General Fund	Road and Bridge Fund	Debt Service Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 3,263,894	\$ -	\$ 723,230
General Sales and Use Taxes	416,270	-	-
Other Taxes	13,348	-	-
Penalty and Interest on Taxes	67,939	-	-
Licenses and Permits	40,337	440,785	-
Intergovernmental Revenue and Grants	66,468	16,406	-
Charges for Services	346,933	-	-
Fines	77,740	146,141	-
Forfeits	-	-	-
Investment Earnings	1,905	-	403
Rents and Royalties	20,450	-	-
Contributions & Donations from Private Sources	1,786	-	-
Other Revenue	43,447	-	-
Total Revenues	<u>4,360,517</u>	<u>603,332</u>	<u>723,633</u>
EXPENDITURES:			
Current:			
General Government:			
Financial Administration	109,345	-	-
General Administration	516,365	-	-
Tax Administration	324,658	-	-
Facilities Management	184,672	-	-
Public Safety	1,815,174	-	-
Roads & Bridges	-	759,629	-
Sanitation	71,090	-	-
Justice System	948,927	-	-
Juvenile Services	48,195	-	-
Health & Human Services	230,170	-	-
Culture and Recreation	10,000	-	-
Conservation and Development	82,866	-	-
Debt Service:			
Bond Principal	-	-	320,000
Bond Interest	-	-	263,104
Fiscal Agent's Fees	-	-	1,515
Capital Outlay:			
Capital Outlay	-	-	-
Total Expenditures	<u>4,341,462</u>	<u>759,629</u>	<u>584,619</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,055</u>	<u>(156,297)</u>	<u>139,014</u>
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	2,436	9,190	-
Transfers In	-	147,107	-
Transfers Out (Use)	(147,107)	-	-
Insurance Recovery	28,840	-	-
Total Other Financing Sources (Uses)	<u>(115,831)</u>	<u>156,297</u>	<u>-</u>
Net Change in Fund Balances	(96,776)	-	139,014
Fund Balance - October 1 (Beginning)	<u>3,202,592</u>	<u>84,819</u>	<u>279,171</u>
Fund Balance - September 30 (Ending)	<u>\$ 3,105,816</u>	<u>\$ 84,819</u>	<u>\$ 418,185</u>

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

	Capital Projects	Other Funds	Total Governmental Funds
\$	-	\$ -	\$ 3,987,124
	-	-	416,270
	-	-	13,348
	-	-	67,939
	-	-	481,122
	-	-	82,874
	-	95,306	442,239
	-	-	223,881
	-	100	100
	240	-	2,548
	-	-	20,450
	-	-	1,786
	-	48	43,495
	<u>240</u>	<u>95,454</u>	<u>5,783,176</u>
	-	-	109,345
	-	16,772	533,137
	-	-	324,658
	-	-	184,672
	-	39,541	1,854,715
	-	-	759,629
	-	-	71,090
	-	6,715	955,642
	-	-	48,195
	-	14,552	244,722
	-	85	10,085
	-	-	82,866
	-	-	320,000
	-	-	263,104
	-	-	1,515
	<u>396,515</u>	<u>-</u>	<u>396,515</u>
	<u>396,515</u>	<u>77,665</u>	<u>6,159,890</u>
	<u>(396,275)</u>	<u>17,789</u>	<u>(376,714)</u>
	-	-	11,626
	-	-	147,107
	-	-	(147,107)
	-	-	28,840
	-	-	40,466
	<u>(396,275)</u>	<u>17,789</u>	<u>(336,248)</u>
	<u>720,947</u>	<u>438,217</u>	<u>4,725,746</u>
\$	<u>324,672</u>	\$ <u>456,006</u>	\$ <u>4,389,498</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, 2014

Total Net Change in Fund Balances - Governmental Funds	\$	(336,248)
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 2014 capital outlays and debt principal payments is to increase the change in net position.		1,034,484
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.		(548,501)
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.		(101,016)
Change in Net Position of Governmental Activities	<u>\$</u>	<u>48,719</u>

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

BLANCO COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	Private Purpose Trust Fund	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 105,522	\$ 130,865
Accounts Receivable-Net of Uncollectible Allowance	-	60
Total Assets	<u>105,522</u>	<u>\$ 130,925</u>
LIABILITIES		
Accounts Payable	7,862	\$ -
Due to Others	-	130,925
Total Liabilities	<u>7,862</u>	<u>\$ 130,925</u>
NET POSITION		
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, 2014

	Private Purpose Trust Fund
ADDITIONS:	
Investment Earnings	\$ 44
Rents and Royalties	10,100
Total Additions	<u>10,144</u>
DEDUCTIONS:	
Other Operating Expenses	10,144
Total Deductions	<u>10,144</u>
Change in Net Position	-
Total Net Position -October 1 (Beginning)	<u>97,660</u>
Total Net Position September 30 (Ending)	<u>\$ 97,660</u>

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

BLANCO COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014

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:

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Debt Service Fund	See above for description.
Capital Projects Fund	See above for description.

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

Cash and Cash Investments

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

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

Receivables

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

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

Fixed Assets

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Long-term Debt

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

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

Compensated Absences

Vacation and Sick Leave - Vacation and sick leave expenses are charged to operations when taken by the employees of the County. 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, 2014 are estimated to be insignificant and are not reflected in the accompanying financial statements.

Fund Equity

Beginning with fiscal year end September 30, 2014, 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).

Deferred Inflows of Resources and Deferred Outflows of Resources

Beginning with fiscal year end September 30, 2013, the County implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, as well as GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Under GASB 63 amounts previously reported as deferred charges as a part of total assets have been reported in a separate section as deferred outflows of resources and amounts previously reported as a part of total liabilities have been reported in a separate section as deferred inflows of resources.

Net Position

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

Use of Estimates

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

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 2013 tax roll, the total assessed valuation was \$1,137,924,487 and the taxes assessed amounted to \$4,031,174. The total tax rate was \$0.3574 per \$100 valuation and allocated \$0.2938 to the General Fund and \$0.0636 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgetary Information

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

NOTE 3 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

3.A. Deposits and Investments

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

At September 30, 2014, the carrying amount of the County's deposits was \$749,018 and the bank balance was \$907,793. The County's cash deposits held at Blanco National Bank at September 30, 2014 and during the year ended September 30, 2014 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the County to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the County to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the County to have independent auditors perform test procedures related to investment practices as provided by the Act. The County is in substantial compliance with the requirements of the Act and with local policies.

The County's temporary investments at September 30, 2014 are shown below:

<u>Name</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
Texpool *	\$ 3,904,651	\$ 3,904,651	\$ -	\$ -

* 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, 2014, 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, 2014.

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

	Taxes Receivable	Allowance for Uncollectible Taxes	Net Taxes Receivable
General Fund	\$ 95,573	\$ 4,779	\$ 90,794
Nonmajor Fund - Debt Service	19,360	968	18,392
TOTAL - ALL FUNDS	<u>\$ 114,933</u>	<u>\$ 5,747</u>	<u>\$ 109,186</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 \$430,493 which represents amounts owed and outstanding at September 30, 2014. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$338,713, resulting in a net receivable of \$91,780.

3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2014.

	Balance 10/1/13	Additions	Deletions	Balance 9/30/14
<i>Governmental Activities:</i>				
Land	\$ 1,299,789	\$ -	\$ -	\$ 1,299,789
Buildings	11,108,989	-	-	11,108,989
Improvements	2,133,075	1,539,053	-	3,672,128
Machinery & Equipment	3,723,475	34,253	7,500	3,750,228
Vehicles	548,520	77,205	30,961	594,764
Construction in Progress	1,009,307	73,280	1,009,307	73,280
Totals at Historic Cost	\$ 19,823,155	\$ 1,723,791	\$ 1,047,768	\$ 20,499,178
Less Accumulated Depreciation:				
Buildings	(2,647,710)	(222,180)	-	(2,869,890)
Improvements	(401,862)	(123,786)	-	(525,648)
Machinery & Equipment	(2,336,704)	(149,337)	7,500	(2,478,541)
Vehicles	(430,794)	(53,198)	30,961	(453,031)
Total Accumulated Depreciation	\$ (5,817,070)	\$ (548,501)	\$ 38,461	\$ (6,327,110)
Capital Assets, Net	\$ 14,006,085	\$ 1,175,290	\$ 1,009,307	\$ 14,172,068

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

<i>Governmental Activities:</i>	
Financial Administration	\$ 5,465
General Administration	26,648
Tax Administration	16,227
Facilities Management	9,230
Public Safety	138,455
Roads & Bridges	167,088
Sanitation	5,666
Justice System	160,434
Juvenile Services	2,407
Health & Human Services	12,232
Conservation & Development	4,145
Culture & Recreation	504
Total Depreciation Expense - Governmental Activities	\$ 548,501

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2014, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General	\$ 28,931
General	Debt Service	132,136
TOTAL		<u>\$ 161,067</u>

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

Interfund Transfers:

	Transfer In	
	Road & Bridge Fund	TOTAL
Transfer Out:		
General Fund	\$ 147,107	\$ 147,107
TOTAL	<u>\$ 147,107</u>	<u>\$ 147,107</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, 2014, the governmental long-term debt consisted of the following:

Changes in Long-Term Debt

	Balance 10/1/13	Issued	Retired	Balance 9/30/14	Due Within One Year
Certificates of Obligation Payable -					
Series 2009	\$ 1,560,000	\$ -	\$ 220,000	\$ 1,340,000	\$ 235,000
Series 2012	1,640,000		90,000	1,550,000	90,000
General Obligation Refunding Bonds -					
Series 2012	<u>4,020,000</u>	<u>-</u>	<u>10,000</u>	<u>4,010,000</u>	<u>10,000</u>
Subtotal	7,220,000	-	320,000	6,900,000	335,000

	Balance 10/1/13	Issued	Retired	Balance 9/30/14	Due Within One Year
Premium on Refunding Bonds	321,290		20,292	300,998	-
Comp Time	34,410	941	-	35,351	-
TOTAL LONG TERM DEBT	\$ 7,575,700	\$ 941	\$ 340,292	\$ 7,236,349	\$ 335,000

3.G. CERTIFICATES OF OBLIGATIONS AND TAX REFUNDING BONDS

Certificates of Obligation payable at September 30, 2014 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%.	\$ 1,340,000
\$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%.	4,010,000
\$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%.	<u>1,550,000</u>
Total Long-Term Debt	<u>\$ 6,900,000</u>

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

Year Ended September 30	Principal	Interest	Total
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	415,000	176,474	591,474
2020 – 2024	2,315,000	645,676	2,960,676
2025 – 2029	2,725,000	266,738	2,991,738
Totals	\$ 6,900,000	\$ 1,978,089	\$ 8,878,089

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:

<u>Description</u>	<u>Refunded Amount</u>	<u>Balance 9/30/14</u>
Certificates of Obligation - Series 2009	\$ 4,340,000	\$ 4,340,000

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, 2014, the annual pension cost for the TCDRS plan for its employees was \$193,900, and the actual contributions were 193,900.

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	12/31/13	12/31/12	12/31/11
Actuarial cost method	entry age	entry age	entry age
Amortization method	level percentage of payroll, closed	level percentage of payroll, closed	level percentage of payroll, closed
Amortization period	20	20	20
Asset valuation method	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value	SAF: 10-yr smoothed value ESF: Fund value
Actuarial Assumptions:			
Investment return ¹	8%	8%	8%
Projected salary increases ¹	4.9%	5.4%	5.4%
Inflation	3.0%	3.5%	3.5%
Cost-of-living adjustments	0%	0%	0%

¹Includes inflation at the stated rate

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

Accounting Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
9/30/12	\$ 173,975	100%	\$ -0-
9/30/13	186,142	100%	-0-
9/30/14	193,900	100%	-0-

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll ¹ (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/11	\$ 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%
12/31/13	4,198,329	4,890,159	691,830	85.85%	2,176,525	31.79%

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

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

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

Plan Description

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

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

Funding Policy

Each participating employer contributes to the GTLF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. Blanco County contributions to the GTLF for the years ended September 30, 2014, 2013 and 2012, were \$18,675, \$17,722 and \$16,699, 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, 2014 in excess of the permanent portion is carried forward to the subsequent fiscal periods as a State required reserve of sufficient amount to pay the ad valorem taxes.

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

4.E. CONTINGENT LIABILITIES

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

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

4.F. SUBSEQUENT EVENTS

The County has evaluated subsequent events through April 29, 2015, 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.

REQUIRED SUPPLEMENTARY INFORMATION

BLANCO COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2014

EXHIBIT G-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 3,200,000	\$ 3,200,000	\$ 3,263,894	\$ 63,894
General Sales and Use Taxes	350,000	350,000	416,270	66,270
Other Taxes	6,000	6,000	13,348	7,348
Penalty and Interest on Taxes	50,000	50,000	67,939	17,939
Licenses and Permits	23,500	23,500	40,337	16,837
Intergovernmental Revenue and Grants	44,500	44,500	66,468	21,968
Charges for Services	218,775	250,775	346,933	96,158
Fines	120,500	120,500	77,740	(42,760)
Investment Earnings	65,000	65,000	1,905	(63,095)
Rents and Royalties	18,000	18,000	20,450	2,450
Contributions & Donations from Private Sources	-	-	1,786	1,786
Other Revenue	85,400	53,400	43,447	(9,953)
Total Revenues	<u>4,181,675</u>	<u>4,181,675</u>	<u>4,360,517</u>	<u>178,842</u>
EXPENDITURES:				
Current:				
General Government:				
Financial Administration	125,385	125,385	109,345	16,040
General Administration	555,464	555,464	516,365	39,099
Tax Administration	358,210	358,210	324,658	33,552
Facilities Management	242,500	242,500	184,672	57,828
Public Safety	1,887,592	1,905,992	1,815,174	90,818
Sanitation	76,981	76,981	71,090	5,891
Justice System	1,025,819	975,986	948,927	27,059
Juvenile Services	48,195	48,195	48,195	-
Health & Human Services	229,441	211,141	230,170	(19,029)
Culture and Recreation	-	10,500	10,000	500
Conservation and Development	89,494	103,494	82,866	20,628
Capital Outlay:				
Capital Outlay	-	4,400	-	4,400
Total Expenditures	<u>4,639,081</u>	<u>4,618,248</u>	<u>4,341,462</u>	<u>276,786</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(457,406)</u>	<u>(436,573)</u>	<u>19,055</u>	<u>455,628</u>
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	5,000	5,000	2,436	(2,564)
Transfers Out (Use)	(351,398)	(351,398)	(147,107)	204,291
Insurance Recovery	-	-	28,840	28,840
Total Other Financing Sources (Uses)	<u>(346,398)</u>	<u>(346,398)</u>	<u>(115,831)</u>	<u>230,567</u>
Net Change in Fund Balances	<u>(803,803)</u>	<u>(782,971)</u>	<u>(96,776)</u>	<u>686,195</u>
Fund Balance - October 1 (Beginning)	<u>3,202,592</u>	<u>3,202,592</u>	<u>3,202,592</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 2,398,789</u>	<u>\$ 2,419,621</u>	<u>\$ 3,105,816</u>	<u>\$ 686,195</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, 2014

EXHIBIT G-2

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Licenses and Permits	\$ 380,500	\$ 380,500	\$ 440,785	\$ 60,285
Intergovernmental Revenue and Grants	15,000	15,000	16,406	1,406
Fines	130,000	130,000	146,141	16,141
Total Revenues	525,500	525,500	603,332	77,832
EXPENDITURES:				
Current:				
Roads & Bridges	876,898	876,898	759,629	117,269
Total Expenditures	876,898	876,898	759,629	117,269
Excess (Deficiency) of Revenues Over (Under) Expenditures	(351,398)	(351,398)	(156,297)	195,101
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	9,190	9,190
Transfers In	351,398	351,398	147,107	(204,291)
Total Other Financing Sources (Uses)	351,398	351,398	156,297	(195,101)
Change in Fund Balance	-	-	-	-
Fund Balance - October 1 (Beginning)	84,819	84,819	84,819	-
Fund Balance - September 30 (Ending)	\$ 84,819	\$ 84,819	\$ 84,819	\$ -

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, 2014
 (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]
12/31/10	\$ 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%
12/31/13	4,198,329	4,890,159	691,830	85.85%	2,176,525	31.79%

SUPPLEMENTARY INFORMATION

BLANCO COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Hot Check Fee	Records Management County Clerk	Records Preservation	Courthouse Security
ASSETS				
Cash and Cash Equivalents	\$ 9,090	\$ 15,329	\$ 55,416	\$ 41,917
Receivables (Net)	45	217	3,148	953
Due from Other Funds	-	2,804	10,790	5,355
Total Assets	<u>\$ 9,135</u>	<u>\$ 18,350</u>	<u>\$ 69,354</u>	<u>\$ 48,225</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	679
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>679</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Special Revenue	9,135	18,350	69,354	47,546
Total Fund Balances	<u>9,135</u>	<u>18,350</u>	<u>69,354</u>	<u>47,546</u>
Total Liabilities and Fund Balances	<u>\$ 9,135</u>	<u>\$ 18,350</u>	<u>\$ 69,354</u>	<u>\$ 48,225</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
\$ 134,986	\$ 299	\$ 5,000	\$ 1,019	\$ 22,335	\$ (1,950)	\$ 111,408	\$ 2,511
506	-	-	83	375	252	1,360	11
9,982	-	-	-	-	-	-	-
<u>\$ 145,474</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 1,102</u>	<u>\$ 22,710</u>	<u>\$ (1,698)</u>	<u>\$ 112,768</u>	<u>\$ 2,522</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
145,474	299	5,000	1,102	22,710	(1,698)	112,768	2,522
<u>145,474</u>	<u>299</u>	<u>5,000</u>	<u>1,102</u>	<u>22,710</u>	<u>(1,698)</u>	<u>112,768</u>	<u>2,522</u>
<u>\$ 145,474</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 1,102</u>	<u>\$ 22,710</u>	<u>\$ (1,698)</u>	<u>\$ 112,768</u>	<u>\$ 2,522</u>

BLANCO COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2014

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Tower Maintenance & Repair Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,508	\$ 6,080	\$ 1,167	\$ -
Receivables (Net)	55	105	-	-
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 1,563</u>	<u>\$ 6,185</u>	<u>\$ 1,167</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted for Special Revenue	1,563	6,185	1,167	-
Total Fund Balances	<u>1,563</u>	<u>6,185</u>	<u>1,167</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 1,563</u>	<u>\$ 6,185</u>	<u>\$ 1,167</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
\$ 189	\$ 118	\$ 563	\$ 2,998	\$ 2,690	\$ 3,428	\$ 414	\$ 3,996
-	4	10	100	40	64	-	-
-	-	-	-	-	-	-	-
<u>\$ 189</u>	<u>\$ 122</u>	<u>\$ 573</u>	<u>\$ 3,098</u>	<u>\$ 2,730</u>	<u>\$ 3,492</u>	<u>\$ 414</u>	<u>\$ 3,996</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	85	-
189	122	573	3,098	2,730	3,492	329	3,996
189	122	573	3,098	2,730	3,492	329	3,996
<u>\$ 189</u>	<u>\$ 122</u>	<u>\$ 573</u>	<u>\$ 3,098</u>	<u>\$ 2,730</u>	<u>\$ 3,492</u>	<u>\$ 414</u>	<u>\$ 3,996</u>

BLANCO COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS		
Cash and Cash Equivalents	\$ 420,511	\$ 420,511
Receivables (Net)	7,328	7,328
Due from Other Funds	28,931	28,931
Total Assets	<u>\$ 456,770</u>	<u>\$ 456,770</u>
LIABILITIES		
Accounts Payable	\$ 85	\$ 85
Wages and Salaries Payable	679	679
Total Liabilities	<u>764</u>	<u>764</u>
FUND BALANCES		
Restricted Fund Balance:		
Restricted for Special Revenue	456,006	456,006
Total Fund Balances	<u>456,006</u>	<u>456,006</u>
Total Liabilities and Fund Balances	<u>\$ 456,770</u>	<u>\$ 456,770</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, 2014

	Hot Check Fee	Records Management County Clerk	Records Preservation	Courthouse Security
REVENUES:				
Charges for Services	\$ 288	\$ 2,194	\$ 29,958	\$ 11,214
Forfeits	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>288</u>	<u>2,194</u>	<u>29,958</u>	<u>11,214</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	1,010	15,762	-
Public Safety	-	-	-	30,200
Justice System	170	-	-	-
Health & Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>170</u>	<u>1,010</u>	<u>15,762</u>	<u>30,200</u>
Net Change in Fund Balance	118	1,184	14,196	(18,986)
Fund Balance - October 1 (Beginning)	<u>9,017</u>	<u>17,166</u>	<u>55,158</u>	<u>66,532</u>
Fund Balance - September 30 (Ending)	<u>\$ 9,135</u>	<u>\$ 18,350</u>	<u>\$ 69,354</u>	<u>\$ 47,546</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
\$ 19,728	\$ -	\$ -	\$ 929	\$ 6,601	\$ 1,635	\$ 17,129	\$ 276
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>19,728</u>	<u>-</u>	<u>-</u>	<u>929</u>	<u>6,601</u>	<u>1,635</u>	<u>17,129</u>	<u>276</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,924	(95)	-	600
14,552	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>14,552</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,924</u>	<u>(95)</u>	<u>-</u>	<u>600</u>
5,176	-	-	929	2,677	1,730	17,129	(324)
<u>140,298</u>	<u>299</u>	<u>5,000</u>	<u>173</u>	<u>20,033</u>	<u>(3,428)</u>	<u>95,639</u>	<u>2,846</u>
<u>\$ 145,474</u>	<u>\$ 299</u>	<u>\$ 5,000</u>	<u>\$ 1,102</u>	<u>\$ 22,710</u>	<u>\$ (1,698)</u>	<u>\$ 112,768</u>	<u>\$ 2,522</u>

BLANCO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Tower Maintenance & Repair Fund
REVENUES:				
Charges for Services	\$ 715	\$ 750	\$ 943	\$ -
Forfeits	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>715</u>	<u>750</u>	<u>943</u>	<u>-</u>
EXPENDITURES:				
Current:				
General Government:				
General Administration	-	-	-	-
Public Safety	-	-	-	-
Justice System	-	-	316	-
Health & Human Services	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>316</u>	<u>-</u>
Net Change in Fund Balance	715	750	627	-
Fund Balance - October 1 (Beginning)	<u>848</u>	<u>5,435</u>	<u>540</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,563</u>	<u>\$ 6,185</u>	<u>\$ 1,167</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
\$ 19	\$ 55	\$ 119	\$ 1,473	\$ 430	\$ 850	\$ -	\$ -
-	-	-	-	-	-	-	100
-	-	-	-	-	-	48	-
<u>19</u>	<u>55</u>	<u>119</u>	<u>1,473</u>	<u>430</u>	<u>850</u>	<u>48</u>	<u>100</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	9,341
-	-	-	1,800	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	85	-
-	-	-	<u>1,800</u>	-	-	<u>85</u>	<u>9,341</u>
19	55	119	(327)	430	850	(37)	(9,241)
<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>
<u>\$ 189</u>	<u>\$ 122</u>	<u>\$ 573</u>	<u>\$ 3,098</u>	<u>\$ 2,730</u>	<u>\$ 3,492</u>	<u>\$ 329</u>	<u>\$ 3,996</u>

BLANCO COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:		
Charges for Services	\$ 95,306	\$ 95,306
Forfeits	100	100
Other Revenue	48	48
Total Revenues	<u>95,454</u>	<u>95,454</u>
EXPENDITURES:		
Current:		
General Government:		
General Administration	16,772	16,772
Public Safety	39,541	39,541
Justice System	6,715	6,715
Health & Human Services	14,552	14,552
Culture and Recreation	85	85
Total Expenditures	<u>77,665</u>	<u>77,665</u>
Net Change in Fund Balance	17,789	17,789
Fund Balance - October 1 (Beginning)	<u>438,217</u>	<u>438,217</u>
Fund Balance - September 30 (Ending)	<u>\$ 456,006</u>	<u>\$ 456,006</u>

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, 2014

	BALANCE OCTOBER 1 2013	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2014
OFFICIALS' FEES ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 118,077	\$ 2,834,059	\$ 2,826,131	\$ 126,005
Liabilities:				
Due to Others	\$ 118,077	\$ 2,834,059	\$ 2,826,131	\$ 126,005
 TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 118,077	\$ 2,834,059	\$ 2,826,131	\$ 126,005
Liabilities:				
Due to Others	\$ 118,077	\$ 2,834,059	\$ 2,826,131	\$ 126,005

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

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

Certified Public Accountants

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

Honorable Judge and Commissioners
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, 2014, 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 29, 2015.

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 29, 2015.

Sincerely,

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

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

April 29, 2015

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

Certified Public Accountants

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April 29, 2015

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, 2014. 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 29, 2015. 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 2014. 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 29, 2015.

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

Prior Year Recommendations

Prior year recommendation concerning the Inmate Trust and Commissioner Account 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, Doos + Company, P.C.

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

Fredericksburg, Texas