

BLANCO COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2018

BLANCO COUNTY, TEXAS  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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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, 2018, 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, 2018, 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.

### **Emphasis of Matter**

As discussed in Note 4.B. to the financial statements, in 2018 the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 10), budgetary comparison information (pages 44 and 45) and the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total OPEB Liability and Related Ratios on pages 46-51 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 March 20, 2019, 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, P.C.

Fredericksburg, Texas

March 20, 2019

BLANCO COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Blanco County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2018. Please read it in conjunction with the independent auditors' report on page 1, and County's Basic Financial Statements which begin on page 11.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$14,578,682 (net position). Of this amount, \$5,062,168 (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 \$1,346,259 as a result of this year's operations.
- At September 30, 2018, the County's governmental funds reported combined ending fund balances of \$5,818,480, an increase of \$1,228,737 in comparison with the prior year.
- At September 30, 2018, the unassigned fund balance of the general fund was \$4,284,235, or 84 percent of total general fund expenditures.
- The County issued Limited Tax Note, Series 2017 during the fiscal year in the amount of \$970,000 for the purpose of paying contractual obligations to construct, renovate and equip a county service/annex building, acquire and install a computer aided dispatch system and acquire road and bridge equipment.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 11 and 12). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 14 & 17) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the County.

The notes to the financial statements (starting on page 22) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (operating fund), the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Employer Contributions and the Schedule of Changes in the Total

OPEB Liability and Related Ratios are presented as required supplementary information on pages 44-51. The combining statements (starting on page 52) for nonmajor funds contain even more information about the County's individual funds.

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

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

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

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

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

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

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

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

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

The fund financial statements on pages 14 & 17 provide detailed information about the most significant funds - not the County as a whole. Laws and contracts require the County to establish some funds, such as grants received from a government agency. The County's administration establishes many other funds to help it control and manage money for particular purposes.

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Net position of the County's governmental activities increased from \$13,403,121 to \$14,578,682. 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 \$5,062,168 at September 30, 2018. This increase in governmental net position was the result of four factors. First, the County's revenues exceeded the expenditures by \$1,228,737. Second, the County retired long-term debt in the amount of \$520,000 and issued Limited Tax Note, Series 2017 in the amount of \$970,000. Third, the County acquired capital assets in the amount of \$1,240,898 and recorded depreciation in the amount of \$629,105. Fourth, due to implementation of GASB Statement No. 75 a prior period adjustment was necessary in the amount of (\$170,698) and a net increase of \$7,332 due to recognition of deferred outflows, inflows and OPEB liability related to GASB 75 accounting and financial reporting for other post-employment benefits.

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

**NET POSITION**  
in thousands

	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 6,371	\$ 5,104
Capital Assets	14,584	13,972
Total Assets	\$ 20,955	\$ 19,076
Deferred Outflow of Resources	\$ 1,303	\$ 1,466
Long-Term Liabilities	\$ 6,164	\$ 6,296
Other Liabilities	946	779
Total Liabilities	\$ 7,110	\$ 7,075
Deferred Inflow of Resources	\$ 569	\$ 64
Net Position:		
Invested in Capital Assets		
Net of Related Debt	\$ 8,042	\$ 7,222
Restricted	1,475	1,127
Unrestricted	5,062	5,054
Total Net Position	\$ 14,579	\$ 13,403



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

**CHANGES IN NET POSITION**  
in thousands

	Governmental Activities	
	2018	2017
Revenues:		
Charges for Services	\$ 1,207	\$ 1,182
Property Taxes	5,634	5,067
Sales Tax	647	565
Other Taxes	36	18
Penalty and Interest	54	48
Investment Earnings	51	24
Miscellaneous	191	121
Grants	189	108
Total Revenue	<u>\$ 8,009</u>	<u>\$ 7,133</u>
Expenses:		
Judicial	\$ 1	\$
Financial Administration	195	180
Public Safety	2,372	2,319
General Administration	773	713
Tax Administration	372	369
Facilities Management	204	204
Roads and Bridges	695	674
Sanitation	99	78
Justice System	1,342	1,283
Juvenile Services	59	57
Health and Human Services	115	166
Conservation and Development	135	103
Culture and Recreation	12	12
Debt Service	289	265
Total Expenses	<u>\$ 6,663</u>	<u>\$ 6,423</u>
Increase in Net Position	\$ 1,346	\$ 710
Net Position - Beginning of Year	13,403	12,693
Prior Period Adjustment	(170)	
Net Position - End of Year	<u>\$ 14,579</u>	<u>\$ 13,403</u>

The cost of all governmental activities this year was \$6,662,775. However, as shown in the Statement of Activities on page 12, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$5,633,650 because the other costs were paid by sales tax (\$646,913), operating grants and capital grants (\$188,841), user charges (\$1,206,918), investment earnings (\$51,567) and other miscellaneous (\$190,654).

#### THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 15) reported a combined fund balance of \$5,818,480, which is more than last year's total of \$4,589,743. Included in this year's total change in fund balance is an increase of \$822,689 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 budget and the Road and Bridge Fund were more than budgeted amounts.

#### CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of 2018, the County had \$23,083,877 invested in a broad range of capital assets, including land, buildings, vehicles and equipment and other improvements. This amount represents a net increase of \$1,240,898, or 6.0 percent, more than last year.

#### CAPITAL ASSETS in thousands

	Governmental Activities	
	2018	2017
Land	\$ 1,300	\$ 1,300
Buildings	11,686	11,109
Improvements	4,884	4,674
Machinery & Equipment	4,502	4,016
Vehicles	712	712
Construction In Progress		32
Total Capital Assets	\$ 23,084	\$ 21,843
Accumulated Depreciation	8,500	7,871
Capital Assets, Net	\$ 14,584	\$ 13,972

This year's major additions included:

South Annex Project	\$	545,158
Precinct Paving Projects		209,938
CAD System		201,468
Dump Truck		80,000
Skid Steer		56,832
Vehicles and Equipment		<u>147,502</u>
<b>TOTAL</b>	<b>\$</b>	<b><u>1,240,898</u></b>

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

#### DEBT

At September 30, 2018, the County had the following outstanding debt:

	<b>OUTSTANDING DEBT</b>	
	in thousands	
	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Refunding Bonds	\$ 3,960	\$ 3,975
Certificates of Obligation	1,495	1,870
Limited Tax Note	840	
Total Outstanding Debt	<u>\$ 6,295</u>	<u>\$ 5,845</u>

At year-end the County had \$6,295,000 in certificates of obligation, refunding bonds and Limited Tax Notes outstanding, an increase in total debt of \$450,000 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 2019 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 2019. Amounts available for appropriation in the General Fund budget are \$6,509,460 and expenditures are estimated to be \$7,259,892. Estimated revenues for the Road and Bridge Fund are \$915,732 (including transfer from the general fund of \$379,732) and expenditures are estimated to be \$915,732.

If these estimates are realized, the County's budgetary General Fund balance will decrease by \$750,432 and the Road and Bridge Fund balance will remain the same by the close of 2019.

## CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

BLANCO COUNTY, TEXAS  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

EXHIBIT A-1

	Primary Government
	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,679,921
Investments - Current	3,284,573
Taxes Receivable, Net	119,503
Accounts Receivable (Net)	175,572
Due from Other Funds	74,600
Capital Assets:	
Land Purchase and Improvements	1,299,789
Buildings, Net	7,920,751
Improvements other than Buildings, Net	3,697,367
Furniture and Equipment, Net	1,666,234
Net Pension Asset	36,761
Total Assets	20,955,071
<b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred Charge for Refunding	789,100
Deferred Outflow Related to Pension Plan	497,696
Deferred Resource Outflow Related to OPEB	16,736
Total Deferred Outflows of Resources	1,303,532
<b>LIABILITIES</b>	
Accounts Payable	117,363
Wages and Salaries Payable	174,817
Intergovernmental Payable	50,609
Accrued Interest Payable	30,405
Unearned Revenues	28,333
Bonds Payable - Current	545,000
Noncurrent Liabilities:	
Bonds Payable - Noncurrent	5,996,978
Net OPEB Liability	166,856
Total Liabilities	7,110,361
<b>DEFERRED INFLOW OF RESOURCES</b>	
Deferred Inflow Related to Pension Plan	556,314
Deferred Resource Inflow Related to OPEB	13,246
Total Deferred Inflows of Resources	569,560
<b>NET POSITION</b>	
Net Investment in Capital Assets	8,042,163
Restricted for:	
Restricted for Debt Service	783,236
Restricted for Special Revenue	691,115
Unrestricted Net Position	5,062,168
Total Net Position	\$ 14,578,682

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

BLANCO COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
GOVERNMENTAL ACTIVITIES:			
Judicial	\$ 1,011	\$ -	\$ -
Financial Administration	194,785	-	21,290
General Administration	772,800	-	-
Tax Administration	371,436	5,075	220
Facilities Management	203,671	-	-
Public Safety	2,371,992	202,646	623
Roads and Bridges	694,364	502,431	42,723
Sanitation	99,531	-	2,000
Justice System	1,341,946	496,766	51,980
Juvenile Services	59,287	-	-
Health and Human Services	115,322	-	-
Culture and Recreation	12,455	-	-
Conservation and Development	134,604	-	56,805
Conservation	740	-	-
Bond Interest	258,528	-	-
Fiscal Agent's Fees	2,450	-	-
Issuance Costs	27,853	-	-
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 6,662,775</b>	<b>\$ 1,206,918</b>	<b>\$ 175,641</b>

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position-- Beginning

Prior Period Adjustment

Net Position--Ending

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

		Net (Expense) Revenue and Changes in Net Position
Capital Grants and Contributions	Primary Government Governmental	
\$	-	\$ (1,011)
	-	(173,495)
	-	(772,800)
	13,200	(352,941)
	-	(203,671)
	-	(2,168,723)
	-	(149,210)
	-	(97,531)
	-	(793,200)
	-	(59,287)
	-	(115,322)
	-	(12,455)
	-	(77,799)
	-	(740)
	-	(258,528)
	-	(2,450)
	-	(27,853)
\$	<u>13,200</u>	<u>(5,267,016)</u>

4,895,642  
738,008  
646,913  
36,521  
53,970  
190,654  
51,567

6,613,275

1,346,259

13,403,121

(170,698)

\$ 14,578,682



BLANCO COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2018

	General Fund	Road & Bridge Fund	Debt Service Fund
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,436,620	\$ 172,700	\$ 492,462
Investments - Current	3,284,573	-	-
Taxes Receivable	109,314	-	16,479
Allowance for Uncollectible Taxes (credit)	(5,466)	-	(824)
Accounts Receivable (Net)	114,954	27,589	-
Due from Other Funds	74,600	-	290,774
<b>Total Assets</b>	<b>\$ 5,014,595</b>	<b>\$ 200,289</b>	<b>\$ 798,891</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 64,283	\$ 24,019	\$ -
Wages and Salaries Payable	159,182	15,635	-
Intergovernmental Payable	50,609	-	-
Due to Other Funds	319,706	-	-
Unearned Revenues	28,333	-	-
<b>Total Liabilities</b>	<b>622,113</b>	<b>39,654</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue - Property Taxes	103,848	-	15,655
<b>Total Deferred Inflows of Resources</b>	<b>103,848</b>	<b>-</b>	<b>15,655</b>
<b>FUND BALANCES</b>			
Restricted Fund Balance:			
Restricted for Special Revenue	4,399	160,635	-
Capital Acquisition and Contractual Obligation	-	-	-
Retirement of Long-Term Debt	-	-	783,236
Unassigned Fund Balance	4,284,235	-	-
<b>Total Fund Balances</b>	<b>4,288,634</b>	<b>160,635</b>	<b>783,236</b>
<b>Total Liabilities, Deferred Inflows &amp; Fund Balances</b>	<b>\$ 5,014,595</b>	<b>\$ 200,289</b>	<b>\$ 798,891</b>

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

Capital Projects	Other Funds	Total Governmental Funds
\$ 59,894	\$ 518,245	\$ 2,679,921
-	-	3,284,573
-	-	125,793
-	-	(6,290)
-	7,965	150,508
-	28,931	394,305
<u>\$ 59,894</u>	<u>\$ 555,141</u>	<u>\$ 6,628,810</u>
\$ -	\$ 29,060	\$ 117,362
-	-	174,817
-	-	50,609
-	-	319,706
-	-	28,333
<u>-</u>	<u>29,060</u>	<u>690,827</u>
-	-	119,503
<u>-</u>	<u>-</u>	<u>119,503</u>
-	526,081	691,115
59,894	-	59,894
-	-	783,236
-	-	4,284,235
<u>59,894</u>	<u>526,081</u>	<u>5,818,480</u>
<u>\$ 59,894</u>	<u>\$ 555,141</u>	<u>\$ 6,628,810</u>

BLANCO COUNTY, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

<b>Total Fund Balances - Governmental Funds</b>	\$	5,818,480
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		8,680,010
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 2018 capital outlays and debt principal payments is to increase net position.		1,760,898
This fiscal year required that the County report their net pension asset in the Government Wide Statement of Net Position. The items reported as a result of this implementation included a net pension asset of \$36,761, a Deferred Resource Outflow of \$497,696 and a Deferred Resource Inflow of \$556,314. The net effect of these was to decrease the ending net position by \$21,857.		(21,857)
The County implemented GASB 75 reporting requirements for the OPEB benefit plan through TCDRS. Since this is the first year of implementation, a prior period adjustment had to be made in the amount of (\$170,698). The implementation resulted in an OPEB liability of \$166,856, a Deferred Resource Outflow of \$16,736 and a Deferred Resource Inflow of \$13,246. This resulted in a difference between the ending fund balance and the ending net position of (\$163,366).		(163,366)
The 2018 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(629,105)
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.		(866,378)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>14,578,682</b>

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

BLANCO COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Road & Bridge Fund	Debt Service Fund
<b>REVENUES:</b>			
Taxes:			
Property Taxes	\$ 4,876,569	\$ -	\$ 744,367
General Sales and Use Taxes	646,913	-	-
Other Taxes	36,521	-	-
Penalty and Interest on Taxes	53,970	-	-
Licenses and Permits	52,365	455,141	-
Intergovernmental Revenue and Grants	106,643	25,394	-
Charges for Services	383,331	-	-
Fines	56,223	146,424	-
Investment Earnings	51,566	-	-
Rents and Royalties	24,000	-	-
Other Revenue	145,627	-	-
Total Revenues	6,433,728	626,959	744,367
<b>EXPENDITURES:</b>			
Current:			
General Government:			
Judicial	-	-	-
Financial Administration	176,406	-	-
General Administration	649,428	-	-
Tax Administration	336,264	-	-
Facilities Management	184,311	-	-
Public Safety	2,156,782	-	-
Public Works:			
Roads and Bridges	-	818,689	-
Sanitation	90,110	-	-
Justice System	1,204,817	-	-
Juvenile Services	53,652	-	-
Health and Welfare:			
Health and Human Services	85,872	-	-
Culture and Recreation	12,455	-	-
Conservation and Development	89,961	-	-
Conservation	740	-	-
Debt Service:			
Principal on Debt	-	-	520,000
Bond Interest	-	-	207,520
Fiscal Agent's Fees	-	-	2,450
Issuance Costs	-	-	-
Capital Outlay:			
Capital Outlay	112,351	-	-
Total Expenditures	5,153,149	818,689	729,970
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,280,579	(191,730)	14,397
<b>OTHER FINANCING SOURCES (USES):</b>			
Issuance of Bonds	-	-	-
Sale of Real and Personal Property	39,326	-	-
Transfers In	-	352,365	144,851
Transfers Out (Use)	(497,216)	-	-
Total Other Financing Sources (Uses)	(457,890)	352,365	144,851
Net Change in Fund Balances	822,689	160,635	159,248
Fund Balance - October 1 (Beginning)	3,465,945	-	623,988
Fund Balance - September 30 (Ending)	\$ 4,288,634	\$ 160,635	\$ 783,236

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

Capital Projects	Other Funds	Total Governmental Funds
\$ -	\$ -	\$ 5,620,936
-	-	646,913
-	-	36,521
-	-	53,970
-	-	507,506
-	56,805	188,842
-	113,433	496,764
-	-	202,647
-	-	51,566
-	-	24,000
1,205	103	146,935
<u>1,205</u>	<u>170,341</u>	<u>7,976,600</u>
-	1,011	1,011
-	-	176,406
-	50,305	699,733
-	-	336,264
-	-	184,311
-	6,795	2,163,577
-	-	818,689
-	-	90,110
-	10,249	1,215,066
-	-	53,652
-	18,500	104,372
-	-	12,455
-	57,210	147,171
-	-	740
-	-	520,000
-	-	207,520
-	-	2,450
27,853	-	27,853
<u>883,458</u>	<u>-</u>	<u>995,809</u>
<u>911,311</u>	<u>144,070</u>	<u>7,757,189</u>
<u>(910,106)</u>	<u>26,271</u>	<u>219,411</u>
970,000	-	970,000
-	-	39,326
-	3,422	500,638
-	(3,422)	(500,638)
<u>970,000</u>	<u>-</u>	<u>1,009,326</u>
<u>59,894</u>	<u>26,271</u>	<u>1,228,737</u>
-	499,810	4,589,743
<u>\$ 59,894</u>	<u>\$ 526,081</u>	<u>\$ 5,818,480</u>

BLANCO COUNTY, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,228,737
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 2018 capital outlays and debt principal payments is to increase the change in net position.		1,760,898
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. The net effect on the change in net position on Exhibit B-1 is a decrease of \$3,767.		(3,767)
The implementation of GASB 75 to report the TCDRS OPEB plan resulted in a prior period adjustment in the amount of (\$170,698). The change in the ending net position as a result of reporting the OPEB items was an increase in net position in the amount of \$7,332.		7,332
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.		(629,105)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of bond sales, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.		(1,017,836)
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>1,346,259</u>

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

BLANCO COUNTY, TEXAS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2018

EXHIBIT E-1

	Private Purpose Trust Fund	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 109,945	\$ 217,981
Due from Other Governments	62,315	-
Total Assets	<u>172,260</u>	<u>\$ 217,981</u>
<b>LIABILITIES</b>		
Due to Other Funds	74,600	\$ -
Due to Others	-	217,981
Total Liabilities	<u>74,600</u>	<u>\$ 217,981</u>
<b>NET POSITION</b>		
Restricted for Schools	<u>97,660</u>	
Total Net Position	<u>\$ 97,660</u>	

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

BLANCO COUNTY, TEXAS  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT E-2

	Private Purpose Trust Fund
<hr/>	
ADDITIONS:	
Investment Earnings	\$ 53
Rents and Royalties	11,500
Total Additions	11,553
DEDUCTIONS:	
Other Operating Costs	11,553
Total Deductions	11,553
Change in Net Position	-
Total Net Position -October 1 (Beginning)	97,660
Total Net Position September 30 (Ending)	\$ 97,660

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



BLANCO COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

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

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

1.B. BASIS OF PRESENTATION

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

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

***Fund Financial Statements:***

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

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

The funds of the financial reporting entity are described below:

### **Governmental Funds**

#### General Fund

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

#### Special Revenue Funds

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

#### Debt Service Funds

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

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

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

#### Agency Funds

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

#### Private Purpose Trust Funds

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

### **Major and Nonmajor Funds**

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

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

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

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

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

### **Measurement Focus**

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

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

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

### **Basis of Accounting**

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

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

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

### **Cash and Cash Investments**

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

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

### **Receivables**

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

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

## **Fixed Assets**

### Government-wide Statements

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

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

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

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

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

### Fund Financial Statements

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

## **Long-term Debt**

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

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

## **Compensated Absences**

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

## **Fund Equity**

Beginning with fiscal year end September 30, 2011, the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

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

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

#### **Pensions**

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

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

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

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

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.

#### **Fair Value Measurements**

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

hierarchy as follows:

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

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

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

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

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

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

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

#### **Implementation of GASB Statement No. 75**

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

#### **Net Position**

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

#### **Use of Estimates**

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

### **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 2017 tax roll, the total assessed valuation was \$1,470,555,494 and the taxes assessed amounted to \$5,628,050. The total tax rate was \$.3970 per \$100

valuation and allocated \$.3451 to the General Fund and \$.0519 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, 2018, the carrying amount of the County's deposits was \$2,789,866 and the bank balance was \$2,853,965. The County's cash deposits held at Texas Regional Bank at September 30, 2018 and during the year ended September 30, 2018 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, 2018 are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
Texpool *	\$ 3,284,573	\$ 3,284,573	-	-

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

**Other Credit Risk:** There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, TexPool Investment Pool invests only in investments authorized under the Public Funds Investment Act. TexPool's portfolio has low marker (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2018, 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, 2018.

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	\$ 109,314	\$ 5,466	\$ 103,848
Nonmajor Fund - Debt Service	<u>16,479</u>	<u>824</u>	<u>15,655</u>
 TOTAL - ALL FUNDS	 <u>\$ 125,793</u>	 <u>\$ 6,290</u>	 <u>\$ 119,503</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 \$167,096 which represents amounts owed and outstanding at September 30, 2018. Based on historical collection rates for the various courts, the County has booked an allowance for uncollectible court fines and fees of \$142,032, resulting in a net receivable of \$25,064.

### 3.D. CAPITAL ASSETS

The following is a summary of capital asset activity for the year ended September 30, 2018.

	Balance 10/1/17	Additions	Deletions	Balance 9/30/18
<i>Governmental Activities:</i>				
Land	\$ 1,299,789	\$	\$	\$ 1,299,789
Buildings	11,108,989	577,106		11,686,095
Improvements	4,674,303	209,938		4,884,241
Machinery & Equipment	4,015,503	485,802		4,501,305
Vehicles	712,447			712,447
Construction In Progress	<u>31,948</u>		<u>31,948</u>	
Totals at Historic Cost	\$ 21,842,979	\$ 1,272,846	\$ 31,948	\$ 23,083,877
Less Accumulated Depreciation:				
Buildings	(3,536,430)	(228,913)		(3,765,343)
Improvements	(1,002,126)	(184,747)		(1,186,873)
Machinery & Equipment	(2,738,125)	(149,785)		(2,887,910)
Vehicles	<u>(593,950)</u>	<u>(65,660)</u>		<u>(659,610)</u>
Total Accumulated Depreciation	<u>\$ (7,870,631)</u>	<u>\$ (629,105)</u>	<u>\$</u>	<u>\$ (8,499,736)</u>
 Capital Assets, Net	 <u>\$ 13,972,348</u>	 <u>\$ 643,741</u>	 <u>\$ 31,948</u>	 <u>\$ 14,584,141</u>

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

Governmental Activities:	
Financial Administration	\$ 18,529
General Administration	73,498
Tax Administration	35,320
Facilities Management	19,360
Public Safety	227,256
Roads & Bridges	85,993
Sanitation	9,465
Justice System	127,627
Juvenile Services	5,635
Health & Human Services	10,963
Conservation & Development	<u>15,459</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 629,105</u>

3.E. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2018, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	General	\$ 28,932
Debt Service	General	290,774
General	Trust	<u>74,600</u>
 TOTAL		 <u>\$ 394,306</u>

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

Interfund Transfers:

	<u>Transfer In</u>		
	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 352,365	\$ 144,851	\$ 497,216
Special Revenue Fund	<u>3,422</u>	<u>          </u>	<u>3,422</u>
 TOTAL	 <u>\$ 355,787</u>	 <u>\$ 144,851</u>	 <u>\$ 500,638</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, 2018, the governmental long-term debt consisted of the following:

**Changes in Long-Term Debt**

	Balance 10/1/17	Issued	Retired	Balance 9/30/18	Due Within One Year
Certificates of Obligation Payable -					
Series 2009	\$ 590,000	\$ -	\$ 285,000	\$ 305,000	\$ 305,000
Series 2012	1,280,000	-	90,000	1,190,000	95,000
General Obligation Refunding Bonds -					
Series 2012	3,975,000	-	15,000	3,960,000	15,000
Limited Tax Note -					
Series 2017	<u>                    </u>	970,000	130,000	840,000	130,000
Subtotal	5,845,000	970,000	520,000	6,295,000	545,000
Premium on Refunding Bonds	240,122	-	20,292	219,830	-
OPEB Liability		170,698	3,842	166,856	
Comp Time	<u>37,211</u>	<u>                    </u>	<u>10,062</u>	<u>27,149</u>	<u>-</u>
<b>TOTAL LONG TERM DEBT</b>	<u><u>\$ 6,122,333</u></u>	<u><u>\$ 1,140,698</u></u>	<u><u>\$ 554,196</u></u>	<u><u>\$ 6,708,835</u></u>	<u><u>\$ 545,000</u></u>

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

Certificates of Obligation payable at September 30, 2018 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%.	\$ 305,000
\$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%.	3,960,000
\$1,730,000 Combination and Tax Revenue Certificates of Obligation, Series 2012 due in annual installments of principal and interest through August 1, 2029; interest at 2.0% to 3.0%.	1,190,000
\$970,000 Limited Tax Note Series 2017 due in annual installments of principal and interest through August 15, 2024, interest at 1.170% to 1.870%	<u>840,000</u>
<b>Total Long-Term Debt</b>	<u><u>\$ 6,295,000</u></u>

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

Year Ended September 30	Principal	Interest	Total
2019	\$ 545,000	188,704	\$ 733,704
2020	565,000	165,556	730,556
2021	590,000	151,177	741,177
2022	600,000	136,049	736,049
2023	625,000	120,403	745,403
2024 – 2028	2,790,000	351,553	3,141,553
2029 – 2033	580,000	18,538	598,538
Totals	<u>\$ 6,295,000</u>	<u>\$ 1,131,980</u>	<u>\$ 7,426,980</u>

3.H. LONG-TERM DEBT ADVANCE REFUNDING

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

Description	Refunded Amount	Balance 9/30/18
Certificates of Obligation - Series 2009	<u>\$ 4,340,000</u>	<u>\$ 4,340,000</u>

NOTE 4 - OTHER NOTES

4.A. EMPLOYEE RETIREMENT PLAN

**Plan Description**

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

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

- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Blanco County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2016 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

*Members covered by benefit terms.*

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	43
Active employees	<u>75</u>
	162

**Contributions**

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

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

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

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

The contribution rate payable by the employee members for calendar year 2017 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2018 were \$206,622, and were equal to the required contributions.

**Net Pension Liability**

The County's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

***Actuarial assumptions:***

The Total Pension Liability in December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal <sup>(1)</sup>
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	8.10%
Cost of Living Adjustments	Cost-of-Living Adjustments for Blanco County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	RP-2014 Mortality Tables

*(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.*

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2018 information for a 10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (Expected Minus Inflation) (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup>	16.00%	7.55%
Global Equities	MSCI World (Net) Index	1.50%	4.85%
International Equities – Developed	MSCI World Ex USA (Net)	11.00%	4.55%
International Equities – Emerging	MSCI Emerging Markets (net) Index	8.00%	5.55%
Investment – Grade Bonds	Bloomberg Barclays Aggregate Bond Index	3.00%	.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S & P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index <sup>(4)</sup>	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	4.05%
Master Limited Partnerships (MLPs)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index <sup>(5)</sup>	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	18.00%	4.10%

<sup>(1)</sup> Target asset allocation adopted at the April 2018 TCDRS Board meeting

<sup>(2)</sup> Geometric real rates of return equal the expected return minus the assumed Inflation rate of 1.95%, per Cliffwater's 2018 capital market assumptions.

<sup>(3)</sup> Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

<sup>(4)</sup> Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

<sup>(5)</sup> Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

### Discount Rate

The discount rate used to measure the Total Pension Liability was 8.10%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pensions plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a)-(b)
Balances as of December 31, 2016	\$ 8,129,485	\$ 7,565,911	\$ 563,574
Changes for the Year:			
Service Cost	308,115		308,115
Interest on Total Pension Liability <sup>(1)</sup>	664,095		664,095
Effect of Plan Changes <sup>(2)</sup>			
Effects of Economic/Demographic			
Gains or Losses	(175,305)		(175,305)
Effect of Assumptions Changes or Inputs	70,234		70,234
Refund of Contributions	(65,034)	(65,034)	
Benefit Payments	(422,251)	(422,251)	
Administrative Expenses	-	(5,683)	5,683
Member Contributions	-	176,419	(176,419)
Net Investment Income	-	1,102,509	(1,102,509)
Employer Contributions	-	195,825	(195,825)
Other <sup>(3)</sup>	-	(1,595)	1,595
Balances as of December 31, 2017	\$ <u>8,509,338</u>	\$ <u>8,546,099</u>	\$ <u>(36,761)</u>

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

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

<sup>(3)</sup> Relates to allocation of system-wide items.

Sensitivity Analysis

The following presents the net pension liability of the county/district, calculated using the discount rate of 8.10%, as well as what the Blanco County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.10%) or 1 percentage point higher (9.10%) than the current rate.

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total Pension Liability	\$ 9,451,552	\$ 8,509,338	\$ 7,703,726
Fiduciary Net Position	<u>8,546,099</u>	<u>8,546,099</u>	<u>8,546,099</u>
Net Pension Liability/(Asset)	\$ <u>905,453</u>	\$ <u>(36,761)</u>	\$ <u>(842,373)</u>



**Pension Expense / (Income)**

<u>Prepaid Expense/(Income)</u>	<u>January 1, 2017 to December 31, 2017</u>
Service Cost	\$ 308,115
Interest on Total Pension Liability <sup>(1)</sup>	664,095
Effect of Plan Changes	
Administrative Expenses	5,683
Member Contributions	(176,419)
Expected Investment Return Net of Investment Expenses	(607,981)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(64,956)
Recognition of Assumption Changes or Inputs	40,608
Recognition of Investment Gains or Losses	39,524
Other <sup>(2)</sup>	<u>1,595</u>
 Pension Expense/(Income)	 <u>\$ 210,265</u>

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

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

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 395,622	\$ 269,744
Changes of assumptions	-	75,726
Net difference between projected and actual earnings	160,692	
Contributions made subsequent to measurement date <sup>(3)</sup>		152,226

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	
2018	\$ 7,092
2019	(4,146)
2020	(114,885)
2021	(98,905)
2022	-
Thereafter <sup>(4)</sup>	-

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

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

4.B. GROUP TERM LIFE FUND (OPEB)

**Plan Description**

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

- a. Blanco County participates in the retiree Group Term Life program for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
  - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employer that have elected participation in the retiree Group Term Life program are included in the OPEB plan.
  - 2) The plan provides a \$5,000 post-retirement death benefit to beneficiaries to services retirees and disability retirees of employers that have elected participation in the retiree GTL program.
  - 3) The OPEB benefit is a fixed \$5,000 lump-sum benefit.
  - 4) No future increases are assumed in the \$5,000 benefit amount.
  - 5) Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out (or opt into) coverage as of Jan. 1 each year.
- c. Membership information is shown in the chart below.
- d. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL fund does not meet the requirements of a trust under Paragraph 4b of GASB 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan.
- e. Benefits terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of Jan. 1 each year. The county's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

*Members covered by benefit terms.*

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	34
Inactive employees entitled to but not yet receiving benefits	11
Active employees	75
	120

**Contributions**

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

The following shows a breakdown of the employer's contributions to the GTL program for the calendar year 2017. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments used to calculate changes in total OPEB liability. The contributions for active coverage are not considered an OPEB benefit under GASB 75, so there should be no change in how these amounts are reported.

Coverage Type	2017 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.37%	9,325	No change from prior year
Retiree GTL Benefit	0.27%	6,805	GASB 75

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2017 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 26.82927%, allocated as follows:

Coverage Type	2017 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.34%	56.66667%	No change from prior year
Retiree GTL Benefit	0.26%	43.33333%	GASB 75

The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2018 were \$34,617, and were equal to the required contributions.

### **Total OPEB Liability**

The County's Total OPEB Liability (NPL) was measured as of December 31, 2017, and was determined by an actuarial valuation as of that date.

### **Actuarial assumptions:**

The Total OPEB Liability as of December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	3.44% 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2017.
Cost of Living Adjustments	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.

Mortality	RP-2014 Mortality Tables
Retirement	Deferred members are assumed to retire (100% probability) at the later of: a) age 60 b) earliest retirement eligibility ** For all eligible members ages 75 and later, retirement is assumed to occur immediately.
Other Termination of Employment	For non-depositing members who are not vested, 100% are assumed to elect a withdrawal. No termination after eligibility for retirement is assumed.

**Discount Rate**

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both active and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on a 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 3.44% based on the 20 Year Bond Go Index published by bondbuyer.com is used as of the measurement date of December 31, 2017. At transition, GASB 75 also requires that the Total OPEB Liability (TOL) as of the prior fiscal year end be estimated based on the 20 Year Bond GO Index as of the prior fiscal year end. The TOL was estimated as of December 31, 2016 using a discount rate of 3.78% as of December 31, 2016.

**Changes in Total OPEB Liability**

	Changes in Total OPEB Liability
Balances as of December 31, 2016	\$ 170,698
Changes for the year:	
Service Cost	6,265
Interest on total OPEB liability <sup>(1)</sup>	6,562
Changes of benefit terms <sup>(2)</sup>	-
Effect of economic/demographic experience	(15,896)
Effect of assumptions changes or inputs	6,031
Benefit payments	(6,805)
Other	-
Balance as of December 31, 2017	\$ 166,855

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

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

<sup>(3)</sup> Reflects change in discount rate and the new assumptions adopted based on the January 1, 2013- December 31, 2016 Investigation of Experience

**Sensitivity Analysis**

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 3.44%, as well as what the Blanco County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.44%) or 1 percentage point higher (4.44%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	2.44%	3.44%	4.44%
Total OPEB Liability	\$ 195,840	\$ 166,855	\$ 144,090

**OPEB Expense/ (Income)**

	January 1, 2017 to December 31, 2017
Service Cost	6,265
Interest on total OPEB liability <sup>(1)</sup>	6,562
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(2,649)
Recognition of assumption changes or inputs	1,005
Other	-
OPEB expense/(income)	11,183

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

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 13,246	\$ -
Changes of assumptions	-	5,026
Contributions made subsequent to measurement date	N/A	11,710

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits, excluding contributions made subsequent to the measurement date, will be recognized in OPEB expense as follows:

Year ended December 31:	
2018	\$ (1,644)
2019	(1,644)
2020	(1,644)
2021	(1,644)
2022	(1,644)
Thereafter <sup>(1)</sup>	-

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

**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, 2018 in excess of the permanent portion is carried forward to the subsequent fiscal periods as a State required reserve of sufficient amount to pay the ad valorem taxes.

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

#### 4.E. CONTINGENT LIABILITIES

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

#### 4.F. PRIOR PERIOD ADJUSTMENT

During fiscal year 2018, the County adopted GASB Statement No. 75 for *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Under GASB Statement No. 75 the County must report their Total OPEB Liability of the TCDRS (Texas County & District Retirement System) Group-Term Life program. Adoption of GASB Statement No. 75 required a prior period adjustment in the governmental activities of (\$170,698). The restated beginning net position balance is \$13,232,423.

#### 4.G. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 20, 2019, the date which the financial statements were available to be issued. In October 2018 the County entered into a capital lease with Government Capital Corporation in the amount of \$322,487. The County is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

BLANCO COUNTY, TEXAS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes:				
Property Taxes	\$ 4,782,714	\$ 4,782,714	\$ 4,876,569	\$ 93,855
General Sales and Use Taxes	490,000	490,000	646,913	156,913
Other Taxes	8,000	8,000	36,521	28,521
Penalty and Interest on Taxes	35,000	35,000	53,970	18,970
Licenses and Permits	33,000	33,000	52,365	19,365
Intergovernmental Revenue and Grants	58,760	61,123	106,643	45,520
Charges for Services	261,150	261,150	383,331	122,181
Fines	45,600	45,600	56,223	10,623
Investment Earnings	1,000	1,000	51,566	50,566
Rents and Royalties	24,000	24,000	24,000	-
Contributions & Donations from Private Sources	1,000	1,000	-	(1,000)
Other Revenue	7,000	8,753	145,627	136,874
<b>Total Revenues</b>	<b>5,747,224</b>	<b>5,751,340</b>	<b>6,433,728</b>	<b>682,388</b>
<b>EXPENDITURES:</b>				
Current:				
Financial Administration	176,459	196,459	176,406	20,053
General Administration	900,431	873,636	649,428	224,208
Tax Administration	349,048	349,048	336,264	12,784
Facilities Management	243,905	243,905	184,311	59,594
Public Safety	2,469,311	2,481,498	2,156,782	324,716
Sanitation	98,982	98,982	90,110	8,872
Justice System	1,375,310	1,377,704	1,204,817	172,887
Juvenile Services	53,652	53,652	53,652	-
Health and Human Services	193,371	246,973	85,872	161,101
Culture and Recreation	-	12,500	12,455	45
Conservation and Development	158,843	94,743	89,961	4,782
Conservation	-	-	740	(740)
Capital Outlay:				
Capital Outlay	163,835	209,777	112,351	97,426
<b>Total Expenditures</b>	<b>6,183,147</b>	<b>6,238,877</b>	<b>5,153,149</b>	<b>1,085,728</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(435,923)</b>	<b>(487,537)</b>	<b>1,280,579</b>	<b>1,768,116</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Sale of Real and Personal Property	28,800	28,800	39,326	10,526
Transfers Out (Use)	(352,365)	(352,365)	(497,216)	(144,851)
<b>Total Other Financing Sources (Uses)</b>	<b>(323,565)</b>	<b>(323,565)</b>	<b>(457,890)</b>	<b>(134,325)</b>
<b>Net Change in Fund Balances</b>	<b>(759,488)</b>	<b>(811,102)</b>	<b>822,689</b>	<b>1,633,791</b>
Fund Balance - October 1 (Beginning)	3,465,945	3,465,945	3,465,945	-
<b>Fund Balance - September 30 (Ending)</b>	<b>\$ 2,706,457</b>	<b>\$ 2,654,843</b>	<b>\$ 4,288,634</b>	<b>\$ 1,633,791</b>

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



BLANCO COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - SPECIAL REVENUE- FUND- ROAD & BRIDGE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
<b>REVENUES:</b>				
Licenses and Permits	\$ 436,000	\$ 420,000	\$ 455,141	\$ 35,141
Intergovernmental Revenue and Grants	-	16,000	25,394	9,394
Fines	96,000	96,000	146,424	50,424
Total Revenues	532,000	532,000	626,959	94,959
<b>EXPENDITURES:</b>				
Public Works	884,365	857,531	818,689	38,842
Capital Outlay:				
Capital Outlay	-	136,832	-	136,832
Total Expenditures	884,365	994,363	818,689	175,674
Excess (Deficiency) of Revenues Over (Under) Expenditures	(352,365)	(462,363)	(191,730)	270,633
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	352,365	352,365	352,365	-
Total Other Financing Sources (Uses)	352,365	352,365	352,365	-
Change in Fund Balance	-	(109,998)	160,635	270,633
Fund Balance - October 1 (Beginning)	-	-	-	-
Fund Balance - September 30 (Ending)	\$ -	\$ (109,998)	\$ 160,635	\$ 270,633

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

BLANCO COUNTY, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

EXHIBIT G-3

	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
<b>A. Total Pension Liability</b>				
Service Cost	\$ 308,115	\$ 298,580	\$ 277,626	\$ 266,960
Interest (on the Total Pension Liability)	664,095	616,075	580,585	537,964
Changes of Benefit Terms	70,234	-0-	(26,977)	-0-
Difference between Expected and Actual Experience	(175,305)	(37,860)	(66,371)	32,334
Changes of Assumptions	-0-	-0-	92,199	-0-
Benefit Payments, including refunds of employee contributions	(487,285)	(405,683)	(389,059)	(309,055)
Net change in Total Pension Liability	\$ 379,853	\$ 471,112	\$ 468,002	\$ 528,203
Total Pension Liability - Beginning	8,129,485	7,658,373	7,190,371	6,662,168
Total Pension Liability - Ending	\$ 8,509,338	\$ 8,129,485	\$ 7,658,373	\$ 7,190,371
<b>B. Total Fiduciary Net Position</b>				
Contributions - Employer	\$ 195,825	\$ 205,809	\$ 203,480	\$ 198,429
Contributions - Employee	176,419	169,291	166,982	157,842
Net Investment Income	1,102,509	520,443	21,582	448,322
Benefit Payments, including refunds of employee contributions	(487,285)	(405,683)	(389,059)	(309,055)
Administrative Expense	(5,683)	(5,692)	(5,075)	(5,214)
Other	(1,595)	7,229	49,865	24,255
Net Change in Plan Fiduciary Net Position	\$ 980,188	\$ 491,397	\$ 47,776	\$ 514,580
Plan Fiduciary Net Position - Beginning	7,565,911	7,074,514	7,026,738	6,512,159
Plan Fiduciary Net Position - Ending	\$ 8,546,099	\$ 7,565,911	\$ 7,074,514	\$ 7,026,739
<b>C. Net Pension Liability</b>				
	\$ (36,761)	\$ 563,574	\$ 583,859	\$ 163,633
<b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>				
	100.43%	93.07%	92.38%	97.72%
<b>E. Covered Payroll</b>				
	\$ 2,520,267	\$ 2,418,441	\$ 2,385,462	\$ 2,254,881
<b>F. Net Pension Liability as a Percentage of Covered Payroll</b>				
	(1.46%)	23.30%	24.48%	7.26%

Note: GASB 68, Paragraph 46, a and b requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

Note: Only four years of data are presented in accordance with GASBS #68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

BLANCO COUNTY, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2018

	2018	2017	2016
Actuarially Determined Contribution	\$ 206,622	\$ 197,800	\$ 201,155
Contributions in Relation to the Actuarially Determined Contributions	206,622	197,800	201,155
Contribution Deficiency (Excess)	\$ -0-	\$ -0-	\$ -0-
Covered Employee Payroll	\$ 2,651,694	\$ 2,482,744	\$ 2,362,325
Contributions as a Percentage of Covered Employee Payroll	7.80%	7.97%	8.52%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

	2015	2014	2013	2012	2011	2010	2009
\$	203,480	\$ 198,429	\$ 186,963	\$ 177,602	\$ 151,934	\$ 145,150	\$ 131,640
	203,480	198,429	186,963	177,602	151,934	145,150	131,640
\$	-0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
\$	2,385,462	\$ 2,254,881	\$ 2,176,525	\$ 2,096,839	\$ 1,887,394	\$ 1,805,350	\$ 1,786,157
	8.50%	8.80%	8.60%	8.50%	8.00%	8.00%	7.40%

BLANCO COUNTY  
 NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
 SEPTEMBER 30, 2018

**Valuation Date:**

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported

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

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of payroll, closed
Remaining Amortization Period	10.6 years (based on contribution rate calculated in 12/31/2017 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.0%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.

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

BLANCO COUNTY, TEXAS  
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS  
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>FY 2018</u> <u>Plan Year 2017</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 6,265
Interest on the Total OPEB Liability	6,562
Changes of Benefit Terms	-0-
Difference between Expected and Actual Experience	6,031
Changes of Assumptions	(15,896)
Benefit Payments*	(6,805)
Net change in Total OPEB Liability	<u>(3,843)</u>
Total OPEB Liability - Beginning	<u>170,698</u>
Total OPEB Liability - Ending	<u><u>\$ 166,855</u></u>
<b>Covered Payroll</b>	<b>\$ 2,520,267</b>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>6.62%</b>

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

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

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

BLANCO COUNTY  
 NOTES TO THE SCHEDULE OF CHANGES IN THE  
 TOTAL OPEB LIABILITY AND RELATED RATIOS  
 SEPTEMBER 30, 2018

**Valuation Date:** Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported

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

Actuarial Cost Method	Entry Age
Amortization Method	
Recognition of economic /demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	3.44%, 20 Year Bond GO Index published by bondbuyer.com as of December 28, 2017.
Cost of Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	RP-2014 Healthy Annuitant Mortality Table
Retirement	Deferred member are assumed to retire (100% probability at the later of: a) age 60 b) earliest retirement eligibility
Other Termination of Employment	The rate of assumed future termination from active participation in the plan vary. No termination after eligibility for retirement is assumed.

SUPPLEMENTARY INFORMATION



BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,896	\$ 5,884	\$ 133,712	\$ 44,976
Accounts Receivable (Net)	180	301	2,965	1,024
Due from Other Funds	-	2,804	10,790	5,355
Total Assets	<u>\$ 7,076</u>	<u>\$ 8,989</u>	<u>\$ 147,467</u>	<u>\$ 51,355</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 28,627	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>28,627</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	7,076	8,989	118,840	51,355
Total Fund Balances	<u>7,076</u>	<u>8,989</u>	<u>118,840</u>	<u>51,355</u>
Total Liabilities and Fund Balances	<u>\$ 7,076</u>	<u>\$ 8,989</u>	<u>\$ 147,467</u>	<u>\$ 51,355</u>

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

Child Safety Program	Records Management Dist Clerk	Countywide Emergency Radio	District Clerk Records Management	JP#1 Technology	JP#2 Technology	County Clerk Archive	Vital Statistics Preservation
\$ 81,473	\$ 694	\$ 5,000	\$ 1,239	\$ 12,133	\$ 3,500	\$ 185,952	\$ 2,079
442	-	-	62	400	228	1,742	9
9,982	-	-	-	-	-	-	-
<u>\$ 91,897</u>	<u>\$ 694</u>	<u>\$ 5,000</u>	<u>\$ 1,301</u>	<u>\$ 12,533</u>	<u>\$ 3,728</u>	<u>\$ 187,694</u>	<u>\$ 2,088</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 433	\$ -	\$ -
-	-	-	-	-	433	-	-
91,897	694	5,000	1,301	12,533	3,295	187,694	2,088
91,897	694	5,000	1,301	12,533	3,295	187,694	2,088
<u>\$ 91,897</u>	<u>\$ 694</u>	<u>\$ 5,000</u>	<u>\$ 1,301</u>	<u>\$ 12,533</u>	<u>\$ 3,728</u>	<u>\$ 187,694</u>	<u>\$ 2,088</u>

BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Supplemental Guardianship Fees
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,905	\$ 8,901	\$ 803	\$ 5,200
Accounts Receivable (Net)	75	45	-	100
Due from Other Funds	-	-	-	-
Total Assets	<u>\$ 1,980</u>	<u>\$ 8,946</u>	<u>\$ 803</u>	<u>\$ 5,300</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	1,980	8,946	803	5,300
Total Fund Balances	<u>1,980</u>	<u>8,946</u>	<u>803</u>	<u>5,300</u>
Total Liabilities and Fund Balances	<u>\$ 1,980</u>	<u>\$ 8,946</u>	<u>\$ 803</u>	<u>\$ 5,300</u>

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

Child Abuse Prevention	District Court Technology	County Clerk Technology	District Court Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	Sheriff Seized Assets
\$ 389	\$ 793	\$ 1,025	\$ 1,878	\$ 5,275	\$ 6,802	\$ 238	\$ 346
-	28	9	70	80	45	-	-
-	-	-	-	-	-	-	-
<u>\$ 389</u>	<u>\$ 821</u>	<u>\$ 1,034</u>	<u>\$ 1,948</u>	<u>\$ 5,355</u>	<u>\$ 6,847</u>	<u>\$ 238</u>	<u>\$ 346</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
389	821	1,034	1,948	5,355	6,847	238	346
<u>389</u>	<u>821</u>	<u>1,034</u>	<u>1,948</u>	<u>5,355</u>	<u>6,847</u>	<u>238</u>	<u>346</u>
<u>\$ 389</u>	<u>\$ 821</u>	<u>\$ 1,034</u>	<u>\$ 1,948</u>	<u>\$ 5,355</u>	<u>\$ 6,847</u>	<u>\$ 238</u>	<u>\$ 346</u>

BLANCO COUNTY, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 SEPTEMBER 30, 2018

EXHIBIT H-1

	E-Filing Service Fee	TCEQ Grant	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,152	\$ -	\$ 518,245	\$ 518,245
Accounts Receivable (Net)	160	-	7,965	7,965
Due from Other Funds	-	-	28,931	28,931
Total Assets	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 555,141</u>	<u>\$ 555,141</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ -	\$ -	\$ 29,060	\$ 29,060
Total Liabilities	<u>-</u>	<u>-</u>	<u>29,060</u>	<u>29,060</u>
<b>FUND BALANCES</b>				
Restricted Fund Balance:				
Restricted for Special Revenue	1,312	-	526,081	526,081
Total Fund Balances	<u>1,312</u>	<u>-</u>	<u>526,081</u>	<u>526,081</u>
Total Liabilities and Fund Balances	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 555,141</u>	<u>\$ 555,141</u>

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

BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Hot Check Fund	Records Management County Clerk	Records Preservation	Courthouse Security
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ -
Charges for Services	572	2,618	38,186	11,754
Other Revenue	-	-	-	-
Total Revenues	<u>572</u>	<u>2,618</u>	<u>38,186</u>	<u>11,754</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	1,488	48,817	-
Public Safety	-	-	-	6,795
Public Works:				
Justice System	583	-	-	-
Health and Welfare:				
Health and Human Services	-	-	-	-
Conservation and Development	-	-	-	-
Total Expenditures	<u>583</u>	<u>1,488</u>	<u>48,817</u>	<u>6,795</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11)</u>	<u>1,130</u>	<u>(10,631)</u>	<u>4,959</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(11)	1,130	(10,631)	4,959
Fund Balance - October 1 (Beginning)	<u>7,087</u>	<u>7,859</u>	<u>129,471</u>	<u>46,396</u>
Fund Balance - September 30 (Ending)	<u><u>\$ 7,076</u></u>	<u><u>\$ 8,989</u></u>	<u><u>\$ 118,840</u></u>	<u><u>\$ 51,355</u></u>

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

Child Safety Program	Records Management Dist Clerk	Countywide Emergency Radio	District Clerk Records Management	JP#1 Technology	JP#2 Technology	County Clerk Archive	Vital Statistics Preservation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,931	320	-	857	4,485	2,076	22,035	277
-	-	-	-	-	-	-	-
<u>21,931</u>	<u>320</u>	<u>-</u>	<u>857</u>	<u>4,485</u>	<u>2,076</u>	<u>22,035</u>	<u>277</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	5,721	433	-	941
18,500	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>18,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,721</u>	<u>433</u>	<u>-</u>	<u>941</u>
<u>3,431</u>	<u>320</u>	<u>-</u>	<u>857</u>	<u>(1,236)</u>	<u>1,643</u>	<u>22,035</u>	<u>(664)</u>
-	-	-	-	-	-	-	-
-	-	-	(3,422)	-	-	-	-
-	-	-	<u>(3,422)</u>	-	-	-	-
3,431	320	-	(2,565)	(1,236)	1,643	22,035	(664)
<u>88,466</u>	<u>374</u>	<u>5,000</u>	<u>3,866</u>	<u>13,769</u>	<u>1,652</u>	<u>165,659</u>	<u>2,752</u>
<u>\$ 91,897</u>	<u>\$ 694</u>	<u>\$ 5,000</u>	<u>\$ 1,301</u>	<u>\$ 12,533</u>	<u>\$ 3,295</u>	<u>\$ 187,694</u>	<u>\$ 2,088</u>

BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Third Court of Appeals	Family Protection Plan	Chapter 19 Funds	Supplemental Guardianship Fees
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ -	\$ -	\$ -
Charges for Services	970	676	1,166	1,220
Other Revenue	-	-	-	-
Total Revenues	<u>970</u>	<u>676</u>	<u>1,166</u>	<u>1,220</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	-	-	-	-
Public Safety	-	-	-	-
Public Works:				
Justice System	-	-	921	-
Health and Welfare:				
Health and Human Services	-	-	-	-
Conservation and Development	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>921</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>970</u>	<u>676</u>	<u>245</u>	<u>1,220</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	-	-
Transfers Out (Use)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	970	676	245	1,220
Fund Balance - October 1 (Beginning)	<u>1,010</u>	<u>8,270</u>	<u>558</u>	<u>4,080</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,980</u>	<u>\$ 8,946</u>	<u>\$ 803</u>	<u>\$ 5,300</u>

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



Child Abuse Prevention	District Court Technology	County Clerk Technology	District Court Record Preservation	County Court Record Preservation	District Court Civil Tech Fee	Blanco County Historical Commission	Sheriff Seized Assets
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	112	126	1,387	755	780	-	-
-	-	-	-	-	-	103	-
-	112	126	1,387	755	780	103	-
-	1,011	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,650	-	-	-	-
-	-	-	-	-	-	-	-
-	1,011	-	1,650	-	-	-	-
-	(899)	126	(263)	755	780	103	-
-	-	-	-	-	3,422	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	3,422	-	-
-	(899)	126	(263)	755	4,202	103	-
389	1,720	908	2,211	4,600	2,645	135	346
<u>\$ 389</u>	<u>\$ 821</u>	<u>\$ 1,034</u>	<u>\$ 1,948</u>	<u>\$ 5,355</u>	<u>\$ 6,847</u>	<u>\$ 238</u>	<u>\$ 346</u>

BLANCO COUNTY, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	E-Filing Service Fee	TCEQ Grant	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Intergovernmental Revenue and Grants	\$ -	\$ 56,805	\$ 56,805	\$ 56,805
Charges for Services	1,130	-	113,433	113,433
Other Revenue	-	-	103	103
Total Revenues	<u>1,130</u>	<u>56,805</u>	<u>170,341</u>	<u>170,341</u>
<b>EXPENDITURES:</b>				
Current:				
General Government:				
Judicial	-	-	1,011	1,011
General Administration	-	-	50,305	50,305
Public Safety	-	-	6,795	6,795
Public Works:				
Justice System	-	-	10,249	10,249
Health and Welfare:				
Health and Human Services	-	-	18,500	18,500
Conservation and Development	-	57,210	57,210	57,210
Total Expenditures	<u>-</u>	<u>57,210</u>	<u>144,070</u>	<u>144,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,130</u>	<u>(405)</u>	<u>26,271</u>	<u>26,271</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	3,422	3,422
Transfers Out (Use)	-	-	(3,422)	(3,422)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,130	(405)	26,271	26,271
Fund Balance - October 1 (Beginning)	<u>182</u>	<u>405</u>	<u>499,810</u>	<u>499,810</u>
Fund Balance - September 30 (Ending)	<u>\$ 1,312</u>	<u>\$ -</u>	<u>\$ 526,081</u>	<u>\$ 526,081</u>

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

BLANCO COUNTY, TEXAS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	BALANCE OCTOBER 1 2017	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2018
<b>OFFICIALS FINES AND FEES</b>				
Assets:				
Cash and Cash Equivalents	\$ 211,678	\$ 3,691,275	\$ 3,684,972	\$ 217,981
Liabilities:				
Due to Others	\$ 211,678	\$ 3,691,275	\$ 3,684,972	\$ 217,981
 <b>TOTAL AGENCY FUNDS</b>				
Assets:				
Cash and Cash Equivalents	\$ 211,678	\$ 3,691,275	\$ 3,684,972	\$ 217,981
Liabilities:				
Due to Others	\$ 211,678	\$ 3,691,275	\$ 3,684,972	\$ 217,981

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

**NEFFENDORF & KNOPP, P.C.**  
**Certified Public Accountants**

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CERTIFIED PUBLIC ACCOUNTANTS

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, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 20, 2019.

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 March 20, 2019.

Sincerely,

A handwritten signature in blue ink that reads "Neffendorf + Knopp, PC". The signature is written in a cursive, flowing style.

NEFFENDORF & KNOPP, P.C.  
Fredericksburg, Texas

March 20, 2019

# *NEFFENDORF & KNOPP, P.C.*

## *Certified Public Accountants*

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MEMBER  
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MEMBER  
TEXAS SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

March 20, 2019

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, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 19, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Blanco are described in Note I to the financial statements. GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* was adopted and the application of existing policies was not changed during the year ended September 30, 2018. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

#### *Difficulties Encountered in Performing the Audit*

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

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 20, 2019.

### *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

#### General Fund

The County did not record the interest earned on the TexPool investments. We recommend the County record the interest during the fiscal year.

#### Debt Service Fund

I & S taxes were recorded in the General Fund and I & S debt payments were recorded in the General Fund. We recommend I & S revenues and expenditures be recorded in the Debt Service Fund.

#### Budget – Road & Bridge Fund

The amended budget for the Road & Bridge Fund had a negative (deficit) ending fund balance. The County should budget the appropriate amount of transfers to clear the negative (deficit) fund balance.

#### Budget – General Fund

Interest and Sinking tax revenue and debt payments are budgeted for in the General Fund. The County did correct this for the 2018-2019 budget.

#### Capital Projects Fund

A new bank account was opened to comply with the issue of the Limited Tax Note, Series 2017 (\$970,000) and the proceeds of the issue were deposited into the account. The County did not record the bank account in the Capital Projects Fund or in the general ledger. We recommend the County record all bank accounts.

County Clerk

There are old outstanding checks on the County Clerk's bond bank account reconciliation. We recommend the old items be researched to determine if the funds should be re-issued or escheated to the State.

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, PC*

NEFFENDORF & KNOPP, P.C.

Fredericksburg, Texas