

ANNUAL FINANCIAL REPORT

of the

CITY OF BLANCO, TEXAS

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

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CITY OF BLANCO, TEXAS

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September 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of Blanco, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blanco, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City'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.

Auditors' 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 from 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 auditors' 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 City'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 City'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, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment benefits liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, 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 the City's basic financial statements. The combining statements are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining 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 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 July 29, 2022 on our consideration of the City'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 the effectiveness of the City's 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 the City's internal control over financial reporting and compliance.



Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
July 29, 2022

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

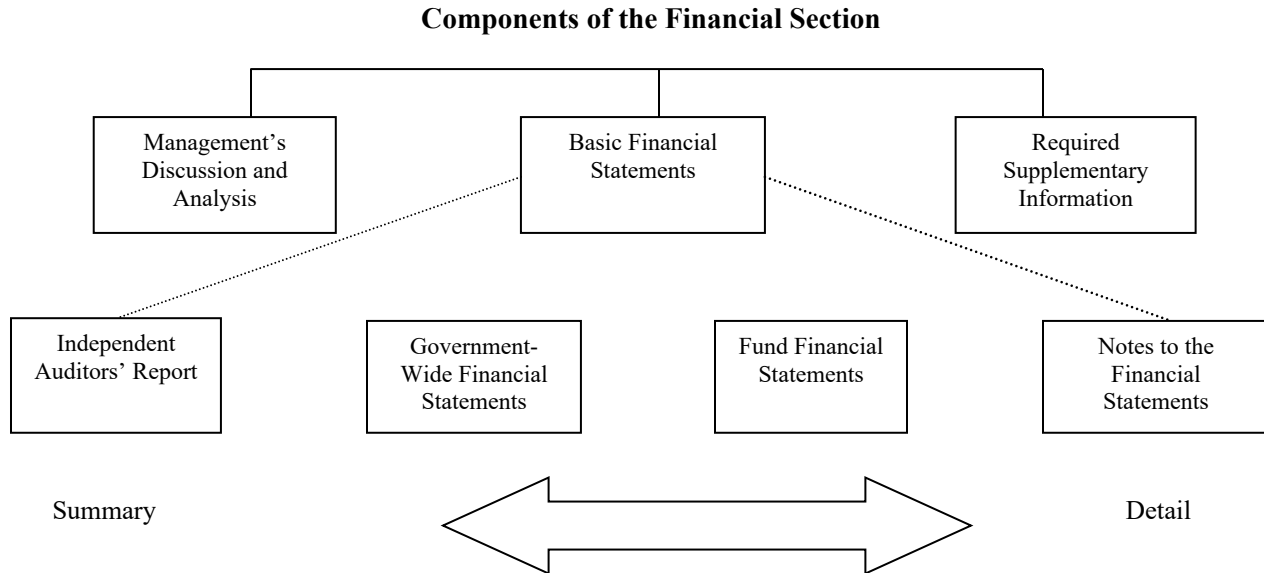
CITY OF BLANCO, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2021

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Blanco, Texas (the "City") for the year ended September 30, 2021. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting method used by most private-sector companies. All of the current year revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

CITY OF BLANCO, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2021

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including general government, public safety, public works, parks and recreation, and community development. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water distribution, wastewater collection/treatment, and sanitation collection.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for this fund to demonstrate compliance with the budget.

CITY OF BLANCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Proprietary Funds

The City maintains one type of proprietary funds, enterprise funds. The enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and sanitation collection services. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, this MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). RSI includes a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and the schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve, over time, as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows by \$11,102,735 as of year end. The largest portion of the City's net position (68%) reflects its investments in capital assets (e.g., land, City hall, fleet equipment, streets, and drainage systems, as well as the public works facilities) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF BLANCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	September 30, 2021			September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Current and other assets	\$ 1,650,877	\$ 6,838,311	\$ 8,489,188	\$ 1,786,884	\$ 8,534,031	\$ 10,320,915
Capital assets, net	2,253,199	13,798,486	16,051,685	2,344,871	12,058,176	14,403,047
Total Assets	3,904,076	20,636,797	24,540,873	4,131,755	20,592,207	24,723,962
Deferred charge on refunding	-	24,991	24,991	-	29,156	29,156
Deferred outflows - pensions	38,337	21,372	59,709	42,910	23,105	66,015
Deferred outflows - OPEB	13,191	6,421	19,612	8,915	4,800	13,715
Total Deferred Outflows of Resources	51,528	52,784	104,312	51,825	57,061	108,886
Long-term liabilities	142,004	12,884,582	13,026,586	112,019	13,372,587	13,484,606
Other liabilities	256,583	158,233	414,816	179,737	213,236	392,973
Total Liabilities	398,587	13,042,815	13,441,402	291,756	13,585,823	13,877,579
Deferred inflows - pensions	65,812	29,802	95,614	30,469	16,406	46,875
Deferred inflows - OPEB	3,689	1,745	5,434	2,174	1,171	3,345
Total Deferred Inflows of Resources	69,501	31,547	101,048	32,643	17,577	50,220
Net Position:						
Net investment in capital assets	2,173,870	5,367,742	7,541,612	2,269,704	5,292,524	7,562,228
Restricted	272,157	443,354	715,511	235,053	446,625	681,678
Unrestricted	1,041,489	1,804,123	2,845,612	1,354,424	1,306,719	2,661,143
Total Net Position	\$ 3,487,516	\$ 7,615,219	\$ 11,102,735	\$ 3,859,181	\$ 7,045,868	\$ 10,905,049

A portion of the primary government's net position, \$715,511, represents resources that are subject to external restriction on how they may be used.

There was an increase in total net position of \$197,686 which was primarily due to a decrease in expenses for police, streets and parks, tourism, interest and fees on long-term debt along with a decrease in business-type expenses from cost to operate utility services. These decreases were partially offset by an increase in expenses related to City Hall. Total assets are \$24,540,873, a decrease of \$183,089 compared to prior year. Total assets consist of a decrease in cash and restricted cash primarily from capital outlay for capital additions. Capital assets include additions for construction in progress for wastewater treatment plant improvements of \$2,137,527. Total liabilities are \$13,441,402, a decrease of \$436,177, compared to prior year. The decrease is mainly due to the decrease in long-term debt from payment of principal on debt outstanding. Total deferred outflows of resources are \$104,312, a decrease of \$4,574 compared to the prior year. Total deferred inflows of resources are \$101,048, an increase of \$50,828 compared to the prior year. The increase in deferred inflows is related to the differences between expected and actual economic experience.

CITY OF BLANCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

Statement of Activities

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	\$ 221,036	\$ 2,021,171	\$ 2,242,207	\$ 251,933	\$ 1,780,313	\$ 2,032,246
Operating grants and contributions	17,260	-	17,260	22,572	-	22,572
Capital grants and contributions	-	-	-	181,317	-	181,317
General revenues:						
Property taxes	686,597	-	686,597	654,019	-	654,019
Sales taxes	862,569	-	862,569	918,549	-	918,549
Hotel taxes	122,773	-	122,773	95,472	-	95,472
Franchise fees	96,310	-	96,310	102,808	-	102,808
Investment income	2,394	2,863	5,257	1,441	16,845	18,286
Other revenue	9,563	21,555	31,118	42,681	13,887	56,568
Total Revenues	2,018,502	2,045,589	4,064,091	2,270,792	1,811,045	4,081,837
Expenses						
City hall	488,417	-	488,417	308,681	-	308,681
Code compliance	7,040	-	7,040	18,656	-	18,656
Police	1,043,484	-	1,043,484	1,125,255	-	1,125,255
Mayor and council	12,983	-	12,983	14,947	-	14,947
Municipal court	124,738	-	124,738	109,589	-	109,589
Streets and parks	193,380	-	193,380	252,401	-	252,401
Tourism	63,659	-	63,659	125,989	-	125,989
Community aid	33,809	-	33,809	32,296	-	32,296
Interest and fees on long-term debt	6,324	206,316	212,640	-	290,098	290,098
Utility	-	1,686,255	1,686,255	-	1,778,654	1,778,654
Total Expenses	1,973,834	1,892,571	3,866,405	1,987,814	2,068,752	4,056,566
Increase (Decrease) in Net Position Before Transfers	44,668	153,018	197,686	282,978	(257,707)	25,271
Transfers in (out)	(416,333)	416,333	-	(552,517)	552,517	-
Change in Net Position	(371,665)	569,351	197,686	(269,539)	294,810	25,271
Beginning net position	3,859,181	7,045,868	10,905,049	4,128,720	6,751,058	10,879,778
Ending Net Position	\$ 3,487,516	\$ 7,615,219	\$ 11,102,735	\$ 3,859,181	\$ 7,045,868	\$ 10,905,049

For the year, revenues from governmental activities totaled \$2,018,502, a decrease of 11.11% compared to the prior year. This decrease is largely due to a decrease in sales tax revenues along with a decrease in capital grants and contributions. Expenses from governmental activities totaled \$1,973,834, an overall decrease of 0.7% compared to the prior year. Governmental activities expense functions include decreases in police, streets and parks, and tourism primarily due to less payroll cost, maintenance cost, and cost to increase economic activity

CITY OF BLANCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

within the City. Governmental activities expenses also include an increase in expenses for the City hall primarily from an increase in professional services.

Revenues from business-type activities totaled \$2,045,589, an increase of 13.0% compared to the prior year. This increase was largely related to an increase in charges for services due primarily from increases in utility rates to customers. Expenses from business-type activities totaled \$1,892,571, a decrease of 8.5% compared to the prior year. The decrease in expenses was largely a result of the decrease in personnel costs and decreases in cost to service long-term debt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term outflows, inflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$1,344,916, of which \$16,852 is restricted for debt service, \$255,305 is restricted for enabling legislation, and \$1,000 is committed by the City for claims and judgements. \$1,071,759 is reported as unassigned fund balance.

There was a decrease in the combined fund balance of \$314,933 from the prior year, due primarily from transfers to the utility fund along with decreases in intergovernmental revenues.

The general fund is the chief operating fund of the City. At the end of the current year, the general fund reported a net decrease in fund balance of \$352,037. The general fund's revenue decreased by \$130,742 from the prior year mainly due to a decrease in intergovernmental revenues for capital grants. The general fund expenditures increased by \$188,709 from the prior year mainly due to increases in principal payments on their capital lease and general government expenditures for professional services. This was partially offset by a decrease in expenditures related to streets and parks.

The debt service fund reported a net decrease in fund balance of \$16,385 due to transfers to the utility fund for debt service costs in excess of property tax collections and interest earnings.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgeted general fund revenues were greater than actual general fund revenues by \$266,783 during the year. This negative budgeted revenue variance is mainly due to less than anticipated revenues from property taxes, fines and court costs and charges for services. Actual sales tax revenue was greater than budgeted due to more economic activity than expected. General fund expenditures were less than the final budget by \$174,966. The general fund expenditures include positive budget variances for the City hall, police, mayor and council, and streets and parks.

CITY OF BLANCO, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

CAPITAL ASSETS

At the end of the year, the City's governmental and business-type activities had invested \$16,051,685 in a variety of capital assets (net of accumulated depreciation). This represents a net increase of \$1,648,638. New major capital asset events during the current year include wastewater treatment plant improvements in progress and vehicles for governmental activities.

More detailed information on the City's capital assets can be found in note III.C. to the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total long-term debt of \$12,934,329. Included within total long-term debt were certificates of obligation of \$11,450,000, general obligation refunding bonds of \$1,405,000, capital leases of \$57,265, and notes payable of \$22,064.

More detailed information about the City's long-term liabilities is presented in note III.D. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City adopted a budget for the fiscal year ending September 30, 2022 that included general fund expenditures of \$1,613,279 and expenditures/expenses of \$2,732,345. The property tax rate for fiscal year ended September 30, 2022 was approved at \$0.3728 per \$100 assessed property value. This tax rate is \$0.0225 less than the prior year tax rate.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to the City of Blanco Finance Department at 300 Pecan Street, Blanco, Texas 78606.

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BASIC FINANCIAL STATEMENTS

CITY OF BLANCO, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 1,137,425	\$ 627,825	\$ 1,765,250
Receivables (net of allowance for uncollectible)	217,194	204,143	421,337
Inventory	-	19,060	19,060
Restricted assets:			
Cash and cash equivalents	260,574	5,979,807	6,240,381
Net pension asset	35,684	7,476	43,160
Capital assets:			
Nondepreciable	140,892	3,478,194	3,619,086
Net depreciable capital assets	2,112,307	10,320,292	12,432,599
Total Assets	3,904,076	20,636,797	24,540,873
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	-	24,991	24,991
Deferred outflows - pensions	38,337	21,372	59,709
Deferred outflows - OPEB	13,191	6,421	19,612
Total Deferred Outflows of Resources	51,528	52,784	104,312
<u>Liabilities</u>			
Accrued interest	-	23,476	23,476
Customer deposits payable	-	134,757	134,757
Unearned revenue	256,583	-	256,583
Noncurrent liabilities:			
Long-term liabilities due within one year	62,269	498,934	561,203
Long-term liabilities due in more than one year	30,533	12,360,438	12,390,971
Total OPEB liability	49,202	25,210	74,412
Total Liabilities	398,587	13,042,815	13,441,402
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pensions	65,812	29,802	95,614
Deferred inflows - OPEB	3,689	1,745	5,434
Total Deferred Inflows of Resources	69,501	31,547	101,048
<u>Net Position</u>			
Net investment in capital assets	2,173,870	5,367,742	7,541,612
Restricted for:			
Enabling legislation	255,305	-	255,305
Debt service	16,852	443,354	460,206
Unrestricted	1,041,489	1,804,123	2,845,612
Total Net Position	\$ 3,487,516	\$ 7,615,219	\$ 11,102,735

See Notes to Financial Statements.

CITY OF BLANCO, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
City hall	\$ 488,417	\$ 45,497	\$ -
Code compliance	7,040	-	-
Police	1,043,484	30,817	-
Mayor and council	12,983	-	-
Municipal court	124,738	144,722	-
Streets and parks	193,380	-	-
Tourism	63,659	-	-
Community aid	33,809	-	17,260
Interest and fees on long-term debt	6,324	-	-
Total Governmental Activities	1,973,834	221,036	17,260
Business-Type Activities			
Utility	1,686,255	2,021,171	-
Interest and fees on long-term debt	206,316	-	-
Total Business-Type Activities	1,892,571	2,021,171	-
Total Primary Government	\$ 3,866,405	\$ 2,242,207	\$ 17,260

General Revenues:

Property taxes
Sales taxes
Hotel taxes
Franchise fees
Investment income
Other revenues
Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (442,920)	\$ -	\$ (442,920)
(7,040)	-	(7,040)
(1,012,667)	-	(1,012,667)
(12,983)	-	(12,983)
19,984	-	19,984
(193,380)	-	(193,380)
(63,659)	-	(63,659)
(16,549)	-	(16,549)
(6,324)	-	(6,324)
<u>(1,735,538)</u>	<u>-</u>	<u>(1,735,538)</u>
-	334,916	334,916
<u>-</u>	<u>(206,316)</u>	<u>(206,316)</u>
<u>-</u>	<u>128,600</u>	<u>128,600</u>
<u>(1,735,538)</u>	<u>128,600</u>	<u>(1,606,938)</u>
686,597	-	686,597
862,569	-	862,569
122,773	-	122,773
96,310	-	96,310
2,394	2,863	5,257
9,563	21,555	31,118
(416,333)	416,333	-
<u>1,363,873</u>	<u>440,751</u>	<u>1,804,624</u>
(371,665)	569,351	197,686
3,859,181	7,045,868	10,905,049
<u>\$ 3,487,516</u>	<u>\$ 7,615,219</u>	<u>\$ 11,102,735</u>

CITY OF BLANCO, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2021

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 1,005,076	\$ 16,852	\$ 115,497	\$ 1,137,425
Receivables, net	175,436	6,032	35,726	217,194
Due from other funds	3,991	-	104,082	108,073
Restricted:				
Cash and cash equivalents	-	-	260,574	260,574
Total Assets	<u>\$ 1,184,503</u>	<u>\$ 22,884</u>	<u>\$ 515,879</u>	<u>\$ 1,723,266</u>
<u>Liabilities</u>				
Due to other funds	\$ 104,082	\$ -	\$ 3,991	\$ 108,073
Unearned revenue	-	-	256,583	256,583
Total Liabilities	<u>104,082</u>	<u>-</u>	<u>260,574</u>	<u>364,656</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	<u>7,662</u>	<u>6,032</u>	<u>-</u>	<u>13,694</u>
<u>Fund Balances</u>				
Restricted for:				
Debt service	-	16,852	-	16,852
Enabling legislation	-	-	255,305	255,305
Assigned for:				
Claims and judgements	1,000	-	-	1,000
Unassigned	1,071,759	-	-	1,071,759
Total Fund Balances	<u>1,072,759</u>	<u>16,852</u>	<u>255,305</u>	<u>1,344,916</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,184,503</u>	<u>\$ 22,884</u>	<u>\$ 515,879</u>	<u>\$ 1,723,266</u>

See Notes to Financial Statements

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

Total fund balances – governmental funds	\$	1,344,916
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets – nondepreciable		140,892
Capital assets – net depreciable		2,112,307

Changes in pension/other postemployment benefits (OPEB) activity do not affect the fund balance on the statement of revenues, expenditures, and changes in fund balance for the governmental funds. These changes in pension/OPEB activity that affect the City's net position are as follows:

Net pension asset		35,684
Deferred outflows - pensions		38,337
Deferred inflows - pensions		(65,812)
Total OPEB liability		(49,202)
Deferred outflows - OPEB		13,191
Deferred inflows - OPEB		(3,689)

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

13,694

Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Long-term liabilities due in one year		(62,269)
Long-term liabilities due in more than one year		(30,533)

Net Position of Governmental Activities	\$	<u>3,487,516</u>
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See Notes to Financial Statements.

CITY OF BLANCO, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2021

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<u>Revenues</u>				
Property taxes	\$ 297,132	\$ 390,394	\$ -	\$ 687,526
Sales taxes	862,569	-	-	862,569
Hotel occupancy taxes	-	-	122,773	122,773
Franchise fees	96,310	-	-	96,310
Fines and court costs	142,889	-	1,833	144,722
Licenses and permits	45,497	-	-	45,497
Charges for services	30,817	-	-	30,817
Intergovernmental revenue	-	-	17,260	17,260
Interest earnings	1,869	466	59	2,394
Miscellaneous	9,563	-	-	9,563
Total Revenues	1,486,646	390,860	141,925	2,019,431
<u>Expenditures</u>				
General government:				
City hall	484,781	-	-	484,781
Code compliance	7,040	-	-	7,040
Police	1,035,871	-	-	1,035,871
Mayor and council	12,983	-	-	12,983
Municipal court	121,858	-	-	121,858
Streets and parks	154,797	-	-	154,797
Tourism	-	-	63,659	63,659
Community aid	17,595	-	17,285	34,880
Debt service:				
Principal	80,118	-	-	80,118
Interest and fees	6,324	-	-	6,324
Total Expenditures	1,921,367	-	80,944	2,002,311
Excess (Deficiency) of Revenues Over (Under) Expenditures	(434,721)	390,860	60,981	17,120
<u>Other Financing Sources (Uses)</u>				
Transfers in	7,492	-	-	7,492
Transfers (out)	(9,088)	(407,245)	(7,492)	(423,825)
Capital lease proceeds	84,280	-	-	84,280
Total Other Financing Sources (Uses)	82,684	(407,245)	(7,492)	(332,053)
Net Change in Fund Balances	(352,037)	(16,385)	53,489	(314,933)
Beginning fund balances	1,424,796	33,237	201,816	1,659,849
Ending Fund Balances	\$ 1,072,759	\$ 16,852	\$ 255,305	\$ 1,344,916

See Notes to Financial Statements.

CITY OF BLANCO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances - governmental funds	\$ (314,933)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	106,417
Depreciation	(198,089)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred revenue	(929)
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.

Principal payment on debt	80,118
Capital lease proceeds	(84,280)
Deferred outflows - pensions	(4,573)
Deferred inflows - pensions	(35,343)
Net pension asset	73,629
Deferred outflows - OPEB	4,276
Deferred inflows - OPEB	(1,515)
Total OPEB liability	(8,057)
Change in compensated absences	11,614

Change in Net Position of Gvernmental Activities	\$ <u>(371,665)</u>
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See Notes to Financial Statements.

CITY OF BLANCO, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUND

September 30, 2021

	<u>Business-Type Activities Utility</u>
<u>Assets</u>	
Current Assets	
Cash and cash equivalents	\$ 627,825
Receivables, net	204,143
Inventory	19,060
Restricted assets:	
Cash and cash equivalents	5,979,807
Net pension asset	7,476
Total Current Assets	<u>6,838,311</u>
Noncurrent Assets	
Capital assets:	
Nondepreciable	3,478,194
Depreciable capital assets	10,320,292
Total Capital Assets, Net of Accumulated Depreciation	<u>13,798,486</u>
Total Noncurrent Assets	<u>13,798,486</u>
Total Assets	<u>20,636,797</u>
Deferred Outflows of Resources	
Deferred charge on refunding	24,991
Deferred outflows - pensions	21,372
Deferred outflows - OPEB	6,421
Total Deferred Outflows of Resources	<u>52,784</u>
<u>Liabilities</u>	
Current Liabilities	
Accrued interest payable	23,476
Customer deposits	134,757
Bonds payable - current	495,000
Compensated absences - current	3,934
Total Current Liabilities	<u>657,167</u>
Noncurrent liabilities	
Bonds payable	12,360,000
Compensated absences	438
Total OPEB liability	25,210
Total Noncurrent Liabilities	<u>12,385,648</u>
Total Liabilities	<u>13,042,815</u>
Deferred Inflows of Resources	
Deferred inflows - pensions	29,802
Deferred inflows - OPEB	1,745
Total Deferred Inflows of Resources	<u>31,547</u>
<u>Net Position</u>	
Net investment in capital assets	5,367,742
Restricted for debt service	443,354
Unrestricted	1,804,123
Total Net Position	<u><u>\$ 7,615,219</u></u>

See Notes to Financial Statements.

CITY OF BLANCO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended September 30, 2021

	<u>Business-Type Activities Utility</u>
<u>Operating Revenues</u>	
Charges for services	\$ 2,021,171
Other revenue	21,555
Total Operating Revenues	<u>2,042,726</u>
<u>Operating Expenses</u>	
Payroll costs	410,624
Professional and contractual services	400,485
Other operation expenses	477,929
Depreciation expense	397,217
Total Operating Expenses	<u>1,686,255</u>
Operating Income	<u>356,471</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment income	2,863
Interest and fiscal agent fees	(206,316)
Total Nonoperating (Expenses)	<u>(203,453)</u>
Income Before Transfers	153,018
Transfers in	<u>416,333</u>
Change in Net Position	569,351
Beginning net position	<u>7,045,868</u>
Ending Net Position	<u><u>\$ 7,615,219</u></u>

See Notes to Financial Statements.

CITY OF BLANCO, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended September 30, 2021

	Business-Type Activities Utility
<u>Cash Flows from Operating Activities</u>	
Cash received for services	\$ 1,991,331
Cash paid for salaries and wages	(425,163)
Cash paid to suppliers	(911,988)
Net Cash Provided by Operating Activities	654,180
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfer from other funds	416,333
Net Cash Provided by Noncapital Financing Activities	416,333
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and construction of capital assets	(2,137,527)
Principal paid on bonds	(475,000)
Interest paid on bonds and fiscal agent fees	(202,151)
Net Cash (Used) by Capital and Related Financing Activities	(2,814,678)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	2,863
Net Cash Provided by Investing Activities	2,863
Net (Decrease) in Cash and Cash Equivalents	(1,741,302)
Beginning cash and cash equivalents	8,348,934
Ending Cash and Cash Equivalents	\$ 6,607,632
Ending Cash and Cash Equivalents	
Unrestricted cash and cash equivalents	\$ 627,825
Restricted cash and cash equivalents	5,979,807
	\$ 6,607,632
Reconciliation of Operating Income (Loss) in net Cash Provided (Used) by Operating Activities	
Operating income	\$ 356,471
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	397,217
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	(38,106)
Net pension asset	(7,476)
Deferred outflows - pensions	1,733
Deferred outflows - OPEB	(1,621)
Increase (Decrease) in Current Liabilities:	
Accounts payable	(33,574)
Customer deposits	(13,289)
Due to other funds	
Compensated absences	(3,768)
Net pension liability	(20,432)
Total OPEB liability	3,055
Deferred inflows - pensions	13,396
Deferred inflows - OPEB	574
Net Cash Provided by Operating Activities	\$ 654,180

See Notes to Financial Statements.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Blanco, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) in 1938 as a general law City.

The City provides the following services: general administration, public safety (police), public works (includes sanitation), parks and recreation, community aid, and water and wastewater services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with the prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the City’s enterprise fund. Separate financial statements are provided for governmental and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, parks and recreation, and community services. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include the hotel/motel occupancy tax fund, the municipal court technology fund, the municipal court building security fund, and the COVID 19 fund. The special revenue funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and sanitation collection services. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility fund is considered a major fund for reporting purposes.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise fund) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

eliminated so that only the net amount is included as internal balances in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the City.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand and demand deposits.

2. Inventories

Inventories are valued at cost. The consumption method is used to account for enterprise fund inventories. Under the consumption method, inventories of the enterprise fund are recorded as expenses when consumed rather than when purchased.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

3. Restricted Assets

Certain bond proceeds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the governmental and enterprise funds are restricted by bond covenants for repayment of debt and to finance construction projects.

4. Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with the construction of the enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Equipment	7 years
Vehicles	5 years
Infrastructure	20 to 40 years
Utility system	20 to 40 years
Buildings and improvements	30 years

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grant funds received that have not been expended. Property taxes are deferred and recognized as an inflow of resources in the period that the amount becomes available. Grant funds will be recognized when corresponding expenditures are incurred.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. Vacation amounts accumulated, up to 120 hours, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

8. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

11. 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, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. Pensions

For the purposes of measuring the net pension liability/(asset), 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 (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. 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.

13. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees.

G. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The City Council adopts an annual operating budget for the City's general fund on a generally accepted accounting principles (GAAP) basis. Adopted budgets can be amended by the Council throughout the year. The level of budgetary control (the level at which expenditures may not exceed budget) is the fund level. The City Administrator is authorized to approve a transfer of budgeted amounts between departments; however, any revisions that alter the total budgeted expenditures of any fund must be approved by the City Council. Unencumbered appropriations for annual budgets lapse at fiscal yearend. Encumbrances outstanding at yearend are reported as assigned fund balances and do not constitute expenditures on the budget to actual financial statements. In accordance with GAAP, the City presents the general fund budget to actual financial statements within the Required Supplementary Information to demonstrate that the City is within the legal level of budgetary control.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits

At September 30, 2021, the carrying amount of the City's deposits consisted of cash in checking accounts and money market accounts.

Custodial credit risk – deposits. In the case of deposits, this is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value not less than the principal amount of the deposits. As of September 30, 2021, the fair value of pledged securities and FDIC coverage exceeded bank balances.

B. Receivables

The following comprises receivable balances at year end:

	General	Debt Service	Nonmajor Governmental	Utility
Property taxes	\$ 7,662	\$ 6,032	\$ -	\$ -
Sales taxes	155,131	-	-	-
Hotel taxes	-	-	35,726	-
Other	12,643	-	-	-
Utilities	-	-	-	204,143
	<u>\$ 175,436</u>	<u>\$ 6,032</u>	<u>\$ 35,726</u>	<u>\$ 204,143</u>

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

C. Capital Assets

A summary of changes in capital assets for governmental activities at year end is as follows:

Governmental Activities:	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets not being depreciated:				
Land	\$ 140,892	\$ -	\$ -	\$ 140,892
Total capital assets not being depreciated	140,892	-	-	140,892
Other capital assets:				
Building and improvements	1,027,694	-	-	1,027,694
Streets and infrastructure	1,954,444	-	-	1,954,444
Vehicles, machinery, and equipment	1,325,525	106,417	-	1,431,942
Total other capital assets	4,307,663	106,417	-	4,414,080
Less accumulated depreciation for:				
Building and improvements	(500,365)	(48,175)	-	(548,540)
Streets and infrastructure	(521,252)	(31,908)	-	(553,160)
Vehicles, machinery, and equipment	(1,082,067)	(118,006)	-	(1,200,073)
Total accumulated depreciation	(2,103,684)	(198,089)	-	(2,301,773)
Other capital assets, net	2,203,979	(91,672)	-	2,112,307
Governmental Activities				
Capital Assets, Net	<u>\$ 2,344,871</u>	<u>\$ (91,672)</u>	<u>\$ -</u>	<u>2,253,199</u>
			Less associated debt	(79,329)
			Net Investment in Capital Assets	<u><u>\$ 2,173,870</u></u>

Depreciation was charged to governmental functions as follows:

City Hall	\$ 9,676
Police	125,644
Municipal Court	2,880
Streets and Parks	58,981
Community Aid	908
Total Governmental-Type Activities Depreciation Expense	<u><u>\$ 198,089</u></u>

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The following is a summary of changes in capital assets for business-type activities for the year:

Business-Type Activities:	Beginning Balance	Increases	(Decreases)	Ending Balance
Capital assets not being depreciated:				
Land and improvements	\$ 1,117,866	\$ -	\$ -	\$ 1,117,866
Construction in progress	222,801	2,137,527	-	2,360,328
Total capital assets not being depreciated	1,340,667	2,137,527	-	3,478,194
Depreciable capital assets:				
Water system	6,916,419	-	-	6,916,419
Sewer system	8,279,981	-	-	8,279,981
Dam system	523,884	-	-	523,884
Buildings and other improvements	147,455	-	-	147,455
Tools and equipment	528,154	-	-	528,154
Total depreciable capital assets	16,395,893	-	-	16,395,893
Less accumulated depreciation:				
Water system	(3,580,946)	(167,274)	-	(3,748,220)
Sewer system	(1,401,055)	(199,589)	-	(1,600,644)
Dam system	(110,474)	(18,899)	-	(129,373)
Buildings and other improvements	(84,736)	(4,916)	-	(89,652)
Tools and equipment	(501,173)	(6,539)	-	(507,712)
Total accumulated depreciation	(5,678,384)	(397,217)	-	(6,075,601)
Depreciable capital assets, net	10,717,509	(397,217)	-	10,320,292
 Business-Type Activities Capital Assets, Net	 \$ 12,058,176	 \$ 1,740,310	 \$ -	 \$ 13,798,486
			Less associated debt	(12,855,000)
			Plus unspent bond proceeds	4,399,265
			Less deferred loss on refunding	24,991
			Net Investment in Capital Assets	\$ 5,367,742

D. Long-Term Debt

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension liability, and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City's long-term debt consists of private placement bonds secured by debt service tax revenues and a pledge of surplus revenues of the utility system.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The following is a summary of changes in the City's total long-term liabilities for the year. In general, the City uses the utility fund to liquidate long-term liabilities. The net pension liability displayed below reflects an ending fiscal year end 2021 balance of zero due to the pension plan having a surplus which is presented as an asset on the statement of net position.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Note payable - Southside Bank*	\$ 75,167	\$ -	\$ (53,103)	\$ 22,064	\$ 22,064
Capital Lease*	-	84,280	(27,015)	57,265	28,079
Other liabilities:					
Compensated absences	25,086	17,488	(29,101)	13,473	12,126
Net pension liability	37,945	-	(37,945)	-	-
Total OPEB liability	41,145	8,057	-	49,202	-
Total Governmental Activities	\$ 179,343	\$ 109,825	\$ (147,164)	\$ 142,004	\$ 62,269
Long-term Liabilities Due In More Than One Year				\$ 79,735	
* Debt associated with governmental capital assets				\$ 79,329	
	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Private placement certificates of obligation*	\$ 11,710,000	\$ -	\$ (260,000)	\$ 11,450,000	\$ 275,000
General obligation refunding bonds*	1,620,000	-	(215,000)	1,405,000	220,000
	13,330,000	-	(475,000)	12,855,000	495,000
Other liabilities:					
Compensated absences	8,140	5,674	(9,442)	4,372	3,934
Net pension liability	20,432	-	(20,432)	-	-
Total OPEB liability	22,155	3,055	-	25,210	-
Total Business-Type Activities	\$ 13,380,727	\$ 8,729	\$ (504,874)	\$ 12,884,582	\$ 498,934
Long-term Liabilities Due In More Than One Year				\$ 12,385,648	
* Debt associated with business-type capital assets				\$ 12,855,000	

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Long term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
Governmental Activities		
Note Payable - Bank Loan	4.45%	\$ 22,064
Capital lease	3.94%	57,265
Total Governmental Activities Long-Term Debt		\$ 79,329
Business-Type Activities		
Certificates of Obligation		
Series 2017A	3.00-3.50%	\$ 2,865,000
Series 2017B	3.00-4.00%	2,850,000
Series 2019	3.00-4.00%	2,335,000
Series 2020	4.00%	3,400,000
		<u>11,450,000</u>
General Obligation Refunding Bonds		
Series 2015	3.58%	1,405,000
Total Business-Type Activities Long-Term Debt		\$ 12,855,000

The City is not obligated in any manner for special assessment debt.

The annual requirements to amortize business-type activities debt issues outstanding at year end were as follows:

Fiscal Year Ended Sept. 30	Business-Type Activities Long-Term Debt					
	Certificates of Obligation from Direct Placement			General Obligation Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 275,000	\$ 160,364	\$ 435,364	\$ 220,000	\$ 33,580	\$ 253,580
2023	285,000	159,635	444,635	225,000	28,322	253,322
2024	285,000	158,620	443,620	230,000	22,944	252,944
2025	285,000	157,256	442,256	235,000	17,447	252,447
2026	285,000	155,442	440,442	245,000	11,831	256,831
2027-2031	1,800,000	733,228	2,533,228	250,000	5,975	255,975
2032-2036	2,130,000	611,564	2,741,564	-	-	-
2037-2041	2,295,000	446,382	2,741,382	-	-	-
2042-2046	2,510,000	245,942	2,755,942	-	-	-
2047-2051	1,300,000	48,598	1,348,598	-	-	-
Total	\$ 11,450,000	\$ 2,877,031	\$ 14,327,031	\$ 1,405,000	\$ 120,099	\$ 1,525,099

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The annual requirements to amortize governmental activities debt outstanding at year end were as follows:

Fiscal Year Ended Sept. 30	Governmental Activities Long-Term Debt		
	Loan		
	Principal	Interest	Total
2022	\$ 22,064	\$ 378	\$ 22,442
Total	\$ 22,064	\$ 378	\$ 22,442

Fiscal Year Ended Sept. 30	Capital Lease		
	Principal	Interest	Total
2022	\$ 28,079	\$ 2,256	\$ 30,335
2023	29,186	1,150	30,336
Total	\$ 57,265	\$ 3,406	\$ 60,671

Note Payable and Capital Lease

On February 12, 2019, the City entered into a finance contract (the “Note”) with Southside Bank to finance the purchase of two 2019 Chevy Tahoes. The Note carries an interest rate of 4.45 percent and is payable in quarterly installments. The final payment on the Note is due on April 23, 2022. The vehicles purchased with the note payable are included as a depreciable capital asset for \$125,402 and the accumulated depreciation for the vehicles as of yearend was \$54,341.

The City entered in a Capital Lease Agreement (the “Capital Lease”) at the beginning of current fiscal year to finance two Ford F-250 trucks at the total principal cost of \$84,280. Lease payments will be repaid in yearly installments and carried an interest rate of 3.94 percent. The final payment for the Capital Lease is due on January 3, 2023. The vehicles obtained through the capital lease are included as a depreciable capital asset for \$84,280 and the accumulated depreciation for the vehicles as of yearend was \$16,856.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amounts</u>
General fund	Municipal court technology fund	\$ 59,346
General fund	Municipal court building fund	44,736
COVID 19 fund	General fund	3,991
		<u>\$ 108,073</u>

Amounts recorded as due to/from are considered to be temporary loans and will generally be repaid in more than one year.

Transfers between the primary government funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amounts</u>
Utility fund	Debt service fund	\$ 407,245
Utility Fund	General fund	9,088
General Fund	Municipal court technology fund	3,710
General Fund	Municipal court building fund	3,782
		<u>\$ 423,825</u>

Amounts transferred to the utility fund from the debt service fund are to pay portions of the interest and principal on bonds. Amounts transferred to the utility fund from the general fund are to reimburse the fund for expenditures incurred. Nonmajor governmental funds made transfers to the general fund to reimburse for related expenditures for court technology and building use.

F. Fund Equity

As of September 30, 2021, \$255,305 of the City's total fund balance is restricted by enabling legislation.

G. Restatement of Fund Balances/Net Position

Prior year beginning fund balances and beginning net position have been restated as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Governmental Activities</u>
Prior year ending net position/fund balance as reported	\$ 1,247,849	\$ 21,812	\$ 3,781,508
Account for prior year sales tax receivables	155,135	-	155,135
Correct allocated funds for community aid expenditures	21,812	(21,812)	-
Removal of prior year municipal court receivables	-	-	(77,462)
Restated beginning net position/fund balance	<u>\$ 1,424,796</u>	<u>\$ -</u>	<u>\$ 3,859,181</u>

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at a group rate for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are uncertain.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the "Board"). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest, were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	<u>2021</u>	<u>2020</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving, benefits	32
Active employees	<u>22</u>
Total	<u><u>61</u></u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.55 percent and 6.27 percent in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$71,885, which were equal to the required contributions.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Net Pension Liability/(Asset)

The City's Net Pension Liability/(Asset) (NPL/(A)) was measured as of December 31, 2020 and the Total Pension Liability (TPL) used to calculate the NPL/(A) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TMRS 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 TPL.

Changes in the NPL

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability/(Asset) (A) - (B)
Changes for the year:			
Service cost	\$ 140,149	\$ -	\$ 140,149
Interest	71,460	-	71,460
Change in current period benefits	-	-	-
Difference between expected and actual experience	(91,224)	-	(91,224)
Changes of assumptions	-	-	-
Contributions - employer	-	72,169	(72,169)
Contributions - employee	-	77,126	(77,126)
Net investment income	-	73,120	(73,120)
Benefit payments, including refunds of employee contributions	(69,991)	(69,991)	-
Administrative expense	-	(474)	474
Other changes	-	(19)	19
Net Changes	50,394	151,931	(101,537)
Balance at December 31, 2019	1,023,591	965,214	58,377
Balance at December 31, 2020	\$ 1,073,985	\$ 1,117,145	\$ (43,160)

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Sensitivity of the NPL/(A) to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's NPL/(A) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Asset	\$ (107,518)	\$ (43,160)	\$ (166,682)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2021, the City recognized revenue from pensions of \$23,894.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 5,068	\$ 70,692
Changes in actuarial assumptions	191	-
Net difference between projected and actual investment earnings	-	24,922
Contributions subsequent to the measurement date	54,450	-
Total	\$ 59,709	\$ 95,614

\$54,450 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as an increase of the NPL/(A) for the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2022	\$ (37,152)
2023	(24,930)
2024	(26,683)
2025	(1,590)
Total	\$ (90,355)

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefit

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2020 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to, but not yet receiving, benefits	5
Active employees	22
Total	<u><u>35</u></u>

Total OPEB Liability

The City's total OPEB liability of \$74,412 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate*	2.0%
Retirees' share of benefit related costs	Zero
Administrative expenses	All administrative expenses are paid through the pension trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully general generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 3,416
Interest	1,782
Difference between expected and actual experience	(3,365)
Changes of assumptions	9,721
Benefit payments	(441)
Net Changes	11,113
Beginning balance	63,299
Ending Balance	\$ 74,412

There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF BLANCO, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1% Increase in Discount Rate (3.00%)
City's Total OPEB Liability	\$ 90,639	\$ 74,412	\$ 61,833

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$8,368.

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,727	\$ 3,544
Changes in actuarial assumptions	16,930	1,890
Contributions subsequent to the measurement date	955	-
Total	\$ 19,612	\$ 5,434

\$955 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2022.

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense
2022	\$ 3,170
2023	3,170
2024	2,876
2025	2,657
2026	1,234
Thereafter	116
Total	\$ 13,223

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLANCO, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 667,879	\$ 667,879	\$ 297,132	\$ (370,747)
Sales taxes	636,250	636,250	862,569	226,319
Franchise fees	105,000	105,000	96,310	(8,690)
Fines and court costs	188,248	188,248	142,889	(45,359)
Licenses and permits	52,095	52,095	45,497	(6,598)
Charges for services	67,242	67,242	30,817	(36,425)
Interest earnings	-	-	1,869	1,869
Miscellaneous	36,715	36,715	9,563	(27,152)
Total Revenues	1,753,429	1,753,429	1,486,646	(266,783)
<u>Expenditures</u>				
City Hall	513,859	513,859	484,781	29,078
Code compliance	-	-	7,040	(7,040)
Police	1,104,200	1,104,200	1,035,871	68,329
Mayor and council	30,100	30,100	12,983	17,117
Municipal court	76,000	76,000	121,858	(45,858)
Streets and parks	285,732	285,732	154,797	130,935
Community aid	-	-	17,595	(17,595)
Debt service:				
Principal	80,118	80,118	80,118	-
Interest and fees	6,324	6,324	6,324	-
Total Expenditures	2,096,333	2,096,333	1,921,367	174,966
(Deficiency) of Revenue				
(Under) Expenditures	(342,904)	(342,904)	(434,721)	(91,817)
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	-	(9,088)	(9,088)
Transfers in	-	-	7,492	7,492
Capital lease proceeds	-	-	84,280	84,280
Total Other Financing Sources (Uses)	-	-	82,684	82,684
Net Change in Fund Balance	\$ (342,904)	\$ (342,904)	(352,037)	\$ (9,133)
Beginning fund balance			1,424,796	
Ending Fund Balance			\$ 1,072,759	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

CITY OF BLANCO, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year*			
	2020	2019	2018	2017
Total Pension Liability				
Service cost	\$ 140,149	\$ 140,923	\$ 125,817	\$ 51,030
Interest (on the total pension liability)	71,460	60,821	55,122	46,454
Changes of benefit terms	-	-	44,234	-
Difference between expected and actual experience	(91,224)	13,114	(50,695)	3,241
Change in assumptions	-	494	-	-
Benefit payments, including refunds of employee contributions	(69,991)	(44,713)	(62,009)	(45,877)
Net Change in Total Pension Liability	<u>50,394</u>	<u>170,639</u>	<u>112,469</u>	<u>54,848</u>
Beginning total pension liability	<u>1,023,591</u>	<u>852,952</u>	<u>740,483</u>	<u>685,635</u>
Ending Total Pension Liability	<u><u>\$ 1,073,985</u></u>	<u><u>\$ 1,023,591</u></u>	<u><u>\$ 852,952</u></u>	<u><u>\$ 740,483</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 72,169	\$ 69,998	\$ 17,667	\$ 12,558
Contributions - employee	77,126	75,709	52,287	38,484
Net investment income	73,120	115,392	(22,898)	92,476
Benefit payments, including refunds of employee contributions	(69,991)	(44,713)	(62,009)	(45,877)
Administrative expense	(474)	(655)	(443)	(480)
Other	(19)	(20)	(23)	(24)
Net Change in Plan Fiduciary Net Position	<u>151,931</u>	<u>215,711</u>	<u>(15,419)</u>	<u>97,137</u>
Beginning plan fiduciary net position	<u>965,214</u>	<u>749,503</u>	<u>764,922</u>	<u>667,785</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 1,117,145</u></u>	<u><u>\$ 965,214</u></u>	<u><u>\$ 749,503</u></u>	<u><u>\$ 764,922</u></u>
Net Pension Liability/(Asset)	<u><u>\$ (43,160)</u></u>	<u><u>\$ 58,377</u></u>	<u><u>\$ 103,449</u></u>	<u><u>\$ (24,439)</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.02%	94.30%	87.87%	103.30%
Covered Payroll	\$ 1,101,798	\$ 1,078,219	\$ 962,643	\$ 769,685
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	-3.92%	5.41%	10.75%	-3.18%

*Only seven years of information is currently available. The City will build this schedule over the next three-year period.

Measurement Year*		
2016	2015	2014
\$ 43,816	\$ 33,826	\$ 32,902
43,259	41,326	38,715
-	-	-
5,705	(358)	3,468
-	19,462	-
(52,229)	(45,254)	(31,251)
40,551	49,002	43,834
645,084	596,082	552,248
<u>\$ 685,635</u>	<u>\$ 645,084</u>	<u>\$ 596,082</u>
\$ 9,394	\$ 6,253	\$ 4,750
33,407	25,471	25,814
42,865	956	35,125
(52,229)	(45,254)	(31,251)
(485)	(582)	(367)
(26)	(30)	(30)
32,926	(13,186)	34,041
634,859	648,045	614,004
<u>\$ 667,785</u>	<u>\$ 634,859</u>	<u>\$ 648,045</u>
<u>\$ 17,850</u>	<u>\$ 10,225</u>	<u>\$ (51,963)</u>
97.40%	98.41%	108.72%
\$ 654,942	\$ 509,427	\$ 516,275
2.73%	2.01%	-10.06%

CITY OF BLANCO, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Fiscal Year*			
	2021	2020	2019	2018
Actuarially determined contribution	\$ 71,885	\$ 76,526	\$ 59,019	\$ 17,066
Contributions in relation to the actuarially determined contribution	71,885	76,526	59,019	17,066
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,134,609	\$ 1,138,433	\$ 1,062,145	\$ 892,195
Contributions as a percentage of covered payroll	6.34%	6.72%	5.56%	1.91%

*Only seven years of information is currently available. The City will build this schedule over the next three-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	N/A
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014-December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*		
2017	2016	2015
\$ 14,201	\$ 7,922	\$ 6,874
14,201	7,922	6,874
\$ -	\$ -	\$ -
\$ 779,240	\$ 606,054	\$ 489,557
1.82%	1.31%	1.40%

CITY OF BLANCO, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Measurement Year*			
	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 3,416	\$ 2,588	\$ 3,947	\$ 2,848
Interest (on the total OPEB liability)	1,782	1,867	1,529	1,442
Differences between expected and actual experience	(3,365)	(1,083)	3,229	-
Change in assumptions	9,721	11,117	(3,534)	3,465
Benefit payments, including refunds of employee contributions **	(441)	(431)	(289)	(231)
Net Change in Total OPEB Liability	<u>11,113</u>	<u>14,058</u>	<u>4,882</u>	<u>7,524</u>
Beginning total OPEB liability	<u>63,299</u>	<u>49,241</u>	<u>44,359</u>	<u>36,835</u>
Ending Total OPEB Liability	<u>\$ 74,412</u>	<u>\$ 63,299</u>	<u>\$ 49,241</u>	<u>\$ 44,359</u>
Covered Payroll	\$ 1,101,798	\$ 1,078,219	\$ 962,643	\$ 769,685
Total OPEB Liability as a Percentage of Covered Payroll	6.75%	5.87%	5.12%	5.76%

*Only four years of information is currently available. The City will build this schedule over the next six-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.0%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

COMBINING STATEMENTS

CITY OF BLANCO, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	COVID 19
<u>Assets</u>				
Cash and cash equivalents	\$ 115,497	\$ -	\$ -	\$ -
Receivables, net	35,726	-	-	-
Cash - restricted	-	-	-	260,574
Due from other funds	-	59,346	44,736	-
Total Assets	\$ 151,223	\$ 59,346	\$ 44,736	\$ 260,574
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Unearned revenue	\$ -	\$ -	\$ -	\$ 256,583
Due to other funds	-	-	-	3,991
Total Liabilities	-	-	-	260,574
<u>Fund Balances</u>				
Restricted for:				
Hotel occupancy tax	151,223	-	-	-
Municipal court	-	59,346	44,736	-
Total Fund Balances	151,223	59,346	44,736	-
Total Liabilities and Fund Balances	\$ 151,223	\$ 59,346	\$ 44,736	\$ 260,574

**Total
Nonmajor
Governmental
Funds**

\$	115,497		35,726		260,574
					<u>104,082</u>
					<u><u>\$ 515,879</u></u>

\$	256,583		3,991		260,574
					<u>260,574</u>

	151,223		104,082		255,305
					<u>255,305</u>
					<u><u>\$ 515,879</u></u>

CITY OF BLANCO, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Hotel/Motel Occupancy Tax	Municipal Court Technology	Municipal Court Building Security	COVID 19
<u>Revenues</u>				
Hotel occupancy tax	\$ 122,773	\$ -	\$ -	\$ -
Fines and forfeitures	-	750	1,083	-
Intergovernmental	-	-	-	17,260
Interest earnings	34	-	-	25
Total Revenues	122,807	750	1,083	17,285
<u>Expenditures</u>				
General government:				
Community aid	-	-	-	17,285
Tourism	63,659	-	-	-
Total Expenditures	63,659	-	-	17,285
Excess of Revenues Over Expenditures	59,148	750	1,083	-
<u>Other Financing Sources (Uses)</u>				
Transfers (out)	-	(3,710)	(3,782)	-
Total Other Financing Uses	-	(3,710)	(3,782)	-
Net Change in Fund Balances	59,148	(2,960)	(2,699)	-
Beginning fund balances	92,075	62,306	47,435	-
Ending Fund Balances	\$ 151,223	\$ 59,346	\$ 44,736	\$ -

**Total
Nonmajor
Governmental
Funds**

\$	122,773
	1,833
	17,260
	59
	<u>141,925</u>

	17,285
	<u>63,659</u>
	<u>80,944</u>

60,981

	<u>(7,492)</u>
	<u>(7,492)</u>

	<u>53,489</u>
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	<u>201,816</u>
\$	<u><u>255,305</u></u>

