

*FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT*

**COUNTY OF BANDERA,
TEXAS**

Bandera, Texas

For the Year Ended
September 30, 2020

COUNTY OF BANDERA, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
(RESTATED)

SEPTEMBER 30, 2020

COUNTY OF BANDERA, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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NEFFENDORF & BLOCKER, P.C.

Independent Auditor's Report

Honorable Judge and County Commissioners
County of Bandera
Bandera, TX 78003

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas, as of September 30, 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

TEL: 830 997 3348

EMAIL: info@nb-cpa.com

P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 45 through 47), and the schedule of changes in net pension liability and related ratios, schedule of employer contributions, notes to the schedule of contributions, schedule of changes in total OPEB liability and related ratios and notes to the schedule of changes in total OPEB liability (pages 48 through 53), 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 Bandera County's basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

As discussed in Note 3.M., the financial statements were restated to accurately reflect a grant receivable adjustment. The grant receivable was initially recorded for the amount of reimbursement requests. Upon further discussion with management, adjustments by the grant administrators and review of the subsequent comptroller receipts, the County only received a portion of the receivable amount on March 31, 2021. As such, the financial statements of Bandera County as of September 30, 2020 were restated to accurately reflect this change. As a result of the receivable adjustment described in Note 3.M., we believe the financial statements as of September 30, 2020 are in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, on our consideration of Bandera County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bandera County's internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 24, 2021, except for Note 3.M. as to which the date is April 6, 2021

**COUNTY OF BANDERA
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Within this section of the Bandera County (County) annual financial report, the Bandera County Commissioners' Court provides a narrative discussion and analysis of the financial activities of the County for the fiscal year ending September 30, 2020. The financial performance is discussed within the context of accompanying financial statements and disclosures, which begin on page 10.

Financial Highlights (thousands)

- The County's net position as indicated in the government-wide financial statements are \$20,206.
- Total net position is comprised of the following:
 1. Capital assets, net of related debt, of \$11,473 include property and equipment, net of accumulated depreciation.
 2. Net position of \$6,350 is restricted by debt covenants and or grantee laws or regulations and capital projects.
 3. Unrestricted net position of \$2,383 is available to meet obligations of creditors and citizens.
- The County was able to house prisoners from surrounding counties and started receiving revenue from outside counties in January 2010. The County received \$157, a decrease of 16% from 2018-2019.
- The County spent a total of \$157 in services for court appointed attorneys. \$19 was spent in County and Juvenile Court, an increase of 27% from 2018-2020. \$138 was spent in District Court, an increase of 52% from 2018-2019. The County received \$28 from the State Comptroller for Indigent Defense, an increase from \$18 in 2018-2019.
- Indigent health care is an un-funded mandate from the State of Texas; the cost of that service for 2019-2020 was \$132, a decrease of approximately 16% from 2018-2019. In order to fund this operation, Bandera County assessed a tax rate of .0076.
- The unreserved fund balance in the general fund as shown in the fund financial statements on page 13 is \$8,863 or 65% of general fund expenditures. This amount is 40% higher than the guidelines recommended by the Commissioner's Court and the State Comptroller's Office.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 10 through 12) provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also compare actual revenue collection and expenditures to budget. Notes to the financial statement are included to provide additional financial information.

Government-wide Financial Statements

Government-wide statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting methods used by most private-sector entities. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements include two statements. One is the Statement of Net Position; this statement presents all of the assets and liabilities of the County as a whole, with the difference reported as net position. It answers the question as to whether the financial condition of the County is better or worse as result of the of year's activities. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To assess the overall financial condition of the County, one must also consider non-financial conditions such as property tax base and condition of assets.

The other government-wide financial statement is the Statement of Activities. This statement reports how each activity is funded by showing grants and program revenues related to each activity and how much reliance is placed on general revenues. The statement relates to the Statement of Net Position in that it shows how current operations have changed net position.

Fund Financial Statements

Funds are established to account for money that is designated for specific purposes by the Commissioners' Court or grantees such as the State of Texas. The fund financial statements differ from the government-wide statements in that they focus on significant funds rather than the County as a whole. Major funds are presented separately; others are aggregated into a single statement. The fund financial statements for major funds begin on page 13. Fund data for non-major funds is included in a combining statement on page 53. The basic funds are classified by type; each type used by the County is described in the following paragraphs.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general government operations and the basic services it provides. Governmental fund information shows the amount of financial resources available in the near future to finance County programs.

In addition to the major government funds Balance Sheet and Statement of Revenues and Expenditures, budgetary comparison statements are included for the general fund and major special revenue fund. Comparison data is also included for all other special revenue funds and the debt service fund. These schedules compare actual revenue and expenditures with adopted and amended budgets.

Notes to the financial statements – The notes presented immediately following the basic financial statements to provide additional information to facilitate the understanding of the government-wide and fund financial statements. The notes explain accounting policies and disclose additional information concerning fixed assets, long-term liabilities, and the County retirement plan.

The County as a Whole

Our analysis of the County as a whole focuses on net position (Table 1) and changes in net position (Table 2). The Statement of Activities reports annual expenditures by major function along with the charges for services and grant proceeds available to support each function. This presentation shows the cost of services that must be offset by general revenue such as property and sales taxes.

The Summary of Net Position (Table 1) lists assets in the order of liquidity beginning with cash and ending in fixed assets. Receivables include unpaid property taxes and unpaid court cost and fines assessed by the courts. Each receivable is reported net of a reserve for uncollectable accounts. Historical collection data for property taxes shows an average annual collection rate of 98 percent. Total capital assets as reported in the Statement of Net Position is \$35,220, this amount is net of accumulated depreciation of \$18,492. With the exception of land, total countywide assets are approximately 53% depreciated. Assets such as machinery and equipment are reported at \$11,198 and are 81% depreciated. We have to conclude that many assets exist with limited useful life that must be replaced in the near future. Liabilities are all payable within one year. Net position at year-end is \$20,206. \$6,350 of net position is restricted for specific purposes as required by state law or by County policy. The \$2,383 in unrestricted net position is available for funding general operations.

The Changes in Net Position (Table 2) itemizes the basic sources of revenue and expenditures as to the services provided. Total revenue for governmental activities was \$21,878; approximately 75% is generated by general revenues. Total governmental expenditures were \$22,635, resulting in a net decrease in net position of \$757. More detail about the decrease is discussed in the Financial Analysis of the County Funds.

Revenues and expenditures for governmental activities are compared in Table 3 showing the relation between the cost of services and the revenue generated from users of the service. This table also shows how much general revenue (property and sales taxes) and grants are needed to provide each service. For the past several years, the County has relied on the steady growth of property values and rate increases to meet the demand for services.

Table 1
Net Position (in Thousands)

	Governmental Activities	
	2020	2019
Cash and Current Investments	\$ 14,419	\$ 14,708
Receivables	2,431	1,347
Capital Assets	16,728	15,885
Total Assets	<u>\$ 33,578</u>	<u>\$ 31,940</u>
Deferred Outflow	1,226	2,792
Accounts Payable	351	291
Other Liabilities and Deferred Revenue	138	324
Net Pension Liability	6,857	5,875
OPEB Liability	528	399
Short-term Debt (Due Within One Year)	640	620
Long-term Debt	5,282	5,931
Total Liabilities	<u>\$ 13,796</u>	<u>\$ 13,440</u>
Deferred Inflow	803	330
Net Position:		
Invested in capital assets, net of debt	11,473	9,960
Restricted	6,350	6,097
Unrestricted	2,383	4,905
Total Net Position	<u><u>\$ 20,206</u></u>	<u><u>\$ 20,962</u></u>

Table 2
Changes in Net Position (in Thousands)

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Revenues:		
Program Revenues		
Charges For Services	\$ 3,643	\$ 3,805
Operating Grants & Contributions	1,727	446
Capital Grants & Contributions	133	81
General Revenues		
Property Taxes	14,502	14,225
Other Taxes	1,280	1,176
Grants & Contributions	59	16
Investment Earnings	208	409
Other General Revenues	327	460
Total Revenues:	<u>\$ 21,879</u>	<u>\$ 20,618</u>
Expenditures:		
General Government	\$ 3,755	\$ 3,586
Administration of Justice	3,766	3,793
Public Safety	4,822	4,642
Corrections	2,295	2,302
Road & Bridge	3,336	2,745
Health & Human Services	3,326	2,820
Comm & Economic Development	1,148	815
Infrastructure & Environmental	31	677
Interest on long-term Debt	156	175
Total Expenditures:	<u>\$ 22,635</u>	<u>\$ 21,555</u>
Change in Net Position	(756)	(937)
Beginning Net Position	20,962	21,899
Net Position	<u>\$ 20,206</u>	<u>\$ 20,962</u>

Table 3
Governmental Activities (in Thousands)

	Expenditures	Percent of	Non-Tax Program		Grants & Contributions		General
	2020	Total Expense	Rev Amount	%	Amount	%	Revenue Amount
General Government	3,755	17%	947	26%	27	1%	2,781
Administration of Justice	3,766	17%	413	11%	264	14%	3,089
Public Safety	4,822	21%	389	11%	106	6%	4,327
Corrections	2,295	10%	-	0%	-	0%	2,295
Road & Bridge	3,337	15%	875	24%	28	2%	2,434
Health & Human Services	3,326	15%	826	23%	1,405	76%	1,095
Comm & Economic Development	1,148	5%	193	5%	29	2%	926
Infrastructure & Environmental	31	0%	-	0%	-	0%	31
Interest on long-term Debt	156	1%	-	0%	-	0%	156
<i>Total Charges for Services</i>	<u>22,636</u>		<u>3,643</u>		<u>1,859</u>		<u>17,134</u>

Capital Assets and Debt Administration

Capital Assets: Bandera County purchased several pieces of equipment and vehicles.

Table 4
Capital Assets at Year-End (in Thousands)

	2020	2019
Land	486	486
Buildings	17,795	16,574
Equipment	11,198	9,910
Construction in Progress	-	25
Infrastructure	5,741	4,825
Capital Leases	-	-
Total	<u>35,220</u>	<u>31,820</u>

Debt Administration: Bandera County has one type of capital debt. It includes Texas General Obligation Bonds – Series 2015 for the construction of a new Jail/Justice Center. This debt will be retired in the year 2028. The total outstanding debt at year end is \$5,090.

Financial Analysis of the County Funds (in thousands)

Governmental Funds

The governmental funds statements presented on pages 13 through 18 include the General Fund, Ambulance, Road and Bridge Fund, Jail/Justice Center Fund, and all other governmental funds combined. These statements focus on short-term transactions and the impact they have on financial resources for future financial requirements. The total of fund balances at year-end for all governmental funds are \$15,213, an increase of \$787 from the prior year.

The General Fund is the primary day-to-day operating fund that finances services such as the courts and law enforcement. In 2019-2020, General Fund operations had a fund balance of \$8,863 and is 65% of total expenditures; this percentage satisfies the 25% recommendation by the State Comptroller and the County's policy to have a minimum operating reserve of 25%.

The Road and Bridge Fund is reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Road and Bridge Fund resulted in a \$294 increase in fund balance. The ending fund balance of \$3,053 is 113% of total expenditures; this percentage satisfies the recommended reserve.

The Ambulance Fund is also reported as a single major governmental fund because it represents a material percentage of the total revenue and expenditures of all governmental funds. The Ambulance Fund resulted in a \$446 decrease in fund balance. The ending fund balance of \$683 is 30% of total expenditures; this percentage satisfies the recommended reserve.

All other governmental funds are combined to form the non-major governmental fund category; the funds included in this combination are itemized in the combining statements on pages 54 through 65 of the report. Combined fund balances increased by \$447 to \$2,420 at 149% of total expenditures; this percentage satisfies the recommended reserve.

Budgetary Highlights

Budgetary statements of revenues and expenditures for the General Fund and Road and Bridge Fund are on pages 45 and 46. The statements report the original and final budget with actual amounts for each category. The variance is the difference between the actual and the final budget. The original budget was adopted by the County's Commissioners Court prior to the beginning of the fiscal year and amendments to the budget are approved by the court throughout the fiscal year. The plan for the General Fund budget was to spend \$2,799 of reserves; however, actual expenditures were under budgeted by \$1,978 and actual revenues were \$1,348 more than budget, so the County was able to end the year with \$534 more in reserves.

The final Ambulance budget anticipated expenditures to exceed revenues by \$627. Actual revenues were more than budgeted by \$100; actual expenditures were less than budget by \$81. The County ended the year with \$446 less in Ambulance reserves.

The final Road and Bridge budget anticipated expenditures to exceed revenues by \$111. Actual revenues were more than budgeted by \$27; actual expenditures were less than budget by \$378, so the County was able to add \$294 to Road and Bridge reserves.

Budget for 2020-2021

For the 2020-2021 fiscal year, the County is able to function on the 2020 adopted property tax rate of .6769 per hundred dollars of taxable value. The County distributed the Ad Valorem tax rate differently internally in order to operate using the same tax rate as the previous year.

The total budget for capital expenditures and capital improvements is \$2,051, an increase of \$187 from 2019-2020. The County has maintained equipment and vehicles in a manner that does not require new vehicle acquisitions as often as prior years. It is encouraged by Commissioners Court to apply for grants for capital equipment.

Future Financial Issues

Bandera County has grown significantly in the last several years. Bandera County Commissioners Court will continue to anticipate growth and remain fiscally conservative in order to maintain a healthy fund balance.

As in previous years, the maintenance of county roads is and will be one of the most critical challenges. Until the State of Texas allows counties to participate in fuel tax revenues there is no hope for small rural counties to maintain and improve a failing road system. Ad Valorem property taxes will not provide adequate revenue to allow county government to function effectively.

The State of Texas continues to mandate that counties provide services with no financial support. If this trend continues, counties either raise taxes to support the unfunded mandates or discontinue service that they might otherwise provide.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of Bandera County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be directed to the Office of Bandera County Auditor or the Commissioners Court of Bandera County.

BASIC FINANCIAL STATEMENTS

BANDERA COUNTY, TEXAS
STATEMENT OF NET POSITION (RESTATED)
SEPTEMBER 30, 2020

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 14,419,248
Accounts Receivable (Net)	1,456,342
Due from Other Governments	974,864
Capital Assets:	
Land	486,080
Infrastructure, Net	2,121,737
Buildings, Net	11,975,132
Furniture and Equipment, Net	2,145,285
Total Assets	33,578,688
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge for Refunding	210,820
Deferred Outflow Related to Pension Plan	903,417
Deferred Resource Outflow Related to OPEB	112,167
Total Deferred Outflows of Resources	1,226,404
LIABILITIES	
Accounts Payable	351,206
Accrued Interest Payable	23,306
Unearned Revenues	114,904
Noncurrent Liabilities:	
Debt Due Within One Year	640,000
Due in More Than One Year	5,281,591
Net Pension Liability	6,857,427
Net OPEB Liability	527,670
Total Liabilities	13,796,104
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	758,673
Deferred Resource Inflow Related to OPEB	44,565
Total Deferred Inflows of Resources	803,238
NET POSITION	
Net Investment in Capital Assets	11,472,778
Restricted for:	
Restricted for Road & Bridge	3,052,656
Restricted for Other Special Revenue Funds	2,420,287
Restricted for Ambulance Services	683,119
Restricted for Debt Service	194,052
Unrestricted Net Position	2,382,858
Total Net Position	\$ 20,205,750

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

BANDERA COUNTY, TEXAS
STATEMENT OF ACTIVITIES (RESTATED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
General Administration	\$ 3,755,146	\$ 946,625	\$ 21,950
Law Enforcement	4,821,794	389,183	7,231
Corrections	2,295,169	-	-
Road and Bridge	2,945,546	572,975	28,423
Sanitation	390,907	302,802	-
Health & Human Services	3,325,760	825,823	1,404,577
Administration of Justice	3,765,898	412,911	264,237
Parks	352,963	192,692	-
Community & Economic Development	795,060	-	-
Infrastructure & Environmental	30,760	-	-
Interest on Debt	156,311	-	-
TOTAL PRIMARY GOVERNMENT	\$ 22,635,314	\$ 3,643,011	\$ 1,726,418

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position-- Beginning

Net Position - Ending

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

		Net (Expense) Revenue and Changes in Net Position	
Capital Grants and Contributions		Primary Government Governmental	
\$	5,034	\$	(2,781,537)
	99,271		(4,326,109)
	-		(2,295,169)
	-		(2,344,148)
	-		(88,105)
	-		(1,095,360)
	-		(3,088,750)
	-		(160,271)
	29,025		(766,035)
	-		(30,760)
	-		(156,311)
\$	<u>133,330</u>		<u>(17,132,555)</u>

13,726,192
774,963
885,652
394,057
59,269
327,461
208,081
<u>16,375,675</u>
(756,880)
20,962,630
<u>\$ 20,205,750</u>

BANDERA COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS (RESTATED)
SEPTEMBER 30, 2020

	General Fund	Road and Bridge Fund	Ambulance Fund
ASSETS			
Cash and Cash Equivalents	\$ 7,995,421	\$ 3,196,607	\$ 608,557
Taxes Receivable	755,229	174,693	58,243
Allowance for Uncollectible Taxes (credit)	(188,808)	(43,673)	(14,561)
Accounts Receivable (Net)	118,294	22,027	105,413
Due from Other Governments	974,864	-	-
Total Assets	<u>\$ 9,655,000</u>	<u>\$ 3,349,654</u>	<u>\$ 757,652</u>
LIABILITIES			
Accounts Payable	\$ 124,742	\$ 169,356	\$ 31,956
Unearned Revenues	114,904	-	-
Total Liabilities	<u>239,646</u>	<u>169,356</u>	<u>31,956</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	552,083	127,642	42,577
Total Deferred Inflows of Resources	<u>552,083</u>	<u>127,642</u>	<u>42,577</u>
FUND BALANCES			
Restricted for Road & Bridge	-	3,052,656	-
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	-	-
Ambulance Services	-	-	683,119
Other Committed Fund Balance	-	-	-
Assigned for Capital Improvements	1,260,000	-	-
Unassigned Fund Balance	7,603,271	-	-
Total Fund Balances	<u>8,863,271</u>	<u>3,052,656</u>	<u>683,119</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 9,655,000</u>	<u>\$ 3,349,654</u>	<u>\$ 757,652</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 191,722	\$ 2,426,941	\$ 14,419,248
72,385	42,154	1,102,704
(18,096)	(10,538)	(275,676)
1,165	17,697	264,596
-	-	974,864
<u>\$ 247,176</u>	<u>\$ 2,476,254</u>	<u>\$ 16,485,736</u>
\$ -	\$ 25,152	\$ 351,206
-	-	114,904
-	25,152	466,110
53,124	30,815	806,241
<u>53,124</u>	<u>30,815</u>	<u>806,241</u>
-	-	3,052,656
194,052	-	194,052
-	1,583,183	1,583,183
-	-	683,119
-	837,104	837,104
-	-	1,260,000
-	-	7,603,271
<u>194,052</u>	<u>2,420,287</u>	<u>15,213,385</u>
<u>\$ 247,176</u>	<u>\$ 2,476,254</u>	<u>\$ 16,485,736</u>

BANDERA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION (RESTATED)
 SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$	15,213,385
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.		9,545,265
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.		2,684,401
The items reported as a result of this implementation included a net pension liability of \$6,857,427, a Deferred Resource Inflow of \$758,673, and a Deferred Resource Outflow of \$903,417. The net effect of these was to decrease the ending net position by \$6,712,683.		(6,712,683)
The items reported as a result of the GASB 75 implementation for the OPEB benefit plan through TCDRS included an OPEB liability of \$527,670, a Deferred Resource Inflow of \$44,565, and a Deferred Resource Outflow of \$112,167. The net effect of these was to decrease the ending net position by \$460,068.		(460,068)
The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(1,221,016)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		1,156,466
Net Position of Governmental Activities	<u>\$</u>	<u>20,205,750</u>

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

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (RESTATED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Road and Bridge Fund	Ambulance Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 9,987,746	\$ 2,309,752	\$ 771,152
General Sales and Use Taxes	885,652	-	-
Other Taxes	23,678	-	-
Licenses and Permits	94,696	571,555	-
Intergovernmental Revenue and Grants	1,477,266	28,423	64,064
Charges for Services	1,108,188	942	881,737
Fines	224,018	-	-
Forfeits	-	-	-
Investment Earnings	126,142	39,648	11,754
Contributions & Donations from Private Sources	-	-	100
Other Revenue	163,969	37,759	66,698
Total Revenues	14,091,355	2,988,079	1,795,505
EXPENDITURES:			
Current:			
General Administration	4,099,810	-	-
Law Enforcement	3,819,057	-	-
Corrections	1,802,927	-	-
Road and Bridge	287,418	2,703,881	-
Sanitation	-	-	-
Health & Human Services	509,377	-	2,241,519
Administration of Justice	2,623,484	-	-
Parks	-	-	-
Community & Economic Development	427,957	-	-
Infrastructure & Environmental	-	-	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Total Expenditures	13,570,030	2,703,881	2,241,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	521,325	284,198	(446,014)
OTHER FINANCING SOURCES (USES):			
Other Resources	12,618	9,763	-
Total Other Financing Sources (Uses)	12,618	9,763	-
Net Change in Fund Balances	533,943	293,961	(446,014)
Fund Balance - October 1 (Beginning)	8,329,328	2,758,695	1,129,133
Fund Balance - September 30 (Ending)	\$ 8,863,271	\$ 3,052,656	\$ 683,119

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 777,223	\$ 554,853	\$ 14,400,726
-	-	885,652
-	370,379	394,057
-	-	666,251
-	347,850	1,917,603
-	761,876	2,752,743
-	-	224,018
-	1,629	1,629
6,498	24,039	208,081
-	1,314	1,414
-	3,692	272,118
<u>783,721</u>	<u>2,065,632</u>	<u>21,724,292</u>
-	55,655	4,155,465
-	26,999	3,846,056
-	-	1,802,927
-	-	2,991,299
-	345,609	345,609
-	136,221	2,887,117
-	438,709	3,062,193
-	281,278	281,278
-	305,614	733,571
-	29,025	29,025
620,000	-	620,000
205,450	-	205,450
<u>825,450</u>	<u>1,619,110</u>	<u>20,959,990</u>
<u>(41,729)</u>	<u>446,522</u>	<u>764,302</u>
-	-	22,381
-	-	22,381
<u>(41,729)</u>	<u>446,522</u>	<u>786,683</u>
<u>235,781</u>	<u>1,973,765</u>	<u>14,426,702</u>
<u>\$ 194,052</u>	<u>\$ 2,420,287</u>	<u>\$ 15,213,385</u>

BANDERA COUNTY, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (RESTATED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	786,683
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase the change in net position.		2,684,401
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$1,911,818 and total debits to expenses were \$5,004,598. The net effect on the change in net position on Exhibit B-1 is an decrease of \$3,092,780.		(3,092,780)
The entries required by GASB 75 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$23,229 and total debits to expenses were \$54,665. The net effect on the change in net position on Exhibit B-1 is a decrease of \$31,436.		(31,436)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.		(1,221,016)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase the change in net position.		117,268
Change in Net Position of Governmental Activities	<u>\$</u>	<u>(756,880)</u>

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

BANDERA COUNTY, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2020

EXHIBIT E-1

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 171,618	\$ 1,035,044
Investments - Current	-	19,069
Other Receivables	-	465
Total Assets	171,618	\$ 1,054,578
LIABILITIES		
Due to Other Governments	-	\$ 996,536
Due to Others	-	58,042
Total Liabilities	-	\$ 1,054,578
NET POSITION		
Unrestricted Net Position	171,618	
Total Net Position	\$ 171,618	

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

BANDERA COUNTY, TEXAS
 STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Charges for Services	\$ 640
Investment Earnings	1,877
Contributions & Donations from Private Sources	485
Total Additions	<u>3,002</u>
DEDUCTIONS:	
Supplies	590
Total Deductions	<u>590</u>
Net Change in Fiduciary Net Position	2,412
Total Net Position - October 1 (Beginning)	<u>169,206</u>
Total Net Position - September 30 (Ending)	<u>\$ 171,618</u>

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

COUNTY OF BANDERA, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the County of Bandera have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below:

I. A. REPORTING ENTITY

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

In evaluating how to define the government, for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement 14. The definition of the reporting entity is based primarily on the concept of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. Based on the foregoing criteria, there were no component units identified that would require inclusion in this report. Also, the County is not included as a part of any other reporting entity.

I. B. BASIS OF PRESENTATION

Government-wide Financial Statements:

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

Fund Financial Statements:

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

Debt Service Funds

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

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

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

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

Private Purpose Trust Funds

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

Major and Nonmajor Funds

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

Major Fund	Brief Description
General	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Special Revenue Fund:	Accounts for all EMS operations and activities.

Ambulance

Debt Service Fund: Jail/Justice Center I&S Fund	Accounts for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.
---	--

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

1. C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

I. D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

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

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

Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectable.

Ad valorem property taxes attach as enforceable liens as of January 1. Taxes are levied prior to September 30, payable on October 1, and are delinquent on February 1. The majority of the County's property tax collections occur during December and early January each year. To the extent that County property tax revenue results in current receivables as defined by the Governmental Accounting Standards Board (GASB), they are recognized when levied.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure, are reported in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Infrastructure assets include County owned roads, bridges, signs, and improvements to land. Donated capital assets are recorded at estimated fair market value at the date of donation.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets and infrastructure is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 - 50
Vehicles	3 - 10
Machinery and Equipment	5 - 15
Infrastructure	5 - 50

Compensated Absences

Full time employees who work 30 hours per week average may be granted vacation benefits in varying amounts to specified maximums depending on tenure with the County. Accumulated vacation time may be taken in pay upon termination or retirement up to a maximum of twenty (20) days. Non-exempt full time employees who work over 40 hours per week may choose to accrue comp time in lieu of overtime payments. Accumulated comp time may be taken in pay upon termination or retirement up to a maximum of thirty (30) days. Sick leave accrues to full time employees to specified maximums; however neither the vacation or comp time accrual policy applies to accumulated sick leave. The liability for accrued compensated absences is not accrued in governmental funds using the modified accrual basis of accounting, but is reflected in the Government-Wide Statement of Net Position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Fund Equity

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

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

Beginning fund balances for the County's governmental funds have been restated to reflect the above classifications.

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

Net Position

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

Pensions

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

Other Post-Employment Benefits

GASB 75 requires recognition of the Total OPEB Liability (TOL), deferred (inflows)/outflows of resources, and total OPEB expense on the face of the employer's financial statements. The TOL is calculated by the System's actuary in accordance with the provisions of GASB 75. The OPEB expense and deferred (inflows)/outflows of resources related to OPEB, which are required to be reported by an employer, primarily result from changes in the components of the TOL. Most changes in the TOL will be included in the OPEB expense in the period of the change. The County participates in the Texas County & District Retirement System Group-Term Life program.

Use of Estimates

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

Deferred Inflows of Resources and Deferred Outflows of Resources

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

I. E. REVENUES, EXPENDITURES AND EXPENSES

Property Taxes

The County contracted with the County of Bandera Appraisal District for the appraisal of taxes. Property taxes are levied by October 1, in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1, of the year following the year in which imposed. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. For the 2019 tax roll, the total assessed valuation was \$2,288,669,429 and the taxes assessed amounted to \$14,678,077. The total tax rate was \$0.6769 per \$100 valuation and allocated \$0.5318 for Maintenance and Operations, \$0.1086 to the Road and Bridge Fund and \$0.0365 to the Debt Service Fund. The maximum tax levy allowed by State law for the above purposes is \$0.80 per \$100 valuation.

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

Expenditures/Expenses

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

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

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

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

Interfund Transfers

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets, as required by state statute, are adopted on a basis consistent with generally accepted accounting principles for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end.

The County Judge and staff prepare the proposed budget, using revenue estimates furnished by the County Auditor and submit the data to Commissioners Court. A public hearing is held on the budget by Commissioners Court. Before determining the final budget, Commissioners Court may increase or decrease the amounts requested by the various departments. In the final budget, which is usually adopted in September, expenditures for current operating funds cannot exceed the estimated available cash balances in such funds on October 1, plus the estimate of revenues for the ensuing year.

For each budgeted fund, budgetary control is maintained at the expenditure line item level. This is the level at which expenditures cannot legally exceed appropriated amounts. The County Auditor is required to monitor the expenditures of the various funds. Any expenditures in excess of the total budgeted amount of a fund must be approved by the Commissioners' Court and the budget appropriately amended. It is the amended budget that is presented in the budget versus actual financial statement disclosure.

Encumbrance accounting, under which funds are reserved for purchase orders, contracts, and other commitments, is not utilized by County of Bandera.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

3. A. DEPOSITS AND INVESTMENTS

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

At September 30, 2020, the carrying amount of the County's deposits was \$17,367 and the bank balance was \$310,292. The County's cash deposits held at Texas Hill Country Bank at September 30, 2020 and during the year ended September 30, 2020 were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank in the County's name.

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

Temporary investments consisted of certificates of deposits and government pool investments as follows:

<u>Name</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>FDIC Coverage</u>	<u>Pledged Securities</u>
<u>Bandera Bank -</u> Certificate of Deposit	\$ 212,018	\$ 212,018	6/8/2020	\$ 212,018	\$ -
<u>Texas Hill Country Bank -</u> Certificate of Deposit	208,989	208,989	9/26/2020	208,989	-
<u>Hondo National Bank -</u> Certificate of Deposit	216,932	216,932	9/26/2020	216,932	-
<u>Liquid Asset Portfolio -</u> Logic	<u>13,999,579</u>	<u>13,999,579</u>	N/A	<u>*</u>	<u>*</u>
Total Governmental Activities	\$ <u>14,637,518</u>	\$ <u>14,637,518</u>			

*The County invests in Logic (a Local Government Investment Pool) to provide its primary liquidity needs. Logic is established in conformity with the Inter-local Cooperation Act, Chapter 791 of the Texas Government Code and the Public Investment Act, Chapter 2256 of the Code. Logic is structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the fund seeks to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. Logic is rated AAA and must maintain a weighted average maturity not to exceed 60 days. At September 30, 2020, Logic had a weighted average maturity of 54 days. The County considers the holdings in these funds to have a one-day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, short of a significant change in value.

In compliance with the **Public Funds Investment Act**, the County has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County's policy regarding types of deposits allowed and collateral requirements is to deposit funds in FDIC insurance banks which have sufficient pledged collateral if needed. The County was not exposed to custodial credit risk since its deposits at year-end and during the year ended September 30, 2020, was covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are subject to custodial credit risk only if they are evidenced by securities that exist in physical or book entry form. Thus positions in external investment pools are not subject to custodial credit risk because they are not evidenced by securities that exist in physical or book entry form.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk, Logic Investment Pool invests only in investments authorized under the Public Funds Investment Act. Logic's portfolio has low market (credit) risk due to restrictions on weighted average maturity and maximum maturity of any one investment. At September 30, 2020, the County was not exposed to concentration of credit risk, interest rate risk or foreign currency risk.

3. B. RECEIVABLES

Receivables as of year-end for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road & Bridge Fund	Ambulance Fund	Debt Service Fund	Other Governmental Funds	TOTAL
Receivables:						
Property Taxes	\$ 755,229	\$ 174,693	\$ 58,243	\$ 72,385	\$ 42,154	\$ 1,102,704
Other Receivables	<u>118,294</u>	<u>22,027</u>	<u>105,413</u>	<u>1,165</u>	<u>17,697</u>	<u>264,596</u>
Gross Receivables	\$ 873,523	\$ 196,720	\$ 163,656	\$ 73,550	\$ 59,851	\$ 1,367,300
Less: Allowance for Uncollectibles	<u>188,808</u>	<u>43,673</u>	<u>14,561</u>	<u>18,096</u>	<u>10,538</u>	<u>275,676</u>
Net Total Receivables	<u>\$ 684,715</u>	<u>\$ 153,047</u>	<u>\$ 149,095</u>	<u>\$ 55,454</u>	<u>\$ 49,313</u>	<u>\$ 1,091,624</u>

Governmental funds report *unavailable revenue* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *unavailable revenues* reported in the governmental funds were as follows:

General Fund -	
Unavailable Revenue – Property Taxes	\$ 552,083
Road and Bridge Fund -	
Unavailable Revenue – Property Taxes	127,642
Ambulance Fund -	
Unavailable Revenue – Property Taxes	42,577
Debt Service Fund -	
Unavailable Revenue – Property Taxes	53,124
Other Governmental Funds -	
Unavailable Revenue – Property Taxes	<u>30,815</u>
	<u>\$ 806,241</u>

3. C. COURT FINES, FEES AND EMS BILLINGS RECEIVABLE

In accordance with GASB Statement Number 34, the County has determined the amount of court fines, fees and EMS billings receivable to be \$1,336,941 which represents amounts owed and outstanding for the last 5 years. Based on historical collection rates for the various courts and the EMS Department, the County has booked an allowance for uncollectible accounts of \$972,223, resulting in a net receivable of \$364,718.

3. D. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, was as follows:

Primary Government

	Balance 10/1/2019	Increase	Decrease	Balance 9/30/2020
<i>Governmental Activities:</i>				
Capital Assets Not Being Depreciated:				
Land	\$ 486,080	\$ -	\$ -	\$ 486,080
Construction in Progress	-	-	-	-
Works in Progress	120,000	-	(120,000)	-
Total Assets Not Being Depreciated	\$ 606,080	\$ -	\$ (120,000)	\$ 486,080
Capital Assets, Being Depreciated:				
Buildings and Improvements	\$ 16,591,204	\$ 1,203,721	\$ -	\$ 17,794,925
Equipment and Machinery	10,659,604	538,215	-	11,197,819
Infrastructure	5,298,486	442,465	-	5,740,951
Total Assets Being Depreciated	\$ 32,549,294	\$ 2,184,401	\$ -	\$ 34,733,695
Less Accumulated Depreciation:				
Buildings and Improvements	\$ (5,358,193)	\$ (461,600)	\$ -	\$ (5,819,793)
Equipment and Machinery	(8,607,461)	(445,073)	-	(9,052,534)
Infrastructure	(3,304,871)	(314,343)	-	(3,619,214)
Total Accumulated Depreciation	\$ (17,270,525)	\$ (1,221,016)	\$ -	\$ (18,491,541)
Total Capital Assets Being Depreciated, Net	\$ 15,278,769	\$ 963,385	\$ -	\$ 16,242,154
Governmental Activities Capital Assets, Net	\$ 15,884,849	\$ 963,385	\$ (120,000)	\$ 16,728,234

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

Governmental Activities:	
General Administration	\$ 248,982
Law Enforcement	230,443
Administration of Justice	198,063
Roads and Bridges	179,229
Community and Economic Development	43,989
Corrections	108,025
Health and Human Services	172,986
Sanitation	20,708
Parks	16,856
Infrastructure & Environmental	1,735
Total Depreciation Expense- Governmental Activities	\$ 1,221,016

3. E. LONG-TERM LIABILITIES

The following is a summary of the long-term liability transactions of the County for the year ended September 30, 2020.

	Balance 10/1/2019	Issued	Retired	Balance 9/30/2020	Due Within One Year
Texas General					
Obligation Refunding Bonds-					
Series 2015	\$ 5,710,000	\$ -	\$ 620,000	\$ 5,090,000	\$ 640,000
Premium on Bonds	423,812	-	73,167	350,645	-
SUBTOTAL	\$ 6,133,812	\$ -	\$ 693,167	\$ 5,440,645	\$ 640,000
Net Pension Liability	\$ 5,875,333	\$ 1,882,649	\$ 900,555	\$ 6,857,427	\$ -
OPEB Liability	398,919	140,308	11,557	527,670	-
Compensated Absences	417,314	63,632	-	480,946	-
TOTAL	\$ 12,825,378	\$ 2,086,589	\$ 1,605,279	\$ 13,306,688	\$ 640,000

Certificates of Obligation

The County issued Texas General Obligation Bonds - Series 2008 for \$1,875,000 at interest rates from 3% to 5% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used for the construction and equipping of a new County Jail and Justice Center to house a county jail, sheriff's office and judicial facilities.

The County issued General Obligation Refunding Bonds - Series 2015 for \$6,885,000 at interest rates from 2.0% to 4.0% with a final maturity date of August 15, 2028. The bonds are payable from the collection of an ad valorem tax levied on all taxable property. Proceeds from the sale of the bonds will be used to finance the remaining callable obligations from the County's Series 2007 Certificates of Obligation and the Series 2008 Certificates of Obligation. The bonds were called and were redeemed by depositing \$7,489,976 into an escrow account on September 25, 2015. The financial gain on these refunding bonds was \$644,734 and the economic gain was \$568,633. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/20
Bandera County Certificates of Obligation:		
Series 2007	\$ 5,790,000	\$ 4,305,000
Series 2008	1,140,000	1,050,000
TOTAL AMOUNT REFUNDED	\$ 6,930,000	\$ 5,355,000

Debt service requirements for the Texas General Obligation Refunding Bonds – Series 2015 are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2021	640,000	186,450	826,450
2022	660,000	164,050	824,050
2023	685,000	140,950	825,950
2024	710,000	116,975	826,975
2025	735,000	92,125	827,125
2026-2030	1,660,000	106,200	1,766,200
TOTAL	\$ 5,090,000	\$ 806,750	\$ 5,896,750

Operating Leases

Commitments under operating (non-capitalized) lease agreements for equipment provide for minimum future rental payments as of September 30, 2020, as follows:

Year Ended September 30	
2021	\$ 115,112
2022	76,517
2023	33,766
2024	22,429
2025	1,671
	<u>\$ 249,495</u>
Rental Expenditures in Fiscal Year 2020	<u>\$ 115,382</u>

3. F. CONTINGENT LIABILITIES

The County is subject to various litigation and claims arising out of the normal course of operations. Although the outcome of these claims is not presently determinable, in the opinion of the government's management, the resolution of these matters will not have a material adverse effect on the accompanying financial statements. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

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

3. G. RISK MANAGEMENT

County of Bandera is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation. The County contracts in the form of interlocal agreements with the Texas Association of Counties (TAC) to provide the aforementioned types of insurance coverage through an intergovernmental risk pool. These multi-employer accounts provide for a combination of modified self-insurance and stop loss coverage. Contributions are set annually by Texas Association of Counties. Liability by the County is generally limited to the amounts calculated by the County interlocal agreements.

3. H. HEALTH INSURANCE

The County provides group health and dental insurance coverage for regular, full-time employees through Texas Association of Counties and Ameritas. The County pays for a portion of the premium for eligible employees. Employees, at their option, may authorize payroll withholdings to pay premiums for eligible family members.

3. I. EMPLOYEE RETIREMENT PLAN

Plan Description

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

- a. Bandera County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- b. A brief description of benefit terms:
 - 1) All full-and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
 - 2) The plan provides retirement, disability and survivor benefits.
 - 3) TCDRS is a savings-based plan. For the county's plan, 7% of each employee's pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 200%) and is then converted to an annuity.
 - 4) There are no automatic COLAs. Each year, the county may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - 5) Benefit terms are established under the TCDRS Act. They may be amended as of January 1 each year, but must remain in conformity with the Act.
- c. Membership information is shown in the chart below.
- d. The county's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Bandera County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Members covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	133
Active employees	<u>224</u>
	471

Contributions

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

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

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

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

In addition, employers annually review their plans and may adjust benefits and costs based on their local needs and budgets. Although accrued benefits may not be reduced, employers may reduce future benefit accruals and immediately reduce costs.

The contribution rate payable by the employee members for calendar year 2019 is the rate of 7% as adopted by the governing body of the employer. The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2020 were \$989,683, and were equal to the required contributions.

Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (1)
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smooth Period	5 years
Recognition Method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increases	The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.25% (made up of 2.75% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	8.10% (Gross of administrative expenses)
Cost of Living Adjustments	Cost-of-Living Adjustments for Bandera County are not considered to be substantively automatic under GASB 68. Therefore, an annual 2% cost-of-living adjustment is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	RP-2014 Mortality Tables

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on April 2020 information for a 10- year time horizon.

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

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
U.S. Equities	Dow Jones U.S. Total Stock Market Index	14.50%	5.20%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽³⁾	20.00%	8.20%
Global Equities	MSCI World (Net) Index	2.50%	5.50%
International Equities – Developed Markets	MSCI World Ex USA (Net) Index	7.00%	5.20%
International Equities – Emerging Markets	MSCI Emerging Markets (Net) Index	7.00%	5.70%
Investment – Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	-0.20%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	3.14%
Direct Lending	S&P/ LSTA Leveraged Loan Index	11.00%	7.16%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	4.00%	6.90%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (Net) Index	3.00%	4.50%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	8.40%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.00%	5.50%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	8.00%	2.30%

⁽¹⁾ Target asset allocation adopted at the June 2020 TCDRS Board meeting

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.80%, per Cliffwater's 2020 capital market assumptions.

⁽³⁾ Includes vintage years 2006 – present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2005 – present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2007 – present of Quarter Pooled Horizon IRRs.

Discount Rate

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

Changes in Net Pension Liability / (Asset)

Changes in Net Pension Liability / (Asset)	Increase/(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/ (Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2018	\$ 32,004,061	\$ 26,128,729	\$ 5,875,332
Changes for the Year:			
Service Cost	1,182,887		1,182,887
Interest on Total Pension Liability ⁽¹⁾	2,636,355		2,636,355
Effect of Plan Changes ⁽²⁾	2,886,707		2,886,707
Effects of Economic/Demographic- Gains or Losses	78,052		78,052
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(212,140)	(212,140)	-
Benefit Payments	(1,091,955)	(1,091,955)	-
Administrative Expenses		(23,339)	23,339
Member Contributions		622,299	(622,299)
Net Investment Income		4,290,636	(4,290,636)
Employer Contributions		900,555	(900,555)
Other ⁽³⁾		11,755	(11,755)
Balances as of December 31, 2019	<u>\$ 37,483,967</u>	<u>\$ 30,626,540</u>	<u>\$ 6,857,427</u>

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

⁽²⁾ Reflects plan changes adopted effective in 2019. Also reflects increase in substantively automatic COLA valued.

⁽³⁾ Relates to allocation of system-wide items.

Sensitivity Analysis

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

	1% Decrease <u>7.10%</u>	Current Discount Rate <u>8.10%</u>	1% Increase <u>9.10%</u>
Total Pension Liability	\$ 42,834,958	37,483,967	\$ 33,056,734
Fiduciary Net Position	<u>30,626,540</u>	<u>30,626,540</u>	<u>30,626,540</u>
Net Pension Liability/(Asset)	<u>\$ 12,208,418</u>	<u>\$ 6,857,427</u>	<u>\$ 2,430,194</u>

Pension Expense / (Income)

Prepaid Expense/(Income)	January 1, 2019 to December 31, 2019
Service Cost	\$ 1,182,887
Interest on Total Pension Liability ⁽¹⁾	2,636,355
Effect of Plan Changes	2,886,707
Administrative Expenses	23,339
Member Contributions	(622,299)
Expected Investment Return Net of Investment Expenses	(2,124,654)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(199,840)
Recognition of Assumption Changes or Inputs	84,574
Recognition of Investment Gains or Losses	211,739
Other ⁽²⁾	(11,757)
Pension Expense/(Income)	\$ 4,067,051

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

⁽²⁾ Relates to allocation of system-wide items.

As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 49,061	\$ 102,485
Changes of assumptions	-	59,076
Net difference between projected and actual earnings	709,612	-
Contributions made subsequent to measurement date	N/A	741,856

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

Year ended December 31	
2020	\$ (133,790)
2021	(165,946)
2022	120,210
2023	(417,586)
2024	-
Thereafter ⁽¹⁾	-

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year should be reflected as outlined in Appendix D of this Report.

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

3. J. GROUP TERM LIFE FUND

Plan Description

A description of the OPEB plan pursuant to Paragraph 50 of GASB Statement No. 75 is as follows:

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

Members covered by benefit terms.

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	42
Active employees	<u>224</u>
	353

Contributions

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

The following table shows a breakdown of the employer's contributions to the GTL program for the calendar year 2019. The contributions for retiree GTL coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments used to calculate changes in total OPEB liability. The contributions for active coverage are not considered an OPEB benefit under GASB 75.

Coverage Type	2019 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.26%	23,114	No change from prior year
Retiree GTL Benefit	0.13%	11,557	GASB 75

Employer OPEB contributions made in the fiscal year, but subsequent to the measurement date of December 31, 2019 should be reflected as a deferred outflow. As previously noted, only contributions to the GTL program for retiree coverage should be included under GASB 75. Therefore, once the total GTL contributions made subsequent to the measurement date have been determined, this amount should be multiplied by the portion attributable to retiree coverage to determine the OPEB contributions made subsequent to the measurement date that should be reported under GASB 75. This proportion is 34.14634%, allocated as follows:

Coverage Type	2020 GTL Rate	Amount	Financial Reporting
Active Member GTL Benefit	0.27%	65.85366%	No change from prior year
Retiree GTL Benefit	0.14%	34.14634%	GASB 75

The employee contribution rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act. The County's contributions to TCDRS for the year ended September 30, 2020 were \$37,650, and were equal to the required contributions.

Total OPEB Liability

The County's Total OPEB Liability (NPL) was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability as of December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains or Losses	Straight-Line amortization over Expected Working Life
Recognition of Assumptions, Changes or Inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	2.74% 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
Cost of Living Adjustments	Does not apply

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

Discount Rate

The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both active and retirees and the assets are not segregated for these groups. Under GASB 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on a 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.74% based on the 20 Year Bond Go Index published by bondbuyer.com is used as of the measurement date of December 31, 2019.

Changes in Total OPEB Liability

	Changes in Total OPEB Liability
Balances as of December 31, 2018	\$ 398,919
Changes for the year:	
Service Cost	17,368
Interest on total OPEB liability ⁽¹⁾	16,833
Changes of benefit terms ⁽²⁾	-
Effect of economic/demographic experience	(3,377)
Effect of assumptions changes or inputs ⁽³⁾	109,484
Benefit payments	(11,557)
Other	-
Balance as of December 31, 2019	\$ <u>527,670</u>

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

⁽²⁾ No plan changes are valued.

⁽³⁾ Reflects change in discount rate.

Sensitivity Analysis

The following presents the Total OPEB liability of the employer, calculated using the discount rate of 2.74%, as well as what the Bandera County Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.74%) or 1 percentage point higher (3.74%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
	1.74%	2.74%	3.74%
Total OPEB Liability	\$ 637,538	\$ 527,670	\$ 443,583

OPEB Expense/ (Income)

	January 1, 2019 to December 31, 2019
Service Cost	\$ 17,368
Interest on total OPEB liability ⁽¹⁾	16,833
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(3,117)
Recognition of assumption changes or inputs	13,143
Other	-
OPEB expense/(income)	<u>\$ 44,227</u>

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

As of December 31, 2019, the deferred inflows and outflows of resources are as follows:

Deferred Inflows/ Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 13,934	\$ 905
Changes of assumptions	30,631	101,454
Contributions made subsequent to measurement date	N/A	9,808

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

Year ended December 31	
2020	\$ 10,026
2021	10,026
2022	10,026
2023	10,029
2024	17,687
Thereafter ⁽¹⁾	-

⁽²⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end should be reflected as outlined in Appendix C of this report.

⁽³⁾ Total remaining balance to be recognized in future years, if any. Note that additional future deferred inflows and outflows of resources may impact these numbers.

3. K. DEFERRED COMPENSATION PLAN

The County offers all its employees deferred compensation programs through Nationwide Retirement Solutions, Inc. and the Variable Annuity Life Insurance Company (VALIC). The plans, created in accordance with Internal Revenue Code Section 457, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The County does not contribute to this plan. All contributions are made by the employees who elect to participate in the plan. The County remits employee contributions to the plan trustee on a regular basis. The County does not administer the Section 457 plan, nor does it provide the investment advice to the plan. Accordingly, the Section 457 plan is not part of the County's reporting entity.

The County has no liability for losses under the plans, but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

At September 30, 2020, the participants had balances of \$837,332 in Nationwide and \$945,059 in VALIC.

3. L. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 24, 2021, the date which the financial statements were available to be issued. The County is not aware of any subsequent events that materially impact the financial statements.

3.M. RESTATEMENT OF GRANT RECEIVABLE

Subsequent to the issuance of the financial statements, a grant receivable of \$2,535,103 had been recorded based on reimbursement requests submitted to the Texas Department of Emergency Management for the Coronavirus Relief Grant. Upon further discussion with management, adjustment by the grant administrators and review of the subsequent comptroller receipts, it was determined the County only received \$974,864 from the Texas Department of Emergency Management on March 31, 2021. As such, the financial statements of Bandera County as of September 30, 2020 were restated to accurately reflect the grant receivable. This adjustment restated the ending fund balance from \$16,773,625 to \$15,213,385.

REQUIRED SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND (RESTATED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 10,299,807	\$ 10,299,807	\$ 9,987,746	\$ (312,061)
General Sales and Use Taxes	550,000	604,500	885,652	281,152
Other Taxes	16,500	16,500	23,678	7,178
Licenses and Permits	49,900	53,985	94,696	40,711
Intergovernmental Revenue and Grants	88,900	529,934	1,477,266	947,332
Charges for Services	867,250	871,467	1,108,188	236,721
Fines	167,000	167,000	224,018	57,018
Investment Earnings	100,000	100,000	126,142	26,142
Other Revenue	26,900	99,902	163,969	64,067
Total Revenues	12,166,257	12,743,095	14,091,355	1,348,260
EXPENDITURES:				
Current:				
General Administration	4,377,412	4,904,703	4,099,810	804,893
Law Enforcement	4,426,195	4,424,195	3,819,057	605,138
Corrections	2,036,667	2,038,667	1,802,927	235,740
Road and Bridge	292,452	294,752	287,418	7,334
Health & Human Services	521,007	562,468	509,377	53,091
Administration of Justice	2,846,075	2,851,860	2,623,484	228,376
Community & Economic Development	470,904	470,904	427,957	42,947
Total Expenditures	14,970,712	15,547,549	13,570,030	1,977,519
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,804,455)	(2,804,454)	521,325	3,325,779
OTHER FINANCING SOURCES (USES):				
Other Resources	5,000	5,000	12,618	7,618
Total Other Financing Sources (Uses)	5,000	5,000	12,618	7,618
Net Change	(2,799,455)	(2,799,454)	533,943	3,333,397
Fund Balance - October 1 (Beginning)	8,329,328	8,329,328	8,329,328	-
Fund Balance - September 30 (Ending)	\$ 5,529,873	\$ 5,529,874	\$ 8,863,271	\$ 3,333,397

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

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Property Taxes	\$ 2,348,546	\$ 2,348,546	\$ 2,309,752	\$ (38,794)
Licenses and Permits	529,000	529,000	571,555	42,555
Intergovernmental Revenue and Grants	28,000	28,000	28,423	423
Charges for Services	500	500	942	442
Investment Earnings	40,000	40,000	39,648	(352)
Other Revenue	15,000	15,000	37,759	22,759
Total Revenues	2,961,046	2,961,046	2,988,079	27,033
EXPENDITURES:				
Road and Bridge	2,772,373	3,082,136	2,703,881	378,255
Total Expenditures	2,772,373	3,082,136	2,703,881	378,255
Excess (Deficiency) of Revenues Over (Under) Expenditures	188,673	(121,090)	284,198	405,288
OTHER FINANCING SOURCES (USES):				
Other Resources	-	9,763	9,763	-
Total Other Financing Sources (Uses)	-	9,763	9,763	-
Change in Fund Balance	188,673	(111,327)	293,961	405,288
Fund Balance - October 1 (Beginning)	2,758,695	2,758,695	2,758,695	-
Fund Balance - September 30 (Ending)	\$ 2,947,368	\$ 2,647,368	\$ 3,052,656	\$ 405,288

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

BANDERA COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AMBULANCE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive or (Negative)
	Original	Final	GAAP BASIS (See Note)	
REVENUES:				
Property Taxes	\$ 794,851	\$ 794,851	\$ 771,152	\$ (23,699)
Intergovernmental Revenue and Grants	-	63,046	64,064	1,019
Charges for Services	815,000	816,000	881,737	65,737
Investment Earnings	10,000	10,000	11,754	1,754
Contributions & Donations from Private	-	-	100	100
Other Revenue	2,000	11,972	66,698	54,726
Total Revenues	1,621,851	1,695,868	1,795,505	99,637
EXPENDITURES:				
Health & Human Services	2,248,557	2,322,574	2,241,519	81,055
Total Expenditures	2,248,557	2,322,574	2,241,519	81,055
Change in Fund Balance	(626,706)	(626,706)	(446,014)	180,692
Fund Balance - October 1 (Beginning)	1,129,133	1,129,133	1,129,133	-
Fund Balance - September 30 (Ending)	\$ 502,427	\$ 502,427	\$ 683,119	\$ 180,692

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

BANDERA COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
A. Total Pension Liability			
Service Cost	\$ 1,182,887	\$ 1,085,351	\$ 1,106,668
Interest (on the Total Pension Liability)	2,636,355	2,252,712	2,064,156
Changes of Benefit Terms	2,886,707	2,393,186	136,901
Difference between Expected and Actual Experience	78,052	66,739	(122,651)
Changes of Assumptions	-	-	147,693
Benefit Payments, Including Refunds of Employee Contributions	(1,304,095)	(1,019,823)	(948,746)
Net Change in Total Pension Liability	\$ 5,479,906	\$ 4,778,165	\$ 2,384,021
Total Pension Liability - Beginning	32,004,061	27,225,896	24,841,875
Total Pension Liability - Ending	\$ 37,483,967	\$ 32,004,061	\$ 27,225,896
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 900,555	\$ 844,658	\$ 764,343
Contributions - Employee	622,299	590,088	564,390
Net Investment Income	4,290,636	(483,528)	3,296,122
Benefit Payments, Including Refunds of Employee Contributions	(1,304,095)	(1,019,823)	(948,746)
Administrative Expense	(23,339)	(20,987)	(17,426)
Other	11,756	15,004	4,928
Net Change in Plan Fiduciary Net Position	\$ 4,497,812	\$ (74,588)	\$ 3,663,611
Plan Fiduciary Net Position - Beginning	26,128,729	26,203,316	22,539,706
Plan Fiduciary Net Position - Ending	\$ 30,626,541	\$ 26,128,728	\$ 26,203,317
C. Net Pension Liability	\$ 6,857,426	\$ 5,875,333	\$ 1,022,579
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.71%	81.64%	96.24%
E. Covered Payroll	\$ 8,889,985	\$ 8,429,833	\$ 8,062,707
F. Net Pension Liability as a Percentage of Covered Payroll	77.14%	69.70%	12.68%

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$	1,173,888	\$ 1,114,399	\$ 1,072,594
	1,864,767	1,771,095	1,609,200
	-	(579,646)	23,438
	(210,760)	(757,891)	160,505
	-	275,178	-
	(848,128)	(842,230)	(615,726)
\$	1,979,767	\$ 980,905	\$ 2,250,011
	22,862,108	21,881,203	19,631,192
\$	24,841,875	\$ 22,862,108	\$ 21,881,203
\$	756,593	\$ 743,611	\$ 742,320
	562,368	550,098	537,913
	1,522,595	(219,880)	1,254,017
	(848,128)	(842,230)	(615,726)
	(16,571)	(14,728)	(14,934)
	6,237	48,413	(37,702)
\$	1,983,094	\$ 265,284	\$ 1,865,887
	20,556,612	20,291,329	18,425,442
\$	22,539,706	\$ 20,556,613	\$ 20,291,329
\$	2,302,169	\$ 2,305,495	\$ 1,589,874
	90.73%	89.92%	92.73%
\$	8,033,828	\$ 7,858,536	\$ 7,684,473
	28.66%	29.34%	20.69%

BANDERA COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

<u>Year Ending December 31</u>	<u>Actuarially Determined Contribution⁽¹⁾</u>	<u>Actual Employer Contribution⁽¹⁾</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll ⁽²⁾</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2010	550,733	550,733	-	6,265,447	8.8%
2011	602,843	602,843	-	6,758,324	8.9%
2012	631,706	631,706	-	6,957,111	9.1%
2013	671,036	671,036	-	7,131,089	9.4%
2014	742,320	742,320	-	7,684,473	9.7%
2015	743,418	743,611	(193)	7,858,536	9.5%
2016	756,593	756,593	-	8,033,828	9.4%
2017	764,343	764,343	-	8,062,707	9.5%
2018	844,668	844,668	-	8,429,833	10.0%
2019	900,555	900,555	-	8,889,985	10.1%

⁽¹⁾ TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis. If additional assistance is needed, please contact TCDRS.

⁽²⁾ Payroll is calculated based on contributions as reported to TCDRS.

BANDERA COUNTY
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	12.1 years (based on contribution rate calculated in 12/31/2019 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.75%
Salary Increases	Varies by age and service. 4.9% average over career including inflation.
Investment Rate of Return	8.00%, net of investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality and other assumptions reflected
	2017: New mortality assumptions were reflected
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that a 1% flat COLA was adopted.
	2016: No changes in plan provisions were reflected in the Schedule.
	2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.
	2018: Employer contributions reflect that a 2% flat COLA was adopted.
	2019: Employer contributions reflect that a 2% flat COLA was adopted.

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

BANDERA COUNTY, TEXAS
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017
Total OPEB Liability			
Service Cost	\$ 17,368	\$ 19,588	\$ 17,872
Interest on the Total OPEB Liability	16,833	14,905	15,456
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(3,377)	1,357	(19,460)
Changes of Assumptions	109,484	(45,947)	17,879
Benefit Payments*	(11,557)	(9,273)	(8,869)
Net Change in Total OPEB Liability	128,751	(19,370)	22,878
Total OPEB Liability - Beginning	398,919	418,289	295,411
Total OPEB Liability - Ending	<u>\$ 527,670</u>	<u>\$ 398,919</u>	<u>\$ 318,289</u>
Covered Payroll	\$ 8,889,985	\$ 8,429,833	\$ 8,062,707
Total OPEB Liability as a Percentage of Covered Payroll	5.94%	4.73%	5.19%

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

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

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

BANDERA COUNTY
 NOTES TO THE SCHEDULE OF CHANGES IN THE
 TOTAL OPEB LIABILITY AND RELATED RATIOS
 SEPTEMBER 30, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of economic /demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	Does not apply
Inflation	Does not apply
Salary Increases	Does not apply
Investment Rate of Return (Discount Rate)	2.74%, 20 Year Bond GO Index published by bondbuyer.com as of December 26, 2019.
Cost of Living Adjustment	Does not apply
Disability	Members who become disabled are eligible to commence benefit payments regardless of age.
Mortality	RP-2014 Healthy Annuitant Mortality Table
Retirement	Deferred member are assumed to retire (100% probability at the later of: a) age 60 b) earliest retirement eligibility
Other Termination of Employment	The rate of assumed future termination from active participation in the plan vary. No termination after eligibility for retirement is assumed.

SUPPLEMENTARY INFORMATION

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	11 Hotel/Motel Tax Fund	14 Mansfield Park Fund	15 Indigent Health Care Fund	16 Sanitary Landfill Fund
ASSETS				
Cash and Cash Equivalents	\$ 347,192	\$ 87,170	\$ 229,163	\$ 260,629
Taxes Receivable	-	6,114	12,228	-
Allowance for Uncollectible Taxes (credit)	-	(1,528)	(3,057)	-
Accounts Receivable (Net)	12,543	346	232	3,695
Total Assets	<u>\$ 359,735</u>	<u>\$ 92,102</u>	<u>\$ 238,566</u>	<u>\$ 264,324</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 2,947	\$ 58	\$ 19,237
Total Liabilities	<u>-</u>	<u>2,947</u>	<u>58</u>	<u>19,237</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	4,469	8,939	-
Total Deferred Inflows of Resources	<u>-</u>	<u>4,469</u>	<u>8,939</u>	<u>-</u>
FUND BALANCES				
Other Restricted Fund Balance	359,735	-	-	-
Other Committed Fund Balance	-	84,686	229,569	245,087
Total Fund Balances	<u>359,735</u>	<u>84,686</u>	<u>229,569</u>	<u>245,087</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 359,735</u>	<u>\$ 92,102</u>	<u>\$ 238,566</u>	<u>\$ 264,324</u>

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

18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention Fund	25 Juvenile Probation Local Fund	27 Sheriff's Seized Asset Fund	28 Law Library Fund	30 County Clerk Records Mgmt Fund	31 Records Preservation Fund	32 Courthouse Security Fund
\$ 1,481	\$ 1,287	\$ 254,511	\$ 59,138	\$ 25,552	\$ 207,345	\$ 7,875	\$ 26,279
-	-	23,812	-	-	-	-	-
-	-	(5,953)	-	-	-	-	-
-	-	451	-	-	-	-	-
<u>\$ 1,481</u>	<u>\$ 1,287</u>	<u>\$ 272,821</u>	<u>\$ 59,138</u>	<u>\$ 25,552</u>	<u>\$ 207,345</u>	<u>\$ 7,875</u>	<u>\$ 26,279</u>
\$ -	\$ -	\$ -	\$ -	\$ 654	\$ 127	\$ -	\$ -
-	-	-	-	654	127	-	-
-	-	17,407	-	-	-	-	-
-	-	17,407	-	-	-	-	-
-	1,287	255,414	59,138	24,898	207,218	7,875	26,279
1,481	-	-	-	-	-	-	-
<u>1,481</u>	<u>1,287</u>	<u>255,414</u>	<u>59,138</u>	<u>24,898</u>	<u>207,218</u>	<u>7,875</u>	<u>26,279</u>
<u>\$ 1,481</u>	<u>\$ 1,287</u>	<u>\$ 272,821</u>	<u>\$ 59,138</u>	<u>\$ 25,552</u>	<u>\$ 207,345</u>	<u>\$ 7,875</u>	<u>\$ 26,279</u>

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	33 Juvenile Probation State Fund	34 Juvenile Probation Mental Health	36 Juvenile Probation Title IV-E	45 Alternative Dispute Resolution
ASSETS				
Cash and Cash Equivalents	\$ 27,420	\$ 781	\$ 67	\$ 11,774
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable (Net)	-	-	-	-
Total Assets	<u>\$ 27,420</u>	<u>\$ 781</u>	<u>\$ 67</u>	<u>\$ 11,774</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Other Restricted Fund Balance	27,420	781	67	11,774
Other Committed Fund Balance	-	-	-	-
Total Fund Balances	<u>27,420</u>	<u>781</u>	<u>67</u>	<u>11,774</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 27,420</u>	<u>\$ 781</u>	<u>\$ 67</u>	<u>\$ 11,774</u>

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

46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fund	51 Family Protection Fund	52 Attorney Pre-Trial Diversion	55 District Clerk Records Mgmt Fund	56 County Clerk Records Mgmt Fund	57 County Attorney Forfeitures
\$ 1,065	\$ 19,159	\$ 1,509	\$ 655	\$ 32,329	\$ 8,403	\$ 216,345	\$ 1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	30	-
<u>\$ 1,065</u>	<u>\$ 19,159</u>	<u>\$ 1,509</u>	<u>\$ 655</u>	<u>\$ 32,329</u>	<u>\$ 8,403</u>	<u>\$ 216,375</u>	<u>\$ 1</u>
\$ -	\$ -	\$ 225	\$ -	\$ -	\$ 620	\$ -	\$ -
-	-	225	-	-	620	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,065	19,159	1,284	655	32,329	7,783	216,375	1
-	-	-	-	-	-	-	-
<u>1,065</u>	<u>19,159</u>	<u>1,284</u>	<u>655</u>	<u>32,329</u>	<u>7,783</u>	<u>216,375</u>	<u>1</u>
<u>\$ 1,065</u>	<u>\$ 19,159</u>	<u>\$ 1,509</u>	<u>\$ 655</u>	<u>\$ 32,329</u>	<u>\$ 8,403</u>	<u>\$ 216,375</u>	<u>\$ 1</u>

BANDERA COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2020

	58 Justice Court Technology	60 State Funded Training- Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive
ASSETS				
Cash and Cash Equivalents	\$ 11,638	\$ 25,088	\$ 41,582	\$ 24,935
Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes (credit)	-	-	-	-
Accounts Receivable (Net)	-	250	-	-
Total Assets	<u>\$ 11,638</u>	<u>\$ 25,338</u>	<u>\$ 41,582</u>	<u>\$ 24,935</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 875	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>875</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Other Restricted Fund Balance	11,638	24,463	41,582	24,935
Other Committed Fund Balance	-	-	-	-
Total Fund Balances	<u>11,638</u>	<u>24,463</u>	<u>41,582</u>	<u>24,935</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 11,638</u>	<u>\$ 25,338</u>	<u>\$ 41,582</u>	<u>\$ 24,935</u>

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

68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	85 Child Welfare Board	88 Various Grants Fund	95 Medina Lake County Park Fund	Total Nonmajor Governmental Funds
\$ 2,554	\$ 211,558	\$ 5,916	\$ -	\$ 276,540	\$ 2,426,941
-	-	-	-	-	42,154
-	-	-	-	-	(10,538)
-	-	-	-	150	17,697
<u>\$ 2,554</u>	<u>\$ 211,558</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 276,690</u>	<u>\$ 2,476,254</u>
\$ -	\$ -	\$ -	\$ -	\$ 409	\$ 25,152
-	-	-	-	409	25,152
-	-	-	-	-	30,815
-	-	-	-	-	30,815
2,554	211,558	5,916	-	-	1,583,183
-	-	-	-	276,281	837,104
<u>2,554</u>	<u>211,558</u>	<u>5,916</u>	<u>-</u>	<u>276,281</u>	<u>2,420,287</u>
<u>\$ 2,554</u>	<u>\$ 211,558</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 276,690</u>	<u>\$ 2,476,254</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	11 Hotel/Motel Tax Fund	14 Mansfield Park Fund	15 Indigent Health Care Fund	16 Sanitary Landfill Fund
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ 78,909	\$ 161,417	\$ -
Other Taxes	370,379	-	-	-
Intergovernmental Revenue and Grants	-	-	21,551	-
Charges for Services	-	27,486	-	335,844
Forfeits	-	-	-	-
Investment Earnings	3,261	1,311	2,359	3,009
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	-	3,682	-	-
Total Revenues	<u>373,640</u>	<u>111,388</u>	<u>185,327</u>	<u>338,853</u>
EXPENDITURES:				
Current:				
General Administration	-	-	-	-
Law Enforcement	-	-	-	-
Sanitation	-	-	-	345,609
Health & Human Services	-	-	132,288	-
Administration of Justice	-	-	-	-
Parks	-	132,211	-	-
Community & Economic Development	285,715	-	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	<u>285,715</u>	<u>132,211</u>	<u>132,288</u>	<u>345,609</u>
Net Change in Fund Balance	87,925	(20,823)	53,039	(6,756)
Fund Balance - October 1 (Beginning)	<u>271,810</u>	<u>105,509</u>	<u>176,530</u>	<u>251,843</u>
Fund Balance - September 30 (Ending)	<u>\$ 359,735</u>	<u>\$ 84,686</u>	<u>\$ 229,569</u>	<u>\$ 245,087</u>

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

18 Sheriff's Tax Sale Fund	22 Child Abuse Prevention Fund	25 Juvenile Probation Local Fund	27 Sheriff's Seized Asset Fund	28 Law Library Fund	30 County Clerk Records Mgmt Fund	31 Records Preservation Fund	32 Courthouse Security Fund
\$ -	\$ -	\$ 314,527	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	27,837	22,616	-	-	-	-
-	50	1,858	-	13,991	62,370	4,113	15,047
1,629	-	-	-	-	-	-	-
-	14	2,825	534	259	2,046	78	293
-	-	-	-	-	-	-	-
-	-	10	-	-	-	-	-
<u>1,629</u>	<u>64</u>	<u>347,057</u>	<u>23,150</u>	<u>14,250</u>	<u>64,416</u>	<u>4,191</u>	<u>15,340</u>
1,629	-	-	-	-	29,001	2,125	-
-	-	-	2,620	-	-	-	10,000
-	-	-	-	-	-	-	-
-	-	247,104	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	10,109	-	-	-
-	-	-	-	-	-	-	-
<u>1,629</u>	<u>-</u>	<u>247,104</u>	<u>2,620</u>	<u>10,109</u>	<u>29,001</u>	<u>2,125</u>	<u>10,000</u>
-	64	99,953	20,530	4,141	35,415	2,066	5,340
<u>1,481</u>	<u>1,223</u>	<u>155,461</u>	<u>38,608</u>	<u>20,757</u>	<u>171,803</u>	<u>5,809</u>	<u>20,939</u>
<u>\$ 1,481</u>	<u>\$ 1,287</u>	<u>\$ 255,414</u>	<u>\$ 59,138</u>	<u>\$ 24,898</u>	<u>\$ 207,218</u>	<u>\$ 7,875</u>	<u>\$ 26,279</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	33 Juvenile Probation State Fund	34 Juvenile Probation Mental Health	36 Juvenile Probation Title IV-E	45 Alternative Dispute Resolution
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	199,032	-	-	-
Charges for Services	-	-	-	7,291
Forfeits	-	-	-	-
Investment Earnings	-	-	1	115
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>199,032</u>	<u>-</u>	<u>1</u>	<u>7,406</u>
EXPENDITURES:				
Current:				
General Administration	-	-	-	-
Law Enforcement	-	-	-	-
Sanitation	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	171,612	-	-	6,000
Parks	-	-	-	-
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	<u>171,612</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Net Change in Fund Balance	27,420	-	1	1,406
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>781</u>	<u>66</u>	<u>10,368</u>
Fund Balance - September 30 (Ending)	<u>\$ 27,420</u>	<u>\$ 781</u>	<u>\$ 67</u>	<u>\$ 11,774</u>

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

46 Appellate Judicial System Fund	48 Guardianship Fee Fund	49 Hot Check Collection Fund	51 Family Protection Fund	52 Attorney Pre-Trial Diversion	55 District Clerk Records Mgmt Fund	56 County Clerk Records Mgmt Fund	57 County Attorney Forfeitures
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,974	1,840	535	1,335	8,157	3,380	63,941	-
8	-	17	1	376	120	2,061	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,982</u>	<u>1,840</u>	<u>552</u>	<u>1,336</u>	<u>8,533</u>	<u>3,500</u>	<u>66,002</u>	<u>-</u>
-	-	-	-	-	5,648	16,767	-
-	-	-	-	10,176	-	-	-
-	-	-	-	-	-	-	-
1,092	-	2,921	1,500	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,092</u>	<u>-</u>	<u>2,921</u>	<u>1,500</u>	<u>10,176</u>	<u>5,648</u>	<u>16,767</u>	<u>-</u>
890	1,840	(2,369)	(164)	(1,643)	(2,148)	49,235	-
175	17,319	3,653	819	33,972	9,931	167,140	1
<u>\$ 1,065</u>	<u>\$ 19,159</u>	<u>\$ 1,284</u>	<u>\$ 655</u>	<u>\$ 32,329</u>	<u>\$ 7,783</u>	<u>\$ 216,375</u>	<u>\$ 1</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	58 Justice Court Technology	60 State Funded Training- Law Enforcement	63 Court Records Preservation Fund	65 District Clerk Records Archive
REVENUES:				
Taxes:				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Intergovernmental Revenue and Grants	-	7,917	-	-
Charges for Services	5,509	-	4,003	3,954
Forfeits	-	-	-	-
Investment Earnings	95	262	433	254
Contributions & Donations from Private Sources	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	5,604	8,179	4,436	4,208
EXPENDITURES:				
Current:				
General Administration	-	-	-	485
Law Enforcement	-	4,203	-	-
Sanitation	-	-	-	-
Health & Human Services	-	-	-	-
Administration of Justice	6,000	-	-	-
Parks	-	-	-	-
Community & Economic Development	-	-	-	-
Infrastructure & Environmental	-	-	-	-
Total Expenditures	6,000	4,203	-	485
Net Change in Fund Balance	(396)	3,976	4,436	3,723
Fund Balance - October 1 (Beginning)	12,034	20,487	37,146	21,212
Fund Balance - September 30 (Ending)	\$ 11,638	\$ 24,463	\$ 41,582	\$ 24,935

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

68 Juvenile Commitment RDCTN Grant	69 Capital Credits Fund	85 Child Welfare Board	88 Various Grants Fund	95 Medina Lake County Park Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,853
-	-	-	-	-	370,379
5,034	34,838	-	29,025	-	347,850
-	-	-	-	199,198	761,876
-	-	-	-	-	1,629
-	1,958	87	-	2,262	24,039
-	-	1,314	-	-	1,314
-	-	-	-	-	3,692
<u>5,034</u>	<u>36,796</u>	<u>1,401</u>	<u>29,025</u>	<u>201,460</u>	<u>2,065,632</u>
-	-	-	-	-	55,655
-	-	-	-	-	26,999
-	-	-	-	-	345,609
-	-	3,933	-	-	136,221
2,480	-	-	-	-	438,709
-	-	-	-	149,067	281,278
-	9,790	-	-	-	305,614
-	-	-	29,025	-	29,025
<u>2,480</u>	<u>9,790</u>	<u>3,933</u>	<u>29,025</u>	<u>149,067</u>	<u>1,619,110</u>
2,554	27,006	(2,532)	-	52,393	446,522
-	184,552	8,448	-	223,888	1,973,765
<u>\$ 2,554</u>	<u>\$ 211,558</u>	<u>\$ 5,916</u>	<u>\$ -</u>	<u>\$ 276,281</u>	<u>\$ 2,420,287</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

	BALANCE OCTOBER 1 2019	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30 2020
STATE FEE & FINE FUND				
Assets:				
Cash and Cash Equivalents	\$ 67,479	\$ 249,340	\$ 253,986	\$ 62,833
Other Receivables	555	465	555	465
Total Assets	<u>\$ 68,034</u>	<u>\$ 249,805</u>	<u>\$ 254,541</u>	<u>\$ 63,298</u>
Liabilities:				
Due to Other Governments	<u>\$ 68,034</u>	<u>\$ 249,805</u>	<u>\$ 254,541</u>	<u>\$ 63,298</u>
EMS MEMORIALS & DONATIONS FUND				
Assets:				
Cash and Cash Equivalents	<u>\$ 1,403</u>	<u>\$ 5,680</u>	<u>\$ 4,367</u>	<u>\$ 2,716</u>
Liabilities:				
Due to Others	<u>\$ 1,403</u>	<u>\$ 5,680</u>	<u>\$ 4,367</u>	<u>\$ 2,716</u>
OFFICIALS' FEES & ACCOUNTS FUND				
Assets:				
Cash and Cash Equivalents	\$ 797,282	\$ 41,880,860	\$ 41,708,647	\$ 969,495
Investments - Current	38,096	156	19,183	19,069
Total Assets	<u>\$ 835,378</u>	<u>\$ 41,881,016</u>	<u>\$ 41,727,830</u>	<u>\$ 988,564</u>
Liabilities:				
Due to Other Governments	\$ 742,549	\$ 41,734,746	\$ 41,544,057	\$ 933,238
Due to Others	92,829	146,270	183,773	55,326
Total Liabilities	<u>\$ 835,378</u>	<u>\$ 41,881,016</u>	<u>\$ 41,727,830</u>	<u>\$ 988,564</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	\$ 866,164	\$ 42,135,880	\$ 41,967,000	\$ 1,035,044
Investments - Current	38,096	156	19,183	19,069
Other Receivables	555	465	555	465
Total Assets	<u>\$ 904,815</u>	<u>\$ 42,136,501</u>	<u>\$ 41,986,738</u>	<u>\$ 1,054,578</u>
Liabilities:				
Due to Other Governments	\$ 810,583	\$ 41,984,551	\$ 41,798,598	\$ 996,536
Due to Others	94,232	151,950	188,140	58,042
Total Liabilities	<u>\$ 904,815</u>	<u>\$ 42,136,501</u>	<u>\$ 41,986,738</u>	<u>\$ 1,054,578</u>

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

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2020

	64 Ambulance Sinking Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ASSETS				
Cash and Cash Equivalents	\$ 1,259	\$ 7,474	\$ 2,393	\$ 160,492
Total Assets	<u>1,259</u>	<u>7,474</u>	<u>2,393</u>	<u>160,492</u>
NET POSITION				
Unrestricted Net Position	<u>1,259</u>	<u>7,474</u>	<u>2,393</u>	<u>160,492</u>
Total Net Position	<u>\$ 1,259</u>	<u>\$ 7,474</u>	<u>\$ 2,393</u>	<u>\$ 160,492</u>

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

<u>97</u> <u>Bandera EMS</u> <u>Building</u> <u>Fund</u>	<u>Total</u> <u>Private</u> <u>Purpose</u> <u>Trust Funds</u>
\$ -	\$ 171,618
<u>\$ -</u>	<u>\$ 171,618</u>
\$ -	\$ 171,618
<u>\$ -</u>	<u>\$ 171,618</u>

BANDERA COUNTY, TEXAS
 COMBINING STATEMENT OF ADDITIONS, DEDUCTIONS AND CHANGES IN NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2020

Data Control Codes	64 Ambulance Sinking Fund	89 Historical Commission Fund	91 Available School Fund	92 Permanent School Fund
ADDITIONS:				
Charges for Services	\$ -	\$ 640	\$ -	\$ -
Investment Earnings	14	81	1,782	-
Contributions & Donations from Private	-	485	-	-
Total Additions	<u>14</u>	<u>1,206</u>	<u>1,782</u>	<u>-</u>
DEDUCTIONS:				
Supplies	-	590	-	-
Total Deductions	<u>-</u>	<u>590</u>	<u>-</u>	<u>-</u>
Change in Net Position	14	616	1,782	-
Total Net Position - October 1 (Beginning)	<u>1,245</u>	<u>6,858</u>	<u>611</u>	<u>160,492</u>
Total Net Position - September 30 (Ending)	<u>\$ 1,259</u>	<u>\$ 7,474</u>	<u>\$ 2,393</u>	<u>\$ 160,492</u>

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

97 Bandera EMS Building Fund	Total Private Purpose Trust Funds
\$ -	\$ 640
-	1,877
-	485
-	3,002
-	590
-	590
-	2,412
-	169,206
<u>\$ -</u>	<u>\$ 171,618</u>



NEFFENDORF & BLOCKER, P.C.

March 24, 2021

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 12, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Bandera County, Texas are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2020. We noted no transactions entered into by Bandera County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

TEL: 830 997 3348 EMAIL: info@nb-cpa.com

P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 24, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; the Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Employer Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet – Nonmajor Governmental Funds; Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds; Combining Statement of Changes in Assets and Liabilities – All Agency Funds; Combining Statement of Net Position – Private Purpose Trust Funds; and Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Private Purpose Trust Funds and the Schedule of Federal Awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Commissioner's Court and management of Bandera County and is not intended to be and should not be used by anyone other than these specified parties.

Other Comments and Recommendations

Fixed Assets and Depreciation

In reviewing the County's fixed asset register and depreciation report, we noted discrepancies when reconciling to the financial statements. We recommend that the fixed asset register and depreciation report be reviewed and reconciled to the financials on an annual basis.

Grants

The County Auditor did not have copies of all grant agreements. The Auditor's office should monitor all grant receipts and disbursements for compliance with grant agreements. The Auditor's office has started obtaining the grant agreements in the current fiscal year.

Prior Year Recommendations

Commissary Bank Reconciliation

Several old outstanding checks (total \$1,726.26) are being carried on the bank reconciliation. We recommend that the checks be researched for proper disposition (cleared, re-issued, escheated).

We appreciate the cooperation of the County Auditor's offices and the various officials and employees of the County.

Sincerely,

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.

Fredericksburg, Texas

March 24, 2021

BANDERA COUNTY, TEXAS

FEDERAL SINGLE AUDIT REPORT

Year Ended September 30, 2020



NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditor's Report

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

Members of the Court:

Report on Compliance for Each Major Federal Program

We have audited Bandera County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bandera County's major federal programs for the year ended September 30, 2020. Bandera County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bandera County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bandera County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bandera County's compliance.

In our opinion, Bandera County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal for the year ended September 30, 2020.

TEL: 830 997 3348

EMAIL: info@nb-cpa.com

P.O. Box 874 · 512 S Adams Street, Fredericksburg, TX 78624

MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS & TEXAS SOCIETY OF CPAs

Report on Internal Control Over Compliance

Management of Bandera County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Bandera County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bandera County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bandera County as of and for the year ended September 30, 2020, and the related notes to the financial statements. We issued our report thereon dated March 24, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 24, 2021



NEFFENDORF & BLOCKER, P.C.

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

Honorable Judge and Commissioners
County of Bandera, Texas
Bandera, TX 78003

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bandera County, Texas (the "County"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

We noted certain matters that we reported to management of the County of Bandera, Texas, in a separate letter dated March 24, 2021.

Sincerely,

A handwritten signature in blue ink that reads "Neffendorf + Blocker, P.C.".

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 24, 2021

BANDERA COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

I. Summary of the Auditor's Results:

- a. Type of report issued on the financial statements of the Bandera County was: an unmodified opinion.
- b. The audit did not disclose any noncompliance which would have been material to the financial statements of the Bandera County.
- c. The audit disclosed no findings of known questioned costs in excess of \$25,000 as described under Uniform Guidance 2 CFR §200-516.
- d. Type of report issued on compliance for major programs was: an unmodified opinion.
- d. The major program tested was:

Coronavirus Relief Fund - (CFDA#21.019)
- f. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- g. Bandera County did not qualify as a low risk auditee.

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

-None-

III. Findings and Questioned Costs for Federal Awards

-None-

BANDERA COUNTY, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS/CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020

STATEMENT OF CORRECTIVE ACTION -
CURRENT YEAR DISCLOSURES

-None-

STATEMENT OF CORRECTIVE ACTION -
PRIOR YEAR DISCLOSURES

-None-

BANDERA COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<u>Passed Through Texas Department of Agriculture</u>			
Community Development Block Grant	14.228	7219020	\$ 29,025
Total Passed Through Texas Department of Agriculture			<u>29,025</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>29,025</u>
<u>U.S. ELECTIONS ASSISTANCE COMMISSION</u>			
<u>Passed Through Secretary of State</u>			
2020 HAVA- Election Security Grant	90.404	TX18101001-01-0	5,096
2020 HAVA- CARES Act Grant	90.404	TX20101CARES-01	24,003
Total CFDA Number 90.404			<u>29,099</u>
Total Passed Through Secretary of State			<u>29,099</u>
TOTAL U.S. ELECTIONS ASSISTANCE COMMISSION			<u>29,099</u>
<u>U.S. TREASURY</u>			
<u>Passed Through Texas Department of Emergency Management</u>			
Coronavirus Relief Fund	21.019		1,218,580
Total Passed Through Texas Department of Emergency Management			<u>1,218,580</u>
TOTAL U.S. TREASURY			<u>1,218,580</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
<u>Passed Through Office of Governor- Homeland Security Division</u>			
Interoperable Communications	97.067	HS 3905301	57,788
Total Passed Through Office of Governor- Homeland Security Division			<u>57,788</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>57,788</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<u>Passed Through Office of Governor- Criminal Justice Division</u>			
Interoperability Project	16.738	3753601	99,271
Total Passed Through Office of Governor- Criminal Justice Division			<u>99,271</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>99,271</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,433,763</u>

BANDERA COUNTY, TEXAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

1. The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Bandera County, Texas. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Federal and State financial assistance was accounted for in the Governmental fund types.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All Federal grant funds were accounted for in the General Fund and Special Revenue Funds which are Governmental Fund types.

With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

3. The period of availability for federal grant funds for the purpose of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in the Uniform Guidance.
4. Bandera County, Texas has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.