

*BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

**COUNTY OF GILLESPIE,
TEXAS**

Fredericksburg, Texas

**For the Year Ended
September 30, 2020**

GILLESPIE COUNTY, TEXAS

BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

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

TABLE OF CONTENTS

<u>Exhibit</u>		<u>Page</u>
	Independent Auditors' Report	1
	Management's Discussion and Analysis.....	3
	<u>Basic Financial Statements</u>	
	Government Wide Statements:	
A-1	Statement of Net Position	9
B-1	Statement of Activities	10
	Governmental Fund Financial Statements:	
C-1	Balance Sheet	12
C-2	Reconciliation for C-1	14
C-3	Statement of Revenues, Expenditures and Changes in Fund Balance.....	15
C-4	Reconciliation for C-3	17
	Fiduciary Funds:	
E-1	Statement of Net Position Fiduciary Funds.....	18
E-2	Statement of Changes in Net Position Fiduciary Funds.....	19
	Notes to the Financial Statements.....	20
	<u>Required Supplementary Information</u>	
G-1	Budgetary Comparison Schedule - General Fund.....	43
G-2	Budgetary Comparison Schedule - Road and Bridge Fund	44
G-3	Schedule of Changes in Net Pension Liability and Related Ratios	45
G-4	Schedule of Employer Contributions.....	46
G-5	Notes to Schedules of Contributions	47
	<u>Supplementary Information</u>	
H-1	Combining Balance Sheet - Nonmajor Governmental Funds	48
H-2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds.....	52
H-3	Combining Statement of Changes in Assets & Liabilities - Agency Funds.....	56
H-4	Combining Statement of Net Position - Private Purpose Trust Funds	58
H-5	Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Private Purpose Trust Funds	60



NEFFENDORF & BLOCKER, P.C.

INDEPENDENT AUDITOR'S REPORT

Honorable Judge and County Commissioners
Gillespie County, Texas
Fredericksburg, TX 78624

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 Gillespie 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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

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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 Gillespie 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (Pages 3 through 8), budgetary comparison information (pages 43 and 44), the schedule of changes in net pension liability and related ratios, schedule of employer contributions and notes to the schedule of contributions (pages 45 through 47) 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 Gillespie County's basic financial statements. The combining nonmajor and fiduciary fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2021 on our consideration of Gillespie 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 Gillespie County's internal control over financial reporting and compliance.

Neffendorf & Blocker, P.C.
Neffendorf & Blocker, P.C.

Fredericksburg, Texas

March 18, 2021

GILLESPIE COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

As management of Gillespie County, Texas, we offer readers of the County's financial statements this narrative overview and analysis of the financial statements of the County for the year ended September 30, 2020. Please read it in conjunction with the independent auditors' report on page 1, and County's Basic Financial Statements which begin on page 9.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$42,024,431 (Net Position). Of this amount, \$14,684,303 (unrestricted Net Position) may be used to meet the County's ongoing obligations to citizen's and creditors.
- The County's Net Position increased by \$4,757,287 as a result of this year's operations.
- At September 30, 2020, the County's governmental funds reported combined ending fund balances of \$23,426,094, a decrease of \$138,010 in comparison with the prior year.
- At September 30, 2020, the unassigned fund balance of the general fund was \$13,694,434 or 76 percent of total general fund expenditures.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (on pages 9 and 10). These provide information about the activities of the County as a whole and present a longer-term view of the County's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (on pages 12 & 15) report the County's operations in more detail than the government-wide statements by providing information about the County's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget.

The notes to the financial statements (starting on page 20) provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The Budgetary Comparison Schedules (General and Road & Bridge Funds) are presented as required supplementary information on pages 43 and 44.

Reporting the County as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the County's overall financial condition and operations begins on page 9. Its primary purpose is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All the County's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

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

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

➤ Governmental activity - Most of the County's basic services are reported here, including the general administration, public safety, roads and bridges, judicial system, health and sanitation services, public facilities, libraries and education, and agricultural services. Property taxes, user charges, sales tax and governmental grants and contributions finance most of these activities.

Reporting the County's Most Significant Funds

Fund Financial Statements

The fund financial statements on pages 12 & 15 provide detailed information about the most significant funds - not the County as a whole.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position of the County's governmental activities increased from \$37,267,144 to \$42,024,431. Unrestricted Net Position - the part of Net Position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements was \$14,684,303 at September 30, 2020. This increase in governmental Net Position was the result of five factors. First, the County's expenditures exceeded the revenues by \$138,010. Second, the County acquired capital assets in the amount of \$5,368,962. Third, the County retired principal on long-term debt of \$1,225,314. Fourth, the County recorded depreciation in the amounts of \$1,633,866. Fifth, the County issued capital lease proceeds in the amount of \$541,031.

Table I
Gillespie County, Texas

NET POSITION in thousands

	Governmental Activities	
	2020	2019
Current and Other Assets	\$ 25,977	\$ 25,776
Capital Assets	30,987	27,251
Net Pension Asset	342	-
Total Assets	\$ 57,306	\$ 53,027
Deferred Outflow Related to Pension Plan	\$ 1,139	\$ 2,942
Long-Term Liabilities	\$ 13,511	\$ 14,198
Net Pension Liability	-	2,767
Other Liabilities	1,912	1,625
Total Liabilities	\$ 15,423	\$ 18,590
Deferred Inflow Related to Pension Plan	\$ 998	\$ 112
Net Position:		
Net Investment in Capital Assets	\$ 17,815	\$ 19,942
Restricted	9,525	4,676
Unrestricted	14,684	12,649
Total Net Position	\$ 42,024	\$ 37,267

Table II
Gillespie County, Texas

CHANGES IN NET POSITION
in thousands

	Governmental Activities	
	2020	2019
Revenues:		
Charges for Services	\$ 3,290	\$ 3,376
Operating Grants and Contributions	441	440
Capital Grants and Contributions	46	72
Property Taxes	19,280	17,038
Sales Tax	3,234	2,768
Other Taxes	779	849
Penalty and Interest	140	198
Miscellaneous Revenue	322	257
Investment Earnings	324	574
Total Revenue	\$ <u>27,856</u>	\$ <u>25,572</u>
Expenses:		
Judicial	\$ 1,539	\$ 1,725
General Government	7,878	6,833
Public Safety	7,986	7,961
Road and Bridge	3,014	3,086
Health and Sanitation	292	230
Public Facilities	1,293	1046
Libraries and Education	346	359
Agricultural Services	373	385
Debt Interest	377	400
Debt Fees	1	1
Total Expenses	\$ <u>23,099</u>	\$ <u>22,026</u>
Increase in Net Position	\$ 4,757	\$ 3,546
Net Position - Beginning	37,267	33,703
Prior Period Adjustment	-	18
Net Position - Ending	\$ <u>42,024</u>	\$ <u>37,267</u>

The cost of all governmental activities this year was \$23,099,122. However, the amount that our taxpayers ultimately financed for these activities through County taxes was only \$19,279,776 because the other costs were paid by sales tax (\$3,234,499), capital and operating grants and contributions (\$487,139), user charges (\$3,290,259), other taxes (\$778,698), penalties and interest on taxes (\$139,711), investment earnings (\$324,118), and other miscellaneous (\$322,209).

THE COUNTY'S FUNDS

As the County completed the year, its governmental funds (as presented in the balance sheet on page 12) reported a combined fund balance of \$23,426,094, which is less than last year's total of \$23,564,104. Included in this year's total change in fund balance is an increase of \$1,574,096 in the County's General Fund, an increase of \$360,149 in the County's Road and Bridge Fund, and a decrease of \$2,186,799 in the County's Capital Projects Funds. The primary reasons for the General Fund's increase mirror the governmental activities analysis highlighted on page 5.

The Commissioner's Court adopted the General Fund Budget and the Road and Bridge Budget. For the general fund actual revenues were more than budgeted amounts and expenditures were less than budgeted amounts. For the Road and Bridge Fund, actual revenues were less than the budgeted amounts and actual expenditures were less than budgeted amounts. This resulted in a positive variance with final budget of \$4,763,738 for the General Fund and a positive variance with final budget of \$1,358,491 for the Road and Bridge Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

At September 30, 2020, the County had the following amounts invested in capital assets, net of depreciation:

CAPITAL ASSETS in thousands

	2020	2019
Land and Easements	\$ 2,735	\$ 2,735
Construction in Progress	4,565	364
Buildings & Improvements	20,423	20,273
Machinery & Equipment	10,271	9,517
Other Improvements	5,068	4,950
Total Capital Assets	\$ 43,062	\$ 37,839
Less Accumulated Depreciation	12,075	10,587
Capital Assets, Net	\$ 30,987	\$ 27,252

This year's major additions included:

Vehicles & Equipment	900,470
Improvements	136,328
Agriculture Building	4,214,244
Road Infrastructure	117,920
TOTALS	\$ 5,368,962

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

DEBT

At September 30, 2020, the County had the following outstanding debt:

OUTSTANDING DEBT in thousands

	2020	2019
General Obligation Refunding Bonds – Series 2010	\$ 175	\$ 345
General Obligation Bonds – Series 2013	10,355	10,950
Net Pension Liability	-	2,767
Capital Leases	1,898	1,817
Premium on GO Bonds – Series 2013	690	745
Compensated Absences	392	341
Total Outstanding Debt	<u>\$ 13,510</u>	<u>\$ 16,965</u>

For governmental activities, the County had \$13,510,764 in general obligation bonds and other long-term debt outstanding, a decrease of 20 percent. The County retired \$1,225,314 in principle on the outstanding long-term debt. The annual amortization for the bond premium was \$54,658 in fiscal year 2020. The net decrease in compensated absences was \$51,221.

More detailed information about the County's long-term liabilities is presented in Note 3.G. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2021 budget and tax rates. The major factors are the economy, population growth, and assessed property valuation. These indicators were taken into account when adopting the General Fund budget for 2021. Amounts available for appropriation in the General Fund budget are \$20,603,167 and expenditures are estimated to be \$22,906,253. If these estimates are realized, the County's budgetary General fund balance is expected to decrease \$2,303,086 by the close of 2021. Amounts available for appropriation in the Road and Bridge Fund budget are \$3,908,361 and expenditures are estimated to be \$5,308,405. If these estimates are realized, the County's budgetary Road and Bridge fund balance is expected to decrease \$1,400,044 by the close of 2021.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GILLESPIE COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 24,678,883
Accounts Receivable (Net)	983,648
Due from Other Governments	308,786
Inventories	6,114
Capital Assets:	
Land	2,734,768
Infrastructure, Net	4,119,871
Buildings, Net	15,784,927
Improvements other than Buildings, Net	261,197
Furniture and Equipment, Net	3,520,913
Construction in Progress	4,564,894
Net Pension Asset	342,099
Total Assets	<u>57,306,100</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	1,139,437
Total Deferred Outflows of Resources	<u>1,139,437</u>
LIABILITIES	
Accounts Payable	860,381
Wages and Salaries Payable	668,497
Retainage Payable	197,775
Intergovernmental Payable	7,417
Accrued Interest Payable	52,907
Unearned Revenues	125,379
Noncurrent Liabilities:	
Debt Due Within One Year	1,310,362
Debt Due in More Than One Year	12,200,402
Total Liabilities	<u>15,423,120</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	997,986
Total Deferred Inflows of Resources	<u>997,986</u>
NET POSITION	
Net Investment in Capital Assets	17,815,362
Restricted for:	
Restricted for Special Revenue	5,031,966
Restricted for Capital Acquisition	4,377,349
Restricted for Debt Service	115,451
Unrestricted Net Position	14,684,303
Total Net Position	<u><u>\$ 42,024,431</u></u>

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

GILLESPIE COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues	
		Charges for Services	Operating Grants and Contributions
	Expenses		
Primary Government:			
GOVERNMENTAL ACTIVITIES:			
Judicial	\$ 1,539,266	\$ 488,851	\$ 149,412
General Administration	7,877,735	696,433	38,618
Public Safety	7,985,525	102,261	116,241
Road and Bridge	3,013,569	924,308	26,592
Health and Sanitation	292,340	735,124	110,412
Public Facilities	1,293,128	323,937	-
Libraries and Education	345,657	19,345	-
Agriculture Services	373,426	-	-
Interest on Debt	377,326	-	-
Fiscal Agent's Fees	1,150	-	-
TOTAL PRIMARY GOVERNMENT	\$ 23,099,122	\$ 3,290,259	\$ 441,275

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

General Sales and Use Taxes

Other Taxes

Penalty and Interest on Taxes

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position-- Beginning

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
\$ -	\$ (901,003)
-	(7,142,684)
-	(7,767,023)
-	(2,062,669)
-	553,196
45,864	(923,327)
-	(326,312)
-	(373,426)
-	(377,326)
-	(1,150)
<u>\$ 45,864</u>	<u>(19,321,724)</u>

18,091,347
1,188,429
3,234,499
778,698
139,711
322,209
324,118
<u>24,079,011</u>
4,757,287
37,267,144
<u>\$ 42,024,431</u>

GILLESPIE COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Road and Bridge Fund	Capital Projects
ASSETS			
Cash and Cash Equivalents	\$ 14,208,863	\$ 3,058,987	\$ 5,013,614
Investments - Current	-	-	102,637
Taxes Receivable	449,007	79,237	-
Allowance for Uncollectible Taxes (credit)	(8,980)	(1,585)	-
Accounts Receivable (Net)	182,458	48,162	-
Due from Other Governments	308,786	-	-
Due from Other Funds	2,255	-	-
Inventories	2,778	3,336	-
Total Assets	<u>\$ 15,145,167</u>	<u>\$ 3,188,137</u>	<u>\$ 5,116,251</u>
LIABILITIES			
Accounts Payable	\$ 175,664	\$ 112,413	\$ 541,127
Wages and Salaries Payable	624,067	38,773	-
Retainage Payable	-	-	197,775
Intergovernmental Payable	7,417	-	-
Due to Other Funds	-	2,245	-
Unearned Revenues	-	-	-
Total Liabilities	<u>807,148</u>	<u>153,431</u>	<u>738,902</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	440,027	77,652	-
Total Deferred Inflows of Resources	<u>440,027</u>	<u>77,652</u>	<u>-</u>
FUND BALANCES			
Inventories	2,778	3,336	-
Federal or State Funds Grant Restriction	-	-	-
Capital Acquisition and Contractual Obligation	-	-	4,377,349
Retirement of Long-Term Debt	-	-	-
Other Restricted Fund Balance	-	2,953,718	-
Other Assigned Fund Balance	200,780	-	-
Unassigned Fund Balance	13,694,434	-	-
Total Fund Balances	<u>13,897,992</u>	<u>2,957,054</u>	<u>4,377,349</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 15,145,167</u>	<u>\$ 3,188,137</u>	<u>\$ 5,116,251</u>

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 115,451	\$ 2,179,331	\$ 24,576,246
-	-	102,637
33,771	-	562,015
(676)	-	(11,241)
-	61,140	291,760
-	-	308,786
-	-	2,255
-	-	6,114
<u>\$ 148,546</u>	<u>\$ 2,240,471</u>	<u>\$ 25,838,572</u>
\$ -	\$ 31,177	\$ 860,381
-	5,657	668,497
-	-	197,775
-	-	7,417
-	10	2,255
-	125,379	125,379
-	162,223	1,861,704
33,095	-	550,774
33,095	-	550,774
-	-	6,114
-	49,135	49,135
-	-	4,377,349
115,451	-	115,451
-	2,029,113	4,982,831
-	-	200,780
-	-	13,694,434
115,451	2,078,248	23,426,094
<u>\$ 148,546</u>	<u>\$ 2,240,471</u>	<u>\$ 25,838,572</u>

GILLESPIE COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$ 23,426,094
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.	13,338,414
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.	6,594,276
The items reported as a result of GASB 68 implementation included a net pension asset of \$342,099, a Deferred Resource Outflow of \$1,139,437 and a Deferred Resource Inflow of \$997,986. The net effect of these was to increase the ending net position by \$483,550.	483,550
The 2020 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,633,866)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, reclassifying the proceeds of capital leases as an increase in capital leases payable, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease net position.	(184,037)
Net Position of Governmental Activities	<u>\$ 42,024,431</u>

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

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

	General Fund	Road and Bridge Fund	Capital Projects
REVENUES:			
Taxes:			
Property Taxes	\$ 15,282,531	\$ 2,696,917	\$ -
General Sales and Use Taxes	3,234,499	-	-
Other Taxes	194,620	-	-
Penalty and Interest on Taxes	111,331	19,347	-
Licenses and Permits	67,606	697,250	-
Intergovernmental Revenue and Grants	327,729	-	-
Charges for Services	1,706,687	-	-
Fines	97,994	160,535	-
Forfeits	-	-	-
Investment Earnings	215,765	35,945	57,533
Rents and Royalties	87,018	-	-
Other Revenue	91,744	30,101	-
Total Revenues	21,417,524	3,640,095	57,533
EXPENDITURES:			
Current:			
General Government:			
Judicial	1,450,851	-	-
General Administration	6,728,055	-	-
Public Safety	8,015,456	-	-
Road and Bridge	-	3,847,490	-
Health and Sanitation	281,397	-	-
Public Facilities	868,290	-	4,215,700
Libraries and Education	333,626	-	-
Agriculture Services	354,323	-	-
Debt Service:			
Principal on Debt	-	-	-
Interest on Debt	-	-	-
Fiscal Agent's Fees	-	-	-
Capital Outlay:			
Capital Outlay	-	-	28,632
Total Expenditures	18,031,998	3,847,490	4,244,332
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,385,526	(207,395)	(4,186,799)
OTHER FINANCING SOURCES (USES):			
Sale of Real and Personal Property	32,825	52,106	-
Proceeds from Capital Leases	-	541,031	-
Transfers In	-	-	2,000,000
Other Resources	155,745	1,000	-
Transfers Out (Use)	(2,000,000)	(26,593)	-
Total Other Financing Sources (Uses)	(1,811,430)	567,544	2,000,000
Net Change in Fund Balances	1,574,096	360,149	(2,186,799)
Fund Balance - October 1 (Beginning)	12,323,896	2,596,905	6,564,148
Fund Balance - September 30 (Ending)	\$ 13,897,992	\$ 2,957,054	\$ 4,377,349

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

Debt Service Fund	Other Funds	Total Governmental Funds
\$ 1,183,374	\$ -	\$ 19,162,822
-	-	3,234,499
-	584,078	778,698
9,033	-	139,711
-	-	764,856
-	159,410	487,139
-	227,847	1,934,534
-	2,866	261,395
-	5,534	5,534
3,121	11,754	324,118
-	236,919	323,937
-	26,479	148,324
<u>1,195,528</u>	<u>1,254,887</u>	<u>27,565,567</u>
-	27,034	1,477,885
-	838,855	7,566,910
-	28,910	8,044,366
-	26,593	3,874,083
-	-	281,397
-	240,027	5,324,017
-	-	333,626
-	-	354,323
765,000	-	765,000
434,895	-	434,895
1,150	-	1,150
-	-	28,632
<u>1,201,045</u>	<u>1,161,419</u>	<u>28,486,284</u>
<u>(5,517)</u>	<u>93,468</u>	<u>(920,717)</u>
-	-	84,931
-	-	541,031
-	26,593	2,026,593
-	-	156,745
-	-	(2,026,593)
-	26,593	782,707
<u>(5,517)</u>	<u>120,061</u>	<u>(138,010)</u>
<u>120,968</u>	<u>1,958,187</u>	<u>23,564,104</u>
<u>\$ 115,451</u>	<u>\$ 2,078,248</u>	<u>\$ 23,426,094</u>

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

Total Net Change in Fund Balances - Governmental Funds	\$ (138,010)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2020 capital outlays and debt principal payments is to increase the change in net position.	6,594,276
The entries required by GASB 68 did require that some expenses on B-1 be adjusted. Total credits to expenses were \$2,236,427 and total debits to expenses were \$1,816,023. The net effect on the change in net position on Exhibit B-1 is an increase of \$420,404.	420,404
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.	(1,633,866)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, reclassifying the proceeds of capital lease proceeds, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(485,517)
Change in Net Position of Governmental Activities	<u>\$ 4,757,287</u>

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

GILLESPIE 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	\$ 308,712	\$ 33,275,267
Other Receivables	-	56,490
Total Assets	<u>308,712</u>	<u>\$ 33,331,757</u>
LIABILITIES		
Accounts Payable	2,551	\$ -
Wages and Salaries Payable	708	-
Due to Other Governments	-	701,927
Due to Others	-	32,629,830
Total Liabilities	<u>3,259</u>	<u>\$ 33,331,757</u>
NET POSITION		
Unrestricted Net Position	<u>305,453</u>	
Total Net Position	<u>\$ 305,453</u>	

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

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

	Private Purpose Trust Funds
ADDITIONS:	
Charges for Services	\$ 5,896
Investment Earnings	2,721
Total Additions	<u>8,617</u>
DEDUCTIONS:	
Other Operating Costs	6,058
Supplies	7,501
Total Deductions	<u>13,559</u>
Net Change in Fiduciary Net Position	(4,942)
Total Net Position - October 1 (Beginning)	<u>310,395</u>
Total Net Position - September 30 (Ending)	<u><u>\$ 305,453</u></u>

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

GILLESPIE COUNTY, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Gillespie County have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. 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:

1.A. REPORTING ENTITY

The County has developed criteria to determine if the activities of any outside agencies or organizations should be included within its financial statements. The criteria includes the amount of oversight responsibility exercised by the County over the activities of an agency or organization, the scope of public service of an agency or organization, and the nature of any special financing relationships which may exist between the County and an agency or organization. Oversight responsibility includes financial interdependency, selection of the governing authority, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The County's financial statements include all funds over which the County exercises oversight responsibility. Also, the County is not included as a part of any other reporting entity.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The government-wide financial statements include the statement of Net Position and the statement of activities. Government-wide Financial Statements 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 main operating fund of the County, is always classified as a major fund. It is the primary fund of the County and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specific purposes other than debt service or capital projects.

Capital Projects Funds

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure of principal and interest on general long-term debt of the County. Ad valorem taxes are used for the payment of principal and interest on the County's debt.

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 five 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.

Major and Nonmajor Funds

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

Major Fund	Brief Description
General Fund	See above for description.
Special Revenue Fund: Road and Bridge	Accounts for all road and bridge construction and maintenance activity.
Debt Service Fund:	Accounts for the collection of taxes to pay principal and interest on bonds.
Capital Projects Fund	Accounts for all activity concerning construction projects.

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

1.D. ASSETS, LIABILITIES AND EQUITY

Cash and Cash Investments

For the purpose of the Statement of Net Position, "Cash and Cash Equivalents" includes demand deposit accounts, certificates of deposit 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

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

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.

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the General Fund consist of fuel and postage held for consumption. Inventories in the Special Revenue Fund consist of sign machine supplies. The cost of inventories is recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are reported in the governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 (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. 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.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

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

Compensated Absences

Vacation pay and sick leave benefits are accrued by County employees according to guidelines set out in the County's personnel policy. The policy allows employees to accumulate vacation, sick leave and overtime within certain limitations. Employees accrue 10 to 18 days of vacation each year (depending upon their length of service) and are allowed to accumulate unused vacation for two years. Unused vacation is paid upon termination or retirement. The County's policy allows for accumulation of up to 480 hours of sick leave, but does not provide for payment of any unused sick leave. Also, in accordance with the Fair Labor Standards Act, as it applies to local governments, non-exempt County employees have been granted compensatory time for hours worked beyond their regular working hours since October 1, 1987. Accumulated compensatory time is also paid upon termination of employment. The estimated cost of unused vacation and compensatory time is recorded in the accompanying financial statements in the government-wide financial statements.

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 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 expenditures in the year incurred.

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.

Equity Classifications

Government-wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

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

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

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

The County's fund balance policy indicates that the County will typically use restricted, committed, and/or assigned fund balances, in that order, prior to using unassigned resources, but the County reserves the right to deviate from this general strategy.

Net Position

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

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.

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

1.E. REVENUES, EXPENDITURES AND EXPENSES

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 reallocations 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.

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 and may make departmental budget transfers within each fund as needed. 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 Gillespie County.

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 \$14,568,261 and the bank balance was \$14,861,167. The County's cash deposits held at Security State Bank & Trust 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.

The County's temporary investments consisted of certificates of deposit and local government investment pools at September 30, 2020 and are shown below:

Name	Carrying Amount	Market Value	FDIC Coverage	Pledged Securities
<u>Certificates of Deposit -</u>				
Texas Regional Bank	\$ 950,000	\$ 950,000	\$ 250,000	\$ 700,000
Security State Bank & Trust	2,050,000	2,050,000	250,000	1,800,000
Multi-Bank Securities, Inc	2,229,000	2,268,712	2,229,000	
Financial Northeastern	734,000	739,215	734,000	
<u>Liquid Asset Portfolio -</u>				
TexPool	3,170,522	3,170,522	*	*
TexasClass	1,666,164	1,666,164	*	*
Total Governmental Activities	<u>\$ 10,799,686</u>	<u>\$ 10,844,613</u>	<u>3,463,000</u>	<u>2,500,000</u>

- * TexPool and TexasClass are Local Government Investment Pools 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. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are adjusted daily and the funds seek to maintain a constant net asset value of \$1.00, although this cannot be guaranteed. TexPool and TexasClass are rated AAAM and must maintain a weighted average maturity not to exceed 60 days.

At September 30, 2020, TexPool had a weighted average maturity of 38 days and TexasClass had a weighted average maturity of 56 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. The State Comptroller oversees TexPool and TexasClass, with a third party managing the daily operations of the pool under contract.

Policies Governing Deposits and Investments

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

Custodial Credit Risk - Deposits: This is the risk that in the event of bank failure, the County's deposits may not be returned to it. The County was not exposed to custodial credit risk since its deposits at year-end were covered by depository insurance or by pledged collateral held by the County's agent bank in the County's name.

Custodial Credit Risk - Investments: This is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investments (certificates of deposit) were secured by FDIC insurance and pledged securities.

Other Credit Risk: There is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the County was not exposed to concentration of credit 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:

	<u>General</u>	<u>Road and Bridge</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>TOTAL</u>
Receivables:					
Property Taxes	\$ 449,007	\$ 79,237	\$ 33,771	\$ -	\$ 562,015
Other	182,458	48,162	-	61,140	291,760
Intergovernmental	<u>308,786</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,786</u>
Gross Receivables	\$ 940,251	\$ 127,399	\$ 33,771	\$ 61,140	\$ 1,162,561
Less: Allowance for Uncollectibles	<u>8,980</u>	<u>1,585</u>	<u>676</u>	<u>-</u>	<u>11,241</u>
Net Total Receivables	<u>\$ 931,271</u>	<u>\$ 125,814</u>	<u>\$ 33,095</u>	<u>\$ 61,140</u>	<u>\$ 1,151,320</u>

Governmental funds report *Deferred Inflows of Resources - 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 report *Unearned Revenue* or defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, *Unavailable and Unearned Revenues* reported in the governmental funds were as follows:

General Fund -	
Unavailable Revenue - Property Taxes	\$ 440,027
Special Revenue Road and Bridge Fund -	
Unavailable Revenue - Property Taxes	77,652
Other Governmental Funds -	
Unavailable Revenue - Property Taxes	33,095
Unearned Revenue	<u>125,379</u>
TOTAL UNAVAILABLE AND UNEARNED REVENUES	\$ <u><u>676,153</u></u>

3.C. COURT FINES AND FEES RECEIVABLE

With the implementation of GASB Statement Number 34, the County has determined the amount of court fines and fees receivable to be \$470,381 which represents amounts owed and outstanding for the last 10 years. Based on historical collection rates for the various courts, the County has estimated an allowance for uncollectible court fines and fees of \$329,267, resulting in a net receivable of \$141,114.

3.D. PROPERTY 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 \$5,126,085,109 and the taxes assessed amounted to \$19,258,526. The total tax rate was \$0.4125 per \$100 valuation and allocated \$0.3870 to maintenance and operations and \$0.0255 to interest and sinking funds. 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.

3.E. CAPITAL ASSETS

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

Primary Government

	Balance 10/01/19	Increases	Decreases	Balance 09/30/20
<i>Governmental Activities:</i>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,149,698	\$	\$	\$ 2,149,698
Easements	585,070			585,070
Construction In Progress	363,845	4,214,244	13,195	4,564,894
Total Capital Assets, Not Being Depreciated	<u>\$ 3,098,613</u>	<u>\$ 4,214,244</u>	<u>\$ 13,195</u>	<u>\$ 7,299,662</u>
Capital Assets, Being Depreciated:				
Buildings	20,043,692			20,043,692
Building Improvements	229,334	149,523		378,857
Machinery and Equipment	9,516,850	900,470	146,572	10,270,748
Other Improvements	4,950,263	117,920		5,068,183
Total Capital Assets Being Depreciated	<u>34,740,139</u>	<u>1,167,913</u>	<u>146,572</u>	<u>35,761,480</u>
Less Accumulated Depreciation:				
Buildings	3,856,852	401,913		4,258,765
Building Improvements	98,757	18,903		117,660
Machinery and Equipment	5,904,427	991,980	146,572	6,749,835
Other Improvements	727,242	221,070		948,312
Total Accumulated Depreciation	<u>10,587,278</u>	<u>1,633,866</u>	<u>146,572</u>	<u>12,074,572</u>
Total Capital Assets Being Depreciated, Net	<u>24,152,861</u>	<u>(465,953)</u>	<u>-</u>	<u>23,686,908</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,251,474</u>	<u>\$ 3,748,291</u>	<u>\$ 13,195</u>	<u>\$ 30,986,570</u>

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

<i>Governmental Activities:</i>	
General Government	\$ 453,364
Public Safety	481,970
Judicial	88,854
Road and Bridge	232,112
Health and Sanitation	16,860
Public Facilities	318,983
Libraries and Education	20,494
Agricultural Services	21,229
Total Depreciation Expense -	
Governmental Activities	<u>\$ 1,633,866</u>

3.F. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at September 30, 2020, consisted of the following:

Due to/from other funds

	Due To	Due From
General Fund	\$ -	\$ 2,255
Road & Bridge Fund	2,245	-
Nonmajor Governmental Funds	10	-
TOTAL	<u>\$ 2,255</u>	<u>\$ 2,255</u>

3.G. 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 10/01/19	Issued	Retired	Balance 09/30/20	Due Within One Year
General Obligation Refunding Bonds – Series 2010	\$ 345,000	\$	\$ 170,000	\$ 175,000	\$ 175,000
General Obligation Bonds – Series 2013	10,950,000		595,000	10,355,000	620,000
Premium on General Obligation Bonds Series 2013	744,722		54,658	690,064	-
Capital Leases	<u>1,817,520</u>	<u>541,031</u>	<u>460,314</u>	<u>1,898,237</u>	<u>515,362</u>
Subtotal	\$ 13,857,242	\$ 541,031	\$ 1,279,972	\$ 13,118,301	\$ 1,310,362
Compensated Absences	<u>341,242</u>	<u>264,879</u>	<u>213,658</u>	<u>392,463</u>	
TOTAL	\$ <u>14,198,484</u>	\$ <u>805,910</u>	\$ <u>1,493,630</u>	\$ <u>13,510,764</u>	\$ <u>1,310,362</u>

Certificates of Obligation	Balance at 9/30/20	Due Within One Year
General Obligation Refunding Bonds – Series 2010 Original issue amount \$1,590,000, interest rates of 0.80% to 3.40%, With final maturity date February 15, 2021	175,000	175,000
General Obligation Bonds – Series 2013 Original issue amount \$14,110,000, interest rates of 2.0% to 4.0%, With final maturity date February 15, 2033	<u>10,355,000</u>	<u>620,000</u>
TOTAL CERTIFICATES OF OBLIGATION	\$ <u>10,530,000</u>	\$ <u>795,000</u>

Long Term Debt Advance Refunding

On December 16, 2010 the County issued \$1,590,000 of refunding bonds (Gillespie County, Texas General Obligation Refunding Bonds, Series 2010) to finance the remaining callable obligations from the County's Series 2001 Certificates of Obligation. The bonds were called and were redeemed by depositing \$1,151,254 into an escrow account on December 16, 2010. The following obligations are considered to be defeased and the liability removed from the accompanying financial statements:

Description	Refunded Amount	Balance 9/30/2020
Gillespie County Certificates of Obligation - Series 2001	\$ <u>1,515,000</u>	\$ <u>185,000</u>
Total Amount Refunded	\$ <u>1,515,000</u>	\$ <u>535,000</u>

General Obligation Bonds

On May 15, 2013, the County issued \$14,110,000 General Obligation Bonds, Series 2013 for the construction and equipping of a new County Jail. The bonds mature on February 15 in each of the years 2014 through 2033, bearing interest at rates from 2.0% to 4.0%.

Debt service requirements for the General Obligation Refunding Bonds - Series 2010 and the General Obligation Bonds – Series 2013 are as follows:

Year Ending September 30,	Principal	Interest	Annual Requirements
2021	\$ 795,000	406,325	\$ 1,201,325
2022	645,000	376,500	1,021,500
2023	670,000	350,200	1,020,200
2024	700,000	322,800	1,022,800
2025	725,000	294,300	1,019,300
2026-2030	3,220,000	868,200	4,088,200
2031-2035	3,775,000	309,300	4,084,300
TOTAL	\$ 10,530,000	\$ 2,927,625	\$ 13,457,625

Capital Leases

On October 29, 2013 Gillespie County executed a \$284,122 Capital Lease obligation with Government Capital – Southside Bank for the purchase of a Model RJ350 Broce Broom, a Ford Dump Truck, a PUP Trailer, a STCC Cross Conveyor, and three Ford F350 Pickup Trucks. The finance contract is dated September 23, 2013 and is due in sixty monthly installments of \$5,221.04 until 11/15/2018, with an interest rate of 3.849%.

In October 2014, the County executed a \$576,301 Capital Lease obligation with Government Capital – Extraco Bank for the purchase of two LCRA radio sites and mobile radios. The finance contract is due in 120 monthly installments of \$5,714 until 10/28/2024, with an interest rate of 3.548%.

In April 2017, Gillespie County executed a \$602,250 Capital Lease obligation with Government Capital Corporation- Southside Bank for the purchase of a John Deere 770D Motor Grader, a Bush Hog Rotary Cutter, a Chipspreader, a Kalyn Siebert Trailer, a 2008 Peterbilt Truck, a 2007 3500 Chevrolet Silverado, a 2015 Ford F750, a STCC Cross Conveyor, and two 2002 International Water Trucks. The finance contract is dated April 10, 2017 and is due in sixty monthly installments of \$11,084.19 until 6/28/2022, with an interest rate of 3.761%.

In October 2017, Gillespie County executed a \$817,515 Capital Lease obligation with Government Capital Corporation- Southside Bank for the purchase of three 2018 Peterbilt 337 Dump Truck, a 2017 John Deere 310L Backhoe, a Noram 65E Motorgrader, and a 2017 Distributor Truck. The finance contract is dated October 9, 2017 and is due in eighty-four monthly installments of \$11,102.96 until 12/15/2024, with an interest rate of 3.724%.

In March 2019, Gillespie County executed a \$559,098 Capital Lease obligation with Government Capital Corporation- Southside Bank for purchase of various road equipment. The finance contract is dated March 11, 2019 and is due in sixty monthly installments of \$10,3613.15 until 4/1/2024, with an interest rate of 4.198%

In November 2019, the County executed a \$541,031 Capital Lease obligation with Government Capital- Southside Bank for the purchase of various equipment. The finance contract is due in sixty monthly installments of \$9,929.96 until 1/15/2025, with an interest rate of 3.635%

A summary of the future minimum lease payments under the lease along with the present value of the minimum lease payments as of September 30, 2020 follows:

Year Ended September 30,	
2021	\$ 578,307
2022	545,054
2023	445,298
2024	393,491
2025	78,743
2026-2030	-
Total Minimum Lease Payments	\$ 2,040,893
Less Amount Representing Interest	<u>(142,944)</u>
Present Value of Lease Payments	<u>\$ 1,897,949</u>

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery & Equipment	\$ 3,214,566
Less: Accumulated Depreciation	<u>1,235,779</u>
NET	<u>\$ 1,978,787</u>

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	\$ 171,226
2022	116,478
2023	81,570
2024	29,353
2025	7,951
	<u>\$ 406,578</u>
Rental Expenditures in Fiscal Year 2020	<u>\$ 206,315</u>

3.H. CLAIMS AND CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and/or state 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 County expects such amounts, if any, to be immaterial.

The County is currently involved in one pending litigation suit and is subject to other various litigation and claims arising out of the normal course of operations. Although the outcome of this claim is not presently determinable, in the opinion County management, the resolution of this matter will not have a material adverse effect on the County's financial position. Therefore, no provision for any liability, if any, has been made in the accompanying financial statements.

3.I. RISK MANAGEMENT

Gillespie County is exposed to various risks of loss relating to general liability, the accidental loss of real and personal property, damage to County assets, error and omissions and personnel risks which relate to workers' compensation.

The County contracted with USI Southwest, Inc. to provide the aforementioned types of insurance coverage through OneBeacon Insurance Group, LLC.

Gillespie County also provides a Blanket Accident Insurance Policy for Emergency Service Organizations covering the Gillespie County Rural Volunteer Departments; a property and liability insurance policy covering Gillespie County Rural Schools; a liability policy covering the Gillespie County Airport; and a Crime Policy through commercial insurance carriers.

3.J. HEALTH INSURANCE

The County provides group medical and basic life insurance coverage for full-time employees through the Texas Association of Counties (TAC). The county pays the premiums for these eligible employees. Employees, at their options, may authorize payroll withholdings to pay premiums for eligible family members or for other supplemental coverage.

3. K. EMPLOYEE RETIREMENT PLAN

Plan Description

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

- a. Gillespie 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 225%) 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 Gillespie County contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the county and are currently 7%. Contributions to the pension plan from the county for 2019 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	91
Inactive employees entitled to but not yet receiving benefits	101
Active employees	<u>166</u>
	358

Contributions

TCDRS is a model for responsible, disciplined funding. TCDRS does not receive any state funding. As an agent, multiple-employer plan, each participating employer in the system funds its plan independently. 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 cost 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 \$1,282,817 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 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 .5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.
Investment Rate of Return	8.10%
Cost of Living Adjustments	Cost-of-Living Adjustments for Gillespie County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Deferred members are assumed to retire (100% probability) at the later of: a) age 60; b) earliest retirement eligibility.
Turnover	New employees are assumed to replace any terminated members and have similar entry ages.
Mortality	RP-2014 Mortality Tables

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on 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 (2)	Geometric Real Rate of Return (Expected Minus Inflation) (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	MSCI World Ex USA (Net)	7.00%	5.20%
International Equities – Emerging	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 year 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	Fiduciary	Net Pension
	Liability	Net Position	Liability/(Asset)
	(a)	(b)	(a)-(b)
Balances as of December 31, 2018	\$ 30,886,607	\$ 28,119,729	\$ 2,766,878
Changes for the Year:			
Service Cost	1,063,754		1,063,754
Interest on Total Pension Liability ⁽¹⁾	2,532,025		2,532,025
Effect of Plan Changes ⁽²⁾	-		-
Effects of Economic/Demographic Gains or Losses	(305,918)		(305,918)
Effect of Assumptions Changes or Inputs	-		-
Refund of Contributions	(143,532)	(143,532)	-
Benefit Payments	(1,265,482)	(1,265,482)	-
Administrative Expenses		(25,231)	25,231
Member Contributions		569,232	(569,232)
Net Investment Income		4,617,434	(4,617,434)
Employer Contributions		1,219,781	(1,219,781)
Other ⁽³⁾		17,621	(17,621)
Balances as of December 31, 2019	\$ 32,767,453	\$ 33,109,552	\$ (342,099)

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

⁽²⁾ No plan changes 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 Gillespie 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	Current Discount Rate	1% Increase
	7.10%	8.10%	9.10%
Total Pension Liability	\$ 36,766,506	\$ 32,767,454	\$ 29,362,690
Fiduciary Net Position	33,109,554	33,109,553	33,109,554
Net Pension Liability/(Asset)	\$ 3,656,952	\$ (342,099)	\$ (3,746,864)

Pension Expense / (Income)

Prepaid Expense/(Income)	January 1, 2019 to December 31, 2019
Service Cost	\$ 1,063,754
Interest on Total Pension Liability ⁽¹⁾	2,532,025
Effect of Plan Changes	-
Administrative Expenses	25,231
Member Contributions	(569,232)
Expected Investment Return Net of Investment Expenses	(2,292,486)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of Economic/Demographic Gains or Losses	(138,316)
Recognition of Assumption Changes or Inputs	50,715
Recognition of Investment Gains or Losses	208,344
Other ⁽²⁾	(17,623)
Pension Expense/(Income)	\$ 862,411

⁽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	\$ 244,734	\$ 95,207
Changes of assumptions	-	101,432
Net difference between projected and actual earnings	753,252	-
Contributions made subsequent to measurement date ⁽³⁾	N/A	942,798

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	\$ (154,239)
2021	(188,171)
2022	67,233
2023	(526,170)
2024	-
Thereafter ⁽⁴⁾	-

⁽³⁾ Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end 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.L. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Retired County employees and their dependents are eligible to elect continued coverage under the County's healthcare program upon retirement if they were carrying the healthcare coverage at the time of their retirement and they have at least 8 years of continuous service upon retirement with the County. The County currently contributes 50% (or up to \$100/month) of the premium charged for such benefits for qualifying retirees. The County does not contribute any amount for continued dependent coverage. The Commissioners' Court, as the governing body of the County, approves such Other Postemployment Benefits (OPEB) on a year-to-year basis during the annual budget process and has not created a constitutionally valid obligation for OPEB beyond fiscal year 2021. As of September 30, 2020, there are 18 retirees who qualify for the \$100/month OPEB benefit. The cost of OPEB for the year ended September 30, 2020 was \$21,600 and the amount projected to be incurred in the year ending September 30, 2021 is \$21,600.

Governmental Accounting Standards Board (GASB) Statement No. 75 (Accounting and Financial Reporting for Postemployment Benefits Other than Pensions) establishes accounting and financial reporting for OPEB that are provided to the employees of state and local governmental employers. For purposes of projecting benefit payments, this Statement carries forward from Statement 45 a requirement to consider the established pattern of sharing benefit-related costs with benefit recipients. Since the Commissioners' Court (governing body of the County) approves the other postemployment benefit (OPEB) on a year to year basis during the annual budget process and has not created a constitutionally valid obligation beyond the current budget period, the provisions of GASB No. 75 do not apply for recognition of the total OPEB liability, deferred inflows/outflows of resources, and total OPEB expense.

3.M. 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 plan, created in accordance with Internal Revenue Code Section 457(B), 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.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County, subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan, 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 participant balances were \$188,944 in Nationwide and \$42,105 in VALIC.

3.N. SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 18, 2021, the date which the financial statements were available to be issued. In January 2021, the County approved the issuance of General Obligation Refunding Bonds, Taxable Series 2021 in the amount of \$8,425,000. The County is not aware of any other subsequent events that materially impact the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

GILLESPIE COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
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	\$ 15,442,487	\$ 15,442,487	\$ 15,282,531	\$ (159,956)
General Sales and Use Taxes	2,501,500	2,501,500	3,234,499	732,999
Other Taxes	150,000	150,000	194,620	44,620
Penalty and Interest on Taxes	90,000	90,000	111,331	21,331
Licenses and Permits	30,000	30,000	67,606	37,606
Intergovernmental Revenue and Grants	347,341	347,341	327,729	(19,612)
Charges for Services	1,660,812	1,660,812	1,706,687	45,875
Fines	80,500	80,500	97,994	17,494
Investment Earnings	250,015	250,015	215,765	(34,250)
Rents and Royalties	87,920	87,920	87,018	(902)
Other Revenue	38,000	38,000	91,744	53,744
Total Revenues	20,678,575	20,678,575	21,417,524	738,949
EXPENDITURES:				
Current:				
General Government:				
Judicial	1,566,858	1,566,858	1,450,851	116,007
General Administration	8,433,680	8,433,680	6,728,055	1,705,625
Public Safety	8,095,336	8,095,336	8,015,456	79,880
Health and Sanitation	1,915,703	1,915,703	281,397	1,634,306
Public Facilities	1,033,335	1,033,335	868,290	165,045
Libraries and Education	363,678	363,678	333,626	30,052
Agriculture Services	389,627	389,627	354,323	35,304
Total Expenditures	21,798,217	21,798,217	18,031,998	3,766,219
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,119,642)	(1,119,642)	3,385,526	4,505,168
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	32,825	32,825
Other Resources	-	-	155,745	155,745
Transfers Out (Use)	(2,070,000)	(2,070,000)	(2,000,000)	70,000
Total Other Financing Sources (Uses)	(2,070,000)	(2,070,000)	(1,811,430)	258,570
Net Change	(3,189,642)	(3,189,642)	1,574,096	4,763,738
Fund Balance - October 1 (Beginning)	12,323,896	12,323,896	12,323,896	-
Fund Balance - September 30 (Ending)	\$ 9,134,254	\$ 9,134,254	\$ 13,897,992	\$ 4,763,738

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

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

	Budgeted Amounts		Actual	Variance With
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)
REVENUES:				
Taxes:				
Property Taxes	\$ 2,727,498	\$ 2,727,498	\$ 2,696,917	\$ (30,581)
Penalty and Interest on Taxes	18,000	18,000	19,347	1,347
Licenses and Permits	655,000	655,000	697,250	42,250
Fines	191,500	191,500	160,535	(30,965)
Investment Earnings	51,000	51,000	35,945	(15,055)
Other Revenue	1,500	1,500	30,101	28,601
Total Revenues	3,644,498	3,644,498	3,640,095	(4,403)
EXPENDITURES:				
Road and Bridge	5,267,840	5,267,840	3,847,490	1,420,350
Total Expenditures	5,267,840	5,267,840	3,847,490	1,420,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623,342)	(1,623,342)	(207,395)	1,415,947
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	-	-	52,106	52,106
Proceeds from Capital Leases	625,000	625,000	541,031	(83,969)
Other Resources	-	-	1,000	1,000
Transfers Out (Use)	-	-	(26,593)	(26,593)
Total Other Financing Sources (Uses)	625,000	625,000	567,544	(57,456)
Change in Fund Balance	(998,342)	(998,342)	360,149	1,358,491
Fund Balance - October 1 (Beginning)	2,596,905	2,596,905	2,596,905	-
Fund Balance - September 30 (Ending)	\$ 1,598,563	\$ 1,598,563	\$ 2,957,054	\$ 1,358,491

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

GILLESPIE 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	\$ 1,063,754	\$ 997,761	\$ 899,249
Interest (on the Total Pension Liability)	2,532,025	2,348,001	2,167,752
Changes of Benefit Terms	-	143,582	-
Difference between Expected and Actual Experience	-	127,557	46,678
Changes of Assumptions	(305,918)	-	253,577
Benefit Payments, Including Refunds of Employee Contributions	(1,409,014)	(1,412,889)	(1,074,644)
Net Change in Total Pension Liability	\$ 1,880,847	\$ 2,204,012	\$ 2,292,612
Total Pension Liability - Beginning	30,886,607	28,682,594	26,389,982
Total Pension Liability - Ending	\$ 32,767,454	\$ 30,886,606	\$ 28,682,594
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 1,219,781	\$ 1,111,374	\$ 1,038,533
Contributions - Employee	569,232	518,640	484,648
Net Investment Income	4,617,434	(527,469)	3,573,745
Benefit Payments, Including Refunds of Employee Contributions	(1,409,014)	(1,412,889)	(1,074,644)
Administrative Expense	(25,231)	(22,586)	(18,916)
Other	17,622	9,326	5,833
Net Change in Plan Fiduciary Net Position	\$ 4,989,824	\$ (323,604)	\$ 4,009,199
Plan Fiduciary Net Position - Beginning	28,119,729	28,443,332	24,434,133
Plan Fiduciary Net Position - Ending	\$ 33,109,553	\$ 28,119,728	\$ 28,443,332
C. Net Pension Liability (Asset)	\$ (342,099)	\$ 2,766,878	\$ 239,262
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.04%	91.04%	99.17%
E. Covered Payroll	\$ 8,131,886	\$ 7,409,148	\$ 6,923,537
F. Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.21%)	37.34%	3.46%

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	
\$	896,841	\$	785,760	\$	632,865
	2,012,203		1,858,411		1,670,406
	-		15,653		112,591
	(447,913)		(67,466)		522,846
	-		240,999		-
	(928,859)		(800,297)		(727,591)
\$	1,532,272	\$	2,033,060	\$	2,211,117
	24,857,710		22,824,650		20,613,533
\$	26,389,982	\$	24,857,710	\$	22,824,650
\$	997,228	\$	883,020	\$	795,145
	465,375		412,076		371,068
	1,662,016		(112,177)		1,373,943
	(928,859)		(800,297)		(727,591)
	(18,103)		(16,042)		(16,254)
	(204,441)		50,041		134,709
\$	1,973,216	\$	416,621	\$	1,931,018
	22,460,917		22,044,297		20,113,278
\$	24,434,133	\$	22,460,918	\$	22,044,296
\$	1,955,849	\$	2,396,792	\$	780,353
	92.59%		90.36%		96.58%
\$	6,648,208	\$	5,886,800	\$	5,300,965
	29.42%		40.71%		14.72%

GILLESPIE 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	521,389	701,420	(180,031)	4,676,134	15.00%
2011	500,172	720,021	(219,848)	4,800,119	15.00%
2012	517,139	735,268	(218,129)	4,901,795	15.00%
2013	525,243	737,012	(211,769)	4,913,407	15.00%
2014	571,974	795,145	(223,171)	5,300,965	15.00%
2015	664,031	883,020	(218,989)	5,886,800	15.00%
2016	771,192	997,228	(226,036)	6,648,208	15.00%
2017	769,205	1,038,533	(269,328)	6,923,537	15.00%
2018	797,224	1,111,374	(314,149)	7,409,148	15.00%
2019	872,551	1,219,781	(347,229)	8,131,886	15.00%

⁽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.

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

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

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which 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	1.7 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 were reflected. 2017: New mortality assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: Employer contributions reflect that the current service matching rate was increased to 200%. 2016: Employer contributions reflect that the current service matching rate was increased to 225%. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: Employer contributions reflect that the current service matching rate was increased to 235% for future benefits.

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

SUPPLEMENTARY INFORMATION

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

	11 Grants Fund	20 Law Library Fund	21 Lateral Road Fund	24 Probate Training Fund
ASSETS				
Cash and Cash Equivalents	\$ 122,073	\$ 8,098	\$ 26,618	\$ 48,826
Accounts Receivable (Net)	-	4,562	-	1,323
Total Assets	<u>\$ 122,073</u>	<u>\$ 12,660</u>	<u>\$ 26,618</u>	<u>\$ 50,149</u>
LIABILITIES				
Accounts Payable	\$ 28,000	\$ 514	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenues	94,013	-	-	-
Total Liabilities	<u>122,013</u>	<u>514</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Federal or State Funds Grant Restriction	60	-	26,618	-
Other Restricted Fund Balance	-	12,146	-	50,149
Total Fund Balances	<u>60</u>	<u>12,146</u>	<u>26,618</u>	<u>50,149</u>
Total Liabilities and Fund Balances	<u>\$ 122,073</u>	<u>\$ 12,660</u>	<u>\$ 26,618</u>	<u>\$ 50,149</u>

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

25 Court Reporter Service Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security Fund	32 Courthouse Security Fund	33 County Clerk Archive Fund	34 District Clerk Records Management
\$ 10,165	\$ 51,913	\$ 89,027	\$ 42,293	\$ 10,756	\$ 84,083	\$ 52,020	\$ 15,918
1,175	1,345	24,687	-	80	3,431	22,870	495
<u>\$ 11,340</u>	<u>\$ 53,258</u>	<u>\$ 113,714</u>	<u>\$ 42,293</u>	<u>\$ 10,836</u>	<u>\$ 87,514</u>	<u>\$ 74,890</u>	<u>\$ 16,413</u>
\$ -	\$ -	\$ -	\$ 350	\$ -	\$ -	\$ -	\$ -
-	-	879	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>879</u>	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
11,340	53,258	112,835	41,943	10,836	87,514	74,890	16,413
<u>11,340</u>	<u>53,258</u>	<u>112,835</u>	<u>41,943</u>	<u>10,836</u>	<u>87,514</u>	<u>74,890</u>	<u>16,413</u>
<u>\$ 11,340</u>	<u>\$ 53,258</u>	<u>\$ 113,714</u>	<u>\$ 42,293</u>	<u>\$ 10,836</u>	<u>\$ 87,514</u>	<u>\$ 74,890</u>	<u>\$ 16,413</u>

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

	35 County & District Crt Technology	36 Hotel Occupancy Tax Fund	37 Pretrial Intervention Fund	41 Elections Admin Fund
ASSETS				
Cash and Cash Equivalents	\$ 35,365	\$ 827,803	\$ 165,673	\$ 509
Accounts Receivable (Net)	846	-	-	-
Total Assets	<u>\$ 36,211</u>	<u>\$ 827,803</u>	<u>\$ 165,673</u>	<u>\$ 509</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Wages and Salaries Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Federal or State Funds Grant Restriction	-	-	-	-
Other Restricted Fund Balance	36,211	827,803	165,673	509
Total Fund Balances	<u>36,211</u>	<u>827,803</u>	<u>165,673</u>	<u>509</u>
Total Liabilities and Fund Balances	<u>\$ 36,211</u>	<u>\$ 827,803</u>	<u>\$ 165,673</u>	<u>\$ 509</u>

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

42 Elections HAVA Grant	45 County Jury Fund	46 County Specialty Court	47 Local Truancy P&D Fund	51 Justice Court Technology Fund	54 Pioneer Memorial Library Grant	72 Airport Operations Fund	78 LEOSE Training Fund
\$ 31,136	\$ 123	\$ 1,724	\$ 1,963	\$ 89,001	\$ -	\$ 440,422	\$ 22,444
-	-	-	-	326	-	-	-
<u>\$ 31,136</u>	<u>\$ 123</u>	<u>\$ 1,724</u>	<u>\$ 1,963</u>	<u>\$ 89,327</u>	<u>\$ -</u>	<u>\$ 440,422</u>	<u>\$ 22,444</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,313	\$ -
-	-	-	-	-	-	4,778	-
-	-	-	-	-	-	10	-
31,123	-	-	-	-	-	243	-
<u>31,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,344</u>	<u>-</u>
13	-	-	-	-	-	-	22,444
-	123	1,724	1,963	89,327	-	433,078	-
<u>13</u>	<u>123</u>	<u>1,724</u>	<u>1,963</u>	<u>89,327</u>	<u>-</u>	<u>433,078</u>	<u>22,444</u>
<u>\$ 31,136</u>	<u>\$ 123</u>	<u>\$ 1,724</u>	<u>\$ 1,963</u>	<u>\$ 89,327</u>	<u>\$ -</u>	<u>\$ 440,422</u>	<u>\$ 22,444</u>

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

EXHIBIT H-1

	81 Tax Assessor M V I Fund	93 Sheriff Abandoned Vehicle	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 107	\$ 1,271	\$ 2,179,331	\$ 2,179,331
Accounts Receivable (Net)	-	-	61,140	61,140
Total Assets	<u>\$ 107</u>	<u>\$ 1,271</u>	<u>\$ 2,240,471</u>	<u>\$ 2,240,471</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ 31,177	\$ 31,177
Wages and Salaries Payable	-	-	5,657	5,657
Due to Other Funds	-	-	10	10
Unearned Revenues	-	-	125,379	125,379
Total Liabilities	<u>-</u>	<u>-</u>	<u>162,223</u>	<u>162,223</u>
FUND BALANCES				
Federal or State Funds Grant Restriction	-	-	49,135	49,135
Other Restricted Fund Balance	107	1,271	2,029,113	2,029,113
Total Fund Balances	<u>107</u>	<u>1,271</u>	<u>2,078,248</u>	<u>2,078,248</u>
Total Liabilities and Fund Balances	<u>\$ 107</u>	<u>\$ 1,271</u>	<u>\$ 2,240,471</u>	<u>\$ 2,240,471</u>

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

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

	11	20	21	24
	Grants	Law	Lateral	Probate
	Fund	Library	Road	Training
	Fund	Fund	Fund	Fund
REVENUES:				
Taxes:				
Other Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue and Grants	76,036	-	26,593	-
Charges for Services	-	16,341	-	3,280
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	60	-	-	-
Rents and Royalties	-	-	-	-
Other Revenue	-	-	-	1,149
Total Revenues	<u>76,096</u>	<u>16,341</u>	<u>26,593</u>	<u>4,429</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	26,798	-	-
General Administration	76,036	-	-	250
Public Safety	-	-	-	-
Road and Bridge	-	-	26,593	-
Public Facilities	-	-	-	-
Total Expenditures	<u>76,036</u>	<u>26,798</u>	<u>26,593</u>	<u>250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>60</u>	<u>(10,457)</u>	<u>-</u>	<u>4,179</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	26,593	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26,593</u>	<u>-</u>
Net Change in Fund Balance	60	(10,457)	26,593	4,179
Fund Balance - October 1 (Beginning)	<u>-</u>	<u>22,603</u>	<u>25</u>	<u>45,970</u>
Fund Balance - September 30 (Ending)	<u>\$ 60</u>	<u>\$ 12,146</u>	<u>\$ 26,618</u>	<u>\$ 50,149</u>

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

25 Court Reporter Service Fund	28 County Records Management	29 County Clerk Records Management	30 Sheriff Seizure Fund	31 Justice Courthouse Security Fund	32 Courthouse Security Fund	33 County Clerk Archive Fund	34 District Clerk Records Management
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
4,388	10,559	81,121	-	-	14,869	74,890	1,741
-	-	-	-	2,866	-	-	-
-	-	-	5,534	-	-	-	-
-	-	-	411	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,388</u>	<u>10,559</u>	<u>81,121</u>	<u>5,945</u>	<u>2,866</u>	<u>14,869</u>	<u>74,890</u>	<u>1,741</u>
236	-	-	-	-	-	-	-
-	6,500	123,832	-	-	-	-	-
-	-	-	24,747	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>236</u>	<u>6,500</u>	<u>123,832</u>	<u>24,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,152</u>	<u>4,059</u>	<u>(42,711)</u>	<u>(18,802)</u>	<u>2,866</u>	<u>14,869</u>	<u>74,890</u>	<u>1,741</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>4,152</u>	<u>4,059</u>	<u>(42,711)</u>	<u>(18,802)</u>	<u>2,866</u>	<u>14,869</u>	<u>74,890</u>	<u>1,741</u>
<u>7,188</u>	<u>49,199</u>	<u>155,546</u>	<u>60,745</u>	<u>7,970</u>	<u>72,645</u>	<u>-</u>	<u>14,672</u>
<u>\$ 11,340</u>	<u>\$ 53,258</u>	<u>\$ 112,835</u>	<u>\$ 41,943</u>	<u>\$ 10,836</u>	<u>\$ 87,514</u>	<u>\$ 74,890</u>	<u>\$ 16,413</u>

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

	35 County & District Crt Technology	36 Hotel Occupancy Tax Fund	37 Pretrial Intervention Fund	41 Elections Admin Fund
REVENUES:				
Taxes:				
Other Taxes	\$ -	\$ 584,078	\$ -	\$ -
Intergovernmental Revenue and Grants	-	-	-	-
Charges for Services	3,754	-	7,750	-
Fines	-	-	-	-
Forfeits	-	-	-	-
Investment Earnings	-	7,390	-	2
Rents and Royalties	-	-	-	-
Other Revenue	-	473	-	507
Total Revenues	<u>3,754</u>	<u>591,941</u>	<u>7,750</u>	<u>509</u>
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	-	-
General Administration	2,551	624,273	-	-
Public Safety	-	-	-	-
Road and Bridge	-	-	-	-
Public Facilities	-	-	-	-
Total Expenditures	<u>2,551</u>	<u>624,273</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,203</u>	<u>(32,332)</u>	<u>7,750</u>	<u>509</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	1,203	(32,332)	7,750	509
Fund Balance - October 1 (Beginning)	<u>35,008</u>	<u>860,135</u>	<u>157,923</u>	<u>-</u>
Fund Balance - September 30 (Ending)	<u>\$ 36,211</u>	<u>\$ 827,803</u>	<u>\$ 165,673</u>	<u>\$ 509</u>

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

42 Elections HAVA Grant	45 County Jury Fund	46 County Specialty Court	47 Local Truancy P&D Fund	51 Justice Court Technology Fund	54 Pioneer Memorial Library Grant	72 Airport Operations Fund	78 LEOSE Training Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5,413	-	-	-	-	-	45,864	5,504
-	123	1,724	1,963	5,344	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13	-	-	-	-	-	3,872	-
-	-	-	-	-	-	236,919	-
-	-	-	-	-	-	24,350	-
<u>5,426</u>	<u>123</u>	<u>1,724</u>	<u>1,963</u>	<u>5,344</u>	<u>-</u>	<u>311,005</u>	<u>5,504</u>
-	-	-	-	-	-	-	-
5,413	-	-	-	-	-	-	-
-	-	-	-	-	-	-	4,163
-	-	-	-	-	-	-	-
-	-	-	-	-	-	240,027	-
<u>5,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>240,027</u>	<u>4,163</u>
<u>13</u>	<u>123</u>	<u>1,724</u>	<u>1,963</u>	<u>5,344</u>	<u>-</u>	<u>70,978</u>	<u>1,341</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13	123	1,724	1,963	5,344	-	70,978	1,341
-	-	-	-	83,983	-	362,100	21,103
<u>\$ 13</u>	<u>\$ 123</u>	<u>\$ 1,724</u>	<u>\$ 1,963</u>	<u>\$ 89,327</u>	<u>\$ -</u>	<u>\$ 433,078</u>	<u>\$ 22,444</u>

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

	81 Tax Assessor M V I Fund	93 Sheriff Abandoned Vehicle	Total Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES:				
Taxes:				
Other Taxes	\$ -	\$ -	\$ 584,078	\$ 584,078
Intergovernmental Revenue and Grants	-	-	159,410	159,410
Charges for Services	-	-	227,847	227,847
Fines	-	-	2,866	2,866
Forfeits	-	-	5,534	5,534
Investment Earnings	-	6	11,754	11,754
Rents and Royalties	-	-	236,919	236,919
Other Revenue	-	-	26,479	26,479
Total Revenues	-	6	1,254,887	1,254,887
EXPENDITURES:				
Current:				
General Government:				
Judicial	-	-	27,034	27,034
General Administration	-	-	838,855	838,855
Public Safety	-	-	28,910	28,910
Road and Bridge	-	-	26,593	26,593
Public Facilities	-	-	240,027	240,027
Total Expenditures	-	-	1,161,419	1,161,419
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	6	93,468	93,468
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	26,593	26,593
Total Other Financing Sources (Uses)	-	-	26,593	26,593
Net Change in Fund Balance	-	6	120,061	120,061
Fund Balance - October 1 (Beginning)	107	1,265	1,958,187	1,958,187
Fund Balance - September 30 (Ending)	\$ 107	\$ 1,271	\$ 2,078,248	\$ 2,078,248

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

GILLESPIE 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 COURT COSTS, FEES, FINES				
Assets:				
Cash and Cash Equivalents	\$ 3,464	\$ 514	\$ 3,464	\$ 514
Other Receivables	92,719	56,490	92,719	56,490
Total Assets	<u>\$ 96,183</u>	<u>\$ 57,004</u>	<u>\$ 96,183</u>	<u>\$ 57,004</u>
Liabilities:				
Due to Other Governments	<u>\$ 96,183</u>	<u>\$ 57,004</u>	<u>\$ 96,183</u>	<u>\$ 57,004</u>
WASTE WATER (STATE FEE)				
Assets:				
Cash and Cash Equivalents	<u>\$ 1,290</u>	<u>\$ 1,210</u>	<u>\$ 1,290</u>	<u>\$ 1,210</u>
Liabilities:				
Due to Other Governments	<u>\$ 1,290</u>	<u>\$ 1,210</u>	<u>\$ 1,290</u>	<u>\$ 1,210</u>
APPELLATE JUDICIAL SYSTEM				
Assets:				
Cash and Cash Equivalents	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
Liabilities:				
Due to Others	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>
OFFICIAL FEE ACCOUNTS				
Assets:				
Cash and Cash Equivalents	<u>\$ 1,591,741</u>	<u>\$ 67,907,594</u>	<u>\$ 36,263,600</u>	<u>\$ 33,235,735</u>
Liabilities:				
Due to Other Governments	<u>\$ 634,963</u>	<u>\$ 16,178,485</u>	<u>\$ 16,169,735</u>	<u>\$ 643,713</u>
Due to Others	<u>956,778</u>	<u>51,729,109</u>	<u>20,093,865</u>	<u>32,592,022</u>
Total Liabilities	<u>\$ 1,591,741</u>	<u>\$ 67,907,594</u>	<u>\$ 36,263,600</u>	<u>\$ 33,235,735</u>
UNCLAIMED MONEY FUND				
Assets:				
Cash and Cash Equivalents	<u>\$ 33,313</u>	<u>\$ 37,803</u>	<u>\$ 33,313</u>	<u>\$ 37,803</u>
Liabilities:				
Due to Others	<u>\$ 33,313</u>	<u>\$ 37,803</u>	<u>\$ 33,313</u>	<u>\$ 37,803</u>
TOTAL AGENCY FUNDS				
Assets:				
Cash and Cash Equivalents	<u>\$ 1,629,813</u>	<u>\$ 67,947,121</u>	<u>\$ 36,301,667</u>	<u>\$ 33,275,267</u>
Other Receivables	<u>92,719</u>	<u>56,490</u>	<u>92,719</u>	<u>56,490</u>
Total Assets	<u>\$ 1,722,532</u>	<u>\$ 68,003,611</u>	<u>\$ 36,394,386</u>	<u>\$ 33,331,757</u>
Liabilities:				
Due to Other Governments	<u>\$ 732,436</u>	<u>\$ 16,236,699</u>	<u>\$ 16,267,208</u>	<u>\$ 701,927</u>
Due to Others	<u>990,096</u>	<u>51,766,912</u>	<u>20,127,178</u>	<u>32,629,830</u>
Total Liabilities	<u>\$ 1,722,532</u>	<u>\$ 68,003,611</u>	<u>\$ 36,394,386</u>	<u>\$ 33,331,757</u>

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

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

	80 County Attorney Hot Check Fund	84 Alternative Dispute Resolution	89 McDermott Building (Library)	92 Breiten Fund (PML)	Total Private Purpose Trust Funds
ASSETS					
Cash and Cash Equivalents	\$ 14,981	\$ -	\$ 116,965	\$ 176,766	\$ 308,712
Total Assets	<u>\$ 14,981</u>	<u>\$ -</u>	<u>\$ 116,965</u>	<u>\$ 176,766</u>	<u>\$ 308,712</u>
LIABILITIES					
Accounts Payable	2,551	-	-	-	2,551
Wages and Salaries Payable	708	-	-	-	708
Total Liabilities	<u>3,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,259</u>
NET POSITION					
Unrestricted Net Position	11,722	-	116,965	176,766	305,453
Total Net Position	<u>\$ 11,722</u>	<u>\$ -</u>	<u>\$ 116,965</u>	<u>\$ 176,766</u>	<u>\$ 305,453</u>

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

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

	80 County Attorney Hot Check Fund	84 Alternative Dispute Resolution	89 McDermott Building (Library)	92 Breiten Fund (PML)	Total Private Purpose Trust Funds
ADDITIONS:					
Charges for Services	\$ 1,680	\$ 4,216	\$ -	\$ -	\$ 5,896
Investment Earnings	-	-	1,069	1,652	2,721
Total Additions	1,680	4,216	1,069	1,652	8,617
DEDUCTIONS:					
Other Operating Costs	916	4,216	-	926	6,058
Supplies	-	-	-	7,501	7,501
Total Deductions	916	4,216	-	8,427	13,559
Change in Net Position	764	-	1,069	(6,775)	(4,942)
Net October 1 (Beginning)	10,958	-	115,896	183,541	310,395
Net Position - September 30 (Ending)	\$ 11,722	\$ -	\$ 116,965	\$ 176,766	\$ 305,453

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



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

To the Honorable Judge and Members
of the Commissioners' Court
Gillespie County, Texas
Fredericksburg, TX 78624

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 Gillespie 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 18, 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.

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

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Compliance and Other Matters

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

Purpose of this Report

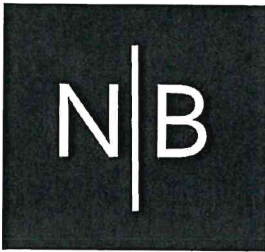
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in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

Sincerely,

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 18, 2021



NEFFENDORF & BLOCKER, P.C.

March 18, 2021

Honorable Judge and Commissioners
County of Gillespie, Texas
Fredericksburg, TX 78624

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Gillespie 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, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 19, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Gillespie 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 Gillespie 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.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are 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.

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Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 18, 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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis; Budgetary Comparison Schedule - General Fund; Budgetary Comparison Schedule – Road and Bridge Fund; Schedule of Changes in Net Pension Liability and Related Ratio and 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, 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.

Restrictions on Use

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

Other Comments and Recommendations

Accounts Receivable/Payable

Several accounts receivable and accounts payable accounts in the general ledger have not changed and been carried forward for years. We recommend that these balances be researched and cleared.

Prior Year Recommendations

Outstanding Checks

Several old outstanding checks are being carried on the bank reconciliations on several of the officials' accounts. We recommend that the checks be researched for proper disposition (cleared or re-issued).

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

Sincerely,

Neffendorf & Blocker, P.C.

Neffendorf & Blocker, P.C.
Fredericksburg, Texas

March 18, 2021