

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable County Judge, Members of the Commissioners Court and Citizens of
Llano County, Texas

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 Llano County, Texas (the "County") as of and for the year ended September 30, 2021, 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 estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Llano County, Texas as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparisons of the General Fund and the Road & Bridge Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section (preceding the basic financial statements) and the pension related schedules (following the notes to the financial statements) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and supplemental schedules 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 and individual fund financial statements and the schedule of expenditures of federal awards 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 1, 2022 on our consideration of the 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 the County's internal control over financial reporting and compliance.



Singleton, Clark & Company, P.C.
Cedar Park, Texas

March 1, 2022

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

As management of Llano County, Texas (the "County"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2021. Please read it in conjunction with the independent auditor's report on page 1 and the County's basic financial statements which follow this section.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$19,159,570 (net position). Of this amount, \$8,028,062 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$19,287,903, an increase of \$6,323,173 in comparison with the prior year. Approximately 38% of this amount, or \$7,309,849 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the assigned and unassigned components of fund balance) for the General Fund was \$7,434,569, or approximately 60% of total General Fund current year expenditures before transfers.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial, highways and streets, public facilities, health and welfare, culture and recreation, and conservation and development. The County currently does not have any business-type activities.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

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

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

The County maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road & Bridge Fund, CARES Act Fund, and the 2021 Tax Notes Projects Fund, which are considered to be major funds. Data from the other eleven governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its General Fund, Road & Bridge Fund and the Debt Service Fund. Budgetary comparison statements for the General Fund and Road & Bridge Fund have been provided within the basic financial statements section of this report. The budgetary comparison for the Debt Service Fund has been provided within the other supplementary information section.

Proprietary Funds. The County has the option of maintaining two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County does not currently utilize an enterprise fund. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a County's functions. Because the services provided by internal service funds predominantly benefit governmental rather than business-type functions, they are usually included within *governmental activities* in the government-wide financial statements. The County is not currently utilizing an internal service fund.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reported in the government-wide financial statements because the resources of those funds *are* not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County maintains two different types of fiduciary funds. The *private-purpose trust fund* is used to report resources held in trust for Llano County School Land. The custodial *fund* reports resources held by the County in a custodial capacity for individuals, County offices, and other governments.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the County's participation in the Texas County and District Retirement System (TCDRS) for its employees. The required supplementary information can be found immediately following the notes section of this report.

Combining and Individual Fund Financial Statements and Schedules. Other schedules supporting the basic financial statements are presented here, such as combining schedules of individual non-major governmental funds, agency funds, and the budgetary comparison schedule for the Debt Service Fund.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial health. In the case of the County, assets exceeded liabilities by \$19,159,570 at the close of the most recent fiscal year.

Table I
LLANO COUNTY, TEXAS
NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Change
Current & Other Assets	\$ 23,135,482	\$ 14,927,487	\$ 8,207,995
Capital Assets	8,039,180	7,811,310	227,870
Deferred Outflows	1,251,137	441,308	809,829
Total Assets & Deferred Outflows	32,425,799	23,180,105	9,245,694
Current Liabilities	2,837,554	4,654,760	(1,817,206)
Long-Term Liabilities	9,212,696	1,104,195	8,108,501
Deferred Inflows	1,215,979	624,352	591,627
Total Liabilities & Deferred Inflows	13,266,229	6,383,307	6,882,922
Net Position			
Net Investment in Capital Assets	4,987,655	5,217,215	(229,560)
Restricted	6,143,853	4,684,599	1,459,254
Unrestricted	8,028,062	6,894,984	1,133,078
Total Net Position	\$ 19,159,570	\$ 16,796,798	\$ 2,362,772

Of the total net position, 26% or \$4,987,655 comprises of investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

An additional portion of the County's net position, \$6,143,853 or 32%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,028,062, or 42%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position.

The County's overall net position increased by \$2,362,772 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$6,323,173 from the prior fiscal year for an ending balance of \$19,287,903. The increase in overall net position of governmental activities is primarily due to cost savings in most of the areas of the budget in the General Fund.

Table II
LLANO COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities 2021	Governmental Activities 2020	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,645,169	\$ 2,165,963	\$ 479,206
Operating Grants & Contributions	967,854	961,089	6,765
General Revenues:			
Property Taxes	14,384,566	13,966,751	417,815
Other Taxes	660,535	563,252	97,283
Other	262,679	451,158	(188,479)
Total Revenue	18,920,803	18,108,213	812,590
Expenses:			
General Government	5,723,240	5,236,439	486,801
Public Safety	4,814,909	4,834,624	(19,715)
Justice System	1,503,186	1,522,913	(19,727)
Public Facilities	1,052,500	1,000,132	52,368
Culture and Recreation	534,921	562,930	(28,009)
Health and Human Services	212,676	228,252	(15,576)
Conservation and Development	342,656	341,203	1,453
Highways and Streets	2,417,571	2,356,085	61,486
Interest on Long-Term Debt	113,690	80,622	33,068
Total Expenses	16,715,349	16,163,200	552,149
Increase (Decrease) in Net Position before Transfers and Special Items:	2,205,454	1,945,013	260,441
Transfers and Special Items:			
Gain on Sale of Capital Assets	37,782	78,763	(40,981)
Insurance Proceeds	119,536	-	119,536
Total Transfers and Special Items	157,318	78,763	78,555
Increase (Decrease) in Net Position	2,362,772	2,023,776	338,996
Net position - Beginning	16,796,798	14,773,022	2,023,776
Net position - Ending	\$ 19,159,570	\$ 16,796,798	\$ 2,362,772

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Financial Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a County's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Commissioners Court.

At September 30, 2021, the County's governmental funds reported combined fund balances of \$19,287,903 an increase of \$6,323,173 in comparison with the prior year restated fund balance. Approximately 38% of this amount, or \$7,309,849 constitutes *unassigned fund balance*, which is available for spending at the County's discretion. The remainder of the fund balance is currently reported as restricted or assigned for various purposes.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,309,849. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. The unassigned fund balance of the General Fund represents approximately 59% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,271,915 during the current fiscal year before other financing sources and uses. The increase was primarily due to conservative spending. The General Fund transferred out \$1,631,867 to the Library Fund, Indigent Health Fund, and Limited Access Fund combined.

The Road & Bridge Fund, a major governmental fund, had a \$206,498 decrease in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$948,697. The decrease in fund balance relates to a planned decrease of fund balance by budgeting more expenditures than revenues.

The CARES Act Fund, a major governmental fund, reported an ending fund balance of \$1,155. It is a Federal Grant Fund. The purpose of this fund is to provide the County with necessary funds to support activities listed in the CARES Act and ARP Act.

The 2021 Tax Notes Projects Fund, a new fund this year, reported an ending fund balance \$4,957,208. The County issued Tax Notes, Series 2021, amounting to \$5,000,000 during the year for financing capital equipment and for building three Emergency Management Systems Stations for the County.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. During the year, significant amendments to increase the original budgeted appropriations was made to the general government, public safety and capital outlay line items in the General Fund.

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$8,039,180 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and vehicles. Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

	Governmental Activities 2021	Governmental Activities 2020	Change
Land	\$ 162,378	\$ 162,378	\$ -
Buildings and Improvements	14,608,115	14,806,465	(198,350)
Infrastructure	938,372	-	938,372
Furniture and Equipment	10,896,598	10,380,352	516,246
Total	<u>26,605,463</u>	<u>25,349,195</u>	<u>1,256,268</u>
Less Accumulated Depreciation	<u>(18,566,283)</u>	<u>(17,375,507)</u>	<u>(1,190,776)</u>
Capital Assets, Net of Depreciation	<u>\$ 8,039,180</u>	<u>\$ 7,973,688</u>	<u>\$ 65,492</u>

Long-term Debt. At the end of the current fiscal year, the County had long-term obligations consisting of notes payable, capital leases and compensated absences liability.

	Governmental Activities 2021	Governmental Activities 2020	Change
Notes Payable	\$ 7,935,000	\$ 3,470,000	\$ 4,465,000
Capital Leases Payable	738,190	600,640	137,550
Compensated Absences	273,992	291,212	(17,220)
Total	<u>\$ 8,947,182</u>	<u>\$ 4,361,852</u>	<u>\$ 4,585,330</u>

The County's total overall debt increased by \$4,585,330 during the current fiscal year mainly due to the issue of \$5,000,000 Tax Notes, Series 2021, during the year. Additional information on the County's long-term debt can be found in notes to the financial statements section of this report.

Economic Factors and Next Year's Budgets and Rates

The adopted budget for fiscal year 2021-2022 for the County's General Fund is approximately \$14.95 million, which reflects an approximate increase of \$1.3 million from the fiscal year 2020-2021 General Fund adopted budget. The County adopted a tax rate of \$.24674 for the General Fund, \$.02700 for the Road and Bridge Fund and 0.02200 for the Debt Service Fund for a combined total tax rate of \$.29574 for fiscal year 2021-2022.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1447 E. State Highway 71, Suite B, Llano, Texas 78643 or by calling (325) 247-3783.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

LLANO COUNTY, TEXAS
STATEMENT OF NET POSITION
AS ON SEPTEMBER 30, 2021

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 8,762,589
Investments	13,578,109
Property Taxes Receivable	214,191
Allowance for Uncollectible Taxes	(21,419)
Accounts Receivable	840,894
Due from Others	320,242
Capital Assets not Being Depreciated:	
Land	162,378
Capital Assets, Being Depreciated:	
Buildings and Improvements	14,608,115
Infrastructure	938,372
Machinery, Equipment, and Vehicles	10,896,598
Accumulated Depreciation	(18,566,283)
Total Assets	31,174,662
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	1,251,137
Total Deferred Outflows of Resources	1,251,137
LIABILITIES	
Accounts Payable	943,068
Interest Payable	23,641
Accrued Salaries and Wages	214,544
Due to Others	95,821
Unearned Revenues	2,119,604
Long-Term Liabilities:	
Current Portion of Long-Term Debt	1,383,999
Notes Payable	6,845,000
Capital Leases Payable	581,187
Other Long-Term Debt	136,996
Net Pension Liability	265,514
Total Liabilities	12,050,250
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	1,215,979
Total Deferred Inflows of Resources	1,215,979
NET POSITION	
Net Investment in Capital Assets	4,987,655
Restricted for State and Federal Programs	1,557,325
Restricted for Road and Bridge	773,736
Restricted for Debt Service	732,598
Restricted for Other Purposes	3,080,194
Unrestricted	8,028,062
Total Net Position	\$ 19,159,570

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

LLANO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Functions/Programs:	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 5,723,240	\$ 963,378	\$ 53,273	\$ (4,706,589)
Public Safety	4,814,909	109,384	77,893	(4,627,632)
Judicial System	1,503,186	662,821	50,866	(789,499)
Highways and Streets	2,417,571	859,742	21,892	(1,535,937)
Public Facilities	1,052,500	-	-	(1,052,500)
Health and Welfare	212,676	41,180	763,930	592,434
Culture and Recreation	534,921	8,664	-	(526,257)
Conservation and Development	342,656	-	-	(342,656)
Debt Interest	113,690	-	-	(113,690)
Total Governmental Activities:	<u>\$ 16,715,349</u>	<u>\$ 2,645,169</u>	<u>\$ 967,854</u>	<u>(13,102,326)</u>
General Revenues:				
				14,384,566
				660,535
				139,868
				23,073
				99,738
				<u>15,307,780</u>
				2,205,454
				37,782
				119,536
				<u>2,362,772</u>
				16,796,798
				<u>\$ 19,159,570</u>

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

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FUND BASIS FINANCIAL STATEMENTS

LLANO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS ON SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	CARES Act Fund
ASSETS			
Cash and Cash Equivalents	\$ (3,316,162)	\$ 164,414	\$ 2,117,066
Investments	11,542,195	1,446,613	-
Property Taxes Receivable	177,131	23,566	-
Allowance for Uncollectible Taxes	(17,713)	(2,357)	-
Due from Other funds	90,086	-	-
Due from Others	124,369	20,902	-
Total Assets	<u>\$ 8,599,906</u>	<u>\$ 1,653,138</u>	<u>\$ 2,117,066</u>
LIABILITIES			
Accounts Payable	\$ 285,726	\$ 359,313	\$ -
Accrued Payroll	178,957	26,577	-
Due to Other Funds	96,748	36,588	90,086
Due to Others	95,821	-	-
Unearned Revenues	50,297	-	2,025,825
Total Liabilities	<u>707,549</u>	<u>422,478</u>	<u>2,115,911</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	159,418	21,209	-
Total Deferred Inflows of Resources	<u>159,418</u>	<u>21,209</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
State and Federal Grants	-	-	1,155
Road & Bridge	-	773,736	-
Debt Service	-	-	-
Capital Projects	-	-	-
Specific Purposes	-	75,000	-
Assigned for:			
Stabilization Funds	124,720	99,961	-
Unassigned	7,608,219	260,754	-
Total Fund Balances	<u>7,732,939</u>	<u>1,209,451</u>	<u>1,155</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 8,599,906</u>	<u>\$ 1,653,138</u>	<u>\$ 2,117,066</u>

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

2021 Tax Notes Projects Fund	Total Non- Major Funds	Total Governmental Funds
\$ 4,957,208	\$ 4,840,063	\$ 8,762,589
-	589,301	13,578,109
-	13,494	214,191
-	(1,349)	(21,419)
-	133,336	223,422
-	174,971	320,242
<u>\$ 4,957,208</u>	<u>\$ 5,749,816</u>	<u>\$ 23,077,134</u>
\$ -	\$ 298,029	\$ 943,068
-	9,010	214,544
-	-	223,422
-	-	95,821
-	43,482	2,119,604
<u>-</u>	<u>350,521</u>	<u>3,596,459</u>
-	12,145	192,772
<u>-</u>	<u>12,145</u>	<u>192,772</u>
-	1,556,170	1,557,325
-	-	773,736
-	720,453	720,453
4,957,208	664,457	5,621,665
-	3,005,194	3,080,194
-	-	224,681
-	(559,124)	7,309,849
<u>4,957,208</u>	<u>5,387,150</u>	<u>19,287,903</u>
<u>\$ 4,957,208</u>	<u>\$ 5,749,816</u>	<u>\$ 23,077,134</u>

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LLANO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AS ON SEPTEMBER 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances - Governmental Funds		\$ 19,287,903
<p>Capital assets used in governmental activities are not current financial resources, and therefore not reported in the funds.</p>		
Governmental activities capital assets	26,605,463	
Less accumulated depreciation	<u>(18,566,283)</u>	8,039,180
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Notes and capital leases payable	(8,673,190)	
Compensated absences	(273,992)	
Net pension liability	<u>(265,514)</u>	(9,212,696)
<p>The County recognizes pension expenditures in the governmental funds only as paid. However, pension expense and other pension related items are measured actuarially in the government-wide statements. Current differences reflected on the statement of net position are as follows:</p>		
Deferred outflows related to pensions	1,251,137	
Deferred inflows related to pensions	<u>(1,215,979)</u>	35,158
<p>Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.</p>		
		192,772
<p>Other long-term receivables, such as those for outstanding fines and warrants, are not recognized in the governmental funds, but are recognized in the Statement of Net Position, net of an allowance for uncollectible amounts.</p>		
		840,894
<p>Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
		(23,641)
Net Position of Governmental Activities		<u><u>\$ 19,159,570</u></u>

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

LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Road and Bridge Fund	CARES Act Fund
REVENUES			
Property Taxes	\$ 12,288,142	\$ 1,579,933	\$ -
General Sales and Use Taxes	136,697	-	-
Fines and Fees	967,154	37,003	-
Charges for Services	172,995	680,823	-
Donations	-	-	-
Investment Income	19,451	1,735	302
Intergovernmental Revenues	216,170	21,892	722,022
Other Revenue	96,924	2,186	100
Total Revenues	<u>13,897,533</u>	<u>2,323,572</u>	<u>722,424</u>
EXPENDITURES			
Current:			
General Government	4,626,297	-	247,986
Public Safety	4,479,373	-	-
Judicial System	1,338,919	-	-
Highways and Streets	-	2,240,573	-
Public Facilities	972,433	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Conservation and Development	152,947	-	-
Debt Service:			
Principal	157,344	-	-
Interest	22,525	-	-
Fees	-	-	-
Capital Outlay	577,410	216,053	-
Total Expenditures	<u>12,327,248</u>	<u>2,456,626</u>	<u>247,986</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,570,285</u>	<u>(133,054)</u>	<u>474,438</u>
OTHER FINANCING SOURCES (USES)			
Issuance of Bonds	-	-	-
Capital Leases	294,934	-	-
Transfers In	455,136	176,000	-
Sale of Assets	26,472	11,310	-
Transfers Out	(1,631,867)	-	(631,136)
Insurance Proceeds	119,536	-	-
Total Other Financing Sources (Uses)	<u>(735,789)</u>	<u>187,310</u>	<u>(631,136)</u>
Net Change in Fund Balance	834,496	54,256	(156,698)
Fund Balance - Beginning	6,898,443	1,155,195	157,853
Fund Balance - Ending	<u>\$ 7,732,939</u>	<u>\$ 1,209,451</u>	<u>\$ 1,155</u>

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

2021 Tax Notes Projects Fund	Total Non- Major Funds	Total Governmental Funds
\$ -	\$ 503,142	\$ 14,371,217
-	523,838	660,535
-	434,537	1,438,694
-	30,698	884,516
-	139,868	139,868
8	1,577	23,073
-	7,770	967,854
-	528	99,738
<u>8</u>	<u>1,641,958</u>	<u>18,585,495</u>
-	426,905	5,301,188
-	16,884	4,496,257
-	56,633	1,395,552
-	-	2,240,573
-	-	972,433
-	195,013	195,013
-	499,707	499,707
-	162,900	315,847
-	535,000	692,344
-	50,119	72,644
42,800	-	42,800
-	696,753	1,490,216
<u>42,800</u>	<u>2,639,914</u>	<u>17,714,574</u>
<u>(42,792)</u>	<u>(997,956)</u>	<u>870,921</u>
5,000,000	-	5,000,000
-	-	294,934
-	1,631,867	2,263,003
-	-	37,782
-	-	(2,263,003)
-	-	119,536
<u>5,000,000</u>	<u>1,631,867</u>	<u>5,452,252</u>
4,957,208	633,911	6,323,173
-	4,753,239	12,964,730
<u>\$ 4,957,208</u>	<u>\$ 5,387,150</u>	<u>\$ 19,287,903</u>

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LLANO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

Net Change in Fund Balances - Total Governmental Funds \$ 6,323,173

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which current year depreciation exceeded current year capital expenditures.

Expenditures for capitalized assets	1,490,216	
Less current year depreciation	(1,424,724)	65,492

Long-term receivables, such as those for fines and warrants, are not recorded in the funds. Therefore, any change in these items during the year is not reflected in the change in fund balance of governmental funds. 321,959

Long-term liabilities, such as bonds and notes payable, are not recorded within the governmental funds due to them not representing current liabilities. When principal repayments are made on these obligations, they represent expenditures in the governmental funds and reduce long-term liabilities in the statement of activities.

Current year debt additions	(5,294,934)	
Payments on long-term debt	692,344	
Adjustments to long-term debt	40	
Change in long-term liabilities for compensated absences	17,220	(4,585,330)

Accrued interest on long-term debt is not recorded in the governmental funds, and therefore any change in accrued interest does not affect fund balance. 1,714

Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position. 13,349

Governmental funds report pension contributions as current year expenditures for pensions. However, pension expense is measured actuarially in the statement of activities. These differences are as follows:

Actuarial current year pension (expense)/benefit	216,952	
Contributions made after the measurement date	5,463	222,415

Change in Net Position of Governmental Activities \$ 2,362,772

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

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LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 11,844,819	\$ 11,844,819	\$ 12,288,142	\$ 443,323
General Sales and Use Taxes	61,570	61,570	136,697	75,127
Fines and Fees	604,137	604,137	967,154	363,017
Charges for Services	166,773	166,773	172,995	6,222
Investment Income	55,900	55,900	19,451	(36,449)
Intergovernmental Revenues	400,160	673,394	216,170	(457,224)
Other Revenue	52,974	52,974	96,924	43,950
Total Revenues	<u>13,186,333</u>	<u>13,459,567</u>	<u>13,897,533</u>	<u>437,966</u>
EXPENDITURES				
Current:				
General Government	5,395,030	5,570,761	4,626,297	944,464
Public Safety	4,816,566	5,205,844	4,479,373	726,471
Judicial System	1,627,675	1,627,675	1,338,919	288,756
Public Facilities	992,960	1,059,512	972,433	87,079
Conservation and Development	179,630	179,631	152,947	26,684
Debt Service:				
Principal	151,348	157,344	157,344	-
Interest	28,521	22,525	22,525	-
Capital Outlay	447,043	719,366	577,410	141,956
Total Expenditures	<u>13,638,773</u>	<u>14,542,658</u>	<u>12,327,248</u>	<u>2,215,410</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(452,440)</u>	<u>(1,083,091)</u>	<u>1,570,285</u>	<u>2,653,376</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	100	100	294,934	294,834
Transfers In	-	455,136	455,136	-
Sale of Assets	20,000	20,000	26,472	6,472
Transfers Out	(667,010)	(1,679,665)	(1,631,867)	47,798
Insurance Proceeds	-	128,516	119,536	(8,980)
Total Other Financing Sources (Uses)	<u>(646,910)</u>	<u>(1,075,913)</u>	<u>(735,789)</u>	<u>340,124</u>
Net Change in Fund Balance	(1,099,350)	(2,159,004)	834,496	2,993,500
Fund Balance - Beginning	6,898,443	6,898,443	6,898,443	-
Fund Balance - Ending	<u>\$ 5,799,093</u>	<u>\$ 4,739,439</u>	<u>\$ 7,732,939</u>	<u>\$ 2,993,500</u>

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

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LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$1,616,662	\$1,616,662	\$1,579,933	\$ (36,729)
Fines and Fees	40,467	40,467	37,003	(3,464)
Charges for Services	612,623	612,623	680,823	68,200
Investment Income	6,793	6,793	1,735	(5,058)
Intergovernmental Revenues	22,504	22,504	21,892	(612)
Other Revenue	1,000	1,000	2,186	1,186
Total Revenues	<u>2,300,049</u>	<u>2,300,049</u>	<u>2,323,572</u>	<u>23,523</u>
EXPENDITURES				
Current:				
Highways and Streets	2,541,395	2,472,280	2,240,573	231,707
Capital Outlay	-	245,116	216,053	29,063
Total Expenditures	<u>2,541,395</u>	<u>2,717,396</u>	<u>2,456,626</u>	<u>260,770</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(241,346)</u>	<u>(417,347)</u>	<u>(133,054)</u>	<u>284,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	176,000	176,000	-
Special Items - Sale of Assets	15,000	15,000	11,310	(3,690)
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>191,000</u>	<u>187,310</u>	<u>(3,690)</u>
Net Change in Fund Balance	(226,346)	(226,347)	54,256	280,603
Fund Balance - Beginning	1,155,195	1,155,195	1,155,195	-
Fund Balance - Ending	<u>\$ 928,849</u>	<u>\$ 928,848</u>	<u>\$1,209,451</u>	<u>\$ 280,603</u>

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

LLANO COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS ON SEPTEMBER 30, 2021

	Llano County	
	School Land	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 6,151	\$ 115,363
Investments	61,356	54,533
Due from Others	6	18,454
Total Assets	67,513	188,350
LIABILITIES		
Accounts Payable	-	58,663
Due to Others	-	8
Unearned Revenues	-	94
Total Liabilities	-	58,765
NET POSITION		
Restricted for:		
Individuals and Organization	67,513	129,585
Total Net Position	\$ 67,513	\$ 129,585

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

LLANO COUNTY, TEXAS
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Llano County School Land
ADDITIONS	
Interest	\$ 170
Lease Revenue	462,722
Intergovernmental Revenues	-
Other Income	-
Total Additions	462,892
DEDUCTIONS	
Trust Payments	467,478
Other Operating Costs	-
Total Deductions	467,478
Change in Net Position	(4,586)
Net Position - Beginning (as restated for Custodial Funds)	72,099
Net Position - Ending	\$ 67,513

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

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NOTES TO THE FINANCIAL STATEMENTS

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LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE-1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

Llano County, Texas (the “County”) is a public corporation governed by an elected county judge and four-member governing court (the “Court”). The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units are, in substance, part of the primary government’s operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County. Based on these criteria, no component units have been included within the financial statements of Llano County.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the County’s enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of presentation – fund financial statements

The fund financial statements provide information about the County’s funds, including its fiduciary funds and blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The Road & Bridge Fund is the County’s special revenue fund that is used to account for resources used by the County in connection with providing transportation services to its citizens. This fund met the criteria to be considered a major fund this year.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The CARES Act Fund is the county's special revenue fund that is used to account for Cares Act grant and expenses related to COVID 19. This fund met the criteria to be considered a major fund this year.

The 2021 Tax Notes Projects Fund is used to account for the proceeds from long-term debt financing or other revenues and expenditures related to the County's capital projects.

Additionally, the County reports the following fund types:

Special revenue funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted or committed to expenditures for specified purposes.

The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

The Private-Purpose Trust Fund accounts for contributions that both the principal and the income must be used for specific non-County related purposes in a private purpose trust fund.

The Custodial Funds account for funds collected and held by the County departments on behalf of others that have yet to be remitted to those other individuals or the County Treasurer for County purposes.

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

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

Measurement focus and basis of accounting

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

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

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

Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

Budgetary information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Road and Bridge Fund, and Debt Service Fund. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards and endowment requirements) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Commissioners Court. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of expenditures over appropriations

For the year ended September 30, 2021, no budgetary overages were noted.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash and cash equivalents

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the County are reported at fair value (generally based on quoted market prices) except for positions in Local Government Investment Pools when applicable. In accordance with state law, these investment pools operate in conformity with all of the requirements of the Securities and Exchange Commission’s (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as 2a7-like pools and are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Treasurer, although it is not registered with the SEC.

3. Inventories and prepaid items

The County does not report inventories of supplies for consumable items due to the unused amount of these items being on hand any given time being deemed immaterial. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year.

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings & Improvements	5-22
Machinery and equipment	3-15
Vehicles	7
Infrastructure	10-50

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

5. *Deferred outflows/inflows of resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. *Net position flow assumption*

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

7. *Fund balance flow assumptions*

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

8. *Fund balance policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The County itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the County’s highest level of decision-making authority. Commissioners Court is the highest level of decision-making authority for the County that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as committed. The court has by resolution authorized the County Judge to assign fund balance. The Commissioners Court may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Revenues and expenditures/expenses

1. Program revenues

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

2. Property taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. The assessed value of the property tax roll of January 1, 2020, upon which the levy for the 2020-2021 fiscal year was based, was \$4,809,422,804. Taxes are delinquent if not paid by February 1st of the following calendar year. Delinquent taxes are subject to both penalty and interest charges plus 15% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2021, to finance General Fund, Road & Bridge Fund and Debt Service Fund operations were \$0.25341, \$0.03200 and \$0.01033 respectively, for a total tax rate of \$0.29574 per \$100 valuation. The total tax levy for the General Fund, Road & Bridge Fund and Debt Service Fund for the 2020-2021 fiscal year was \$14,223,387. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2021, were approximately 99% of the year end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates for the year of the levy. Allowances for uncollectible taxes within the General, Road & Bridge and Debt Service Funds are based on historical experience in collecting taxes.

3. Compensated absences

Vacation

The County's policy permits employees to accumulate earned, but unused, vacation benefits which are eligible for payment upon separation from County service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick Leave

The County's policy permits employees to accumulate sick leave which is eligible for payment upon separation from County service (subject to the following: maximum of 120 hours of sick leave provided a minimum of 10 years of employee service to the County). The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

4. Pensions

For purposes of measuring the net pension liability, the economic resources measurement focus and full accrual basis of accounting have been used. This includes deferred inflows and outflows of resources related to pensions, pension expense, and information about assets, liabilities, and additions to/deductions from the net position of the pension plan. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE-2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of legal or contractual provisions

For the year ended September 30, 2021, there were no known violations of legal and contractual provisions.

B. Deficit fund equity

For the year ended September 30, 2021, there were no funds reported with deficit fund equity.

NOTE-3 CASH AND INVESTMENTS

Cash deposits with financial institutions

Custodial credit risk-deposits. In the case of deposits, this is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. However, as of September 30, 2021, and as of the highest cash balance during the year, the County's bank balance was covered by the Federal Deposit Insurance Corporation (FDIC) and pledged securities.

Investments

The state treasurer's investment pool (the "Pool") operates in accordance with state law, which requires it to meet all of the requirements of Rule 2a-7 of the Securities and Exchange Commission. See note I.G.2, *Investments*, for a discussion of how the shares in the Pool are valued. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principal. The Pool invests in a high quality portfolio of debt securities investments legally permissible for municipalities and school districts in the state. The County utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the state treasurer's investment pool.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

As of September 30, 2021, the County had the following investments:

Investment Type	Maturity Time in Years				Recording Fund
	Less than 1	1-5	6-10	More Than 10	
Certificates of Deposit	\$ 1,517,130	\$ -	\$ -	\$ -	General Fund
LoneStar Investment Pool	7,049,182	-	-	-	General Fund, R&B Fund, HOT Fund, General Fund, R&B Fund, Lateral Road Fund, Debt Service Fund, Trust Fund
Logic Investment Pool	5,127,686	-	-	-	
Total Investments	<u>\$ 13,693,998</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

The County had investments in two external local governmental investment pool at September 30, 2021, consisting of the Lone Star Investment Pool (“Lone Star”) and LOGIC Investment Pool.

The Corporate Overnight Fund is a fund within the Lone Star Investment Pool. Its objective is to maintain a stable \$1.00 per share net asset value (NAV), while it provides the highest possible rate of return. The fund represents one of three Texas public investment funds sponsored by the Texas Association of School Boards (TASB). The other funds--Government Overnight Fund and Corporate Overnight Plus Fund—also maintain S&P Global ratings. The Lone Star Investment Pool was created pursuant to the Interlocal Cooperation Act of the State of Texas as an investment vehicle for local school districts and other public entities. The funds within Lone Star Investment Pool are not registered mutual funds under the Investment Company Act of 1940, and are not available to individual investors.

The Lone Star Investment Pool is sponsored by TASB. The investment advisers to the pool are American Beacon Advisors and Standish. First Public LLC provides administrative and distribution services to the pool and State Street Bank is the custodian for all pool assets. In addition, CAPTRUST Financial Advisors monitors the pool's operations and performance and reports its findings to First Public and the board of trustees for the Lone Star Investment Pools.

LOGIC is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. The pool was created in April 1994 through a contract among its participating governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control. LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise.

LOGIC is administered by Hilltop Securities and JPMorgan Chase. Together these organizations bring to the LOGIC program the powerful partnership of two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources.

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than ten months.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Credit risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the County’s policy to limit its investments in these investment types to the top rating issued by NRSROs. As of September 30, 2021, the County’s investment in Lone Star Investment Pool and Logic Investment Pool were rated AAAM by Standard & Poor’s.

Concentration of credit risk. The County’s investment policy does not allow for an investment in any one issuer that is in excess of 5 percent of the County’s total investments. This restriction however does not apply to government investment pools due to the low risk nature of this type of investment.

Custodial credit risk-investments. For an investment, 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.

NOTE-4 RECEIVABLES

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is a detail of receivables for the major and nonmajor funds of the governmental funds of the County, including the applicable allowances for uncollectible accounts:

Governmental Funds:

Receivables	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 177,131	\$ 23,566	\$ 13,494	\$ 214,191
Due from Others	124,369	20,902	174,971	320,242
Gross Receivables	301,500	44,468	188,465	534,433
Less: Allowance for Uncollectibles	(17,713)	(2,357)	(1,349)	(21,419)
Net Receivables	<u>\$ 283,787</u>	<u>\$ 42,111</u>	<u>\$ 187,116</u>	<u>\$ 513,014</u>

NOTE-5 DUE FROM/TO OTHER GOVERNMENTS

The County receives some grants from federal and state programs to partially or fully fund certain activities. Grants and entitlements are recorded as revenue when earned, therefore at year end amounts earned but not yet received in cash may be recorded as due from The grantor government. Amounts already received in cash but not yet earned are recorded as due to the grantor government.

A summary of amounts recorded as Due From Other Governments in the basic financial statements as of September 30, 2021 are summarized below:

Fund	State Entitlements
General Fund	\$ 20,647
Total	<u>\$ 20,647</u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE-6 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2021, was as follows:

	Balance 10/1/20	Increases	Decreases	Adjustments	Balance 9/30/21
Capital Assets, Not Being Depreciated:					
Land	\$ 162,378	\$ -	\$ -	\$ -	\$ 162,378
Total Capital Assets, Not Being Depreciated	162,378	-	-	-	162,378
Capital Assets, Being Depreciated:					
Buildings and Improvements	14,806,465	257,476	-	(455,826)	14,608,115
Infrastructure	-	482,546	-	455,826	938,372
Furniture and Equipment	10,380,352	750,194	(233,948)	-	10,896,598
Total Capital Assets, Being Depreciated	25,186,817	1,490,216	(233,948)	-	26,443,085
Less Accumulated Depreciation for:					
Buildings and Improvements	(9,899,774)	(646,431)	-	22,791	(10,523,414)
Infrastructure	-	(46,919)	-	(22,791)	(69,710)
Furniture and Equipment	(7,475,733)	(731,374)	233,948	-	(7,973,159)
Total Accumulated Depreciation	(17,375,507)	(1,424,724)	233,948	-	(18,566,283)
Total Capital Assets Being Depreciated, Net	7,811,310	65,492	-	-	7,876,802
Governmental Activities Capital Assets, Net	\$ 7,973,688	\$ 65,492	\$ -	\$ -	\$ 8,039,180

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

Governmental Activities:	
General Government	\$ 489,910
Public Safety	415,522
Judicial System	128,970
Highways and Streets	207,063
Public Facilities	89,868
Health and Welfare	18,022
Culture and Recreation	46,180
Conservation and Development	29,189
Total Depreciation Expense - Governmental Activities	\$ 1,424,724

NOTE-7 PENSION OBLIGATIONS

Texas County & District Retirement System (TCDRS)

Plan Description

- a. Llano County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

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 160%) 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 Jan. 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 Llano 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 2020 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.

Membership Information

Members	12/31/2019	12/31/2020
Number of inactive employees entitled to but not yet receiving benefits:	151	154
Number of active employees	153	149
Average monthly salary:*	\$ 3,077	\$ 3,229
Average age:*	50.06	50.41
Average length of service in years:*	10.08	10.27
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	132	133
Average monthly benefit:	\$ 793	\$ 819

*Averages reported for active employees.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

The following are the key assumptions and methods used in this GASB analysis.

Actuarial Assumptions

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age Normal (1)
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.6% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Llano 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	Llano County specific table
Turnover	Llano County specific table
Mortality	Llano County specific table

(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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2021 information for a 10-year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed in detail at a minimum of every four years, and is set based on a long-term time horizon. The TCDRS Board of trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Target Allocations

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.5%	4.25%
Global Equities	MSCI World (net) Index	2.5%	4.55%
International Equities-Developed Markets	MSCI World Ex USA (net) Index	5.0%	4.25%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	6.0%	4.75%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.0%	2.11%
Opportunistic Credit		16.0%	6.70%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.0%	5.70%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	3.45%
Master Limited Ptnrs (MLPs)	Alerian MLP Index	2.0%	5.10%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.0%	4.90%
PrivateEquity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.0%	7.25%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.0%	1.85%
Cash Equivalents	90-Day U.S. Treasury	2.0%	-0.70%
		100%	

⁽¹⁾ Target asset allocation adopted at the March 2021 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.0%, per Cliffwater's 2021 capital market assumptions.

⁽³⁾ Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

⁽⁴⁾ Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

⁽⁵⁾ Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. 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 pension 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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the County, calculated using the discount rate of 7.6%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% Decrease in Discount Rate (6.6%)	Discount Rate 7.6%	1% Increase in Discount Rate (8.6%)
Total Pension Liability	\$ 28,433,576	\$ 25,566,661	\$ 23,126,963
Fiduciary Net Position	25,301,147	25,301,147	25,301,147
Net Pension Liability/(Asset)	\$ 3,132,429	\$ 265,514	\$ (2,174,184)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TCDRS financial report. That report may be obtained online at www.tcdrs.org.

A detail of the changes in the Net Pension Liability/(Asset) of the County is as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances as of December 31, 2019	\$ 23,723,098	\$ 23,453,371	\$ 269,727
Changes for the year:			
Service cost	682,506	-	682,506
Interest on total pension liability	1,917,109	-	1,917,109
Effect of plan changes	-	-	-
Effect of econ./demo. gains/losses	(511,128)	-	(511,128)
Effect of assump. changes or inputs	1,259,559	-	1,259,559
Refund of contributions	(163,709)	(163,709)	-
Benefit payments	(1,340,773)	(1,340,773)	-
Administrative expenses	-	(18,513)	18,513
Member contributions	-	436,641	(436,641)
Net investment income	-	2,421,784	(2,421,784)
Employer contributions	-	535,196	(535,196)
Other	-	(22,849)	22,849
Balances as of December 31, 2020	\$ 25,566,662	\$ 25,301,148	\$ 265,514

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

For the year ended September 30, 2021, the County recognized pension expense of \$318,245.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,148	\$ 340,752
Changes of assumptions	839,706	
Difference between projected and actual investment earnings	-	875,227
Contributions made subsequent to the measurement date	404,283	-
Total	\$ 1,251,137	\$ 1,215,979

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the pension plan year as follows:

Year Ended	Pension Expense
2021	\$ (24,026)
2022	219,001
2023	(455,129)
2024	(108,971)
2025	-
Thereafter	-

NOTE-8 ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at September 30, 2021, were as follows:

Governmental Funds:

	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
Payroll Liabilities	\$ 178,957	\$ 26,577	\$ 9,010	\$ 214,544
Total Accrued Liabilities	\$ 178,957	\$ 26,577	\$ 9,010	\$ 214,544

NOTE-9 RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To reduce its risk exposure in these areas the County is a member of the Texas Association of Counties Risk Pool (the "Risk Pool") for liability, property, and workers' compensation. The Risk Pool is a public entity risk pool and was created based on the general objectives of formulation, developing and administering a program of self-insurance for the membership and obtaining lower costs for coverage. The Risk Pool has the power to establish fees, contributions and methods for establishing rates. Under contract with the Risk Pool, the Association provides for such services as claims administration and management, underwriting, loss control services and training, and financial reporting as its members.

The Pool is governed by a Board of Directors made up of employees or officials of counties, which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document, which can be obtained from the Texas Association of Counties, 1210 San Antonio Street, Austin 78701. The County's workers' compensation claim expense for the year ended September 30, 2021 was \$64,152.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Health Insurance

During the year ended September 30, 2021, employees of Llano County, Texas were covered by a health insurance plan (the Plan) through the Texas Association of Counties. The County paid premiums of \$797 per month per employee for health insurance. In addition, the County paid \$19 for dental and \$2 for life insurance premiums per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The total cost to the County for employee health insurance during the year ended September 30, 2021 was \$1,329,100.

NOTE-10 LEASE OBLIGATIONS

Capital lease

The County had an existing capital lease for financing the acquisition of HVAC equipment. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2021 was as follows:

Year Ended September 30,	Governmental Activities
2022	\$ 177,392
2023	177,392
2024	79,925
2025	79,925
2026	79,925
2027-2029	239,316
Total Minimum Lease Payments	833,875
Less: Amount Representing Interest	(95,685)
Present Value of Minimum Lease Payments	\$ 738,190

NOTE-11 LONG-TERM LIABILITIES

The long-term liabilities of the County comprise of notes payable, a capital lease and compensated absences. The details of notes payable and capital leases is as follows:

Governmental Activities:

Type	Outstanding 9/30/21
Notes Payable:	
\$4,000,000 Maintenance Tax Notes, Series 2019 due in annual installments of \$555,000 to \$620,000 through February 1, 2026; interest at 1.57%.	\$ 2,935,000
\$5,000,000 Tax Notes, Series 2021 due in annual installments of \$525,000 to \$1,190,000 through February 1, 2028; interest at 0.6% to 1.21%.	5,000,000
Capital Lease Payable:	
\$904,380 Capital Lease, with Government Capital Corporation, issued 2014, due in annual installments of \$79,925 through January 10, 2029; interest at	543,256
\$294,934 Capital Lease, with Motorola Credit, issued 2020, due in annual installments of \$97,467 through November 1, 2022; interest at 0%.	194,934
Total General Long-Term Debt	\$ 8,673,190

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Changes in long-term liabilities

Changes in the County’s long-term liabilities for the year ended September 30, 2021 are as follows:

Governmental Activities

Description	Balance				Balance 9/30/21	Due in One Year
	10/1/20	Additions	Deletions	Adjustments		
Notes Payable	\$ 3,470,000	\$5,000,000	\$ (535,000)	\$ -	\$ 7,935,000	\$ 1,090,000
Capital Leases	600,640	294,934	(157,344)	(40)	738,190	157,003
Compensated Absences	291,212	-	(17,220)	-	273,992	136,996
Gov. Activities Long-Term Liabilities	<u>\$ 4,361,852</u>	<u>\$ 5,294,934</u>	<u>\$ (709,564)</u>	<u>\$ (40)</u>	<u>\$ 8,947,182</u>	<u>\$ 1,383,999</u>

Accumulated unpaid annual leave is not accrued in governmental funds using the modified accrual basis of accounting, but are reflected in the government-wide Statement of Net Position. At September 30, 2021, accrued employee benefits recorded as long-term liability were for annual vacation pay, holiday pay, and compensated pay and amounted to \$273,992.

Annual principal installments for maintenance tax notes payable vary each year. The debt service requirements to maturity for maintenance tax notes as of September 30, 2021 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2022	\$ 1,090,000	\$ 80,019	\$ 1,170,019
2023	1,095,000	74,773	1,169,773
2024	1,110,000	62,320	1,172,320
2025	1,130,000	49,013	1,179,013
2026	1,150,000	34,673	1,184,673
2027-28	2,360,000	28,048	2,388,048
	<u>\$ 7,935,000</u>	<u>\$ 328,846</u>	<u>\$ 8,263,846</u>

NOTE-12 FUND BALANCE

Minimum fund balance policy. It is the policy of this County to maintain at all times an overall Unrestricted Fund Balance (Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance) of not less than three months of regular General Fund operating expenditures, measured based on the most recently completed fiscal year. If it is determined that the County is below this minimum established fund balance level, the governing body will be informed of this condition and take necessary budgetary steps to bring the fund balance level into compliance with this policy through budgetary actions.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE-13 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2021 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	CARES Act Fund	\$ 90,086
Debt Service Fund	General Fund	298,370
Debt Service Fund	Road & Bridge Fund	260,754
Special Revenue Funds	General Fund	96,748
Special Revenue Funds	Road & Bridge Fund	36,588
Total		<u>\$ 782,546</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the General Fund expects to collect in the subsequent year.

NOTE-14 INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2021 is as follows:

	<u>Transfer in to:</u>			
	<u>Limited Access Fund</u>	<u>Road & Bridge Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Transfer out from:				
General Fund	\$ -	\$ -	\$ 1,631,867	\$ 1,631,867
CARES Act Fund	455,136	176,000	-	631,136
Total	<u>\$ 455,136</u>	<u>\$ 176,000</u>	<u>\$ 1,631,867</u>	<u>\$ 2,263,003</u>

During the year, recurring transfers are used to 1) move revenues from a fund with collection authority to another fund with related expenditure requirements, and 2) move General Fund resources to provide subsidies to other funds as needs arise.

NOTE-15 UNEARNED REVENUE

Unearned revenue at September 30,2021 consisted of the following:

<u>Fund</u>	<u>Restricted Donations</u>
General Fund	\$ 50,297
CARES Act Fund	2,025,825
Library Fund	43,482
Total	<u>\$ 2,119,604</u>

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE-16 CONTINGENCIES

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the County’s compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County anticipates such amounts, if any, will be immaterial.

NOTE-17 SUBSEQUENT EVENTS

The County has evaluated subsequent events through March 1, 2022, the date of the audit report. The County is not aware of any subsequent events that materially affect the financial statements as of that date.

NOTE-18 PRIOR PERIOD ADJUSTMENT

During the year, the County adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries.

The County accounts for its Agency Funds as a Custodial Fund (previously referred to as an Agency Fund) which is a type of Fiduciary Activity. Implementation of GASB 84 resulted in the recognition of revenues (additions) and expenses (deductions) which are reported on a Statement of Changes in Fiduciary Net Position. This is in contrast to the previous reporting method whereby the net effect of revenues and expenses in a given period were reported as a liability, Due to Others. Further details on the new Fiduciary Activities are provided within the notes to the financial statements.

	Custodial Funds
Net Position as Previously Stated at September 30, 2020	\$ -
Effect of implementation of GASB Statement no. 84	134,642
Net Position as Restated at September 30, 2020	\$ 134,642

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REQUIRED SUPPLEMENTARY INFORMATION

LLANO COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Measurement Year		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ 628,372	\$ 630,281	\$ 694,022
Interest on total pension liability	1,397,673	1,477,841	1,555,023
Effect of plan changes	-	(73,061)	-
Effect of assumption changes or inputs	-	217,696	-
Effect of economic/demographic (gains) or losses	(141,434)	(221,100)	(118,634)
Benefit payments/refunds of contributions	(892,978)	(1,043,401)	(1,034,695)
Net change in total pension liability	<u>991,633</u>	<u>988,256</u>	<u>1,095,716</u>
Total pension liability, beginning	<u>17,384,947</u>	<u>18,376,580</u>	<u>19,364,836</u>
Total pension liability, ending (a)	<u>\$ 18,376,580</u>	<u>\$ 19,364,836</u>	<u>\$ 20,460,552</u>
Fiduciary Net Position			
Employer contributions	\$ 446,428	\$ 481,016	\$ 487,191
Member contributions	357,552	370,013	382,502
Investment income net of investment expenses	1,179,023	122,838	1,325,986
Benefit payments/refunds of contributions	(892,978)	(1,043,401)	(1,034,695)
Administrative expenses	(13,462)	(12,905)	(14,403)
Other	(96,701)	28,210	31,151
Net change in fiduciary net position	<u>979,862</u>	<u>(54,230)</u>	<u>1,177,732</u>
Fiduciary net position, beginning	<u>16,992,923</u>	<u>17,972,787</u>	<u>17,918,557</u>
Fiduciary net position, ending (b)	<u>\$ 17,972,785</u>	<u>\$ 17,918,557</u>	<u>\$ 19,096,289</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ 403,795</u>	<u>\$ 1,446,279</u>	<u>\$ 1,364,263</u>
Fiduciary net position as a % of total pension liability	97.80%	92.53%	93.33%
Pension covered payroll	\$ 5,107,891	\$ 5,285,900	\$ 5,365,558
Net pension liability as a % of covered payroll	7.91%	27.36%	25.43%

	Measurement Year			
	2017	2018	2019	2020
\$	672,698	687,947	678,378	682,506
	1,661,268	1,742,046	1,827,764	1,917,109
	-	-	-	-
	112,765	-	-	1,259,559
	(146,856)	(1,557)	21,444	(511,128)
	(1,272,299)	(1,365,259)	(1,355,794)	(1,504,482)
	1,027,577	1,063,177	1,171,792	1,843,564
	20,460,552	21,488,128	22,551,305	23,723,098
	\$ 21,488,129	\$ 22,551,305	\$ 23,723,097	\$ 25,566,661
\$	472,641	495,010	479,840	535,196
	397,180	411,528	421,443	436,641
	2,780,918	(404,849)	3,376,996	2,421,784
	(1,272,299)	(1,365,259)	(1,355,794)	(1,504,482)
	(14,268)	(16,515)	(17,872)	(18,513)
	(5,528)	(13,797)	(12,294)	(22,849)
	2,358,644	(893,882)	2,892,319	1,847,777
	19,096,289	21,454,933	20,561,051	23,453,371
	\$ 21,454,933	\$ 20,561,051	\$ 23,453,371	\$ 25,301,147
\$	33,196	1,990,254	269,727	265,514
	99.85%	91.17%	98.86%	98.96%
\$	5,673,994	5,878,976	6,020,618	6,237,726
	0.59%	33.85%	4.48%	4.26%

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LLANO COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2012	\$ 455,776	\$ 455,776	\$ -	\$ 5,640,812	8.1%
2013	448,574	448,574	-	5,411,034	8.3%
2014	446,428	446,428	-	5,107,891	8.7%
2015	481,016	481,016	-	5,285,900	9.1%
2016	487,191	487,191	-	5,365,558	9.1%
2017	472,641	472,641	-	5,673,994	8.3%
2018	495,010	495,010	-	5,878,976	8.4%
2019	485,151	485,151	-	6,001,960	8.1%
2020	520,651	520,651	-	6,176,872	8.4%
2021	540,659	540,659	-	6,312,399	8.6%

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Hotel Occupancy Fund – to account for the hotel tax revenue used to promote tourism.

LCSO Seizure Fund – to account for the LCSO activities.

Library Fund – to account for the fees collected for library services and spend on library needs.

Indigent Health Fund – to account for the revenue and expenditures of indigent services.

Law Library Fund – to account for the fees collected pursuant to Local Government Code 323.023 for the operations of the law library.

HAVA 2018-2020 Fund – to account for HAVA grant and expenses related to Help America Vote Act.

Child Advocacy Fund – to account for grant and expenses related to prevention and treatment services to fight child abuse and neglect.

Limited Access fund –to account for the fees collected from defendants in cases that the uses are restricted.

Debt Service Fund

The Debt Service Fund – to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Capital Projects Fund

The Capital Projects Fund – to account for the proceeds from long-term debt financing or other revenues and expenditures related to the County's capital projects.

Flood Recovery Fund – to account for clean-up and restoration costs for flood related damages.

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 AS ON SEPTEMBER 30, 2020

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Indigent Health Fund
ASSETS				
Cash and Cash Equivalents	\$ 59,070	\$ 16,782	\$ 95,575	\$ 731,496
Investments	577,414	-	-	-
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Other funds	-	-	-	-
Due from Others	153,911	-	-	-
Total Assets	<u>\$ 790,395</u>	<u>\$ 16,782</u>	<u>\$ 95,575</u>	<u>\$ 731,496</u>
LIABILITIES				
Accounts Payable	\$ 1,625	\$ -	\$ 41,671	\$ 2,935
Payroll Deductions and Withholdings	-	-	9,010	-
Unearned Revenues	-	-	43,482	-
Total Liabilities	<u>1,625</u>	<u>-</u>	<u>94,163</u>	<u>2,935</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
State and Federal Grants	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Specific Purposes	788,770	16,782	1,412	728,561
Total Fund Balances	<u>788,770</u>	<u>16,782</u>	<u>1,412</u>	<u>728,561</u>
Total Liabilities and Fund Balances	<u>\$ 790,395</u>	<u>\$ 16,782</u>	<u>\$ 95,575</u>	<u>\$ 731,496</u>

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

Law Library Fund	HAVA 2018-2020 Fund	Child Advocacy Fund	Limited Access Fund	Debt Service Fund	Capital Projects Fund	Flood Recovery Fund	Total Non-Major Funds
\$ 23,824	\$ 43,239	\$ 74,144	\$ 1,421,603	\$ 149,204	\$ 710,174	\$ 1,514,952	\$ 4,840,063
-	-	-	-	11,887	-	-	589,301
-	-	-	-	13,494	-	-	13,494
-	-	-	-	(1,349)	-	-	(1,349)
-	-	36,588	96,748	-	-	-	133,336
1,095	-	-	19,727	238	-	-	174,971
<u>\$ 24,919</u>	<u>\$ 43,239</u>	<u>\$ 110,732</u>	<u>\$ 1,538,078</u>	<u>\$ 173,474</u>	<u>\$ 710,174</u>	<u>\$ 1,514,952</u>	<u>\$ 5,749,816</u>
\$ 1,568	\$ 2,021	\$ -	\$ 202,492	\$ -	\$ 45,717	\$ -	\$ 298,029
-	-	-	-	-	-	-	9,010
-	-	-	-	-	-	-	43,482
<u>1,568</u>	<u>2,021</u>	<u>-</u>	<u>202,492</u>	<u>-</u>	<u>45,717</u>	<u>-</u>	<u>350,521</u>
-	-	-	-	12,145	-	-	12,145
-	-	-	-	12,145	-	-	12,145
-	41,218	-	-	-	-	1,514,952	1,556,170
-	-	-	-	720,453	-	-	720,453
-	-	-	-	-	664,457	-	664,457
23,351	-	110,732	1,335,586	-	-	-	3,005,194
<u>23,351</u>	<u>41,218</u>	<u>110,732</u>	<u>1,335,586</u>	<u>161,329</u>	<u>664,457</u>	<u>1,514,952</u>	<u>5,387,150</u>
<u>\$ 24,919</u>	<u>\$ 43,239</u>	<u>\$ 110,732</u>	<u>\$ 1,538,078</u>	<u>\$ 173,474</u>	<u>\$ 710,174</u>	<u>\$ 1,514,952</u>	<u>\$ 5,749,816</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Indigent Health Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	523,838	-	-	-
Fines and Fees	-	-	2,102	-
Charges for Services	-	-	6,562	-
Donations	-	-	43,243	-
Investment Income	382	-	-	-
Intergovernmental Revenues	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	524,220	-	51,907	-
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Judicial System	-	-	-	-
Health and Welfare	-	-	-	195,013
Culture and Recreation	-	-	499,707	-
Conservation and Development	162,900	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	162,900	-	499,707	195,013
Excess (Deficiency) of Revenue Over Expenditures	361,320	-	(447,800)	(195,013)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	449,212	835,907
Total Other Financing Sources (Uses)	-	-	449,212	835,907
Net Change in Fund Balance	361,320	-	1,412	640,894
Fund Balance - Beginning	427,450	16,782	-	87,667
Fund Balance - Ending	\$ 788,770	\$ 16,782	\$ 1,412	\$ 728,561

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

Law Library Fund	HAVA 2018-2020 Fund	Child Advocacy Fund	Limited Access Fund	Debt Service Fund	Capital Projects Fund	Flood Recovery Fund	Total Non-Major Funds
\$ -	\$ -	\$ -	\$ -	\$ 503,142	\$ -	\$ -	\$ 503,142
-	-	-	-	-	-	-	523,838
10,705	-	36,588	385,142	-	-	-	434,537
-	-	-	24,136	-	-	-	30,698
-	-	15,923	80,702	-	-	-	139,868
-	84	-	-	181	930	-	1,577
-	5,200	-	2,570	-	-	-	7,770
-	-	-	528	-	-	-	528
<u>10,705</u>	<u>5,284</u>	<u>52,511</u>	<u>493,078</u>	<u>503,323</u>	<u>930</u>	<u>-</u>	<u>1,641,958</u>
-	11,713	-	415,192	-	-	-	426,905
-	-	-	16,884	-	-	-	16,884
6,116	12,388	-	38,129	-	-	-	56,633
-	-	-	-	-	-	-	195,013
-	-	-	-	-	-	-	499,707
-	-	-	-	-	-	-	162,900
-	-	-	-	535,000	-	-	535,000
-	-	-	-	50,119	-	-	50,119
-	46,113	-	-	-	650,640	-	696,753
<u>6,116</u>	<u>70,214</u>	<u>-</u>	<u>470,205</u>	<u>585,119</u>	<u>650,640</u>	<u>-</u>	<u>2,639,914</u>
<u>4,589</u>	<u>(64,930)</u>	<u>52,511</u>	<u>22,873</u>	<u>(81,796)</u>	<u>(649,710)</u>	<u>-</u>	<u>(997,956)</u>
-	-	-	346,748	-	-	-	1,631,867
-	-	-	346,748	-	-	-	1,631,867
4,589	(64,930)	52,511	369,621	(81,796)	(649,710)	-	633,911
18,762	106,148	58,221	965,965	243,125	1,314,167	1,514,952	4,753,239
<u>\$ 23,351</u>	<u>\$ 41,218</u>	<u>\$ 110,732</u>	<u>\$ 1,335,586</u>	<u>\$ 161,329</u>	<u>\$ 664,457</u>	<u>\$ 1,514,952</u>	<u>\$ 5,387,150</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 AS ON SEPTEMBER 30, 2021

	Jury Clearing Fund	HOT Check Collection Fund	Sheriff's Seizure Fund
ASSETS			
Cash and Temporary Investments	\$ 4,661	\$ 35,032	\$ 18,825
Investments	-	-	-
Due from Others	-	-	-
Total Assets	<u>4,661</u>	<u>35,032</u>	<u>18,825</u>
LIABILITIES			
Accounts Payable	-	388	-
Due to Others	-	(17)	-
Unearned Revenues	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 371</u>	<u>\$ -</u>
NET POSITION			
Restricted for:			
Individuals and Organization	4,661	34,661	18,825
Total Net Position	<u>\$ 4,661</u>	<u>\$ 34,661</u>	<u>\$ 18,825</u>

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

Lateral Road Fund	State Fees Fund	Total Custodial Funds
\$ 16,905	\$ 39,940	\$ 115,363
54,533	-	54,533
-	18,454	18,454
<u>71,438</u>	<u>58,394</u>	<u>188,350</u>
-	58,275	58,663
-	25	8
-	94	94
<u>\$ -</u>	<u>\$ 58,394</u>	<u>\$ 58,765</u>
71,438	-	129,585
<u>\$ 71,438</u>	<u>\$ -</u>	<u>\$ 129,585</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CUSTODIAL FUNDS
 AS ON SEPTEMBER 30, 2021

	Jury Clearing Fund	HOT Check Collection Fund	Sheriff's Seizure Fund
ADDITIONS			
Intergovernmental Revenues	\$ 5,066	\$ -	\$ -
Other Income	8,630	626	15
Total Additions	<u>13,696</u>	<u>626</u>	<u>15</u>
DEDUCTIONS			
Other Operating Costs	12,680	8,456	575
Total Deductions	<u>12,680</u>	<u>8,456</u>	<u>575</u>
Change in Net Position	1,016	(7,830)	(560)
Net Position - Beginning (as restated)	3,645	42,491	19,385
Net Position - Ending	<u>\$ 4,661</u>	<u>\$ 34,661</u>	<u>\$ 18,825</u>

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

Lateral Road Fund	State Fees Fund	Total Custodial Funds
\$ -	\$ -	\$ 5,066
2,317	-	11,588
<u>2,317</u>	<u>-</u>	<u>16,654</u>
-	-	21,711
<u>-</u>	<u>-</u>	<u>21,711</u>
2,317	-	(5,057)
<u>69,121</u>	<u>-</u>	<u>134,642</u>
<u>\$ 71,438</u>	<u>\$ -</u>	<u>\$ 129,585</u>

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LLANO COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 582,565	\$ 582,565	\$ 503,142	\$ (79,423)
Investment Income	1,200	1,200	181	(1,019)
Total Revenues	<u>583,765</u>	<u>583,765</u>	<u>503,323</u>	<u>(80,442)</u>
EXPENDITURES				
Debt Service:				
Principal	535,000	535,000	535,000	-
Interest	50,120	50,120	50,119	1
Fees	3,000	3,000	-	3,000
Total Expenditures	<u>588,120</u>	<u>588,120</u>	<u>585,119</u>	<u>3,001</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(4,355)</u>	<u>(4,355)</u>	<u>(81,796)</u>	<u>(83,443)</u>
Net Change in Fund Balance	(4,355)	(4,355)	(81,796)	(77,441)
Fund Balance - Beginning	243,125	243,125	243,125	-
Fund Balance - Ending	<u>\$ 238,770</u>	<u>\$ 238,770</u>	<u>\$ 161,329</u>	<u>\$ (77,441)</u>

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

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OTHER SUPPLEMENTARY INFORMATION SECTION

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

To the Honorable County Judge, Members of the Commissioners Court and Citizens of
Llano County, Texas

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 Llano County, Texas (the "County"), as of and for the year ended September 30, 2021, 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 1, 2022.

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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

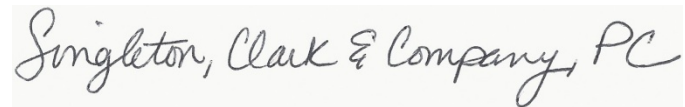
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, PC". The signature is written in a cursive style and is set against a light gray rectangular background.

Singleton, Clark & Company, PC.
Cedar Park, Texas

March 1, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL FOR EACH MAJOR PROGRAM AS REQUIRED BY UNIFORM GUIDANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Honorable County Judge, Members of the Commissioner's Court and Citizens of Llano County, Texas

Report on Compliance for Each Major Federal Program

We have audited the County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

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

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

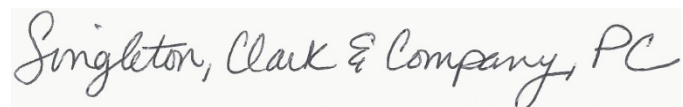
A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the County as of and for the year ended September 30, 2021, and have issued our report thereon dated March 1, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Singleton, Clark & Company, P.C.
Cedar Park, Texas

March 1, 2022

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LLANO COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>FEDERAL AWARDS</u>			
U.S. DEPARTMENT OF TREASURY			
<u>Direct Award</u>			
American Rescue Plan Act	21.019		\$ 90,086
Total Direct Award			<u>90,086</u>
<u>Passed through Texas Department of Emergency Management</u>			
Coronavirus Relief Fund	21.019	117134974	789,036
Total Passed through Texas Department of Emergency Management			<u>789,036</u>
TOTAL U.S. DEPARTMENT OF TREASURY			<u>879,122</u>
U.S. ELECTION ASSISTANCE COMMISSION			
<u>Passed through Texas Secretary of State</u>			
Help America Vote Act (HAVA) Election Security	90.404	TX18101001-01-150	70,214
Total Passed through Texas Secretary of State			<u>70,214</u>
TOTAL U.S. ELECTION ASSISTANCE COMMISSION			<u>70,214</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 949,336</u>

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LLANO COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

General – The accompanying schedule of expenditures of federal awards presents all federal expenditures of the Llano County, Texas (the “County”).

Basis of Accounting – The expenditures on the accompanying schedule of expenditures of federal awards are presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred, if measurable.

Relationship to the Basic Financial Statements – Expenditures of federal awards are reported in the County’s basic financial statements primarily in the General Fund but at times a Special Revenue Fund or a Capital Projects Fund is used.

Relationship to Federal Financial Reports – Amounts reported in the accompanying schedule of expenditures of federal awards agree with the amounts reported in the related federal financial reports in all significant respects.

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LLANO COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditors’ report issued on compliance for major programs:

Coronavirus Relief Fund	Unmodified
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Any audit findings disclosed that are required to be
 In accordance with federal Uniform Guidance? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

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LLANO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the years ended September 30, 2021 and 2020.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Findings Related to Federal Awards Which are Required to be Reported in Accordance with federal Uniform Guidance:

No findings or questioned costs required to be reported in accordance with federal *Uniform Guidance* for the years ended September 30, 2021. Not applicable for year ended September 20, 2020.