

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



SINGLETON, CLARK  
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS



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

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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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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, 2020, 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.

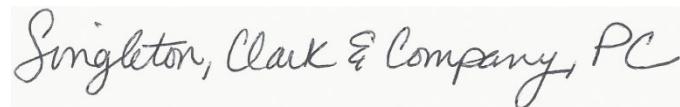
### *Other Information*

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 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 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 5, 2021 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.

A handwritten signature in black ink that reads "Singleton, Clark & Company, P.C." in a cursive script font.

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

March 5, 2021

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LLANO COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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, 2020. 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 \$16,796,793 (net position). Of this amount, \$6,894,979 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 \$12,964,730, an increase of \$1,774,497 in comparison with the prior year. Approximately 52% of this amount, or \$6,773,723 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 \$6,998,404, or approximately 61% 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, 2020

**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 fourteen 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, Capital Projects Fund, and the Limited Access Fund, which are considered to be major funds. Data from the other ten 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 *agency 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, 2020**

**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 \$16,796,793 at the close of the most recent fiscal year.

**Table I**  
**LLANO COUNTY, TEXAS**  
**NET POSITION**

|   | Governmental<br>Activities<br>2020 | Governmental<br>Activities<br>2019 | Change              |
|---|------------------------------------|------------------------------------|---------------------|
| Current & Other Assets                          | \$ 14,927,487                      | \$ 12,309,605                      | \$ 2,617,882        |
| Capital Assets                                  | 7,811,310                          | 7,957,170                          | (145,860)           |
| Deferred Outflows                               | 441,308                            | 1,678,065                          | (1,236,757)         |
| <b>Total Assets &amp; Deferred Outflows</b>     | <b>23,180,105</b>                  | <b>21,944,840</b>                  | <b>1,235,265</b>    |
| Current Liabilities                             | 4,654,760                          | 5,262,256                          | (607,496)           |
| Long-Term Liabilities                           | 1,104,195                          | 2,842,033                          | (1,737,838)         |
| Deferred Inflows                                | 624,352                            | 74,466                             | 549,886             |
| <b>Total Liabilities &amp; Deferred Inflows</b> | <b>6,383,307</b>                   | <b>8,178,755</b>                   | <b>(1,795,448)</b>  |
| Net Position                                    |                                    |                                    |                     |
| Net Investment in Capital Assets                | 5,217,215                          | 5,824,180                          | (606,965)           |
| Restricted                                      | 4,684,599                          | 2,321,166                          | 2,363,433           |
| Unrestricted                                    | 6,894,984                          | 5,620,739                          | 1,274,245           |
| <b>Total Net Position</b>                       | <b>\$ 16,796,798</b>               | <b>\$ 13,766,085</b>               | <b>\$ 3,030,713</b> |

Of the total net position, 31% or \$5,217,215 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, 2020**

An additional portion of the County's net position, \$4,684,599 or 28%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,894,979, or 41%, 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 \$2,023,771 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 \$2,023,771 from the prior fiscal year for an ending balance of \$16,796,793. The increase in overall net position of governmental activities is primarily due to a FEMA grant received for approximately \$1.5 million for flood expenditure reimbursements related to FY2019. This caused a restatement of net position to increase the beginning net position in Fund 72 by approximately a \$1 million. The County was also able to achieve cost savings in all areas of the budget in the General Fund which further increased the net position.

**Table II**  
**LLANO COUNTY, TEXAS**  
**CHANGES IN NET POSITION**

|   | Governmental<br>Activities 2020 | Governmental<br>Activities 2019 | Change              |
|---|---------------------------------|---------------------------------|---------------------|
| Revenues:   |                                 |                                 |                     |
| Program Revenues:   |                                 |                                 |                     |
| Charges for Services  | \$ 2,165,963                    | \$ 1,936,468                    | \$ 229,495          |
| Operating Grants & Contributions  | 961,089                         | 209,714                         | 751,375             |
| General Revenues:   |                                 |                                 |                     |
| Property Taxes  | 13,966,751                      | 12,175,685                      | 1,791,066           |
| Other Taxes   | 563,252                         | 373,288                         | 189,964             |
| Other   | 451,158                         | 805,683                         | (354,525)           |
| Total Revenue   | <u>18,108,213</u>               | <u>15,500,838</u>               | <u>2,607,375</u>    |
| Expenses:   |                                 |                                 |                     |
| General Government  | 5,236,439                       | 5,000,606                       | 235,833             |
| Public Safety   | 4,834,624                       | 4,811,675                       | 22,949              |
| Justice System  | 1,522,913                       | 1,517,015                       | 5,898               |
| Public Facilities   | 1,000,132                       | 954,104                         | 46,028              |
| Culture and Recreation  | 562,930                         | 541,979                         | 20,951              |
| Health and Human Services   | 228,252                         | 26,870                          | 201,382             |
| Conservation and Development  | 341,203                         | 458,889                         | (117,686)           |
| Highways and Streets  | 2,356,085                       | 3,517,766                       | (1,161,681)         |
| Interest on Long-Term Debt  | 80,622                          | 90,623                          | (10,001)            |
| Total Expenses  | <u>16,163,200</u>               | <u>16,919,527</u>               | <u>(756,327)</u>    |
| Increase (Decrease) in Net Position before Transfers and Special Items: | <u>1,945,013</u>                | <u>(1,418,689)</u>              | <u>3,363,702</u>    |
| Transfers and Special Items:  |                                 |                                 |                     |
| Transfers and Special Items:  |                                 |                                 |                     |
| Gain on Sale of Capital Assets  | 78,763                          | 110,485                         | (31,722)            |
| Total Transfers and Special Items                                       | <u>78,763</u>                   | <u>110,485</u>                  | <u>(31,722)</u>     |
| Increase (Decrease) in Net Position                                     | <u>2,023,776</u>                | <u>(1,308,204)</u>              | <u>3,331,980</u>    |
| Net position - Beginning (Restated)                                     | <u>14,773,022</u>               | <u>15,074,289</u>               | <u>(301,267)</u>    |
| Net position - Ending   | <u>\$ 16,796,798</u>            | <u>\$ 13,766,085</u>            | <u>\$ 3,030,713</u> |

LLANO COUNTY, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

### **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, 2020, the County's governmental funds reported combined fund balances of \$12,964,730, an increase of \$1,774,497 in comparison with the prior year restated fund balance. Approximately 52% of this amount, or \$6,773,723 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 \$6,773,723. 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 60% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,870,673 during the current fiscal year before transfers out and sale of assets. The increase was primarily due to conservative spending. The General Fund transferred out \$606,482 to the Limited Access Fund and other funds combined.

The Road & Bridge Fund, a major governmental fund, had a \$260,293 increase in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$1,155,195. The increase in fund balance relates to expenditures being less than budgeted during the year.

The Limited Access Fund, a major governmental fund, had an increase of \$179,316 in the fund balance during the current fiscal year, to end at \$965,965. The increase in fund balance relates to expenditures being less than revenue during the year and a transfer in of \$75,810 from the General Fund during the year.

The fund balance of the Capital Projects Fund, a major fund this year, decreased by \$1,046,376 during the year, to end at \$1,314,167. The County issued Maintenance Tax Notes, Series 2019 amounting to \$4,000,000 during the prior year for financing capital equipment and for road improvement projects. The decrease in fund balance relates to capital expenditures for such purposes during the year.

### **General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Generally, the movement of the appropriations between departments was also *not* significant.

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**LLANO COUNTY, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

### **Capital Assets and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$7,973,688 (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<br>Activities | Governmental<br>Activities | Change              |
|--|----------------------------|----------------------------|---------------------|
|  | 2020                       | 2019                       |                     |
| Land                                       | \$ 162,378                 | \$ 162,378                 | \$ -                |
| Buildings                                  | 14,806,465                 | 14,265,393                 | 541,072             |
| Furniture and Equipment                    | 10,380,352                 | 9,890,309                  | 490,043             |
| <b>Total</b>                               | <b>25,349,195</b>          | <b>24,318,080</b>          | <b>1,031,115</b>    |
| Less Accumulated Depreciation              | (17,375,507)               | (16,198,532)               | (1,176,975)         |
| <b>Capital Assets, Net of Depreciation</b> | <b>\$ 7,973,688</b>        | <b>\$ 8,119,548</b>        | <b>\$ (145,860)</b> |

**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<br>Activities | Governmental<br>Activities | Change              |
|------------------------|----------------------------|----------------------------|---------------------|
|                        | 2020                       | 2019                       |                     |
| Notes Payable          | \$ 3,470,000               | \$ 4,000,000               | \$ (530,000)        |
| Capital Leases Payable | 600,640                    | 655,911                    | (55,271)            |
| Compensated Absences   | 291,212                    | 251,178                    | 40,034              |
| <b>Total</b>           | <b>\$ 4,361,852</b>        | <b>\$ 4,907,089</b>        | <b>\$ (545,237)</b> |

The County's total overall debt decreased by \$545,237 during the current fiscal year mainly due to scheduled payments of long term liabilities. 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 2020-2021 for the County's General Fund is approximately \$13.64 million, which reflects an approximate increase of \$691K from the fiscal year 2019-2020 General Fund adopted budget. The County adopted a tax rate of \$.25341 for the General Fund, \$.032 for the Road and Bridge Fund and 0.01033 for the Debt Service Fund for a combined total tax rate of \$.29574 for fiscal year 2020-2021.

### **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, 2020**

|   | <u>Primary Government</u> | <u>Governmental Activities</u> |
|---|---------------------------|--------------------------------|
| <b>ASSETS</b>                             |                           |                                |
| Cash and Cash Equivalents                 | \$ 2,858,379              |                                |
| Investments                               | 10,875,174                |                                |
| Property Taxes Receivable                 | 239,230                   |                                |
| Allowance for Uncollectible Taxes         | (59,807)                  |                                |
| Accounts Receivable                       | 518,935                   |                                |
| Due from Others                           | 333,198                   |                                |
| Capital Assets not Being Depreciated:     |                           |                                |
| Land                                      | 162,378                   |                                |
| Capital Assets, Being Depreciated:        |                           |                                |
| Buildings and Improvements                | 14,806,465                |                                |
| Machinery, Equipment, and Vehicles        | 10,380,352                |                                |
| Accumulated Depreciation                  | (17,375,507)              |                                |
|   | <u>22,738,797</u>         |                                |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>     |                           |                                |
| Deferred Outflows - Pensions              | 441,308                   |                                |
|   | <u>441,308</u>            |                                |
| <b>LIABILITIES</b>                        |                           |                                |
| Accounts Payable                          | 498,824                   |                                |
| Interest Payable                          | 25,355                    |                                |
| Accrued Salaries and Wages                | 208,593                   |                                |
| Due to Others                             | 337,473                   |                                |
| Unearned Revenues                         | 57,131                    |                                |
| Long-Term Liabilities:                    |                           |                                |
| Current Portion of Long-Term Debt         | 592,384                   |                                |
| Notes Payable                             | 2,935,000                 |                                |
| Capital Leases Payable                    | 543,256                   |                                |
| Other Long-Term Debt                      | 291,212                   |                                |
| Net Pension Liability                     | 269,727                   |                                |
|   | <u>5,758,955</u>          |                                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>      |                           |                                |
| Deferred Inflows - Pensions               | 624,352                   |                                |
|   | <u>624,352</u>            |                                |
| <b>NET POSITION</b>                       |                           |                                |
| Net Investment in Capital Assets          | 5,217,215                 |                                |
| Restricted for State and Federal Programs | 1,778,953                 |                                |
| Restricted for Road and Bridge            | 1,003,910                 |                                |
| Restricted for Debt Service               | 251,889                   |                                |
| Restricted for Other Purposes             | 1,649,847                 |                                |
| Unrestricted                              | 6,894,984                 |                                |
|   | <u>\$ 16,796,798</u>      |                                |

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, 2020**

| Functions/Programs:                              | Expenses             | Program Revenues           |  | <b>Net (Expense)<br/>Primary<br/>Government<br/>Governmental<br/>Activities</b> |
|--|----------------------|----------------------------|--|---|
|  |                      | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions |   |
| <b>Primary Government:</b>                       |                      |                            |  |   |
| Governmental Activities:                         |                      |                            |  |   |
| General Government                               | \$ 5,236,439         | \$ 839,473                 | \$ 37,820                                | \$ (4,359,146)  |
| Public Safety                                    | 4,834,624            | 112,080                    | 88,073                                   | (4,634,471)   |
| Judicial System                                  | 1,522,913            | 351,973                    | 50,866                                   | (1,120,074)   |
| Highways and Streets                             | 2,356,085            | 821,378                    | 573,458                                  | (961,249)   |
| Public Facilities                                | 1,000,132            | -                          | -  | (1,000,132)   |
| Health and Welfare                               | 228,252              | 32,020                     | 210,872                                  | 14,640  |
| Culture and Recreation                           | 562,930              | 9,039                      | -  | (553,891)   |
| Conservation and Development                     | 341,203              | -                          | -  | (341,203)   |
| Debt Interest                                    | 80,622               | -                          | -  | (80,622)  |
| Total Governmental Activities:                   | <b>\$ 16,163,200</b> | <b>\$ 2,165,963</b>        | <b>\$ 961,089</b>                        | <b><u>(13,036,148)</u></b>  |
| General Revenues:                                |                      |                            |  |   |
| Property Taxes                                   |                      |                            |  | 13,966,751  |
| General Sales and Use Taxes                      |                      |                            |  | 563,252   |
| Contributions and Donations from Private Sources |                      |                            |  | 105,272   |
| Investment Income                                |                      |                            |  | 208,734   |
| Other Revenue                                    |                      |                            |  | 137,152   |
| Total General Revenues                           |                      |                            |  | <b><u>14,981,161</u></b>  |
| Change in Net Postion Before Special Items       |                      |                            |  | 1,945,013   |
| Special Item: Gain on Sale of Capital Assets     |                      |                            |  | <b><u>78,763</u></b>  |
| Change in Net Position                           |                      |                            |  | <b><u>2,023,776</u></b>   |
| Net Position - Beginning (Restated)              |                      |                            |  | <b><u>14,773,022</u></b>  |
| Net Position - Ending                            |                      |                            |  | <b><u>\$ 16,796,798</u></b>   |

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, 2020**

|   | General Fund        | Road and Bridge Fund | Capital Projects Fund |
|---|---------------------|----------------------|-----------------------|
| <b>ASSETS</b>   |                     |                      |                       |
| Cash and Cash Equivalents                             | \$ (2,081,460)      | \$ 221,336           | \$ 1,314,167          |
| Investments   | 9,531,255           | 1,200,619            | -                     |
| Property Taxes Receivable                             | 195,977             | 31,568               | -                     |
| Allowance for Uncollectible Taxes                     | (48,994)            | (7,892)              | -                     |
| Due from Other funds                                  | -                   | -                    | -                     |
| Due from Others                                       | 116,627             | 41,221               | -                     |
| Total Assets  | <u>\$ 7,713,405</u> | <u>\$ 1,486,852</u>  | <u>\$ 1,314,167</u>   |
| <b>LIABILITIES</b>                                    |                     |                      |                       |
| Accounts Payable                                      | \$ 92,648           | \$ 226,888           | \$ -                  |
| Accrued Payroll                                       | 172,714             | 24,748               | -                     |
| Due to Other Funds                                    | 99,155              | 22,334               | -                     |
| Due to Others   | 303,462             | 34,011               | -                     |
| Unearned Revenues                                     | -                   | -                    | -                     |
| Total Liabilities                                     | <u>667,979</u>      | <u>307,981</u>       | <u>-</u>              |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                     |                      |                       |
| Deferred Inflows - Property Taxes                     | 146,983             | 23,676               | -                     |
| Total Deferred Inflows of Resources                   | <u>146,983</u>      | <u>23,676</u>        | <u>-</u>              |
| <b>FUND BALANCES (DEFICITS)</b>                       |                     |                      |                       |
| Restricted for:                                       |                     |                      |                       |
| State and Federal Grants                              | -                   | -                    | -                     |
| Road & Bridge   | -                   | 980,234              | -                     |
| Debt Service  | -                   | -                    | -                     |
| Capital Projects                                      | -                   | -                    | 1,314,167             |
| Specific Purposes                                     | -                   | 75,000               | -                     |
| Assigned for:   |                     |                      |                       |
| Stabilization Funds                                   | 124,720             | 99,961               | -                     |
| Unassigned  | 6,773,723           | -                    | -                     |
| Total Fund Balances                                   | <u>6,898,443</u>    | <u>1,155,195</u>     | <u>1,314,167</u>      |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 7,713,405</u> | <u>\$ 1,486,852</u>  | <u>\$ 1,314,167</u>   |

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

| Limited Access Fund | Total Non-Major Funds | Total<br>Governmental Funds |
|---------------------|-----------------------|-----------------------------|
| \$ 1,000,981        | \$ 2,403,355          | \$ 2,858,379                |
| -                   | 143,300               | 10,875,174                  |
| -                   | 11,685                | 239,230                     |
| -                   | (2,921)               | (59,807)                    |
| 75,810              | 45,679                | 121,489                     |
| 14,595              | 160,755               | 333,198                     |
| <b>\$ 1,091,386</b> | <b>\$ 2,761,853</b>   | <b>\$ 14,367,663</b>        |
|                     |                       |                             |
| \$ 125,421          | \$ 53,867             | \$ 498,824                  |
| -                   | 11,131                | 208,593                     |
| -                   | -                     | 121,489                     |
| -                   | -                     | 337,473                     |
| -                   | 57,131                | 57,131                      |
| <b>125,421</b>      | <b>122,129</b>        | <b>1,223,510</b>            |
|                     |                       |                             |
| -                   | 8,764                 | 179,423                     |
| <b>-</b>            | <b>8,764</b>          | <b>179,423</b>              |
|                     |                       |                             |
| -                   | 1,778,953             | 1,778,953                   |
| -                   | -                     | 980,234                     |
| -                   | 243,125               | 243,125                     |
| -                   | -                     | 1,314,167                   |
| 965,965             | 608,882               | 1,649,847                   |
| -                   | -                     | 224,681                     |
| -                   | -                     | 6,773,723                   |
| <b>965,965</b>      | <b>2,630,960</b>      | <b>12,964,730</b>           |
| <b>\$ 1,091,386</b> | <b>\$ 2,761,853</b>   | <b>\$ 14,367,663</b>        |

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**LLANO COUNTY, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**AS ON SEPTEMBER 30, 2020**

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

|  |                            |
|--|----------------------------|
| <b>Total Fund Balances - Governmental Funds</b>  | \$12,964,730               |
| Capital assets used in governmental activities are not current financial resources, and therefore not reported in the funds.   |                            |
| Governmental activities capital assets   | 25,349,195                 |
| Less accumulated depreciation  | <u>(17,375,507)</u>        |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.   |                            |
| Notes and capital leases payable   | (4,070,640)                |
| Compensated absences   | (291,212)                  |
| Net pension liability  | <u>(269,727)</u>           |
|  | <u>(4,631,579)</u>         |
| The County recognizes pension expenditures in the governmental funds only as paid. However, pension expense and other pension related items are measured actuarily in the government-wide statements. Current differences reflected on the statement of net position are as follows: |                            |
| Deferred outflows related to pensions  | 441,308                    |
| Deferred inflows related to pensions   | <u>(624,352)</u>           |
|  | <u>(183,044)</u>           |
| 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.     |                            |
|  | 179,423                    |
| 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.   |                            |
|  | 518,935                    |
| 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.  |                            |
|  | (25,355)                   |
| <b>Net Position of Governmental Activities</b>   | <u><u>\$16,796,798</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, 2020**

|  | General Fund        | Road and Bridge Fund | Capital Projects Fund |
|--|---------------------|----------------------|-----------------------|
| <b>REVENUES</b>                                  |                     |                      |                       |
| Property Taxes                                   | \$ 11,503,015       | \$ 1,731,386         | \$ -                  |
| General Sales and Use Taxes                      | 103,626             | -                    | -                     |
| Fines and Fees                                   | 946,012             | 38,380               | -                     |
| Charges for Services                             | 170,891             | 654,299              | -                     |
| Donations  | -                   | -                    | 13                    |
| Investment Income                                | 157,067             | 18,790               | 27,725                |
| Intergovernmental Revenues                       | 227,107             | 21,948               | -                     |
| Other Revenue                                    | 126,406             | 761                  | 9,981                 |
| Total Revenues                                   | <u>13,234,124</u>   | <u>2,465,564</u>     | <u>37,719</u>         |
| <b>EXPENDITURES</b>                              |                     |                      |                       |
| Current:   |                     |                      |                       |
| General Government                               | 4,465,000           | -                    | -                     |
| Public Safety                                    | 4,385,682           | -                    | -                     |
| Judicial System                                  | 1,349,040           | -                    | -                     |
| Highways and Streets                             | -                   | 2,147,916            | -                     |
| Public Facilities                                | 912,359             | -                    | -                     |
| Health and Welfare                               | -                   | -                    | -                     |
| Culture and Recreation                           | -                   | -                    | -                     |
| Conservation and Development                     | 131,364             | -                    | -                     |
| Debt Service:                                    |                     |                      |                       |
| Principal  | 55,271              | -                    | -                     |
| Interest   | 24,597              | -                    | -                     |
| Capital Outlay                                   | 40,138              | 62,575               | 1,084,095             |
| Total Expenditures                               | <u>11,363,451</u>   | <u>2,210,491</u>     | <u>1,084,095</u>      |
| Excess (Deficiency) of Revenue Over Expenditures | <u>1,870,673</u>    | <u>255,073</u>       | <u>(1,046,376)</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                     |                      |                       |
| Transfers In                                     | -                   | -                    | -                     |
| Sale of Assets                                   | 104,022             | 5,220                | -                     |
| Transfers Out                                    | (606,482)           | -                    | -                     |
| Total Other Financing Sources (Uses)             | <u>(502,460)</u>    | <u>5,220</u>         | <u>-</u>              |
| Net Change in Fund Balance                       | 1,368,213           | 260,293              | (1,046,376)           |
| Fund Balance - Beginning (Restated)              | 5,530,230           | 894,902              | 2,360,543             |
| Fund Balance - Ending                            | <u>\$ 6,898,443</u> | <u>\$ 1,155,195</u>  | <u>\$ 1,314,167</u>   |

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

| Limited Access Fund | Total Non-Major Funds | Governmental Funds | Total |
|---------------------|-----------------------|--------------------|-------|
| \$ -                | \$ 722,939            | \$ 13,957,340      |       |
| -                   | 459,626               | 563,252            |       |
| 343,946             | 57,867                | 1,386,205          |       |
| 29,208              | 11,617                | 866,015            |       |
| 60,077              | 45,182                | 105,272            |       |
| -                   | 5,152                 | 208,734            |       |
| 2,741               | 709,293               | 961,089            |       |
| 4                   | -                     | 137,152            |       |
| <b>435,976</b>      | <b>2,011,676</b>      | <b>18,185,059</b>  |       |

|                |                  |                   |  |
|----------------|------------------|-------------------|--|
| 307,380        | -                | 4,772,380         |  |
| 11,283         | -                | 4,396,965         |  |
| 13,807         | 24,432           | 1,387,279         |  |
| -              | -                | 2,147,916         |  |
| -              | -                | 912,359           |  |
| -              | 208,767          | 208,767           |  |
| -              | 511,893          | 511,893           |  |
| -              | 180,316          | 311,680           |  |
| -              | 530,000          | 585,271           |  |
| -              | 48,889           | 73,486            |  |
| -              | 25,000           | 1,211,808         |  |
| <b>332,470</b> | <b>1,529,297</b> | <b>16,519,804</b> |  |
| <b>103,506</b> | <b>482,379</b>   | <b>1,665,255</b>  |  |

|                   |                     |                      |  |
|-------------------|---------------------|----------------------|--|
| 75,810            | 530,672             | 606,482              |  |
| -                 | -                   | 109,242              |  |
| -                 | -                   | (606,482)            |  |
| <b>75,810</b>     | <b>530,672</b>      | <b>109,242</b>       |  |
| 179,316           | 1,013,051           | 1,774,497            |  |
| 786,649           | 1,617,909           | 11,190,233           |  |
| <b>\$ 965,965</b> | <b>\$ 2,630,960</b> | <b>\$ 12,964,730</b> |  |

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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, 2020

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

|   |                     |
|---|---------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b> | <b>\$ 1,774,497</b> |
|---|---------------------|

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 | 1,211,808          |
| Less current year depreciation      | <u>(1,327,189)</u> |
|                                     | (115,381)          |

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.

(86,257)

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 | (40,034)       |
| Payments on long-term debt  | <u>585,271</u> |
|                             | 545,237        |

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.

(7,136)

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.

9,411

Since capital assets are not reported in governmental funds, gains or losses on disposal of capital assets are also not reported in governmental funds.

(30,479)

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 | (106,924)     |
| Contributions made after the measurement date    | <u>40,808</u> |
|  | (66,116)      |

|  |                            |
|--|----------------------------|
| <b>Change in Net Position of Governmental Activities</b> | <b><u>\$ 2,023,776</u></b> |
|--|----------------------------|

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, 2020**

|  | <b>Budgeted Amounts</b> |                     |                     | <b>Variance with<br/>Final Budget</b> |
|--|-------------------------|---------------------|---------------------|---------------------------------------|
|  | <b>Original</b>         | <b>Final</b>        | <b>Actual</b>       |                                       |
| <b>REVENUES</b>                                  |                         |                     |                     |                                       |
| Property Taxes                                   | \$11,003,348            | \$11,003,348        | \$11,503,015        | \$ 499,667                            |
| General Sales and Use Taxes                      | 123,140                 | 123,140             | 103,626             | (19,514)                              |
| Fines and Fees                                   | 841,919                 | 841,919             | 946,012             | 104,093                               |
| Charges for Services                             | 173,946                 | 173,946             | 170,891             | (3,055)                               |
| Investment Income                                | 253,866                 | 253,866             | 157,067             | (96,799)                              |
| Intergovernmental Revenues                       | 167,612                 | 167,612             | 227,107             | 59,495                                |
| Other Revenue                                    | 52,974                  | 52,974              | 126,406             | 73,432                                |
| <b>Total Revenues</b>                            | <b>12,616,805</b>       | <b>12,616,805</b>   | <b>13,234,124</b>   | <b>617,319</b>                        |
| <b>EXPENDITURES</b>                              |                         |                     |                     |                                       |
| Current:   |                         |                     |                     |                                       |
| General Government                               | 5,094,804               | 4,986,353           | 4,465,000           | 521,353                               |
| Public Safety                                    | 4,764,590               | 4,879,895           | 4,385,682           | 494,213                               |
| Judicial System                                  | 1,635,019               | 1,636,373           | 1,349,040           | 287,333                               |
| Public Facilities                                | 1,098,692               | 1,098,024           | 912,359             | 185,665                               |
| Conservation and Development                     | 174,158                 | 174,158             | 131,364             | 42,794                                |
| Debt Service:                                    |                         |                     |                     |                                       |
| Principal  | 51,348                  | 55,271              | 55,271              | -                                     |
| Interest   | 28,521                  | 24,597              | 24,597              | -                                     |
| Capital Outlay                                   | 100,314                 | 75,892              | 40,138              | 35,754                                |
| <b>Total Expenditures</b>                        | <b>12,947,446</b>       | <b>12,930,563</b>   | <b>11,363,451</b>   | <b>1,567,112</b>                      |
| Excess (Deficiency) of Revenue Over Expenditures | (330,641)               | (313,758)           | 1,870,673           | 2,184,431                             |
| <b>OTHER FINANCING SOURCES (USES)</b>            |                         |                     |                     |                                       |
| Capital Leases                                   | 100                     | 100                 | -                   | (100)                                 |
| Sale of Assets                                   | 22,125                  | 22,125              | 104,022             | 81,897                                |
| Transfers Out                                    | (491,415)               | (645,145)           | (606,482)           | 38,663                                |
| <b>Total Other Financing Sources (Uses)</b>      | <b>(469,190)</b>        | <b>(622,920)</b>    | <b>(502,460)</b>    | <b>120,460</b>                        |
| Net Change in Fund Balance                       | (799,831)               | (936,678)           | 1,368,213           | 2,304,891                             |
| Fund Balance - Beginning                         | 5,530,230               | 5,530,230           | 5,530,230           | -                                     |
| <b>Fund Balance - Ending</b>                     | <b>\$ 4,730,399</b>     | <b>\$ 4,593,552</b> | <b>\$ 6,898,443</b> | <b>\$ 2,304,891</b>                   |

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, 2020**

|   | <b>Budgeted Amounts</b> |                   |                     | <b>Variance with<br/>Final Budget</b> |
|---|-------------------------|-------------------|---------------------|---------------------------------------|
|   | <b>Original</b>         | <b>Final</b>      | <b>Actual</b>       |                                       |
| <b>REVENUES</b>                                     |                         |                   |                     |                                       |
| Property Taxes                                      | \$ 1,608,242            | \$ 1,608,242      | \$ 1,731,386        | \$ 123,144                            |
| Fines and Fees                                      | 39,015                  | 39,515            | 38,380              | (1,135)                               |
| Charges for Services                                | 648,463                 | 648,463           | 654,299             | 5,836                                 |
| Investment Income                                   | 35,000                  | 35,000            | 18,790              | (16,210)                              |
| Intergovernmental Revenues                          | 22,504                  | 22,504            | 21,948              | (556)                                 |
| Other Revenue                                       | 6,021                   | 6,021             | 761                 | (5,260)                               |
| Total Revenues                                      | <u>2,359,245</u>        | <u>2,359,745</u>  | <u>2,465,564</u>    | <u>105,819</u>                        |
| <b>EXPENDITURES</b>                                 |                         |                   |                     |                                       |
| Current:  |                         |                   |                     |                                       |
| Highways and Streets                                | 2,421,054               | 2,412,064         | 2,147,916           | 264,148                               |
| Capital Outlay                                      | 118,305                 | 62,625            | 62,575              | 50                                    |
| Total Expenditures                                  | <u>2,539,359</u>        | <u>2,474,689</u>  | <u>2,210,491</u>    | <u>264,198</u>                        |
| Excess (Deficiency) of Revenue Over<br>Expenditures | <u>(180,114)</u>        | <u>(114,944)</u>  | <u>255,073</u>      | <u>370,017</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>               |                         |                   |                     |                                       |
| Special Items - Sale of Assets                      | 30,000                  | 30,000            | 5,220               | (24,780)                              |
| Total Other Financing Sources (Uses)                | <u>30,000</u>           | <u>30,000</u>     | <u>5,220</u>        | <u>(24,780)</u>                       |
| Net Change in Fund Balance                          | (150,114)               | (84,944)          | 260,293             | 345,237                               |
| Fund Balance - Beginning                            | 894,902                 | 894,902           | 894,902             | -                                     |
| Fund Balance - Ending                               | <u>\$ 744,788</u>       | <u>\$ 809,958</u> | <u>\$ 1,155,195</u> | <u>\$ 345,237</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, 2020**

|                            | Fiduciary Funds             |                   |  |
|----------------------------|-----------------------------|-------------------|--|
|                            | Llano County<br>School Land | Agency Funds      |  |
| <b>ASSETS</b>              |                             |                   |  |
| Cash and Cash Equivalents  | \$ 10,470                   | \$ 121,243        |  |
| Investments                | 61,576                      | 54,480            |  |
| Due from Others            | 53                          | 18,065            |  |
| Total Assets               | <u>72,099</u>               | <u>193,788</u>    |  |
| <b>LIABILITIES</b>         |                             |                   |  |
| Accounts Payable           | -                           | 59,118            |  |
| Due to Others              | -                           | 134,642           |  |
| Unearned Revenues          |                             | 28                |  |
| Total Liabilities          | <u>-</u>                    | <u>\$ 193,788</u> |  |
| <b>NET POSITION</b>        |                             |                   |  |
| Net Position Held in Trust | <u><u>\$ 72,099</u></u>     |                   |  |

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, 2020**

|                          | <b>Fiduciary Fund</b>               |
|--------------------------|-------------------------------------|
|                          | <b>Llano County School<br/>Land</b> |
| <b>ADDITIONS</b>         |                                     |
| Investment Earnings:     |                                     |
| Interest                 | \$ 2,945                            |
| Lease Revenue            | 216,136                             |
| Other                    | 70                                  |
| Total Additions          | <b>219,151</b>                      |
| <b>DEDUCTIONS</b>        |                                     |
| Trust Payments           | 247,539                             |
| Total Deductions         | <b>247,539</b>                      |
| Change in Net Position   | (28,388)                            |
| Net Position - Beginning | <b>100,487</b>                      |
| Net Position - Ending    | <b>\$ 72,099</b>                    |

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, 2020

**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, 2020

The Limited Access Fund is the county's special revenue fund that is used to account for the fees collected from defendants in cases that the uses are restricted. This fund met the criteria to be considered a major fund this year.

The Capital 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 Agency 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, 2020

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, 2020, no budgetary overages were noted.

LLANO COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**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               | 10-20 |
| Machinery and equipment | 3-15  |
| Vehicles                | 7     |

LLANO COUNTY, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020

**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, 2020

## **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, 2019, upon which the levy for the 2019-2020 fiscal year was based, was \$4,410,825,852. 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, 2020, to finance General Fund, Road & Bridge Fund and Debt Service Fund operations were \$0.2588, \$0.0389 and \$0.0164 respectively, for a total tax rate of \$0.3141 per \$100 valuation. The total tax levy for the General Fund, Road & Bridge Fund and Debt Service Fund for the 2019-2020 fiscal year was \$13,854,404. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2020, 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, 2020

**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, 2020, there were no known violations of legal and contractual provisions.

**B. Deficit fund equity**

For the year ended September 30, 2020, 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, 2020, 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, 2020**

As of September 30, 2020, 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  | \$ 1,515,969                | \$ -               | \$ -               | \$ -               | General Fund   |
| LoneStar Investment Pool | 4,793,746                   | -                  | -                  | -                  | General Fund, R&B Fund   |
| Logic Investment Pool    | 4,681,515                   | -                  | -                  | -                  | HOT Fund, General Fund, R&B Fund,<br>Lateral Road Fund, Debt Service Fund,<br>Trust Fund |
| Total Investments        | <u><u>\$ 10,991,230</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |  |

The County had investments in two external local governmental investment pool at September 30, 2020, 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, 2020**

*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, 2020, the County's investment in Lone Star Investment Pool and Logic Investment Pool were rated AAA 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 | Limited Access Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------|-------------------|----------------------|---------------------|-----------------------------|--------------------------|
| Property Taxes                     | \$ 195,977        | \$ 31,568            | \$ -                | \$ 11,685                   | \$ 239,230               |
| Due from Others                    | 116,627           | 41,221               | 14,595              | 160,755                     | 333,198                  |
| Gross Receivables                  | 312,604           | 72,789               | 14,595              | 172,440                     | 572,428                  |
| Less: Allowance for Uncollectibles | (48,994)          | (7,892)              | -                   | (2,921)                     | (59,807)                 |
| <b>Net Receivables</b>             | <b>\$ 263,610</b> | <b>\$ 64,897</b>     | <b>\$ 14,595</b>    | <b>\$ 169,519</b>           | <b>\$ 512,621</b>        |

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**NOTE-5 CAPITAL ASSETS**

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

|  | Balance<br>10/1/19  | Increases           | Decreases          | Balance<br>9/30/20  |
|--|---------------------|---------------------|--------------------|---------------------|
| <b>Capital Assets, Not Being Depreciated:</b>      |                     |                     |                    |                     |
| Land   | \$ 162,378          | \$ -                | \$ -               | \$ 162,378          |
| <b>Total Capital Assets, Not Being Depreciated</b> | <b>162,378</b>      | <b>-</b>            | <b>-</b>           | <b>162,378</b>      |
| <b>Capital Assets, Being Depreciated:</b>          |                     |                     |                    |                     |
| Buildings and Improvements                         | 14,265,393          | 541,072             | -                  | 14,806,465          |
| Furniture and Equipment                            | 9,890,309           | 670,736             | (180,693)          | 10,380,352          |
| <b>Total Capital Assets, Being Depreciated</b>     | <b>24,155,702</b>   | <b>1,211,808</b>    | <b>(180,693)</b>   | <b>25,186,817</b>   |
| <b>Less Accumulated Depreciation for:</b>          |                     |                     |                    |                     |
| Buildings and Improvements                         | (9,226,699)         | (673,075)           | -                  | (9,899,774)         |
| Furniture and Equipment                            | (6,971,833)         | (654,114)           | 150,214            | (7,475,733)         |
| <b>Total Accumulated Depreciation</b>              | <b>(16,198,532)</b> | <b>(1,327,189)</b>  | <b>150,214</b>     | <b>(17,375,507)</b> |
| <b>Total Capital Assets Being Depreciated, Net</b> | <b>7,957,170</b>    | <b>(115,381)</b>    | <b>(30,479)</b>    | <b>7,811,310</b>    |
| <b>Governmental Activities Capital Assets, Net</b> | <b>\$ 8,119,548</b> | <b>\$ (115,381)</b> | <b>\$ (30,479)</b> | <b>\$ 7,973,688</b> |

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

| <b>Governmental Activities:</b>                             |                     |
|---|---------------------|
| General Government  | \$ 432,368          |
| Public Safety   | 398,355             |
| Judicial System   | 125,684             |
| Highways and Streets  | 194,596             |
| Public Facilities   | 82,658              |
| Health and Welfare  | 18,914              |
| Culture and Recreation                                      | 46,376              |
| Conservation and Development                                | 28,238              |
| <b>Total Depreciation Expense - Governmental Activities</b> | <b>\$ 1,327,189</b> |

**NOTE-6 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, 2020**

- 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 2018 are shown in the Schedule of Employer Contributions.
- e. The most recent comprehensive annual financial report for TCDRS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

**Membership Information**

| Members   | 12/31/2018 | 12/31/2019 |
|---|------------|------------|
| Number of inactive employees entitled to but not yet receiving benefits:  | 138        | 151        |
| Number of active employees  | 159        | 153        |
| Average monthly salary:*  | \$ 3,010   | \$ 3,077   |
| Average age:*   | 49.23      | 50.06      |
| Average length of service in years:*                                      | 9.51       | 10.08      |
| <br><u>Inactive Employees (or their Beneficiaries) Receiving Benefits</u> |            |            |
| Number of benefit recipients:   | 127        | 132        |
| Average monthly benefit:  | \$ 796     | \$ 793     |

\*Averages reported for active employees.

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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   | 2.75%  |
| Salary Increases                                    | 3.25%  |
| Investment Rate of Return                           | 8.1% (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, 2020**

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

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

**Target Allocations**

| Asset Class                              | Benchmark  | Target Allocation <sup>(1)</sup> | Geometric Real Rate of Return <sup>(2)</sup> |
|--|--|----------------------------------|--|
| US Equities                              | Dow Jones U.S. Total Stock Market Index<br>Cambridge Associates Global Private Equity & Venture Capital Index <sup>(3)</sup> | 14.5%                            | 5.20%  |
| Private Equity                           |  | 20.0%                            | 8.20%  |
| Global Equities                          | MSCI World (net) Index   | 2.5%                             | 5.50%  |
| International Equities-Developed Markets | MSCI World Ex USA (net) Index  | 7.0%                             | 5.20%  |
| International Equities-Emerging Markets  | MSCI Emerging Markets (net) Index  | 7.0%                             | 5.70%  |
| Investment-Grade Bonds                   | Bloomberg Barclays U.S. Aggregate Bond Index   | 3.0%                             | -20.00%                                      |
| Strategic Credit                         | FTSE High-Yield Cash-Pay Capped Index  | 12.0%                            | 3.14%  |
| Direct Lending                           | S&P/LSTA Leveraged Loan Index  | 11.0%                            | 7.16%  |
| Distressed Debt                          | Cambridge Associates Distressed Securities Index <sup>(4)</sup><br>67% FTSE NAREIT All Equity REITs Index + 33%              | 4.0%                             | 6.90%  |
| REIT Equities                            | S&P Global REIT (net) Index  | 3.0%                             | 4.50%  |
| Master Limited Ptnrs (MLPs)              | Alerian MLP Index  | 2.0%                             | 8.40%  |
| Private Real Estate Partnerships         | Cambridge Associates Real Estate Index <sup>(5)</sup><br>Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index      | 6.0%                             | 5.50%  |
| Hedge Funds                              |  | 8.0%                             | 2.30%  |
|  |  | <hr/> <hr/> <hr/>                | <hr/> <hr/> <hr/>                            |
|  |  | 100%                             |  |

<sup>(1)</sup> Target asset allocation adopted at the June 2020 TCDRS Board meeting.

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

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

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

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

**Discount Rate**

The discount rate used to measure the Total Pension Liability was 8.1%. 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, 2020**

*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 8.1%, 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 (7.1%) or 1-percentage-point higher (9.1%) than the current rate:

|                               | 1% Decrease in<br>Discount Rate (7.1%) | Discount Rate 8.1% | 1% Increase in<br>Discount Rate (9.1%) |
|-------------------------------|--|--------------------|--|
| Total Pension Liability       | \$ 26,332,747                          | \$ 23,723,098      | \$ 21,493,890                          |
| Fiduciary Net Position        | 23,453,371                             | 23,453,371         | 23,453,371                             |
| Net Pension Liability/(Asset) | \$ 2,879,376                           | \$ 269,727         | \$ (1,959,481)                         |

*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](http://www.tcdrs.org).

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

|                                     | Total Pension<br>Liability | Fiduciary<br>Net Position | Net Pension<br>Liability/(Asset) |
|-------------------------------------|----------------------------|---------------------------|----------------------------------|
| Balances as of December 31, 2018    | \$ 22,551,305              | \$ 20,561,051             | \$ 1,990,254                     |
| <b>Changes for the year:</b>        |                            |                           |                                  |
| Service cost                        | 678,378                    | -                         | 678,378                          |
| Interest on total pension liability | 1,827,764                  | -                         | 1,827,764                        |
| Effect of plan changes              | -                          | -                         | -                                |
| Effect of econ./demo. gains/losses  | 21,444                     | -                         | 21,444                           |
| Effect of assump. changes or inputs | -                          | -                         | -                                |
| Refund of contributions             | (128,384)                  | (128,384)                 | -                                |
| Benefit payments                    | (1,227,410)                | (1,227,410)               | -                                |
| Administrative expenses             | -                          | (17,872)                  | 17,872                           |
| Member contributions                | -                          | 421,443                   | (421,443)                        |
| Net investment income               | -                          | 3,376,996                 | (3,376,996)                      |
| Employer contributions              | -                          | 479,840                   | (479,840)                        |
| Other                               | -                          | (12,294)                  | 12,294                           |
| Balances as of December 31, 2019    | <u>\$ 23,723,097</u>       | <u>\$ 23,453,370</u>      | <u>\$ 269,727</u>                |

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

For the year ended September 30, 2020, the County recognized pension expense of \$586,764.

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

At September 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows of<br>Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience          | \$ 14,296                         | \$ 37,233                        |
| Changes of assumptions                                      | 28,192                            |                                  |
| Difference between projected and actual investment earnings | -                                 | 587,119                          |
| Contributions made subsequent to the measurement date       | 398,820                           |                                  |
| Total   | \$ 441,308                        | \$ 624,352                       |

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 |
|------------|-----------------|
| 2020       | \$ (149,669)    |
| 2021       | (164,532)       |
| 2022       | 78,495          |
| 2023       | (346,158)       |
| 2024       | -               |
| Thereafter | -               |

#### **NOTE-7 ACCRUED LIABILITIES**

Accrued liabilities reported by governmental funds at September 30, 2020, were as follows:

Governmental Funds:

|                           | General Fund      | Road and Bridge Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------|-------------------|----------------------|-----------------------------|--------------------------|
| Payroll Liabilities       | \$ 172,714        | \$ 24,748            | \$ 11,131                   | \$ 208,593               |
| Total Accrued Liabilities | <u>\$ 172,714</u> | <u>\$ 24,748</u>     | <u>\$ 11,131</u>            | <u>\$ 208,593</u>        |

#### **NOTE-8 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, 2020 was \$70,577.

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Health Insurance**

During the year ended September 30, 2020, 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 \$745 per month per employee for health insurance. In addition, the County paid \$21 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, 2020 was \$1,294,959.

**NOTE-9 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, 2020 was as follows:

| Year Ended<br>September 30,             | Governmental<br>Activities |
|---|----------------------------|
| 2021                                    | \$ 79,925                  |
| 2022                                    | 79,925                     |
| 2023                                    | 79,925                     |
| 2024                                    | 79,925                     |
| 2025                                    | 79,925                     |
| 2026-2029                               | <u>319,240</u>             |
| Total Minimum Lease Payments            | <u>718,865</u>             |
| Less: Amount Representing Interest      | <u>(118,225)</u>           |
| Present Value of Minimum Lease Payments | <u><u>\$ 600,640</u></u>   |

**NOTE-10 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<br>9/30/20     |
|---|----------------------------|
| \$4,000,000 Maintenance Tax Notes, Series 2019 due in annual installments of \$530,000 to \$630,000 through February 1, 2026; interest at 1.57%               | \$ 3,470,000               |
| \$904,380 Capital Lease, with Government Capital Corporation, issued 2014, due in annual installments of \$79,925 through January 10, 2029; interest at 3.75% | 600,640                    |
| Total General Long-Term Debt  | <u><u>\$ 4,070,640</u></u> |

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**Changes in long-term liabilities**

Changes in the County's long-term liabilities for the year ended September 30, 2020 are as follows:

**Governmental Activities**

| Description                           | Balance<br>10/1/19  | Additions        | Deletions           | Balance<br>9/30/20  | Due in<br>One Year |
|---------------------------------------|---------------------|------------------|---------------------|---------------------|--------------------|
| Notes Payable                         | \$ 4,000,000        | \$ -             | \$ (530,000)        | \$ 3,470,000        | \$ 535,000         |
| Capital Leases                        | 655,911             | -                | (55,271)            | 600,640             | 57,384             |
| Compensated Absences                  | 251,178             | 40,034           | -                   | 291,212             | -                  |
| Gov. Activities Long-Term Liabilities | <u>\$ 4,907,089</u> | <u>\$ 40,034</u> | <u>\$ (585,271)</u> | <u>\$ 4,361,852</u> | <u>\$ 592,384</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, 2020, accrued employee benefits recorded as long-term liability were for annual vacation pay, holiday pay, and compensated pay and amounted to \$291,212.

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, 2020 are as follows:

| Year Ended<br>September 30, | Principal           | Interest          | Total<br>Requirements |
|-----------------------------|---------------------|-------------------|-----------------------|
| 2021                        | \$ 535,000          | \$ 50,119         | \$ 585,119            |
| 2022                        | 555,000             | 41,590            | 596,590               |
| 2023                        | 570,000             | 32,787            | 602,787               |
| 2024                        | 585,000             | 23,749            | 608,749               |
| 2025                        | 605,000             | 14,437            | 619,437               |
| 2026                        | 620,000             | 4,852             | 624,852               |
|                             | <u>\$ 3,470,000</u> | <u>\$ 167,534</u> | <u>\$ 3,637,534</u>   |

**NOTE-11 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, 2020**

**NOTE-12 INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances as of September 30, 2020 is as follows:

Due to/from other funds:

| Receivable Fund       | Payable Fund       | Amount            |
|-----------------------|--------------------|-------------------|
| Special Revenue Funds | General Fund       | \$ 23,345         |
| Special Revenue Funds | Road & Bridge Fund | 22,334            |
| Limited Access Fund   | General Fund       | 75,810            |
| Total                 |                    | <b>\$ 121,489</b> |

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-13 INTERFUND TRANSFERS**

The composition of interfund transfers for the year ended September 30, 2020 is as follows:

| Transfer out from: | Transfer in to:     |                       |                   |
|--------------------|---------------------|-----------------------|-------------------|
|                    | Limited Access Fund | Special Revenue Funds | Total             |
|                    |                     |                       |                   |
| General Fund       | \$ 75,810           | \$ 530,672            | \$ 606,482        |
| Total              | <b>\$ 75,810</b>    | <b>\$ 530,672</b>     | <b>\$ 606,482</b> |

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-14 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-15 SUBSEQUENT EVENTS**

The County has evaluated subsequent events through March 5, 2021, 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.

**LLANO COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**NOTE-16 PRIOR PERIOD ADJUSTMENT**

The County incurred expenses for clean up after the 2018 floods of over \$1 million during the prior year. These expenses were determined to be eligible for reimbursement under the FEMA grant after the issue of the financial report. The county had to make a prior period adjustment to record this amount as receivable which caused restatement of net position and fund balance as follows:

|  | Governmental<br>Activities  |
|--|-----------------------------|
| Net Position as Previously Stated at September 30, 2019  | \$ 13,766,085               |
| Prior period adjustment to record as receivable the amount of flood clean up costs incurred incurred in FY2019 later detrmined to be eligible for reimbursement. | 1,006,937                   |
| Net Position as Restated at September 30, 2019   | <u><u>\$ 14,773,022</u></u> |
|  |                             |
|  | Flood Recovery<br>Fund      |
| Fund balance in Flood Recovery Fund as Previously Stated at September 30, 2019   | \$ 100,000                  |
| Prior period adjustment to record as receivable the amount of flood clean up costs incurred in FY2019 later detrmined to be eligible for reimbursement.          | 1,006,937                   |
| Fund Balance as Restated at September 30, 2019   | <u><u>\$ 1,106,937</u></u>  |

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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, 2020**

|  | Measurement Year    |                     |                     |                     |                     |                     |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                |
| Total Pension Liability                                  |                     |                     |                     |                     |                     |                     |
| Service cost   | \$ 628,372          | \$ 630,281          | \$ 694,022          | \$ 672,698          | \$ 687,947          | \$ 678,378          |
| Interest on total pension liability                      | 1,397,673           | 1,477,841           | 1,555,023           | 1,661,268           | 1,742,046           | 1,827,764           |
| Effect of plan changes                                   | -                   | (73,061)            | -                   | -                   | -                   | -                   |
| Effect of assumption changes or inputs                   | -                   | 217,696             | -                   | 112,765             | -                   | -                   |
| Effect of economic/demographic (gains) or losses         | (141,434)           | (221,100)           | (118,634)           | (146,856)           | (1,557)             | 21,444              |
| Benefit payments/refunds of contributions                | (892,978)           | (1,043,401)         | (1,034,695)         | (1,272,299)         | (1,365,259)         | (1,355,794)         |
| Net change in total pension liability                    | <u>991,633</u>      | <u>988,256</u>      | <u>1,095,716</u>    | <u>1,027,577</u>    | <u>1,063,177</u>    | <u>1,171,792</u>    |
| Total pension liability, beginning                       | 17,384,947          | 18,376,580          | 19,364,836          | 20,460,552          | 21,488,128          | 22,551,305          |
| Total pension liability, ending (a)                      | <u>\$18,376,580</u> | <u>\$19,364,836</u> | <u>\$20,460,552</u> | <u>\$21,488,129</u> | <u>\$22,551,305</u> | <u>\$23,723,097</u> |
| Fiduciary Net Position                                   |                     |                     |                     |                     |                     |                     |
| Employer contributions                                   | \$ 446,428          | \$ 481,016          | \$ 487,191          | \$ 472,641          | \$ 495,010          | \$ 479,840          |
| Member contributions                                     | 357,552             | 370,013             | 382,502             | 397,180             | 411,528             | 421,443             |
| Investment income net of investment expenses             | 1,179,023           | 122,838             | 1,325,986           | 2,780,918           | (404,849)           | 3,376,996           |
| Benefit payments/refunds of contributions                | (892,978)           | (1,043,401)         | (1,034,695)         | (1,272,299)         | (1,365,259)         | (1,355,794)         |
| Administrative expenses                                  | (13,462)            | (12,905)            | (14,403)            | (14,268)            | (16,515)            | (17,872)            |
| Other  | (96,701)            | 28,210              | 31,151              | (5,528)             | (13,797)            | (12,294)            |
| Net change in fiduciary net position                     | <u>979,862</u>      | <u>(54,230)</u>     | <u>1,177,732</u>    | <u>2,358,644</u>    | <u>(893,882)</u>    | <u>2,892,319</u>    |
| Fiduciary net position, beginning                        | 16,992,923          | 17,972,787          | 17,918,557          | 19,096,289          | 21,454,933          | 20,561,051          |
| Fiduciary net position, ending (b)                       | <u>\$17,972,785</u> | <u>\$17,918,557</u> | <u>\$19,096,289</u> | <u>\$21,454,933</u> | <u>\$20,561,051</u> | <u>\$23,453,371</u> |
| Net pension liability / (asset), ending = (a) - (b)      | <u>\$ 403,795</u>   | <u>\$ 1,446,279</u> | <u>\$ 1,364,263</u> | <u>\$ 33,196</u>    | <u>\$ 1,990,254</u> | <u>\$ 269,727</u>   |
| Fiduciary net position as a % of total pension liability | 97.80%              | 92.53%              | 93.33%              | 99.85%              | 91.17%              | 98.86%              |
| Pension covered payroll                                  | \$ 5,107,891        | \$ 5,285,900        | \$ 5,365,558        | \$ 5,673,994        | \$ 5,878,976        | \$ 6,020,618        |
| Net pension liability as a % of covered payroll          | 7.91%               | 27.36%              | 25.43%              | 0.59%               | 33.85%              | 4.48%               |

**LLANO COUNTY, TEXAS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS –**  
**TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

| Year | Actuarially Determined Contribution (1) | Actual Employer Contribution (1) | Contribution Deficiency<br>(Excess) | Pensionable Covered Payroll (2) | Actual Contribution Payroll | Actual Contribution as a % of Covered Payroll |
|------|---|----------------------------------|-------------------------------------|---------------------------------|-----------------------------|---|
| 2011 | \$ 442,563                              | \$ 442,563                       | \$ -                                | \$ 5,637,738                    |                             | 7.9%  |
| 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%  |

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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.

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

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

Cares Act Fund – to account for Cares Act grant and expenses related to COVID 19.

### **Capital Projects Fund**

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

### **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.

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

|                                      | Hotel<br>Occupancy<br>Fund | LCSO<br>Seizure Fund | Library Fund      | Indigent<br>Health Fund |
|--------------------------------------|----------------------------|----------------------|-------------------|-------------------------|
| <b>ASSETS</b>                        |                            |                      |                   |                         |
| Cash and Cash Equivalents            | \$ 150,091                 | \$ 16,782            | \$ 105,972        | \$ 89,978               |
| Investments                          | 127,274                    | -                    | -                 | -                       |
| Property Taxes Receivable            | -                          | -                    | -                 | -                       |
| Allowance for Uncollectible Taxes    | -                          | -                    | -                 | -                       |
| Due from Other funds                 | -                          | -                    | 1,358             | -                       |
| Due from Others                      | 158,663                    | -                    | 1,011             | -                       |
| Total Assets                         | <b>\$ 436,028</b>          | <b>\$ 16,782</b>     | <b>\$ 108,341</b> | <b>\$ 89,978</b>        |
| <b>LIABILITIES</b>                   |                            |                      |                   |                         |
| Accounts Payable                     | \$ 8,578                   | \$ -                 | \$ 40,787         | \$ 2,311                |
| Payroll Deductions and Withholdings  | -                          | -                    | 10,423            | -                       |
| Unearned Revenues                    | -                          | -                    | 57,131            | -                       |
| Total Liabilities                    | <b>8,578</b>               | <b>-</b>             | <b>108,341</b>    | <b>2,311</b>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b> |                            |                      |                   |                         |
| Deferred Inflows - Property Taxes    | -                          | -                    | -                 | -                       |
| Total Deferred Inflows of Resources  | <b>-</b>                   | <b>-</b>             | <b>-</b>          | <b>-</b>                |
| <b>FUND BALANCES (DEFICITS)</b>      |                            |                      |                   |                         |
| Restricted for:                      |                            |                      |                   |                         |
| State and Federal Grants             | -                          | -                    | -                 | -                       |
| Debt Service                         | -                          | -                    | -                 | -                       |
| Specific Purposes                    | 427,450                    | 16,782               | -                 | 87,667                  |
| Total Fund Balances                  | <b>427,450</b>             | <b>16,782</b>        | <b>-</b>          | <b>87,667</b>           |
| Total Liabilities and Fund Balances  | <b>\$ 436,028</b>          | <b>\$ 16,782</b>     | <b>\$ 108,341</b> | <b>\$ 89,978</b>        |

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

| Law Library<br>fund | HAVA 2018-<br>2020 Fund | Cares Act Fund    | Child Advocacy<br>Fund | Debt Service<br>Fund | Flood<br>Recovery<br>Fund | Total Non-<br>Major Funds |
|---------------------|-------------------------|-------------------|------------------------|----------------------|---------------------------|---------------------------|
| \$ 18,971           | \$ 107,883              | \$ 157,853        | \$ 13,900              | \$ 226,973           | \$ 1,514,952              | \$ 2,403,355              |
| -                   | -                       | -                 | -                      | 16,026               | -                         | 143,300                   |
| -                   | -                       | -                 | -                      | 11,685               | -                         | 11,685                    |
| -                   | -                       | -                 | -                      | (2,921)              | -                         | (2,921)                   |
| -                   | -                       | -                 | 44,321                 | -                    | -                         | 45,679                    |
| 955                 | -                       | -                 | -                      | 126                  | -                         | 160,755                   |
| <b>\$ 19,926</b>    | <b>\$ 107,883</b>       | <b>\$ 157,853</b> | <b>\$ 58,221</b>       | <b>\$ 251,889</b>    | <b>\$ 1,514,952</b>       | <b>\$ 2,761,853</b>       |
| <br>                | <br>                    | <br>              | <br>                   | <br>                 | <br>                      | <br>                      |
| \$ 1,164            | \$ 1,027                | \$ -              | \$ -                   | \$ -                 | \$ -                      | \$ 53,867                 |
| -                   | 708                     | -                 | -                      | -                    | -                         | 11,131                    |
| -                   | -                       | -                 | -                      | -                    | -                         | 57,131                    |
| <b>1,164</b>        | <b>1,735</b>            | <b>-</b>          | <b>-</b>               | <b>-</b>             | <b>-</b>                  | <b>122,129</b>            |
| <br>                | <br>                    | <br>              | <br>                   | <br>                 | <br>                      | <br>                      |
| -                   | -                       | -                 | -                      | 8,764                | -                         | 8,764                     |
| -                   | -                       | -                 | -                      | 8,764                | -                         | 8,764                     |
| <br>                | <br>                    | <br>              | <br>                   | <br>                 | <br>                      | <br>                      |
| -                   | 106,148                 | 157,853           | -                      | -                    | 1,514,952                 | 1,778,953                 |
| -                   | -                       | -                 | -                      | 243,125              | -                         | 243,125                   |
| 18,762              | -                       | -                 | 58,221                 | -                    | -                         | 608,882                   |
| <b>18,762</b>       | <b>106,148</b>          | <b>157,853</b>    | <b>58,221</b>          | <b>243,125</b>       | <b>1,514,952</b>          | <b>2,630,960</b>          |
| <b>\$ 19,926</b>    | <b>\$ 107,883</b>       | <b>\$ 157,853</b> | <b>\$ 58,221</b>       | <b>\$ 251,889</b>    | <b>\$ 1,514,952</b>       | <b>\$ 2,761,853</b>       |

**LLANO COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

|   | Hotel<br>Occupancy<br>Fund | LCSO<br>Seizure Fund | Library Fund     | Indigent<br>Health Fund |
|---|----------------------------|----------------------|------------------|-------------------------|
| <b>REVENUES</b>   |                            |                      |                  |                         |
| Property Taxes  | \$ -                       | \$ -                 | \$ -             | \$ -                    |
| General Sales and Use Taxes                             | 459,626                    | -                    | -                | -                       |
| Fines and Fees  | -                          | -                    | 2,121            | -                       |
| Charges for Services                                    | -                          | -                    | 6,918            | -                       |
| Donations   | -                          | -                    | 45,182           | -                       |
| Investment Income                                       | 2,455                      | -                    | -                | -                       |
| Intergovernmental Revenues                              | -                          | -                    | -                | -                       |
| <b>Total Revenues</b>                                   | <b>462,081</b>             | <b>-</b>             | <b>54,221</b>    | <b>-</b>                |
| <b>EXPENDITURES</b>                                     |                            |                      |                  |                         |
| Current:  |                            |                      |                  |                         |
| Judicial System   | -                          | -                    | -                | -                       |
| Health and Welfare                                      | -                          | -                    | -                | 208,767                 |
| Culture and Recreation                                  | -                          | -                    | 511,893          | -                       |
| Conservation and Development                            | 180,316                    | -                    | -                | -                       |
| Debt Service:   |                            |                      |                  |                         |
| Principal   | -                          | -                    | -                | -                       |
| Interest  | -                          | -                    | -                | -                       |
| Capital Outlay  | -                          | -                    | -                | -                       |
| <b>Total Expenditures</b>                               | <b>180,316</b>             | <b>-</b>             | <b>511,893</b>   | <b>208,767</b>          |
| <b>Excess (Deficiency) of Revenue Over Expenditures</b> | <b>281,765</b>             | <b>-</b>             | <b>(457,672)</b> | <b>(208,767)</b>        |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                            |                      |                  |                         |
| Transfers In  | -                          | -                    | 457,672          | 73,000                  |
| <b>Total Other Financing Sources (Uses)</b>             | <b>-</b>                   | <b>-</b>             | <b>457,672</b>   | <b>73,000</b>           |
| Net Change in Fund Balance                              | 281,765                    | -                    | -                | (135,767)               |
| Fund Balance - Beginning (Restated)                     | 145,685                    | 16,782               | -                | 223,434                 |
| <b>Fund Balance - Ending</b>                            | <b>\$ 427,450</b>          | <b>\$ 16,782</b>     | <b>\$ -</b>      | <b>\$ 87,667</b>        |

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

| Law Library<br>fund | HAVA 2018-<br>2020 Fund | Cares Act<br>Fund | Child Advocacy<br>Fund | Debt Service<br>Fund | Flood<br>Recovery<br>Fund | Total Non-<br>Major Funds |
|---------------------|-------------------------|-------------------|------------------------|----------------------|---------------------------|---------------------------|
| \$ -                | \$ -                    | \$ -              | \$ -                   | \$ 722,939           | \$ -                      | \$ 722,939                |
| -                   | -                       | -                 | -                      | -                    | -                         | 459,626                   |
| 11,425              | -                       | -                 | 44,321                 | -                    | -                         | 57,867                    |
| -                   | 4,699                   | -                 | -                      | -                    | -                         | 11,617                    |
| -                   | -                       | -                 | -                      | -                    | -                         | 45,182                    |
| -                   | 19                      | 69                | -                      | 2,609                | -                         | 5,152                     |
| -                   | 143,494                 | 157,784           | -                      | -                    | 408,015                   | 709,293                   |
| <b>11,425</b>       | <b>148,212</b>          | <b>157,853</b>    | <b>44,321</b>          | <b>725,548</b>       | <b>408,015</b>            | <b>2,011,676</b>          |
| <br>                | <br>                    | <br>              | <br>                   | <br>                 | <br>                      | <br>                      |
| 7,368               | 17,064                  | -                 | -                      | -                    | -                         | 24,432                    |
| -                   | -                       | -                 | -                      | -                    | -                         | 208,767                   |
| -                   | -                       | -                 | -                      | -                    | -                         | 511,893                   |
| -                   | -                       | -                 | -                      | -                    | -                         | 180,316                   |
| -                   | -                       | -                 | -                      | 530,000              | -                         | 530,000                   |
| -                   | -                       | -                 | -                      | 48,889               | -                         | 48,889                    |
| -                   | 25,000                  | -                 | -                      | -                    | -                         | 25,000                    |
| <b>7,368</b>        | <b>42,064</b>           | <b>-</b>          | <b>-</b>               | <b>578,889</b>       | <b>-</b>                  | <b>1,529,297</b>          |
| <b>4,057</b>        | <b>106,148</b>          | <b>157,853</b>    | <b>44,321</b>          | <b>146,659</b>       | <b>408,015</b>            | <b>482,379</b>            |
| <br>                | <br>                    | <br>              | <br>                   | <br>                 | <br>                      | <br>                      |
| -                   | -                       | -                 | -                      | -                    | -                         | 530,672                   |
| -                   | -                       | -                 | -                      | -                    | -                         | 530,672                   |
| 4,057               | 106,148                 | 157,853           | 44,321                 | 146,659              | 408,015                   | 1,013,051                 |
| 14,705              | -                       | -                 | 13,900                 | 96,466               | 1,106,937                 | 1,617,909                 |
| <b>\$ 18,762</b>    | <b>\$ 106,148</b>       | <b>\$ 157,853</b> | <b>\$ 58,221</b>       | <b>\$ 243,125</b>    | <b>\$ 1,514,952</b>       | <b>\$ 2,630,960</b>       |

**LLANO COUNTY, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**AGENCY FUNDS**  
**AS ON SEPTEMBER 30, 2020**

|                                | <b>Jury Clearing<br/>Fund</b> | <b>Hot Check<br/>Collection Fund</b> | <b>Sheriffs Seizure<br/>Fund</b> |
|--------------------------------|-------------------------------|--------------------------------------|----------------------------------|
| <b>ASSETS</b>                  |                               |                                      |                                  |
| Cash and Temporary Investments | \$ 3,645                      | \$ 42,879                            | \$ 19,385                        |
| Investments                    | -                             | -                                    | -                                |
| Due from Others                | -                             | -                                    | -                                |
| Total Assets                   | 3,645                         | 42,879                               | 19,385                           |
| <b>LIABILITIES</b>             |                               |                                      |                                  |
| Accounts Payable               | -                             | 388                                  | -                                |
| Due to Others                  | 3,645                         | 42,491                               | 19,385                           |
| Unearned Revenues              | -                             | -                                    | -                                |
| Total Liabilities              | \$ 3,645                      | \$ 42,879                            | \$ 19,385                        |

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

| Lateral Road<br>Fund    | State Fees Fund         | Total Agency<br>Funds    |
|-------------------------|-------------------------|--------------------------|
| \$ 14,641               | \$ 40,693               | \$ 121,243               |
| 54,480                  | -                       | 54,480                   |
| -                       | 18,065                  | 18,065                   |
| <b><u>69,121</u></b>    | <b><u>58,758</u></b>    | <b><u>193,788</u></b>    |
|                         |                         |                          |
| -                       | 58,730                  | 59,118                   |
| 69,121                  | -                       | 134,642                  |
| -                       | 28                      | 28                       |
| <b><u>\$ 69,121</u></b> | <b><u>\$ 58,758</u></b> | <b><u>\$ 193,788</u></b> |

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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, 2020**

|   | <b>Budgeted Amounts</b> |                  |                   | <b>Variance with<br/>Final Budget</b> |
|---|-------------------------|------------------|-------------------|---------------------------------------|
|   | <b>Original</b>         | <b>Final</b>     | <b>Actual</b>     |                                       |
| <b>REVENUES</b>                                     |                         |                  |                   |                                       |
| Property Taxes                                      | \$ 581,089              | \$ 581,089       | \$ 722,939        | \$ 141,850                            |
| Investment Income                                   | 1,800                   | 1,800            | 2,609             | 809                                   |
| <b>Total Revenues</b>                               | <b>582,889</b>          | <b>582,889</b>   | <b>725,548</b>    | <b>142,659</b>                        |
| <b>EXPENDITURES</b>                                 |                         |                  |                   |                                       |
| Debt Service:                                       |                         |                  |                   |                                       |
| Principal   | 530,000                 | 530,000          | 530,000           | -                                     |
| Interest  | 48,889                  | 48,889           | 48,889            | -                                     |
| Fees  | 3,000                   | 3,000            | -                 | 3,000                                 |
| <b>Total Expenditures</b>                           | <b>581,889</b>          | <b>581,889</b>   | <b>578,889</b>    | <b>(3,000)</b>                        |
| Excess (Deficiency) of Revenue<br>Over Expenditures | 1,000                   | 1,000            | 146,659           | 145,659                               |
| Net Change in Fund Balance                          | 1,000                   | 1,000            | 146,659           | 145,659                               |
| Fund Balance - Beginning                            | 96,466                  | 96,466           | 96,466            | -                                     |
| <b>Fund Balance - Ending</b>                        | <b>\$ 97,466</b>        | <b>\$ 97,466</b> | <b>\$ 243,125</b> | <b>\$ 145,659</b>                     |

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*

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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 5, 2021.

### **Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

*Singleton, Clark & Company, PC*

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

March 5, 2021

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

## **SECTION I – SUMMARY OF AUDITOR’S RESULTS**

## **FINANCIAL STATEMENTS**

|  |                          |     |                                     |               |
|--|--------------------------|-----|-------------------------------------|---------------|
| Type of auditor's report issued:   | Unmodified               |     |                                     |               |
| Internal control over financial reporting:   |                          |     |                                     |               |
| • Material weakness(es) identified?  | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No            |
| • Significant deficiencies identified that are not considered to be material weaknesses? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | None reported |
| Noncompliance material to financial statements noted?                                    | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No            |

## FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended September 30, 2020 due to expenditures of federal awards being less than \$750,000.

## **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, 2020 and 2019.

### **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:

Not applicable.