

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LLANO COUNTY, TEXAS
 ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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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, 2019, 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, 2019, 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.

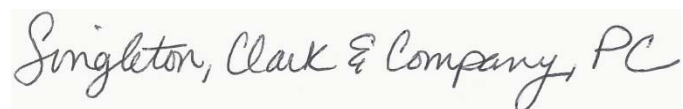
Other Information

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 January 24, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

January 24, 2020

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019. 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 \$13,766,085 (net position). Of this amount, \$9,955,348 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 \$10,183,296, an increase of \$2,032,176 in comparison with the prior year. Approximately 53% of this amount, or \$5,405,510 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 \$5,530,230, or approximately 50% 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, 2019

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 twelve 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 eight 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, 2019

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 \$13,766,085 at the close of the most recent fiscal year.

Table I
LLANO COUNTY, TEXAS
NET POSITION

	Governmental Activities 2019	Governmental Activities 2018	Change
Current & Other Assets	\$ 12,309,605	\$ 10,033,108	\$ 2,276,497
Capital Assets	7,957,170	7,179,112	778,058
Deferred Outflows	1,678,065	452,116	1,225,949
Total Assets & Deferred Outflows	21,944,840	17,664,336	4,280,504
Current Liabilities	5,262,256	1,050,128	4,212,128
Long-Term Liabilities	2,842,033	1,037,363	1,804,670
Deferred Inflows	74,466	502,556	(428,090)
Total Liabilities & Deferred Inflows	8,178,755	2,590,047	5,588,708
Net Position			
Net Investment in Capital Assets	5,824,180	6,560,033	(735,853)
Restricted	2,321,166	2,193,908	127,258
Unrestricted	5,620,739	6,320,348	(699,609)
Total Net Position	\$ 13,766,085	\$ 15,074,289	\$ (1,308,204)

Of the total net position, 42% or \$5,824,180 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, 2019

An additional portion of the County's net position, \$2,321,166 or 17%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,620,739, 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 decreased by \$1,308,204 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 decreased by \$1,308,204 from the prior fiscal year for an ending balance of \$13,766,085. The decrease in overall net position of governmental activities is primarily due to expenditures related to flood related clean-up projects during the year amounting to over a million dollars. The County was however able to achieve cost savings in other areas of the budget which did offset some of the flood recovery costs.

Table II
LLANO COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities 2019	Governmental Activities 2018	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 1,936,468	\$ 2,155,934	\$ (219,466)
Operating Grants & Contributions	209,714	315,683	(105,969)
General Revenues:			
Property Taxes	12,175,685	11,990,272	185,413
Other Taxes	373,288	394,134	(20,846)
Other	805,683	831,717	(26,034)
Total Revenue	<u>15,500,838</u>	<u>15,687,740</u>	<u>(186,902)</u>
Expenses:			
General Government	5,000,606	4,834,097	166,509
Public Safety	4,811,675	4,472,046	339,629
Justice System	1,517,015	1,463,846	53,169
Public Facilities	954,104	1,038,436	(84,332)
Culture and Recreation	541,979	511,863	30,116
Health and Human Services	26,870	25,517	1,353
Conservation and Development	458,889	436,850	22,039
Highways and Streets	3,517,766	2,257,400	1,260,366
Interest on Long-Term Debt	90,623	29,269	61,354
Total Expenses	<u>16,919,527</u>	<u>15,069,324</u>	<u>1,850,203</u>
Increase (Decrease) in Net Position before Transfers and Special Items:	<u>(1,418,689)</u>	<u>618,416</u>	<u>(2,037,105)</u>
Transfers and Special Items:			
Gain on Sale of Capital Assets	110,485	-	110,485
Total Transfers and Special Items	<u>110,485</u>	<u>-</u>	<u>110,485</u>
Increase (Decrease) in Net Position	<u>(1,308,204)</u>	<u>618,416</u>	<u>(1,926,620)</u>
Net position - Beginning	<u>15,074,289</u>	<u>14,455,873</u>	<u>618,416</u>
Net position - Ending	<u>\$ 13,766,085</u>	<u>\$ 15,074,289</u>	<u>\$ (1,308,204)</u>

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019, the County's governmental funds reported combined fund balances of \$10,183,296, an increase of \$2,032,176 in comparison with the prior year. Approximately 53% of this amount, or \$5,405,510 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 \$5,405,510. 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 50% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,116,141 during the current fiscal year before transfers out. The increase was primarily due to conservative spending. The General Fund transferred out \$1,622,878 to the Flood Recovery Fund and other funds combined, resulting in an overall reduction of fund balance in the General Fund by \$484,612.

The Road & Bridge Fund, a major governmental fund, had a \$47,711 decrease in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$894,902. The slight decrease in fund balance relates to expenditures being budgeted more than revenue for the year.

The Limited Access Fund, a major governmental fund, had an increase of \$138,054 in the fund balance during the current fiscal year, to end at \$786,649. The increase in fund balance relates to expenditures being less than revenue during the year.

The County issued Maintenance Tax Notes, Series 2019 amounting to \$4,000,000 during the year for financing capital equipment and for road improvement projects. The County created a Capital Projects Fund to account for the proceeds from long-term debt financing or other revenues and expenditures related to the County's capital projects. This fund ended up being a major fund this year with an ending fund balance of \$2,360,543.

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, 2019

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2019, amounts to \$8,119,548 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, and vehicles. Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

	Governmental Activities 2019	Governmental Activities 2018	Change
Land	\$ 162,378	\$ 162,378	\$ -
Buildings	14,265,393	14,237,617	27,776
Furniture and Equipment	9,890,309	8,692,126	1,198,183
Total	<u>24,318,080</u>	<u>23,092,121</u>	<u>1,225,959</u>
Less Accumulated Depreciation	<u>(16,198,532)</u>	<u>(15,750,631)</u>	<u>(447,901)</u>
Capital Assets, Net of Depreciation	<u>\$ 8,119,548</u>	<u>\$ 7,341,490</u>	<u>\$ 778,058</u>

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

	Governmental Activities 2019	Governmental Activities 2018	Change
Notes Payable	\$ 4,000,000	\$ -	\$ 4,000,000
Capital Leases Payable	655,911	781,457	(125,546)
Compensated Absences	251,178	311,370	(60,192)
Total	<u>\$ 4,907,089</u>	<u>\$ 1,092,827</u>	<u>\$ 3,814,262</u>

The County's total overall debt increased by \$3,814,262 during the current fiscal year mainly due to the issue of Maintenance Tax Notes, Series 2019 amounting to \$4,000,000. 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 2019-2020 for the County's General Fund was \$12.95 million, which reflects an approximate decrease of \$108,000 from the fiscal year 2018-2019 General Fund adopted budget. The County adopted a tax rate of \$.2588 for the General Fund, \$.0389 for the Road and Bridge Fund and 0.0164 for Debt Service Fund for a combined total tax rate of \$.3141 for fiscal year 2019-2020.

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
SEPTEMBER 30, 2019

	Primary Government
	Governmental
	Activities
ASSETS	
Cash and Temporary Investments	\$ 3,792,227
Investments	7,473,782
Property Taxes Receivable	226,683
Allowance for Uncollectible Taxes	(56,670)
Accounts Receivable	606,805
Due from Others	104,400
Capital Assets not Being Depreciated:	
Land	162,378
Capital Assets, Being Depreciated:	
Buildings and Improvements	14,265,393
Machinery, Equipment, and Vehicles	9,890,309
Accumulated Depreciation	(16,198,532)
Total Assets	20,266,775
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	1,678,065
Total Deferred Outflows of Resources	1,678,065
LIABILITIES	
Accounts Payable	634,058
Interest Payable	18,219
Accrued Salaries and Wages	220,331
Due to Others	277,782
Unearned Revenues	56,556
Long-Term Liabilities:	
Current Portion of Long-Term Debt	585,310
Notes Payable	3,470,000
Capital Leases Payable	600,601
Other Long-Term Debt	251,178
Net Pension Liability	1,990,254
Total Liabilities	8,104,289
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	74,466
Total Deferred Inflows of Resources	74,466
NET POSITION	
Net Investment in Capital Assets	5,824,180
Restricted for Road and Bridge	918,561
Restricted for Debt Service	101,450
Restricted for Other Purposes	1,301,155
Unrestricted	5,620,739
Total Net Position	\$ 13,766,085

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, 2019

Functions/Programs:	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 5,000,606	\$ 629,236	\$ 69,816	\$ (4,301,554)
Public Safety	4,811,675	97,772	18,786	(4,695,117)
Judicial System	1,517,015	402,765	50,483	(1,063,767)
Highways and Streets	3,517,766	764,278	21,734	(2,731,754)
Public Facilities	954,104	-	-	(954,104)
Health and Welfare	26,870	30,020	46,922	50,072
Culture and Recreation	541,979	12,397	1,973	(527,609)
Conservation and Development	458,889	-	-	(458,889)
Debt Interest	90,623	-	-	(90,623)
Total Governmental Activities:	<u>\$ 16,919,527</u>	<u>\$ 1,936,468</u>	<u>\$ 209,714</u>	<u>(14,773,345)</u>
General Revenues:				
				12,175,685
				373,288
				300,282
				320,948
				184,453
				<u>13,354,656</u>
				(1,418,689)
				110,485
				<u>(1,308,204)</u>
				15,074,289
				<u>\$ 13,766,085</u>

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

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FUND BASIS FINANCIAL STATEMENTS

LLANO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Capital Projects Fund
ASSETS			
Cash and Temporary Investments	\$ -	\$ 262,439	\$ 2,775,076
Investments	6,477,674	788,882	-
Property Taxes Receivable	188,506	31,532	-
Allowance for Uncollectible Taxes	(47,126)	(7,883)	-
Accounts Receivable	1,613	-	-
Due from Other funds	250,000	-	-
Due from Others	82,174	22,227	-
Total Assets	<u>\$ 6,952,841</u>	<u>\$ 1,097,197</u>	<u>\$ 2,775,076</u>
LIABILITIES			
Accounts Payable	\$ 124,254	\$ 119,583	\$ 164,533
Accrued Payroll	184,328	25,581	-
Due to Other Funds	728,349	-	250,000
Due to Others	244,300	33,482	-
Unearned Revenues	-	-	-
Total Liabilities	<u>1,281,231</u>	<u>178,646</u>	<u>414,533</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	141,380	23,649	-
Total Deferred Inflows of Resources	<u>141,380</u>	<u>23,649</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
Road & Bridge	-	894,902	-
Debt Service	-	-	-
Capital Projects	-	-	2,360,543
Specific Purposes	-	-	-
Assigned for:			
Stabilization Funds	124,720	-	-
Unassigned	5,405,510	-	-
Total Fund Balances	<u>5,530,230</u>	<u>894,902</u>	<u>2,360,543</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,952,841</u>	<u>\$ 1,097,197</u>	<u>\$ 2,775,076</u>

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

Limited Access Fund	Total Non- Major Funds	Total Governmental Funds
\$ 317,033	\$ 437,679	\$ 3,792,227
-	207,225	7,473,781
-	6,645	226,683
-	(1,661)	(56,670)
-	-	1,613
602,442	125,907	978,349
-	-	104,401
<u>\$ 919,475</u>	<u>\$ 775,795</u>	<u>\$ 12,520,384</u>
\$ 132,826	\$ 92,860	\$ 634,056
-	10,423	220,332
-	-	978,349
-	-	277,782
-	56,556	56,556
<u>132,826</u>	<u>159,839</u>	<u>2,167,075</u>
-	4,984	170,013
<u>-</u>	<u>4,984</u>	<u>170,013</u>
-	-	894,902
-	96,466	96,466
-	-	2,360,543
786,649	514,506	1,301,155
-	-	124,720
-	-	5,405,510
<u>786,649</u>	<u>610,972</u>	<u>10,183,296</u>
<u>\$ 919,475</u>	<u>\$ 775,795</u>	<u>\$ 12,520,384</u>

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LLANO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

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

Total Fund Balances - Governmental Funds		\$ 10,183,296
<p>Capital assets used in governmental activities are not current financial resources, and therefore not reported in the funds.</p>		
Governmental activities capital assets	24,318,080	
Less accumulated depreciation	<u>(16,198,532)</u>	8,119,548
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Notes and capital leases payable	(4,655,911)	
Compensated absences	(251,178)	
Net pension liability	<u>(1,990,254)</u>	(6,897,343)
<p>The County recognizes pension expenditures in the governmental funds only as paid. However, pension expense and other pension related items are measured actuarially in the government-wide statements. Current differences reflected on the statement of net position are as follows:</p>		
Deferred outflows related to pensions	1,678,065	
Deferred inflows related to pensions	<u>(74,466)</u>	1,603,599
<p>Uncollected property taxes are not available to pay for current operations and are therefore not recorded within the fund balance of the governmental funds. These amounts are however recorded in the statement of net position, net of an allowance for uncollectible amounts.</p>		
		170,013
<p>Other long-term receivables, such as those for outstanding fines and warrants, are not recognized in the governmental funds, but are recognized in the Statement of Net Position, net of an allowance for uncollectible amounts.</p>		
		605,191
<p>Accrued interest on long-term debt related to governmental fund activities is not due and payable in the current period and, therefore, not reported in the governmental funds.</p>		
		(18,219)
Net Position of Governmental Activities		<u><u>\$ 13,766,085</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
SEPTEMBER 30, 2019

	General Fund	Road and Bridge Fund	Capital Projects Fund
REVENUES			
Property Taxes	\$ 10,528,178	\$ 1,654,197	\$ -
General Sales and Use Taxes	142,566	-	-
Fines and Fees	793,277	40,807	-
Charges for Services	157,920	640,101	-
Donations	-	48,174	-
Investment Income	265,053	47,861	705
Intergovernmental Revenues	183,603	21,735	-
Other Revenue	174,544	9,901	-
Total Revenues	<u>12,245,141</u>	<u>2,462,776</u>	<u>705</u>
EXPENDITURES			
Current:			
General Government	4,282,874	-	-
Public Safety	4,320,466	-	-
Judicial System	1,301,491	-	-
Highways and Streets	-	2,098,855	-
Public Facilities	868,202	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Conservation and Development	153,086	-	-
Debt Service:			
Principal	88,660	-	545,104
Interest	29,755	-	27,747
Fees	-	-	35,000
Capital Outlay	89,466	986,850	1,079,164
Total Expenditures	<u>11,134,000</u>	<u>3,085,705</u>	<u>1,687,015</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,111,141</u>	<u>(622,929)</u>	<u>(1,686,310)</u>
OTHER FINANCING SOURCES (USES)			
Capital Leases	-	508,218	-
Loan Proceeds	-	-	4,000,000
Transfers In	-	-	-
Sale of Assets	22,125	67,000	46,853
Transfers Out	(1,617,878)	-	-
Total Other Financing Sources (Uses)	<u>(1,595,753)</u>	<u>575,218</u>	<u>4,046,853</u>
Net Change in Fund Balance	(484,612)	(47,711)	2,360,543
Fund Balance - Beginning	6,014,842	942,613	-
Fund Balance - Ending	<u>\$ 5,530,230</u>	<u>\$ 894,902</u>	<u>\$ 2,360,543</u>

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

Limited Access Fund	Total Non- Major Funds	Total Governmental Funds
\$ -	\$ 2,300	\$ 12,184,675
-	230,721	373,287
246,335	14,177	1,094,596
29,031	8,870	835,922
119,377	132,731	300,282
-	7,327	320,946
2,403	1,973	209,714
7	-	184,452
<u>397,153</u>	<u>398,099</u>	<u>15,503,874</u>
248,498	-	4,531,372
4,795	-	4,325,261
65,420	5,589	1,372,500
-	1,106,937	3,205,792
-	-	868,202
-	24,475	24,475
-	484,528	484,528
-	268,932	422,018
-	-	-
-	-	633,764
-	-	57,502
-	-	35,000
-	-	2,155,480
<u>318,713</u>	<u>1,890,461</u>	<u>18,115,894</u>
<u>78,440</u>	<u>(1,492,362)</u>	<u>(2,612,020)</u>
-	-	508,218
-	-	4,000,000
59,614	1,558,264	1,617,878
-	-	135,978
-	-	(1,617,878)
<u>59,614</u>	<u>1,558,264</u>	<u>4,644,196</u>
138,054	65,902	2,032,176
648,595	545,070	8,151,120
<u>\$ 786,649</u>	<u>\$ 610,972</u>	<u>\$ 10,183,296</u>

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LLANO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Net Change in Fund Balances - Total Governmental Funds		\$ 2,032,176
<p>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.</p>		
Expenditures for capitalized assets	2,155,480	
Less current year depreciation	<u>(1,351,929)</u>	803,551
<p>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.</p>		
		5,954
<p>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.</p>		
Current year debt additions	(4,508,218)	
Payments on long-term debt	88,660	
Adjustments to long-term debt	545,104	
Change in long-term liabilities for compensated absences	<u>60,192</u>	(3,814,262)
<p>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.</p>		
		1,878
<p>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.</p>		
		(8,989)
<p>Since capital assets are not reported in governmental funds, gains or losses on disposal of capital assets are also not reported in governmental funds.</p>		
		(25,493)
<p>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:</p>		
Actuarial current year pension (expense)/benefit	(293,489)	
Contributions made after the measurement date	<u>(9,530)</u>	<u>(303,019)</u>
Change in Net Position of Governmental Activities		<u><u>\$ (1,308,204)</u></u>

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

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LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 10,477,242	\$ 10,477,242	\$ 10,528,178	\$ 50,936
General Sales and Use Taxes	87,000	87,000	142,566	55,566
Fines and Fees	933,067	941,366	793,277	(148,089)
Charges for Services	170,319	170,589	157,920	(12,669)
Investment Income	159,040	164,238	265,053	100,815
Intergovernmental Revenues	235,071	293,541	183,603	(109,938)
Other Revenue	22,175	79,938	174,544	94,606
Total Revenues	<u>12,083,914</u>	<u>12,213,914</u>	<u>12,245,141</u>	<u>31,227</u>
EXPENDITURES				
Current:				
General Government	5,122,164	5,085,901	4,282,874	803,027
Public Safety	4,923,546	5,091,702	4,320,466	771,236
Judicial System	1,580,414	1,582,213	1,301,491	280,722
Public Facilities	992,372	943,355	868,202	75,153
Conservation and Development	166,890	166,890	153,086	13,804
Debt Service:				
Principal	89,838	88,660	88,660	-
Interest	34,329	29,756	29,755	1
Capital Outlay	145,710	182,885	89,466	93,419
Total Expenditures	<u>13,055,263</u>	<u>13,171,362</u>	<u>11,134,000</u>	<u>2,037,362</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(971,349)</u>	<u>(957,448)</u>	<u>1,111,141</u>	<u>2,068,589</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	100	100	-	100
Sale of Assets	90,000	90,000	22,125	67,875
Transfers Out	(451,260)	(1,631,713)	(1,617,878)	13,835
Total Other Financing Sources (Uses)	<u>(361,160)</u>	<u>(1,541,613)</u>	<u>(1,595,753)</u>	<u>81,810</u>
Net Change in Fund Balance	(1,332,509)	(2,499,061)	(484,612)	2,014,449
Fund Balance - Beginning	6,014,842	6,014,842	6,014,842	-
Fund Balance - Ending	<u>\$ 4,682,333</u>	<u>\$ 3,515,781</u>	<u>\$ 5,530,230</u>	<u>\$ 2,014,449</u>

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

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LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,660,614	\$ 1,660,614	\$ 1,654,197	\$ (6,417)
Fines and Fees	39,015	47,822	40,807	(7,015)
Charges for Services	646,663	637,856	640,101	2,245
Donations	-	-	48,174	48,174
Investment Income	19,461	19,461	47,861	28,400
Intergovernmental Revenues	22,504	22,504	21,735	(769)
Other Revenue	4,854	4,854	9,901	5,047
Total Revenues	<u>2,393,111</u>	<u>2,393,111</u>	<u>2,462,776</u>	<u>69,665</u>
EXPENDITURES				
Current:				
Highways and Streets	2,421,054	2,180,726	2,098,855	81,871
Capital Outlay	118,305	986,850	986,850	-
Total Expenditures	<u>2,539,359</u>	<u>3,167,576</u>	<u>3,085,705</u>	<u>81,871</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(146,248)</u>	<u>(774,465)</u>	<u>(622,929)</u>	<u>151,536</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	508,218	508,218	-
Special Items	30,000	30,000	67,000	37,000
Total Other Financing Sources (Uses)	<u>30,000</u>	<u>538,218</u>	<u>575,218</u>	<u>37,000</u>
Net Change in Fund Balance	(116,248)	(236,247)	(47,711)	188,536
Fund Balance - Beginning	942,613	942,613	942,613	-
Fund Balance - Ending	<u>\$ 826,365</u>	<u>\$ 706,366</u>	<u>\$ 894,902</u>	<u>\$ 188,536</u>

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

LLANO COUNTY, TEXAS
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019

	Fiduciary Funds	
	Llano County School Land	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 118,039	\$ 126,539
Investments	411,762	53,839
Due from Others	-	17,710
Total Assets	529,801	198,088
LIABILITIES		
Accounts Payable	429,314	61,106
Due to Others	-	136,982
Total Liabilities	429,314	\$ 198,088
NET POSITION		
Net Position Held in Trust	\$ 100,487	

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, 2019

	Fiduciary Fund
	Llano County School Land
ADDITIONS	
Investment Earnings:	
Interest	\$ 9,844
Lease Revenue	430,319
Other	132
Total Additions	440,295
DEDUCTIONS	
Trust Payments	454,788
Total Deductions	454,788
Change in Net Position	(14,493)
Net Position - Beginning	114,980
Net Position - Ending	\$ 100,487

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, 2019

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, 2019

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, 2019

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 and the Permanent Fund 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, 2019, no budgetary overages were noted.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019

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, 2019

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, 2018, upon which the levy for the 2018-2019 fiscal year was based, was \$3,865,042,139. 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, 2019, 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 2018-2019 fiscal year was \$12,140,097. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2019, 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, 2019

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, 2019, there were no known violations of legal and contractual provisions.

B. Deficit fund equity

For the year ended September 30, 2019, 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, 2019, 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, 2019

As of September 30, 2019, 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	\$ 2,537,677	\$ -	\$ -	\$ -	General Fund
LoneStar Investment Pool	2,499,115	-	-	-	General Fund, R&B Fund, HOT Fund, General Fund, R&B Fund, Lateral Road Fund, Debt Service Fund,
Logic Investment Pool	2,902,590	-	-	-	Trust Fund
Total Investments	<u>\$ 7,939,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

The County had investments in two external local governmental investment pool at September 30, 2019, 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, 2019

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, 2019, the County’s investment in Lone Star Investment Pool and Logic Investment Pool were rated AAAM by Standard & Poor’s.

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

Custodial credit risk-investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

NOTE-4 RECEIVABLES

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

Governmental Funds:

Receivables	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 188,506	\$ 31,532	\$ 6,645	\$ 226,683
Due from Others	82,174	22,227	-	104,401
Interest	1,613	-	-	1,613
Gross Receivables	272,293	53,759	6,645	332,697
Less: Allowance for Uncollectibles	(47,126)	(7,883)	(1,661)	(56,670)
Net Receivables	\$ 225,167	\$ 45,876	\$ 4,984	\$ 276,027

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE-5 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019, was as follows:

	Balance 10/1/18	Increases	Decreases	Balance 9/30/19
Capital Assets, Not Being Depreciated:				
Land	\$ 162,378	\$ -	\$ -	\$ 162,378
Total Capital Assets, Not Being Depreciated	<u>162,378</u>	<u>-</u>	<u>-</u>	<u>162,378</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	14,237,617	27,776	-	14,265,393
Furniture and Equipment	8,692,126	2,127,704	(929,521)	9,890,309
Total Capital Assets, Being Depreciated	<u>22,929,743</u>	<u>2,155,480</u>	<u>(929,521)</u>	<u>24,155,702</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(8,580,658)	(646,041)	-	(9,226,699)
Furniture and Equipment	(7,169,973)	(705,888)	904,028	(6,971,833)
Total Accumulated Depreciation	<u>(15,750,631)</u>	<u>(1,351,929)</u>	<u>904,028</u>	<u>(16,198,532)</u>
Total Capital Assets Being Depreciated, Net	<u>7,179,112</u>	<u>803,551</u>	<u>(25,493)</u>	<u>7,957,170</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,341,490</u>	<u>\$ 803,551</u>	<u>\$ (25,493)</u>	<u>\$ 8,119,548</u>

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

Governmental Activities:	
General Government	\$ 402,129
Public Safety	383,838
Judicial System	121,800
Highways and Streets	284,493
Public Facilities	77,047
Health and Welfare	2,172
Culture and Recreation	42,999
Conservation and Development	37,451
Total Depreciation Expense - Governmental Activities	<u>\$ 1,351,929</u>

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, 2019

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.

Membership Information

Members	12/31/2017	12/31/2018
Number of inactive employees entitled to but not yet receiving benefits:	135	138
Number of active employees	159	159
Average monthly salary:*	\$ 2,967	\$ 3,010
Average age:*	48.53	49.23
Average length of service in years:*	8.91	9.51
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	123	127
Average monthly benefit:	\$ 758	\$ 796

*Averages reported for active employees.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

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, 2019

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2019 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 ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	10.5%	5.40%
	Cambridge Associates Global Private Equity & Venture		
Private Equity	Capital Index ⁽³⁾	18.0%	8.40%
Global Equities	MSCI World (net) Index	2.5%	5.70%
International Equities-Developed Markets	MSCI World Ex USA (net) Index	10.0%	5.40%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	7.0%	5.90%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.0%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.0%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽⁴⁾	2.0%	7.20%
	67% FTSE NAREIT All Equity REITs Index + 33%		
REIT Equities	S&P Global REIT (net) Index	2.0%	4.15%
Master Limited Ptnrs (MLPs)	Alerian MLP Index	3.0%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁵⁾	6.0%	6.30%
	Hedge Fund Research, Inc. (HFRI) Fund of Funds		
Hedge Funds	Composite Index	13.0%	3.90%
		<u>100%</u>	

⁽¹⁾ Target asset allocation adopted at the April 2019 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 1.70%, per Cliffwater's 2019 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 8.1%. 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, 2019

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 Discount Rate (7.1%)	Discount Rate 8.1%	1% Increase in Discount Rate (9.1%)
Total Pension Liability	\$ 25,052,585	\$ 22,551,305	\$ 20,415,246
Fiduciary Net Position	20,561,051	20,561,051	20,561,051
Net Pension Liability/(Asset)	\$ 4,491,534	\$ 1,990,254	\$ (145,805)

Pension Plan Fiduciary Net Position

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

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

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balances as of December 31, 2017	\$ 21,488,128	\$ 21,454,933	\$ 33,195
Changes for the year:			
Service cost	687,947	-	687,947
Interest on total pension liability	1,742,046	-	1,742,046
Effect of plan changes	-	-	-
Effect of econ./demo. gains/losses	(1,557)	-	(1,557)
Effect of assump. changes or inputs	-	-	-
Refund of contributions	(206,282)	(206,282)	-
Benefit payments	(1,158,977)	(1,158,977)	-
Administrative expenses	-	(16,515)	16,515
Member contributions	-	411,528	(411,528)
Net investment income	-	(404,849)	404,849
Employer contributions	-	495,010	(495,010)
Other	-	(13,797)	13,797
Balances as of December 31, 2018	\$ 22,551,305	\$ 20,561,051	\$ 1,990,254

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

For the year ended September 30, 2019, the County recognized pension expense of \$303,019.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

At September 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 74,466
Changes of assumptions	56,383	-
Difference between projected and actual investment earnings	1,263,670	-
Contributions made subsequent to the measurement date	358,012	-
Total	\$ 1,678,065	\$ 74,466

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
2019	\$ 457,109
2020	189,343
2021	174,480
2022	424,655
2023	-
Thereafter	-

NOTE-7 ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at September 30, 2019, were as follows:

Governmental Funds:

	General Fund	Road and Bridge Fund	Nonmajor Governmental Funds	Total Governmental Funds
Payroll Liabilities	\$ 184,328	\$ 25,581	\$ 10,423	\$ 220,332
Total Accrued Liabilities	<u>\$ 184,328</u>	<u>\$ 25,581</u>	<u>\$ 10,423</u>	<u>\$ 220,332</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, 2019 was \$67,073.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Health Insurance

During the year ended September 30, 2019, 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, 2019 was \$1,250,832.

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, 2019 was as follows:

Year Ended September 30,	Governmental Activities
2020	\$ 79,925
2021	79,925
2022	79,925
2023	79,925
2024	79,925
2025-2029	399,126
Total Minimum Lease Payments	798,751
Less: Amount Representing Interest	(142,840)
Present Value of Minimum Lease Payments	\$ 655,911

NOTE-10 LONG-TERM LIABILITIES

During the year, the County issued Maintenance Tax Notes, Series 2019 amounting to \$4,000,000 for equipment and vehicle financing and for road improvement projects. The long-term liabilities of the County comprise of notes payable, a capital lease and compensated absences. The details of notes payable and capital leases is as follows:

Governmental Activities:

Type	Outstanding 9/30/19
\$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%.	\$ 4,000,000
\$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%	655,911
Total General Long-Term Debt	\$ 4,655,911

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Changes in long-term liabilities

Changes in the County’s long-term liabilities for the year ended September 30, 2019 are as follows:

Governmental Activities

Description	Balance				Balance 9/30/19	Due in One Year
	10/1/18	Additions	Deletions	Adjustments		
Notes Payable	\$ -	\$ 4,000,000	\$ -	\$ -	\$ 4,000,000	\$ 530,000
Capital Leases	781,457	508,218	(88,660)	(545,104)	655,911	55,310
Compensated Absences	311,370	-	(60,192)	-	251,178	-
Gov. Activities Long-Term Liab.	<u>\$ 1,092,827</u>	<u>\$ 4,508,218</u>	<u>\$ (148,852)</u>	<u>\$ (545,104)</u>	<u>\$ 4,907,089</u>	<u>\$ 585,310</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, 2019, accrued employee benefits recorded as long-term liability were for annual vacation pay, holiday pay, and compensated pay and amounted to \$251,178.

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, 2019 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2020	\$ 530,000	\$ 48,889	\$ 578,889
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
2025-2026	1,225,000	19,288	1,244,288
	<u>\$ 4,000,000</u>	<u>\$ 216,422</u>	<u>\$ 4,216,422</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.

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LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

NOTE-12 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2019 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 250,000
Special Revenue Funds	General Fund	125,907
Limited Access Fund	General Fund	602,442
Total		<u>\$ 978,349</u>

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

NOTE-13 INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2019 is as follows:

	<u>Transfer in to:</u>		
	<u>Limited Access Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Transfer out from:			
General Fund	\$ 59,614	\$ 1,558,264	\$ 1,617,878
Total	<u>\$ 59,614</u>	<u>\$ 1,558,264</u>	<u>\$ 1,617,878</u>

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

NOTE-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 January 24, 2020, 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.

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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, 2019

	Measurement Year				
	2014	2015	2016	2017	2018
Total Pension Liability					
Service cost	\$ 628,372	\$ 630,281	\$ 694,022	\$ 672,698	\$ 687,947
Interest on total pension liability	1,397,673	1,477,841	1,555,023	1,661,268	1,742,046
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)
Benefit payments/refunds of contributions	(892,978)	(1,043,401)	(1,034,695)	(1,272,299)	(1,365,259)
Net change in total pension liability	991,633	988,256	1,095,716	1,027,577	1,063,177
Total pension liability, beginning	17,384,947	18,376,580	19,364,836	20,460,552	21,488,128
Total pension liability, ending (a)	\$ 18,376,580	\$ 19,364,836	\$ 20,460,552	\$ 21,488,129	\$ 22,551,305
Fiduciary Net Position					
Employer contributions	\$ 446,428	\$ 481,016	\$ 487,191	\$ 472,641	\$ 495,010
Member contributions	357,552	370,013	382,502	397,180	411,528
Investment income net of investment expenses	1,179,023	122,838	1,325,986	2,780,918	(404,849)
Benefit payments/refunds of contributions	(892,978)	(1,043,401)	(1,034,695)	(1,272,299)	(1,365,259)
Administrative expenses	(13,462)	(12,905)	(14,403)	(14,268)	(16,515)
Other	(96,701)	28,210	31,151	(5,528)	(13,797)
Net change in fiduciary net position	979,862	(54,230)	1,177,732	2,358,644	(893,882)
Fiduciary net position, beginning	16,992,923	17,972,787	17,918,557	19,096,289	21,454,933
Fiduciary net position, ending (b)	\$ 17,972,785	\$ 17,918,557	\$ 19,096,289	\$ 21,454,933	\$ 20,561,051
Net pension liability / (asset), ending = (a) - (b)	\$ 403,795	\$ 1,446,279	\$ 1,364,263	\$ 33,196	\$ 1,990,254
Fiduciary net position as a % of total pension liability	97.80%	92.53%	93.33%	99.85%	91.17%
Pension covered payroll	\$ 5,107,891	\$ 5,285,900	\$ 5,365,558	\$ 5,673,994	\$ 5,878,976
Net pension liability as a % of covered payroll	7.91%	27.36%	25.43%	0.59%	33.85%

LLANO COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2010	\$ 416,718	\$ 416,718	\$ -	\$ 5,235,155	8.0%
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%

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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.

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 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.

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Indigent Health Fund
ASSETS				
Cash and Temporary Investments	\$ 63,759	\$ 16,782	\$ 301	\$ 225,865
Investments	125,775	-	-	-
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Other funds	-	-	112,007	-
Total Assets	<u>\$ 189,534</u>	<u>\$ 16,782</u>	<u>\$ 112,308</u>	<u>\$ 225,865</u>
LIABILITIES				
Accounts Payable	\$ 43,849	\$ -	\$ 45,329	\$ 2,431
Payroll Deductions and Withholdings	-	-	10,423	-
Unearned Revenues	-	-	56,556	-
Total Liabilities	<u>43,849</u>	<u>-</u>	<u>112,308</u>	<u>2,431</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Property Taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted for:				
Debt Service	-	-	-	-
Specific Purposes	145,685	16,782	-	223,434
Total Fund Balances	<u>145,685</u>	<u>16,782</u>	<u>-</u>	<u>223,434</u>
Total Liabilities and Fund Balances	<u>\$ 189,534</u>	<u>\$ 16,782</u>	<u>\$ 112,308</u>	<u>\$ 225,865</u>

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

Law Library fund	Child Advocacy Fund	Debt Service Fund	Flood Recovery Fund	Total Non- Major Funds
\$ 15,956	\$ -	\$ 15,016	\$ 100,000	\$ 437,679
-	-	81,450	-	207,225
-	-	6,645	-	6,645
-	-	(1,661)	-	(1,661)
-	13,900	-	-	125,907
<u>\$ 15,956</u>	<u>\$ 13,900</u>	<u>\$ 101,450</u>	<u>\$ 100,000</u>	<u>\$ 775,795</u>
\$ 1,251	\$ -	\$ -	\$ -	\$ 92,860
-	-	-	-	10,423
-	-	-	-	56,556
<u>1,251</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,839</u>
-	-	4,984	-	4,984
-	-	4,984	-	4,984
-	-	96,466	-	96,466
14,705	13,900	-	100,000	514,506
<u>14,705</u>	<u>13,900</u>	<u>96,466</u>	<u>100,000</u>	<u>610,972</u>
<u>\$ 15,956</u>	<u>\$ 13,900</u>	<u>\$ 101,450</u>	<u>\$ 100,000</u>	<u>\$ 775,795</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Indigent Health Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	230,721	-	-	-
Fines and Fees	-	-	3,527	-
Charges for Services	-	-	8,870	-
Donations	-	-	32,731	-
Investment Income	5,015	-	-	-
Intergovernmental Revenues	-	-	1,973	-
Total Revenues	235,736	-	47,101	-
EXPENDITURES				
Current:				
Judicial System	-	-	-	-
Highways and Streets	-	-	-	-
Health and Welfare	-	-	-	24,475
Culture and Recreation	-	-	484,528	-
Conservation and Development	268,932	-	-	-
Total Expenditures	268,932	-	484,528	24,475
Excess (Deficiency) of Revenue Over Expenditures	(33,196)	-	(437,427)	(24,475)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	437,427	-
Total Other Financing Sources (Uses)	-	-	437,427	-
Net Change in Fund Balance	(33,196)	-	-	(24,475)
Fund Balance - Beginning	178,881	16,782	-	247,909
Fund Balance - Ending	\$ 145,685	\$ 16,782	\$ -	\$ 223,434

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

Law Library fund	Child Advocacy Fund	Debt Service Fund	Flood Recovery Fund	Total Non- Major Funds
\$ -	\$ -	\$ 2,300	\$ -	\$ 2,300
-	-	-	-	230,721
10,650	-	-	-	14,177
-	-	-	-	8,870
-	-	-	100,000	132,731
-	-	2,312	-	7,327
-	-	-	-	1,973
<u>10,650</u>	<u>-</u>	<u>4,612</u>	<u>100,000</u>	<u>398,099</u>
5,589	-	-	-	5,589
-	-	-	1,106,937	1,106,937
-	-	-	-	24,475
-	-	-	-	484,528
-	-	-	-	268,932
<u>5,589</u>	<u>-</u>	<u>-</u>	<u>1,106,937</u>	<u>1,890,461</u>
<u>5,061</u>	<u>-</u>	<u>4,612</u>	<u>(1,006,937)</u>	<u>(1,492,362)</u>
-	13,900	-	1,106,937	1,558,264
-	<u>13,900</u>	-	<u>1,106,937</u>	<u>1,558,264</u>
5,061	13,900	4,612	100,000	65,902
9,644	-	91,854	-	545,070
<u>\$ 14,705</u>	<u>\$ 13,900</u>	<u>\$ 96,466</u>	<u>\$ 100,000</u>	<u>\$ 610,972</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 AGENCY FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Jury Clearing Fund	Hot Check Collection Fund	Sheriffs Seizure Fund
ASSETS			
Cash and Temporary Investments	\$ 6,423	\$ 49,890	\$ 17,047
Investments	-	-	-
Due from Others	-	-	-
Total Assets	<u>6,423</u>	<u>49,890</u>	<u>17,047</u>
LIABILITIES			
Accounts Payable	-	388	-
Due to Others	6,423	49,502	17,047
Total Liabilities	<u>\$ 6,423</u>	<u>\$ 49,890</u>	<u>\$ 17,047</u>

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

Lateral Road Fund	State Fees Fund	Total Agency Funds
\$ 10,171	\$ 43,008	\$ 126,539
53,839	-	53,839
-	17,710	17,710
<u>64,010</u>	<u>60,718</u>	<u>198,088</u>
-	60,718	61,106
64,010	-	136,982
<u>\$ 64,010</u>	<u>\$ 60,718</u>	<u>\$ 198,088</u>

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LLANO COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 2,200	\$ -	\$ 2,300	\$ 2,300
Investment Income	900	-	2,312	2,312
Total Revenues	<u>3,100</u>	<u>-</u>	<u>4,612</u>	<u>4,612</u>
EXPENDITURES				
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>3,100</u>	<u>-</u>	<u>4,612</u>	<u>4,612</u>
Net Change in Fund Balance	3,100	-	4,612	4,612
Fund Balance - Beginning	91,854	91,854	91,854	-
Fund Balance - Ending	<u>\$ 94,954</u>	<u>\$ 91,854</u>	<u>\$ 96,466</u>	<u>\$ 4,612</u>

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

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OTHER SUPPLEMENTARY INFORMATION SECTION

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

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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 24, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

A handwritten signature in black ink on a light yellow background. The signature reads "Singleton, Clark & Company, PC" in a cursive script.

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

January 24, 2020

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LLANO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended September 30, 2019 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, 2019 and 2018.

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.