

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Llano County, Texas, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Llano County, Texas's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Llano County, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Llano County, Texas's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Llano County, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Llano County, Texas's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis section which precedes the basic financial statements and the pension and other post-employment benefits liabilities related schedules following the notes to the financial statements be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Llano County, Texas's basic financial statements. The accompanying combining schedules of non-major governmental funds, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedules of non-major governmental funds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included within the annual report. Our opinions on the basic financial statements do not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023 on our consideration of Llano County, Texas'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 solely 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 the effectiveness of Llano County, Texas's 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 Llano County, Texas's internal control over financial reporting and compliance.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas
February 10, 2023

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022. 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 \$22,577,176 (net position). Of this amount, \$12,248,300 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$19,620,261, an increase of \$332,358 in comparison with the prior year. Approximately 54% of this amount, or \$10,660,092 is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,310,674 or approximately 70% 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, 2022

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

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

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

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

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

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

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

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

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 \$22,577,176 at the close of the most recent fiscal year.

Table I
LLANO COUNTY, TEXAS
NET POSITION

	Governmental Activities 2022	Governmental Activities 2021	Change
Current & Other Assets	\$ 31,962,951	\$ 23,135,482	\$ 8,827,469
Capital Assets	8,919,573	8,039,180	880,393
Deferred Outflows	932,823	1,251,137	(318,314)
Total Assets & Deferred Outflows	41,815,347	32,425,799	9,389,548
Current Liabilities	4,786,085	2,837,554	1,948,531
Long-Term Liabilities	7,892,501	9,212,696	(1,320,195)
Deferred Inflows	6,559,585	1,215,979	5,343,606
Total Liabilities & Deferred Inflows	19,238,171	13,266,229	5,971,942
Net Position			
Net Investment in Capital Assets	5,653,700	4,987,655	666,045
Restricted	4,675,176	6,143,853	(1,468,677)
Unrestricted	12,248,300	8,028,062	4,220,238
Total Net Position	\$ 22,577,176	\$ 19,159,570	\$ 3,417,606

Of the total net position, 25% or \$5,653,700 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, 2022

An additional portion of the County's net position, \$4,675,176 or 21%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$12,248,300, or 54%, is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors. At the end of the current fiscal year, the County is able to report positive balances in all reported categories of net position.

The County's overall net position increased by \$3,402,766 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

Governmental Activities. During the current fiscal year, net position for governmental activities increased by \$3,402,766 from the prior fiscal year for an ending balance of \$22,577,176. The increase in overall net position of governmental activities is primarily due to cost savings in most of the areas of the budget in the General Fund.

Table II
LLANO COUNTY, TEXAS
CHANGES IN NET POSITION

	Governmental Activities 2022	Governmental Activities 2021	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 4,296,902	\$ 2,645,169	\$ 1,651,733
Operating Grants & Contributions	737,941	967,854	(229,913)
General Revenues:			
Property Taxes	15,839,187	14,384,566	1,454,621
Other Taxes	664,933	660,535	4,398
Other	609,890	262,679	347,211
Total Revenue	<u>22,148,853</u>	<u>18,920,803</u>	<u>3,228,050</u>
Expenses:			
General Government	5,709,430	5,723,540	(14,110)
Public Safety	5,249,777	4,814,909	434,868
Justice System	1,470,527	1,503,186	(32,659)
Public Facilities	1,020,152	1,052,500	(32,348)
Culture and Recreation	414,686	534,921	(120,235)
Health and Human Services	2,037,711	212,676	1,825,035
Conservation and Development	496,888	342,656	154,232
Highways and Streets	2,486,743	2,417,571	69,172
Interest on Long-Term Debt	107,894	113,690	(5,796)
Total Expenses	<u>18,993,808</u>	<u>16,715,649</u>	<u>2,278,159</u>
Increase (Decrease) in Net Position before Transfers and Special Items:	<u>3,155,045</u>	<u>2,205,454</u>	<u>949,591</u>
Transfers and Special Items:			
Gain on Sale of Capital Assets	-	37,782	(37,782)
Insurance Proceeds	247,721	119,536	128,185
Total Transfers and Special Items	<u>247,721</u>	<u>157,318</u>	<u>90,403</u>
Increase (Decrease) in Net Position	<u>3,402,766</u>	<u>2,362,772</u>	<u>1,039,994</u>
Net position - Beginning	<u>19,174,410</u>	<u>16,796,798</u>	<u>2,377,612</u>
Net position - Ending	<u>\$ 22,577,176</u>	<u>\$ 19,159,570</u>	<u>\$ 3,417,606</u>

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 or the County itself.

At September 30, 2022, the County's governmental funds reported combined fund balances of \$19,620,261 an increase of \$332,358 in comparison with the prior year restated fund balance. Approximately 54% of this amount, or \$10,660,092 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 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 \$9,310,674. 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 70% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,577,735 during the current fiscal year after other financing sources and uses. The increase was primarily due to salary expenditures being less than originally budgeted, and expenditures in General Government being fully budgeted for the year and not expended during the fiscal year. The General Fund transferred out \$423,622 to the Library Fund.

The Road & Bridge Fund, a major governmental fund, had a \$187,418 decrease in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$1,022,033. The decrease was planned in the original budget and results from budgeted expenditures exceeding revenues.

The CARES Act Fund, a major governmental fund and federal grant, reported an ending fund balance of \$18,624. The purpose of this fund is to provide the County with necessary funds to support activities listed in the CARES Act and ARP Act. The residual fund balance in this fund is the result of interest earnings on pandemic funds which are expected to be expended soon.

The 2021 Tax Notes Projects Fund, had a \$742,948 decrease in fund balance during the current fiscal year which resulted in an overall ending fund balance amount of \$4,214,260. The County issued Tax Notes, Series 2021, in the prior year for financing capital equipment and for building three Emergency Management Systems Stations for the County. This decrease is due to expenditures related to these planned capital projects.

The Indigent Health Fund, a major governmental fund, experienced a \$66,695 decrease in fund balance during the current fiscal year resulting in an overall ending fund balance amount of \$661,866. Due to indigent health costs being difficult to predict each year, this fund is expected to have slight increases or decreases in fund balance each year.

General Fund Budgetary Highlights

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

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2022, amounts to \$8,919,573 (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 2022	Governmental Activities 2021	Change
Land	\$ 162,378	\$ 162,378	\$ -
Construction in Progress	416,888	-	416,888
Buildings and Improvements	14,816,290	14,608,115	208,175
Infrastructure	1,952,822	938,372	1,014,450
Furniture and Equipment	11,456,890	10,896,598	560,292
Right to Use Leased Assets	289,924	-	289,924
Total	<u>29,095,192</u>	<u>26,605,463</u>	<u>2,489,729</u>
Less Accumulated Depreciation	<u>(20,175,619)</u>	<u>(18,566,283)</u>	<u>(1,609,336)</u>
Capital Assets, Net of Depreciation	<u>\$ 8,919,573</u>	<u>\$ 8,039,180</u>	<u>\$ 880,393</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 liabilities for compensated absences.

	Governmental Activities 2022	Governmental Activities 2021	Change
Notes Payable	\$ 6,845,000	\$ 7,935,000	\$ (1,090,000)
Capital Leases Payable	738,919	738,190	729
Compensated Absences	308,582	273,992	34,590
Total	<u>\$ 7,892,501</u>	<u>\$ 8,947,182</u>	<u>\$ (1,054,681)</u>

The County's total overall debt decreased by \$1,054,681 during the current fiscal year mainly due to the county making scheduled payments on its long term debt. 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 2022-2023 for the County's General Fund is approximately \$18.48 million, which reflects an approximate increase of \$3.53 million from the fiscal year 2021-2022 General Fund adopted budget. The County adopted a tax rate of \$0.21718 for the General Fund, \$0.02700 for the Road and Bridge Fund and \$0.02203 for the Debt Service Fund for a combined total tax rate of \$0.26621 for fiscal year 2022-2023.

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, 100 W. Sandstone, Ste 200, 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, 2022

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 5,636,153
Investments	18,330,507
Property Taxes Receivable	224,949
Allowance for Uncollectible Taxes	(22,494)
Accounts Receivable	1,033,629
Notes Receivable	2,827,952
Due from Others	413,130
Net Pension Asset	3,519,125
Capital Assets not Being Depreciated:	
Land	162,378
Construction in Progress	416,888
Capital Assets, Being Depreciated:	
Buildings and Improvements	14,816,290
Infrastructure	1,952,822
Machinery, Equipment, and Vehicles	11,456,890
Right to Use Leased Assets	289,924
Accumulated Depreciation	(20,175,619)
Total Assets	40,882,524
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	932,823
Total Deferred Outflows of Resources	932,823
LIABILITIES	
Accounts Payable	640,010
Interest Payable	26,555
Accrued Salaries and Wages	241,147
Due to Others	105,019
Unearned Revenues	3,773,354
Long-Term Liabilities:	
Current Portion of Long-Term Debt	1,457,068
Notes Payable	5,750,000
Capital Leases Payable	531,142
Other Long-Term Debt	154,291
Total Liabilities	12,678,586
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Unavailable Revenue	2,827,952
Deferred Inflows - Pensions	3,731,633
Total Deferred Inflows of Resources	6,559,585
NET POSITION	
Net Investment in Capital Assets	5,653,700
Restricted for State and Federal Programs	18,624
Restricted for Road and Bridge	1,042,899
Restricted for Debt Service	177,212
Restricted for Other Purposes	3,436,441
Unrestricted	12,248,300
Total Net Position	\$ 22,577,176

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, 2022

Functions/Programs:	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Primary Governmental Activities
Primary Government:				
Governmental Activities:				
General Government	\$ 5,709,430	\$ 2,615,084	\$ 39,030	\$ (3,055,316)
Public Safety	5,249,777	106,391	72,759	(5,070,627)
Judicial System	1,470,527	692,970	49,300	(728,257)
Highways and Streets	2,486,743	840,074	77,857	(1,568,812)
Public Facilities	1,020,152	-	-	(1,020,152)
Health and Welfare	2,037,711	33,990	498,995	(1,504,726)
Culture and Recreation	414,686	8,393	-	(406,293)
Conservation and Development	496,888	-	-	(496,888)
Debt Interest	107,894	-	-	(107,894)
Total Governmental Activities:	<u>\$ 18,993,808</u>	<u>\$ 4,296,902</u>	<u>\$ 737,941</u>	<u>(13,958,965)</u>
General Revenues:				
				15,839,187
				664,933
				164,997
				195,623
				249,270
				<u>17,114,010</u>
				3,155,045
				247,721
				<u>3,402,766</u>
				19,174,410
				<u>\$ 22,577,176</u>

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

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FUND BASIS FINANCIAL STATEMENTS

LLANO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS ON SEPTEMBER 30, 2022

	General Fund	Road and Bridge Fund	CARES Act Fund
ASSETS			
Cash and Cash Equivalents	\$ 1,520	\$ 635,155	\$ 3,753,199
Investments	13,152,551	550,146	-
Property Taxes Receivable	188,224	23,184	-
Allowance for Uncollectible Taxes	(18,822)	(2,318)	-
Accounts Receivable	-	-	-
Due from Other funds	39,460	-	-
Notes Receivable	123,738	-	-
Due from Others	188,521	38,911	-
Total Assets	<u>\$ 13,675,192</u>	<u>\$ 1,245,078</u>	<u>\$ 3,753,199</u>
LIABILITIES			
Accounts Payable	\$ 165,783	\$ 92,644	\$ 36,220
Accrued Payroll	199,609	31,590	-
Due to Other Funds	3,612,360	43,220	-
Due to Others	70,294	34,725	-
Unearned Revenues	23,333	-	3,698,355
Total Liabilities	<u>4,071,379</u>	<u>202,179</u>	<u>3,734,575</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	169,401	20,866	-
Deferred Inflows - Unavailable Revenue	123,738	-	-
Total Deferred Inflows of Resources	<u>293,139</u>	<u>20,866</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
State and Federal Grants	-	-	18,624
Road & Bridge	-	1,022,033	-
Debt Service	-	-	-
Capital Projects	-	-	-
Specific Purposes	-	-	-
Unassigned	9,310,674	-	-
Total Fund Balances	<u>9,310,674</u>	<u>1,022,033</u>	<u>18,624</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,675,192</u>	<u>\$ 1,245,078</u>	<u>\$ 3,753,199</u>

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

2021 Tax Notes Projects Fund	Indigent Health Fund	Total Non- Major Funds	Total Governmental Funds
\$ 180,347	\$ 308,204	\$ 757,728	\$ 5,636,153
4,033,913	-	593,897	18,330,507
-	-	13,541	224,949
-	-	(1,354)	(22,494)
-	-	-	-
-	370,708	3,567,111	3,977,279
-	2,704,214	-	2,827,952
-	-	185,698	413,130
<u>\$ 4,214,260</u>	<u>\$ 3,383,126</u>	<u>\$ 5,116,621</u>	<u>\$ 31,387,476</u>
\$ -	\$ 17,046	\$ 328,317	\$ 640,010
-	-	9,948	241,147
-	-	321,699	3,977,279
-	-	-	105,019
-	-	51,666	3,773,354
<u>-</u>	<u>17,046</u>	<u>711,630</u>	<u>8,736,809</u>
-	-	12,187	202,454
-	2,704,214	-	2,827,952
<u>-</u>	<u>2,704,214</u>	<u>12,187</u>	<u>3,030,406</u>
-	-	-	18,624
-	-	-	1,022,033
-	-	165,025	165,025
4,214,260	-	103,786	4,318,046
-	661,866	2,774,575	3,436,441
-	-	1,349,418	10,660,092
<u>4,214,260</u>	<u>661,866</u>	<u>4,392,804</u>	<u>19,620,261</u>
<u>\$ 4,214,260</u>	<u>\$ 3,383,126</u>	<u>\$ 5,116,621</u>	<u>\$ 31,387,476</u>

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LLANO COUNTY, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
AS ON SEPTEMBER 30, 2022

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

Total Fund Balances - Governmental Funds		\$ 19,620,261
<p>Capital assets used in governmental activities are not current financial resources, and therefore not reported in the funds.</p>		
Governmental activities capital assets	29,095,192	
Less accumulated depreciation	<u>(20,175,619)</u>	8,919,573
<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	(7,583,919)	
Compensated absences	(308,582)	(7,892,501)
<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>		
Current pension funding asset	3,519,125	
Deferred outflows related to pensions	932,823	
Deferred inflows related to pensions	<u>(3,731,633)</u>	720,315
<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>		
		202,454
<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>		
		1,033,629
<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>		
		(26,555)
 Net Position of Governmental Activities		 <u><u>\$ 22,577,176</u></u>

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

LLANO COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	General Fund	Road and Bridge Fund	CARES Act Fund
REVENUES			
Property Taxes	\$ 13,207,872	\$ 1,448,480	\$ -
General Sales and Use Taxes	183,041	-	-
Fines and Fees	825,123	60,857	-
Charges for Services	119,470	699,330	-
Donations	-	-	-
Investment Income	122,112	12,869	17,469
Intergovernmental Revenues	213,683	21,858	444,182
Rent and Lease Revenue	6,216	-	-
Other Revenue	214,521	47,462	-
Total Revenues	14,892,038	2,290,856	461,651
EXPENDITURES			
Current:			
General Government	4,832,255	-	430,073
Public Safety	4,871,315	-	-
Judicial System	1,432,492	-	-
Highways and Streets	-	2,440,584	-
Public Facilities	994,660	-	-
Health and Welfare	-	-	-
Culture and Recreation	-	-	-
Conservation and Development	171,660	-	-
Debt Service:			
Principal	202,423	-	-
Interest	24,251	-	-
Fees	-	-	-
Capital Outlay	730,984	37,690	14,109
Total Expenditures	13,260,040	2,478,274	444,182
Excess (Deficiency) of Revenue Over Expenditures	1,631,998	(187,418)	17,469
OTHER FINANCING SOURCES (USES)			
Capital Leases	121,638	-	-
Transfers In	-	-	-
Insurance Proceeds	247,721	-	-
Transfers Out	(423,622)	-	-
Total Other Financing Sources (Uses)	(54,263)	-	-
Net Change in Fund Balance	1,577,735	(187,418)	17,469
Fund Balance - Beginning	7,732,939	1,209,451	1,155
Fund Balance - Ending	\$ 9,310,674	\$ 1,022,033	\$ 18,624

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

2021 Tax Notes Projects Fund	Indigent Health Fund	Total Non- Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,173,153	\$ 15,829,505
-	-	481,892	664,933
-	-	534,543	1,420,523
-	-	50,878	869,678
-	-	164,997	164,997
35,591	-	7,582	195,623
-	-	58,218	737,941
-	1,807,750	-	1,813,966
-	-	-	261,983
<u>35,591</u>	<u>1,807,750</u>	<u>2,471,263</u>	<u>21,959,149</u>
-	-	352,047	5,614,375
-	-	48,201	4,919,516
-	-	22,833	1,455,325
-	-	2,653	2,443,237
-	-	-	994,660
-	1,873,895	-	1,873,895
-	550	434,611	435,161
-	-	295,971	467,631
-	-	1,092,171	1,294,594
-	-	80,329	104,580
-	-	219,280	219,280
778,539	-	612,574	2,173,896
<u>778,539</u>	<u>1,874,445</u>	<u>3,160,670</u>	<u>21,996,150</u>
<u>(742,948)</u>	<u>(66,695)</u>	<u>(689,407)</u>	<u>(37,001)</u>
-	-	-	121,638
-	-	588,622	588,622
-	-	-	247,721
-	-	(165,000)	(588,622)
-	-	423,622	369,359
<u>(742,948)</u>	<u>(66,695)</u>	<u>(265,785)</u>	<u>332,358</u>
<u>4,957,208</u>	<u>728,561</u>	<u>4,658,589</u>	<u>19,287,903</u>
<u>\$ 4,214,260</u>	<u>\$ 661,866</u>	<u>\$ 4,392,804</u>	<u>\$ 19,620,261</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, 2022

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

Net Change in Fund Balances - Total Governmental Funds \$ 332,358

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

Expenditures for capitalized assets	2,392,776	
Less current year depreciation	<u>(1,598,195)</u>	794,581

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. 192,735

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

Current year debt additions	(121,638)	
Payments on long-term debt	1,294,594	
Change in long-term liabilities for compensated absences	<u>(34,590)</u>	1,138,366

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. (2,914)

Revenues in the statements of activities for property taxes are recognized in the period levied, not collected. Therefore the uncollected property taxes of the current period increase the change in net position. 9,682

Since capital assets are not reported in governmental funds, gains or losses on disposal of capital assets are also not reported in governmental funds. (12,713)

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

Actuarial current year pension (expense)/benefit	932,779	
Contributions made after the measurement date	<u>17,892</u>	<u>950,671</u>

Change in Net Position of Governmental Activities \$ 3,402,766

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, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 13,062,287	\$ 13,062,287	\$ 13,207,872	\$ 145,585
General Sales and Use Taxes	91,141	91,141	183,041	91,900
Fines and Fees	832,233	832,233	825,123	(7,110)
Charges for Services	147,628	147,628	119,470	(28,158)
Investment Income	18,098	18,098	122,112	104,014
Intergovernmental Revenues	486,352	479,652	213,683	(265,969)
Rent and Lease Revenue	-	-	6,216	6,216
Other Revenue	86,000	80,000	214,521	134,521
Total Revenues	<u>14,723,739</u>	<u>14,711,039</u>	<u>14,892,038</u>	<u>180,999</u>
EXPENDITURES				
Current:				
General Government	5,925,664	5,951,468	4,832,255	1,119,213
Public Safety	5,001,591	5,227,575	4,871,315	356,260
Judicial System	1,620,319	1,620,319	1,432,492	187,827
Public Facilities	1,083,869	1,115,296	994,660	120,636
Conservation and Development	243,628	243,628	171,660	71,968
Debt Service:				
Principal	151,348	204,957	202,423	2,534
Interest	28,521	24,251	24,251	-
Capital Outlay	897,416	732,015	730,984	1,031
Total Expenditures	<u>14,952,356</u>	<u>15,119,509</u>	<u>13,260,040</u>	<u>1,859,469</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(228,617)</u>	<u>(408,470)</u>	<u>1,631,998</u>	<u>2,040,468</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	-	-	121,638	121,638
Sale of Assets	20,000	20,000	-	(20,000)
Transfers Out	(753,752)	(658,802)	(423,622)	235,180
Insurance Proceeds	-	41,502	247,721	206,219
Total Other Financing Sources (Uses)	<u>(733,752)</u>	<u>(597,300)</u>	<u>(54,263)</u>	<u>543,037</u>
Net Change in Fund Balance	(962,369)	(1,005,770)	1,577,735	2,583,505
Fund Balance - Beginning	7,732,939	7,732,939	7,732,939	-
Fund Balance - Ending	<u>\$ 6,770,570</u>	<u>\$ 6,727,169</u>	<u>\$ 9,310,674</u>	<u>\$ 2,583,505</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, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$1,513,796	\$1,513,796	\$1,448,480	\$ (65,316)
Fines and Fees	38,608	38,608	60,857	22,249
Charges for Services	663,773	663,773	699,330	35,557
Investment Income	1,917	1,917	12,869	10,952
Intergovernmental Revenues	22,504	22,504	21,858	(646)
Other Revenue	2,185	2,185	47,462	45,277
Total Revenues	<u>2,242,783</u>	<u>2,242,783</u>	<u>2,290,856</u>	<u>48,073</u>
EXPENDITURES				
Current:				
Highways and Streets	2,554,912	2,554,912	2,440,584	114,328
Capital Outlay	41,907	41,907	37,690	4,217
Total Expenditures	<u>2,596,819</u>	<u>2,596,819</u>	<u>2,478,274</u>	<u>118,545</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(354,036)</u>	<u>(354,036)</u>	<u>(187,418)</u>	<u>166,618</u>
OTHER FINANCING SOURCES (USES)				
Special Items - Sale of Assets	-	15,000	-	(15,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>(15,000)</u>
Net Change in Fund Balance	(354,036)	(339,036)	(187,418)	151,618
Fund Balance - Beginning	1,209,451	1,209,451	1,209,451	-
Fund Balance - Ending	<u>\$ 855,415</u>	<u>\$ 870,415</u>	<u>\$1,022,033</u>	<u>\$ 151,618</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, 2022

	Llano County School Land	- Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 328,130	\$ 1,230,180
Investments	33,355	54,958
Due from Others	-	14,631
Total Assets	361,485	1,299,769
LIABILITIES		
Accounts Payable	321,553	55,981
Due to Others	-	72
Unearned Revenues	-	168
Total Liabilities	321,553	56,221
NET POSITION		
Individuals and Organization	39,932	1,243,548
Total Net Position	\$ 39,932	\$ 1,243,548

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, 2022

	Llano County School	
	Land	Custodial Funds
ADDITIONS		
Interest	\$ 170	\$ -
Lease Revenue	322,068	-
Other Income	-	83,725,778
Total Additions	322,238	83,725,778
DEDUCTIONS		
Trust Payments	349,819	-
Other Operating Costs	-	83,462,640
Total Deductions	349,819	83,462,640
Change in Net Position	(27,581)	263,138
Net Position - Beginning (as restated for Custodial Funds)	67,513	980,410
Net Position - Ending	\$ 39,932	\$ 1,243,548

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, 2022

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, 2022

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

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

The Indigent Health Fund is a special revenue fund used to account for expenditures under the Indigent Health Care Program.

Additionally, the County reports the following fund types:

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

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

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

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

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

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

Measurement focus and basis of accounting

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

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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

Budgetary information

Budgetary basis of accounting

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

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

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

Excess of expenditures over appropriations

For the year ended September 30, 2022, no budgetary overages were noted.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

1. Cash and cash equivalents

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

2. Investments

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

3. Inventories and prepaid items

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

4. Capital assets

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

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

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

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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, 2022

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, 2021, upon which the levy for the 2021-2022 fiscal year was based, was \$5,317,904,916. 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, 2022, to finance General Fund, Road & Bridge Fund and Debt Service Fund operations were \$0.24674, \$0.02700 and \$0.02200 respectively, for a total tax rate of \$0.29574 per \$100 valuation. The total tax levy for the General Fund, Road & Bridge Fund and Debt Service Fund for the 2021-2022 fiscal year was \$15,727,172. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2022, were approximately 99.8% 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, 2022

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, 2022, there were no known violations of legal and contractual provisions.

B. Deficit fund equity

For the year ended September 30, 2022, 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, 2022, 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, 2022

As of September 30, 2022, the County had the following investments:

Investment Type	Maturity Time in Years		Recording Fund
	Less than		
	1		
Certificates of Deposit	\$	1,527,974	General Fund
LoneStar Investment Pool		10,293,652	General Fund, R&B Fund, HOT Fund, General Fund, R&B Fund, Lateral Road Fund, Debt Service Fund,
Logic Investment Pool		6,597,194	Trust Fund
Total Investments	\$	<u>18,418,820</u>	

The County had investments in two external local governmental investment pool at September 30, 2022, consisting of the Lone Star Investment Pool (“Lone Star”) and LOGIC Investment Pool.

LONE STAR INVESTMENT POOL (FIRST PUBLIC)

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

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 governments units, and it 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.

Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment advisor to LOGIC. JPMIM is an SEC registered investment adviser and an affiliate of J.P. Morgan Asset Management (JPMAM), which is the marketing name for the asset management business of JPMorgan Chase & Co. Hilltop Securities provides administrative, participant support, and marketing services. Hilltop Securities is a registered broker dealer, governmental entities across the country. JPMorgan Chase Bank N.A. provides custodial services.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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.

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, 2022, 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	Indigent Health Fund	Nonmajor Governmental Funds	Total Governmental Funds
Property Taxes	\$ 188,224	\$ 23,184	\$ -	\$ 13,541	\$ 224,949
Due from Others	188,521	38,911	-	185,698	413,130
Notes Receivable	123,738	-	2,704,214	-	2,827,952
Gross Receivables	500,483	62,095	2,704,214	199,239	3,466,031
Less: Allowance for Uncollectibles	(18,822)	(2,318)	-	(1,354)	(22,494)
Net Receivables	<u>\$ 481,661</u>	<u>\$ 59,777</u>	<u>\$ 2,704,214</u>	<u>\$ 197,885</u>	<u>\$ 3,443,537</u>

NOTE-5 DUE FROM/TO OTHER GOVERNMENTS

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

A summary of amounts recorded as Due From Other Governments in the basic financial statements as of September 30, 2022 are summarized below:

Fund	State Entitlements
General Fund	\$ 29,060
Total	<u>\$ 29,060</u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE-6 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2022, was as follows:

	Balance 10/1/21	Increases	Decreases	Adjustments	Balance 9/30/22
Capital Assets, Not Being Depreciated:					
Land	\$ 162,378	\$ -	\$ -	\$ -	\$ 162,378
Construction-in-progress	-	416,888	-	-	416,888
Total Capital Assets, Not Being Depreciated	162,378	416,888	-	-	579,266
Capital Assets, Being Depreciated:					
Buildings and Improvements	14,608,115	208,175	-	-	14,816,290
Infrastructure	938,372	1,014,450	-	-	1,952,822
Furniture and Equipment	10,896,598	631,625	(71,333)	-	11,456,890
Right to Use Leased Assets	-	121,638	-	168,286	289,924
Total Capital Assets, Being Depreciated	26,443,085	1,975,888	(71,333)	168,286	28,515,926
Less Accumulated Depreciation for:					
Buildings and Improvements	(10,523,414)	(659,674)	-	-	(11,183,088)
Infrastructure	(69,710)	(97,641)	-	-	(167,351)
Furniture and Equipment	(7,973,159)	(782,093)	58,620	-	(8,696,632)
Right to Use Leased Assets	-	(58,787)	-	(69,761)	(128,548)
Total Accumulated Depreciation	(18,566,283)	(1,598,195)	58,620	(69,761)	(20,175,619)
Total Capital Assets Being Depreciated, Net	7,876,802	377,693	(12,713)	98,525	8,340,307
Governmental Activities Capital Assets, Net	\$ 8,039,180	\$ 794,581	\$ (12,713)	\$ 98,525	\$ 8,919,573

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

Governmental Activities:

General Government	\$ 492,911
Public Safety	431,907
Judicial System	127,770
Highways and Streets	214,503
Public Facilities	87,326
Health and Welfare	164,518
Culture and Recreation	38,205
Conservation and Development	41,055
Total Depreciation Expense - Governmental Activities	\$ 1,598,195

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE-7 PENSION OBLIGATIONS

Texas County & District Retirement System (TCDRS)

Plan Description

- a. Llano County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- 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 2021 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/employer.

Membership Information

Members	12/31/2020	12/31/2021
Number of inactive employees entitled to but not yet receiving benefits:	154	165
Number of active employees	149	154
Average monthly salary:*	\$ 3,229	\$ 3,364
Average age:*	50.41	50.47
Average length of service in years:*	10.27	10.24
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	133	138
Average monthly benefit:	\$ 819	\$ 874

*Averages reported for active employees.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 (Level Percent of Pay)
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-Line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-Line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.6% (Gross of administrative expenses)
Cost-of-Living Adjustments	Cost-of-Living Adjustments for Llano County are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Llano County specific table
Turnover	Llano County specific table
Mortality	Llano County specific table

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

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns, and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2022 information for a 10-year time horizon.

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Target Allocations

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	11.5%	3.80%
Global Equities	MSCI World (net) Index	2.5%	4.10%
International Equities-Developed Markets	MSCI World Ex USA (net) Index	5.0%	3.80%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	6.0%	4.30%
Investment-Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.0%	-0.85%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	9.0%	1.77%
Direct Lending	S&P/LSTA Leveraged Loan Index	16.0%	6.25%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.0%	4.50%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	3.10%
Master Limited Ptnrs (MLPs)	Alerian MLP Index	2.0%	3.85%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.0%	5.10%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.0%	6.80%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.0%	1.55%
Cash Equivalents	90-Day U.S. Treasury	2.0%	-1.05%
		100%	

⁽¹⁾ Target asset allocation adopted at the March 2022 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.6%, per Cliffwater's 2022 capital market assumptions.

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

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

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

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.6%. 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.

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

	1% Decrease in Discount Rate (6.6%)	Discount Rate 7.6%	1% Increase in Discount Rate (8.6%)
Total Pension Liability	\$ 29,814,190	\$ 26,785,938	\$ 24,204,664
Fiduciary Net Position	30,305,063	30,305,063	30,305,063
Net Pension Liability/(Asset)	\$ (490,873)	\$ (3,519,125)	\$ (6,100,399)

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, 2020	\$ 25,566,661	\$ 25,301,147	\$ 265,514
Changes for the year:			
Service cost	747,771	-	747,771
Interest on total pension liability	1,944,777	-	1,944,777
Effect of plan changes	-	-	-
Effect of econ./demo. gains/losses	136,193	-	136,193
Effect of assump. changes or inputs	(131,894)	-	(131,894)
Refund of contributions	(122,933)	(122,933)	-
Benefit payments	(1,354,638)	(1,354,638)	-
Administrative expenses	-	(16,395)	16,395
Member contributions	-	446,514	(446,514)
Net investment income	-	5,502,720	(5,502,720)
Employer contributions	-	546,022	(546,022)
Other	-	2,627	(2,627)
Balances as of December 31, 2021	\$ 26,785,938	\$ 30,305,063	\$ (3,519,125)

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

For the year ended September 30, 2022, the County recognized pension expense of (\$386,758).

At September 30, 2022, 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	\$ 90,795	\$ 170,376
Changes of assumptions	419,853	87,929
Net Difference between projected and actual investment earnings	-	3,473,328
Contributions made subsequent to the measurement date	422,175	-
Total	\$ 932,823	\$ 3,731,633

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
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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
2022	\$ (499,254)
2023	(1,173,384)
2024	(828,659)
2025	(719,688)
2026	-
Thereafter	-

NOTE-8 ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at September 30, 2022, were as follows:

	General Fund	Road and Bridge Fund	Non-major Governmental Funds	Total Governmental Funds
Payroll Liabilities	\$ 199,609	\$ 31,590	\$ 9,948	\$ 241,147
Intergovernmental payable	70,294	34,725	-	105,019
Total Accrued Liabilities	\$ 269,903	\$ 66,315	\$ 9,948	\$ 346,166

NOTE-9 RISK MANAGEMENT

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

The Pool is governed by a Board of Directors made up of employees or officials of counties, which are members of the Pool. Member counties make contributions to the Pool, and the Pool provides insurance coverage and applicable reinsurance or stop loss coverage. The insurance policies carry various deductibles and aggregate maximum loss totals. The by-laws of the Pool are detailed in a separate document, which can be obtained from the Texas Association. of Counties, 1210 San Antonio Street, Austin 78701. The County’s workers’ compensation claim expense for the year ended September 30, 2022 was \$74,377.

Health Insurance

During the year ended September 30, 2022, 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 \$865 per month per employee for health insurance. In addition, the County paid \$19 for dental and \$2 for life insurance premiums per month per employee. Employees, at their option, authorized payroll withholdings to pay premiums for dependents. The Plan was authorized by Article 3.51-2, Texas Insurance Code and was documented by contractual agreement. The total cost to the County for employee health insurance during the year ended September 30, 2022 was \$1,450,358.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE-10 LEASE OBLIGATIONS

Capital lease

The County’s lease obligations for the year ending September 30, 2022 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2023	\$ 207,777	22,175	\$ 229,952
2024	104,086	18,534	122,620
2025	96,144	15,073	111,217
2026	94,250	11,779	106,029
2027	85,792	8,503	94,295
2028-2029	150,870	8,577	159,447
	<u>\$ 738,919</u>	<u>\$ 84,641</u>	<u>\$ 823,560</u>

NOTE-11 LONG-TERM LIABILITIES

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

Governmental Activities:

Type	Outstanding 9/30/22
Notes Payable:	
\$4,000,000 Maintenance Tax Notes, Series 2019 due in annual installments of \$555,000 to \$620,000 through February 1, 2026; interest at 1.57%.	\$ 2,380,000
\$5,000,000 Tax Notes, Series 2021 due in annual installments of \$525,000 to \$1,190,000 through February 1, 2028; interest at 0.6% to 1.21%.	4,465,000
Capital Lease Payable:	
\$904,380 Copier Lease, with Government Capital Corporation, issued 2014, due in annual installments of \$79,925 through January 10, 2029; interest at 3.75%.	483,762
\$294,934 Lease, with Motorola Credit, issued 2020, due in annual installments of \$97,467 through November 1, 2022; interest at 0%.	97,467
\$6,016 Phone Lease, with Vyve Business Solutions, issued in 2022, due in annual installments of \$160 to \$1,896, through August 1, 2025; interest at 3%.	1,725
\$217,395 Copier Lease (21), with Benchmark, issued from 2018 to 2022, due in installments of \$350 to \$9,141, through March 1, 2023; interest at 3%.	151,195
\$66,783 Lease, with the Llano Masonic Lodge #242, issued in 2018, due in annual installments of \$4,770 to \$14,023, through February 1, 2023; Interest at 3%.	4,770
Total General Long-Term Debt	<u>\$ 7,583,919</u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Changes in long-term liabilities

Changes in the County’s long-term liabilities for the year ended September 30, 2022 are as follows:

Governmental Activities

Description	Balance 10/1/21	Additions	Deletions	Adjustments	Balance 9/30/22	Due in One Year
Notes Payable	\$ 7,935,000	\$ -	\$(1,090,000)	\$ -	\$ 6,845,000	\$ 1,095,000
Right to Use Leased Assets	738,190	121,638	(204,594)	83,685	738,919	207,777
Compensated Absences	273,992	-	-	34,590	308,582	154,291
Gov. Activities Long-Term Liabilities	<u>\$ 8,947,182</u>	<u>\$ 121,638</u>	<u>\$(1,294,594)</u>	<u>\$ 118,275</u>	<u>\$ 7,892,501</u>	<u>\$ 1,457,068</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, 2022, accrued employee benefits recorded as long-term liability were for annual vacation pay, holiday pay, and compensated pay and amounted to \$308,582.

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, 2022 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2023	\$ 1,095,000	\$ 74,773	\$ 1,169,773
2024	1,110,000	62,320	1,172,320
2025	1,130,000	49,013	1,179,013
2023	1,150,000	34,673	1,184,673
2027-2028	2,360,000	28,046	2,388,046
	<u>\$ 6,845,000</u>	<u>\$ 248,827</u>	<u>\$ 7,093,827</u>

NOTE-12 FUND BALANCE

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

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE-13 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2022 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Road & Bridge Fund	\$ 39,460
General Fund	Limited Access Fund	1,571,431
General Fund	Special Revenue Funds	1,617,307
Debt Service Fund	Road & Bridge Fund	3,760
Special Revenue Funds	General Fund	423,622
Special Revenue Funds	Special Revenue Funds	321,699
Total		<u>\$ 3,977,279</u>

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

NOTE-14 INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2022 is as follows:

	Transfer in to:		
	General Fund	Special Revenue Funds	Total
Transfer out from:			
General Fund	\$ -	\$ 423,622	\$ 423,622
Debt Service Fund	165,000	-	165,000
Total	<u>\$ 165,000</u>	<u>\$ 423,622</u>	<u>\$ 588,622</u>

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

NOTE-15 UNEARNED REVENUE

Unearned revenue at September 30, 2022 consisted of the following:

Fund	Federal Grants	Other	Total
General Fund	\$ -	\$ 23,333	\$ 23,333
CARES Act Fund	3,698,355	-	3,698,355
Non-Major Gov. Funds	-	51,666	51,666
Total	<u>\$ 3,698,355</u>	<u>\$ 74,999</u>	<u>\$ 3,773,354</u>

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE-16 CONTINGENCIES

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

NOTE-17 SUBSEQUENT EVENTS

The County has evaluated subsequent events through February 10, 2023, the date of the audit report. The County is not aware of any subsequent events that materially affect the financial statements as of that date.

NOTE-18 RESTATEMENT OF NET POSITION

During the year, the County adopted Governmental Accounting Standards Board Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The County has also recorded Custodial Funds that are internally used that were not previously presented. The result of this is a restatement of beginning net position for Custodial Funds.

	Statement of	
	Activities	Custodial Funds
Net Position as Previously Stated at September 30, 2021	\$ 19,159,570	\$ 129,585
Effect on net position related to capital assets added in relation to the implementation of GASB 87	98,525	-
Effect on net position related to right-to-use leases added in relation to the implementation of GASB 87	(83,685)	-
Effect of newly recorded custodial funds	-	850,825
Net Position as Restated at September 30, 2021	\$ 19,174,410	\$ 980,410

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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, 2022

	Measurement Year		
	2021	2020	2019
Total Pension Liability			
Service cost	\$ 747,771	\$ 682,506	\$ 678,378
Interest on total pension liability	1,944,777	1,917,109	1,827,764
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	(131,894)	1,259,559	-
Effect of economic/demographic (gains) or losses	136,193	(511,128)	21,444
Benefit payments/refunds of contributions	(1,477,571)	(1,504,482)	(1,355,794)
Net change in total pension liability	<u>1,219,276</u>	<u>1,843,564</u>	<u>1,171,792</u>
Total pension liability, beginning	<u>25,566,661</u>	<u>23,723,098</u>	<u>22,551,305</u>
Total pension liability, ending (a)	<u>\$26,785,938</u>	<u>\$25,566,661</u>	<u>\$23,723,097</u>
Fiduciary Net Position			
Employer contributions	\$ 546,022	\$ 535,196	\$ 479,840
Member contributions	446,514	436,641	421,443
Investment income net of investment expenses	5,502,720	2,421,784	3,376,996
Benefit payments/refunds of contributions	(1,477,571)	(1,504,482)	(1,355,794)
Administrative expenses	(16,395)	(18,513)	(17,872)
Other	2,627	(22,849)	(12,294)
Net change in fiduciary net position	<u>5,003,917</u>	<u>1,847,777</u>	<u>2,892,319</u>
Fiduciary net position, beginning	<u>25,301,147</u>	<u>23,453,371</u>	<u>20,561,051</u>
Fiduciary net position, ending (b)	<u>\$30,305,063</u>	<u>\$25,301,147</u>	<u>\$23,453,371</u>
Net pension liability / (asset), ending = (a) - (b)	<u>\$ (3,519,125)</u>	<u>\$ 265,514</u>	<u>\$ 269,726</u>
Fiduciary net position as a % of total pension liability	113.14%	98.96%	98.86%
Pension covered payroll	\$ 6,378,770	\$ 6,237,726	\$ 6,020,618
Net pension liability as a % of covered payroll	-55.17%	4.26%	4.48%

Measurement Year				
2018	2017	2016	2015	2014
\$ 687,947	\$ 672,698	\$ 694,022	\$ 630,281	\$ 628,372
1,742,046	1,661,268	1,555,023	1,477,841	1,397,673
-	-	-	(73,061)	-
-	112,765	-	217,696	-
(1,557)	(146,856)	(118,634)	(221,100)	(141,434)
(1,365,259)	(1,272,299)	(1,034,695)	(1,043,401)	(892,978)
<u>1,063,178</u>	<u>1,027,576</u>	<u>1,095,716</u>	<u>988,256</u>	<u>991,633</u>
21,488,128	20,460,552	19,364,836	18,376,580	17,384,947
<u>\$ 22,551,306</u>	<u>\$ 21,488,128</u>	<u>\$ 20,460,552</u>	<u>\$ 19,364,835</u>	<u>\$ 18,376,580</u>
\$ 495,010	\$ 472,641	\$ 487,191	\$ 481,016	\$ 446,428
411,528	397,180	382,502	370,013	357,552
(404,849)	2,780,918	1,325,986	122,838	1,179,023
(1,365,259)	(1,272,299)	(1,034,695)	(1,043,401)	(892,978)
(16,515)	(14,268)	(14,403)	(12,905)	(13,462)
(13,797)	(5,528)	31,151	28,210	(96,701)
<u>(893,882)</u>	<u>2,358,644</u>	<u>1,177,732</u>	<u>(54,230)</u>	<u>979,862</u>
21,454,933	19,096,289	17,918,557	17,972,787	16,992,923
<u>\$ 20,561,051</u>	<u>\$ 21,454,933</u>	<u>\$ 19,096,290</u>	<u>\$ 17,918,556</u>	<u>\$ 17,972,784</u>
<u>\$ 1,990,255</u>	<u>\$ 33,195</u>	<u>\$ 1,364,263</u>	<u>\$ 1,446,279</u>	<u>\$ 403,796</u>
91.17%	99.85%	93.33%	92.53%	97.80%
\$ 5,878,976	\$ 5,673,994	\$ 5,365,558	\$ 5,285,900	\$ 5,107,891
33.85%	0.59%	25.43%	27.36%	7.91%

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LLANO COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2022	\$ 563,915	\$ 563,915	-	\$ 6,616,770	8.5%
2021	540,659	540,659	-	6,312,399	8.6%
2020	520,651	520,651	-	6,176,872	8.4%
2019	485,151	485,151	-	6,001,960	8.1%
2018	495,010	495,010	-	5,878,976	8.4%
2017	472,641	472,641	-	5,673,994	8.3%
2016	487,191	487,191	-	5,365,558	9.1%
2015	481,016	481,016	-	5,285,900	9.1%
2014	446,428	446,428	-	5,107,891	8.7%
2013	448,574	448,574	-	5,411,034	8.3%
2012	455,776	455,776	-	5,640,812	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.

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

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

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

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

Debt Service Fund

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

Capital Projects Fund

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

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

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2022

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Law Library Fund
ASSETS				
Cash and Cash Equivalents	\$ 271,646	\$ 3,782	\$ 160	\$ 30,388
Investments	581,917	-	-	-
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Other funds	-	-	423,622	-
Due from Others	152,533	-	-	1,435
Total Assets	<u>\$ 1,006,096</u>	<u>\$ 3,782</u>	<u>\$ 423,782</u>	<u>\$ 31,823</u>
LIABILITIES				
Accounts Payable	\$ 25,754	\$ -	\$ 40,469	\$ 1,179
Payroll Deductions and Withholdings	-	-	9,948	-
Due to Others	-	-	321,699	-
Unearned Revenues	-	-	51,666	-
Total Liabilities	<u>25,754</u>	<u>-</u>	<u>423,782</u>	<u>1,179</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	-	-	-	-
Capital Projects	-	-	-	-
Specific Purposes	980,342	3,782	-	30,644
Unassigned	-	-	-	-
Total Fund Balances	<u>980,342</u>	<u>3,782</u>	<u>-</u>	<u>30,644</u>
Total Liabilities and Fund Balances	<u>\$ 1,006,096</u>	<u>\$ 3,782</u>	<u>\$ 423,782</u>	<u>\$ 31,823</u>

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

HAVA 2018-2020 Fund	Child Advocacy Fund	Limited Access Fund	Debt Service Fund	Capital Projects Fund	Flood Reccover Fund	Total Non-Major Funds
\$ -	\$ 199,505	\$ -	\$ 148,461	\$ 103,786	\$ -	\$ 757,728
-	-	-	11,980	-	-	593,897
-	-	-	13,541	-	-	13,541
-	-	-	(1,354)	-	-	(1,354)
-	-	1,571,431	3,760	-	1,568,298	3,567,111
-	-	30,906	824	-	-	185,698
<u>\$ -</u>	<u>\$ 199,505</u>	<u>\$ 1,602,337</u>	<u>\$ 177,212</u>	<u>\$ 103,786</u>	<u>\$ 1,568,298</u>	<u>\$ 5,116,621</u>
\$ -	\$ -	\$ 42,035	\$ -	\$ -	\$ 218,880	\$ 328,317
-	-	-	-	-	-	9,948
-	-	-	-	-	-	321,699
-	-	-	-	-	-	51,666
-	-	42,035	-	-	218,880	711,630
-	-	-	12,187	-	-	12,187
-	-	-	12,187	-	-	12,187
-	-	-	165,025	-	-	165,025
-	-	-	-	103,786	-	103,786
-	199,505	1,560,302	-	-	-	2,774,575
-	-	-	-	-	1,349,418	1,349,418
-	199,505	1,560,302	165,025	103,786	1,349,418	4,392,804
<u>\$ -</u>	<u>\$ 199,505</u>	<u>\$ 1,602,337</u>	<u>\$ 177,212</u>	<u>\$ 103,786</u>	<u>\$ 1,568,298</u>	<u>\$ 5,116,621</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Law Library Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	481,892	-	-	-
Fines and Fees	-	-	2,227	14,681
Charges for Services	-	-	6,166	-
Donations	-	-	3,665	-
Investment Income	5,651	-	-	-
Intergovernmental Revenues	-	-	-	-
Total Revenues	<u>487,543</u>	<u>-</u>	<u>12,058</u>	<u>14,681</u>
EXPENDITURES				
Current:				
General Government	-	-	-	840
Public Safety	-	-	-	-
Judicial System	-	-	-	6,548
Highways and Streets	-	-	-	-
Culture and Recreation	-	-	434,611	-
Conservation and Development	295,971	-	-	-
Debt Service:				
Principal	-	-	2,171	-
Interest	-	-	310	-
Fees	-	-	-	-
Capital Outlay	-	13,000	-	-
Total Expenditures	<u>295,971</u>	<u>13,000</u>	<u>437,092</u>	<u>7,388</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>191,572</u>	<u>(13,000)</u>	<u>(425,034)</u>	<u>7,293</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	423,622	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>423,622</u>	<u>-</u>
Net Change in Fund Balance	191,572	(13,000)	(1,412)	7,293
Fund Balance - Beginning	788,770	16,782	1,412	23,351
Fund Balance - Ending	<u>\$ 980,342</u>	<u>\$ 3,782</u>	<u>\$ -</u>	<u>\$ 30,644</u>

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

HAVA 2018-2020 Fund	Child Advocacy Fund	Limited Access Fund	Debt Service Fund	Capital Projects Fund	Flood Recovery Fund	Total Non-Major Funds
\$ -	\$ -	\$ -	\$ 1,173,153	\$ -	\$ -	\$ 1,173,153
-	-	-	-	-	-	481,892
-	-	517,635	-	-	-	534,543
-	-	44,712	-	-	-	50,878
-	102,378	58,954	-	-	-	164,997
12	-	-	962	957	-	7,582
-	-	2,219	-	-	55,999	58,218
12	102,378	623,520	1,174,115	957	55,999	2,471,263
3,284	-	347,923	-	-	-	352,047
-	13,605	34,596	-	-	-	48,201
-	-	16,285	-	-	-	22,833
-	-	-	-	-	2,653	2,653
-	-	-	-	-	-	434,611
-	-	-	-	-	-	295,971
-	-	-	1,090,000	-	-	1,092,171
-	-	-	80,019	-	-	80,329
-	-	-	400	-	218,880	219,280
37,946	-	-	-	561,628	-	612,574
41,230	13,605	398,804	1,170,419	561,628	221,533	3,160,670
(41,218)	88,773	224,716	3,696	(560,671)	(165,534)	(689,407)
-	-	-	165,000	-	-	588,622
-	-	-	(165,000)	-	-	(165,000)
-	-	-	-	-	-	423,622
(41,218)	88,773	224,716	3,696	(560,671)	(165,534)	(265,785)
41,218	110,732	1,335,586	161,329	664,457	1,514,952	4,658,589
\$ -	\$ 199,505	\$ 1,560,302	\$ 165,025	\$ 103,786	\$ 1,349,418	\$ 4,392,804

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Jury Clearing Fund	HOT Check Collection Fund	Sheriff's Seizure Fund	Lateral Road Fund	State Fees Fund
ASSETS					
Cash and Temporary Investments	\$ 4,021	\$ 24,007	\$ 18,674	\$ 19,334	\$ 41,677
Investments	-	-	-	54,958	-
Due from Others	-	159	-	-	14,472
Total Assets	<u>4,021</u>	<u>24,166</u>	<u>18,674</u>	<u>74,292</u>	<u>56,149</u>
LIABILITIES					
Accounts Payable	-	-	-	-	55,981
Due to Others	-	72	-	-	-
Unearned Revenues	-	-	-	-	168
Total Liabilities	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,149</u>
NET POSITION					
Restricted for:					
Individuals and Organization	4,021	24,094	18,674	74,292	-
Total Net Position	<u>\$ 4,021</u>	<u>\$ 24,094</u>	<u>\$ 18,674</u>	<u>\$ 74,292</u>	<u>\$ -</u>

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

District Clerk Fines/Fees	District Clerk Savings	District Clerk Trust	County Clerk Court Registry	Sales and Use Tax	Auto Tax	Ad Valorem
\$ 27,013	\$ -	\$ 569,449	\$ 116,470	\$ 118,059	\$ 14,485	\$ 231,308
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,013</u>	<u>-</u>	<u>569,449</u>	<u>116,470</u>	<u>118,059</u>	<u>14,485</u>	<u>231,308</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
27,013	-	569,449	116,470	118,059	14,485	231,308
<u>\$ 27,013</u>	<u>\$ -</u>	<u>\$ 569,449</u>	<u>\$ 116,470</u>	<u>\$ 118,059</u>	<u>\$ 14,485</u>	<u>\$ 231,308</u>

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LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Liquor & Beer	VIT Interest	Inmate Trust	Total Custodial Funds
ASSETS				
Cash and Temporary Investments	\$ 2,853	\$ 38,550	\$ 4,280	\$ 1,230,180
Investments	-	-	-	54,958
Due from Others	-	-	-	14,631
Total Assets	<u>2,853</u>	<u>38,550</u>	<u>4,280</u>	<u>1,299,769</u>
LIABILITIES				
Accounts Payable	-	-	-	55,981
Due to Others	-	-	-	72
Unearned Revenues	-	-	-	168
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,221</u>
NET POSITION				
Restricted for:				
Individuals and Organization	2,853	38,550	4,280	1,243,548
Total Net Position	<u>\$ 2,853</u>	<u>\$ 38,550</u>	<u>\$ 4,280</u>	<u>\$ 1,243,548</u>

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

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CUSTODIAL FUNDS
 AS ON SEPTEMBER 30, 2022

	Jury Clearing Fund	HOT Check Collection Fund	Sheriff's Seizure Fund	Lateral Road Fund	State Fees Fund
ADDITIONS					
Other Income	\$ 25,070	\$ 995	\$ 99	\$ 2,854	\$ -
Total Additions	<u>25,070</u>	<u>995</u>	<u>99</u>	<u>2,854</u>	<u>-</u>
DEDUCTIONS					
Other Operating Costs	25,710	11,562	250	-	-
Total Deductions	<u>25,710</u>	<u>11,562</u>	<u>250</u>	<u>-</u>	<u>-</u>
Change in Net Position	(640)	(10,567)	(151)	2,854	-
Net Position - Beginning (as restated)	4,661	34,661	18,825	71,438	-
Net Position - Ending	<u>\$ 4,021</u>	<u>\$ 24,094</u>	<u>\$ 18,674</u>	<u>\$ 74,292</u>	<u>\$ -</u>

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

District Clerk Fines/Fees	District Clerk Savings	District Clerk Trust	County Clerk Court Registry	Sales and Use Tax	Auto Tax	Ad Valorem
\$ 180,229	\$ -	\$ 436,653	\$ 139,273	\$ 1,934,383	\$ 3,991,429	\$ 76,893,517
180,229	-	436,653	139,273	1,934,383	3,991,429	76,893,517
193,096	17,668	248,757	59,654	1,942,446	3,985,633	76,865,025
193,096	17,668	248,757	59,654	1,942,446	3,985,633	76,865,025
(12,867)	(17,668)	187,896	79,619	(8,063)	5,796	28,492
39,880	17,668	381,553	36,851	126,122	8,689	202,816
\$ 27,013	\$ -	\$ 569,449	\$ 116,470	\$ 118,059	\$ 14,485	\$ 231,308

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LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Liquor & Beer	VIT Interest	Inmate Trust	Total Custodial Funds
ADDITIONS				
Other Income	\$ 17,711	\$ 45,039	\$ 58,526	\$ 83,725,778
Total Additions	<u>17,711</u>	<u>45,039</u>	<u>58,526</u>	<u>83,725,778</u>
DEDUCTIONS				
Other Operating Costs	17,695	40,898	54,246	83,462,640
Total Deductions	<u>17,695</u>	<u>40,898</u>	<u>54,246</u>	<u>83,462,640</u>
Change in Net Position	16	4,141	4,280	263,138
Net Position - Beginning (as restated)	2,837	34,409	-	980,410
Net Position - Ending	<u>\$ 2,853</u>	<u>\$ 38,550</u>	<u>\$ 4,280</u>	<u>\$ 1,243,548</u>

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

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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, 2022

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,155,261	\$ 1,155,261	\$ 1,173,153	\$ 17,892
Investment Income	150	150	962	812
Total Revenues	<u>1,155,411</u>	<u>1,155,411</u>	<u>1,174,115</u>	<u>18,704</u>
EXPENDITURES				
Current:				
Debt Service:				
Principal	1,090,000	1,090,000	1,090,000	-
Interest	111,770	111,770	80,019	31,751
Fees	6,000	6,000	400	5,600
Total Expenditures	<u>1,207,770</u>	<u>1,207,770</u>	<u>1,170,419</u>	<u>37,351</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(52,359)</u>	<u>(52,359)</u>	<u>3,696</u>	<u>(18,647)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	165,000	165,000
Transfers Out	-	(165,000)	(165,000)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(165,000)</u>	<u>-</u>	<u>165,000</u>
Net Change in Fund Balance	(52,359)	(217,359)	3,696	221,055
Fund Balance - Beginning	161,329	161,329	161,329	-
Fund Balance - Ending	<u>\$ 108,970</u>	<u>\$ (56,030)</u>	<u>\$ 165,025</u>	<u>\$ 221,055</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 and Members of the Commissioners Court
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, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Llano County, Texas's basic financial statements and have issued our report thereon dated February 10, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Llano County, Texas's internal control over financial reporting (internal control) as a basis for designing 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 Llano County, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of Llano County, Texas's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify a deficiency in internal control that we consider to be a material weakness.

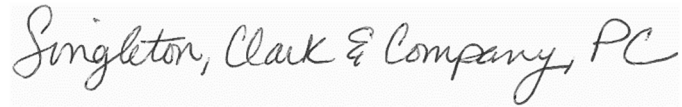
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Llano County, Texas'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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Purpose of this Report

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

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

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

February 10, 2023

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LLANO COUNTY, TEXAS
SCHEDULE FOR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of the Federal Uniform Guidance, a Single Audit was not required for the year ended September 30, 2022 due to expenditures of federal awards being below \$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, 2022 and 2021.

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:

Findings required to be reported in accordance with Federal *Uniform Guidance* not applicable for the year ended September 30, 2022 and no findings for the year ended September 30, 2021.