



January 30, 2026

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Llano County, Texas (the "County") for the year ended September 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Opinion on the Financial Statements

The primary purpose of a financial audit is for the auditor to render an opinion as to whether the financial statements of the audited organization appear to be free from material misstatement and adhere to generally accepted accounting principles. This opinion must be based on a systematic review of the evidence supporting the financial statement amounts. In conjunction with the audit, the auditor must also consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion on internal control.

Our opinion on the financial statements appears within the Independent Auditor's Report on page 5 of the Annual Financial Report. This opinion is classified as follows:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Road and Bridge Fund	Unmodified
Indigent Healthcare Fund	Unmodified
CARES Act Fund	Unmodified
2023 Tax Notes Project Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Discretely Presented Component Unit	Disclaimer

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements.

During the year the County implemented *Governmental Accounting Standards board Statement No. 101 - Compensated Absences (GASB 101)*. GASB 101 clarifies the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

Also during the year the County implemented *Governmental Accounting Standards board Statement No. 102 – Certain Risk Disclosures (GASB 102)*. The objective of the Statement is to provide users of government financial statements with essential information about risks related to a government’s current vulnerabilities due to (1) certain concentrations and (2) certain constraints common in the governmental environment.

We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the County’s financial statements were:

Management’s estimate of the net pension liability and other post-employment liability is based on actuarial studies of the pension and post-employment benefit plans prepared by independent actuaries contracted by the Texas County & County Retirement System (TCDRS). We evaluated the key factors and assumptions used within these actuarial studies in determining that the resulting net pension liability and other post-employment benefit liability are reasonable in relation to the financial statements taken as a whole.

Management’s estimate of current year and accumulated depreciation on long-term capital assets is based on the historical cost of these assets and estimates of their useful lives. We evaluated the recorded asset values, estimated useful lives, and accumulated depreciation amounts to determine that they appear reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit’s financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 30, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the County’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Fund Balance of the General Fund

The General Fund is the main operating fund of the County and contains the primary financial resources available to provide for ongoing County operations. The ending fund balance level of the General Fund is therefore a good indicator of the financial health of the County. A commonly accepted best practice for fund balance is to maintain an ending fund balance level of at least 25% of annual noncapital General Fund expenditures. As of September 30, 2025, the fund balance of the General Fund was \$12,323,221 in total, which represented 74% of noncapital General Fund expenditures for the year.

Other Audit Findings or Issues

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

Audit Findings, Internal Control, and Compliance Related Matters

Government Auditing Standards and the federal Uniform Guidance require an auditor to report material weaknesses and significant deficiencies found in the internal control of an organization, as well as material noncompliance with certain provisions of laws, regulations, contracts, and grant agreements.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A regular *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 *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet potentially more consequential than a regular deficiency and important enough to merit attention by those charged with governance.

Material noncompliance with provisions of laws, regulations, contracts, and grant agreements occurs when the noncompliance is to a large enough degree that there could be a material effect on the determination of financial statement amounts or consequences severe enough to potentially affect the organization’s operations.

No matters came to our attention during the audit that would require reporting in accordance with the above criteria.

Other Matters

We applied certain limited procedures to management’s discussion and analysis section preceding the financial statements and the pension and post-employment benefit liability schedules that follow the notes to the financial statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information such as the combining statements and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Commissioners Court and management of Llano County, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Cedar Park, Texas

Client: 30-0002.0 - Llano County, Texas
 Engagement: Audit 25 - Llano County, Texas
 Period Ending: 9/30/2025
 Trial Balance: 3600.01 - Fund Trial Balance
 Workpaper: 3700.01 - Adjusting Journal Entries Report
 Fund Level: All
 Index: All

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 1		7118.02		
To adjust property tax receivables, allowance, and deferred inflows per received tax confirmation.				
010-106-3020	EST UNCOLL CURRENT TAXES REC		2,361.00	
010-207-9030	DEFERRED TAX REVENUE		21,243.00	
015-106-3020	EST UNCOLLECTABLE TAXES		907.00	
015-207-1110	DEFERRED TAX REVENUE		8,161.00	
060-107-4010	DELINQUENT TAXES RECEIVABLE		5,821.00	
010-105-3010	CURRENT TAXES RECEIVABLE			23,604.00
015-105-3010	CURRENT TAXES RECEIVABLE			9,068.00
060-108-3020	EST UNCOLL DELINQ TAXES REC			582.00
060-207-1070	DEFERRED TAX REVENUE			5,239.00
Total			38,493.00	38,493.00
Adjusting Journal Entries JE # 2				
		7205.02		
To adjust the SB22 grant funds.				
053-207-7001	DUE TO STATE		2,076.44	
053-340-3498	RECEIPT OF FUNDS		87,072.29	
054-207-7001	Due to State		101,263.96	
054-271-0000	CURRENT FUND BALANCE		37,730.62	
054-340-3498	RECEIPT OF FUNDS		65,437.61	
053-340-3498	RECEIPT OF FUNDS			2,076.44
053-475-2070	MISC BENEFITS & ADJUSTMENTS			87,072.29
054-207-1070	Unearned Revenue			101,263.96
054-207-7001	Due to State			65,437.61
054-207-7001	Due to State			37,730.62
Total			293,580.92	293,580.92
Adjusting Journal Entries JE # 3				
		4250.02		
To remove the Mid Coast lease receivable and deferred inflows as of year end				
025-207-9050	DEFERRED INFLOWS-M-D COAST		508,854.09	
025-110-3050	LEASE RECEIVABLE-M-D COAST			508,854.09
Total			508,854.09	508,854.09
Adjusting Journal Entries JE # 4				
		5200.031		
To adjust payroll accruals.				
010-409-2070	MISC BENEFITS & ADJUSTMENTS		22,519.94	
010-202-0000	ACCRUED PAYROLL			22,519.94
Total			22,519.94	22,519.94
Total Adjusting Journal Entries			863,447.95	863,447.95
Total All Journal Entries			863,447.95	863,447.95

These entries have been reviewed and approved by management and will be posted to the accounting system as of the fiscal year end audited.

SIGNED: Kenny Galcherat

DATE: 2/17/26



Llano County Auditor
1447 E State Hwy. 71, Unit B
Llano, Texas 78643
Office: 325-247-2783
Fax: 325-247-3162

January 30, 2026

Singleton, Clark & Company, PC
1130 Cottonwood Creek Trail, Building B4
Cedar Park, Texas 78613

This representation letter is provided in connection with your audit of the financial statements of Llano County, Texas, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of September 30, 2025 (the "County"), and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of January 30, 2026, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 3, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the County is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the County from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the Commissioners Court or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the County and involves --
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the County's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us, if any.
- 21) We have a process to track the status of audit findings and recommendations, if any.

- 22) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 23) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report, if any such matters have been reported.
- 24) The County has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 25) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 26) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 28) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 29) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 30) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 31) The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 32) The County has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 33) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 34) The financial statements properly classify all funds and activities in accordance with GASBS No. 34 , as amended, and GASBS No. 84 .
- 35) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 36) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 37) Investments, derivative instruments, and land and other real estate held by endowments are properly valued..

- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 40) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 41) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 42) Special and extraordinary items are appropriately classified and reported, if applicable.
- 43) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 44) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 45) The government meets the GASB-established requirements for accounting for eligible infrastructure assets using the modified approach, if applicable.
- 46) We have appropriately disclosed the County's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 47) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 48) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 49) With respect to the combining and individual fund statements -
 - a) We acknowledge our responsibility for presenting the combining and individual fund statements in accordance with accounting principles generally accepted in the United States of America, and we believe that this information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual fund statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the combining and individual fund statements are not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 50) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with, the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We acknowledge our responsibility for preparing and presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.

- c) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.
- d) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- e) We are responsible for understanding and complying with, and have complied with, the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- f) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- g) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- h) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- i) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- j) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- k) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E).
- m) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- n) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- o) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- p) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- q) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- r) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

- s) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- t) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance, if applicable.
- u) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient, if applicable.
- v) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records, if applicable.
- w) We have charged costs to federal awards in accordance with applicable cost principles.
- x) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- y) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- z) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- aa) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- bb) We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations, if any.

Signature: Kevin Eckhardt
Title: County Auditor

Signature: _____
Title: _____

Client: 30-0002.0 - Llano County, Texas
 Engagement: Audit 25 - Llano County, Texas
 Period Ending: 9/30/2025
 Trial Balance: 3606.01 - Fund Trial Balance
 Workpaper: 3700.02 - Reclassifying Journal Entries Report
 Fund Level: All
 Index: All

Account	Description	WIP Ref	Debit	Credit
Reclassifying Journal Entries				
Reclassifying Journal Entries JE # 1880		4100.84		
Client provided entry to record outstated fund activity for off book accounts. (DO NOT POST)				
A01-101-1000	Agency Fund Cash		9,061.03	
A01-409-2000	Agency Fund Deductions		216,909.53	
A03-101-1000	Agency Fund Cash		256,474.59	
A03-409-2000	Agency Fund Deductions		221,964.79	
A04-101-1000	Agency Fund Cash		31,595.04	
A04-409-2000	Agency Fund Deductions		20,530.54	
A06-101-1000	Agency Fund Cash		29,848.24	
A06-409-2000	Agency Fund Deductions		1,607,949.25	
A07-101-1000	Agency Fund Cash		1,138.27	
A07-409-2000	Agency Fund Deductions		4,251,682.69	
A08-101-1000	Agency Fund Cash		37,014.58	
A08-409-2000	Agency Fund Deductions		86,089,773.95	
A09-409-2000	Agency Fund Deductions		14,313.77	
A10-409-2000	Agency Fund Deductions		40,042.17	
A11-409-2000	Agency Fund Deductions		127,363.35	
A01-360-2000	Agency Fund Additions			225,970.56
A03-360-2000	Agency Fund Additions			476,439.38
A04-360-2000	Agency Fund Additions			52,125.58
A06-360-2000	Agency Fund Additions			1,837,797.49
A07-360-2000	Agency Fund Additions			4,252,620.96
A08-360-2000	Agency Fund Additions			96,128,788.54
A09-101-1000	Agency Fund Cash			1.52
A09-360-2000	Agency Fund Additions			14,312.25
A10-101-1000	Agency Fund Cash			7,997.07
A10-360-2000	Agency Fund Additions			32,045.10
A11-101-1000	Agency Fund Cash			10,691.52
A11-360-2000	Agency Fund Additions			116,671.83
Total			103,155,661.80	103,155,661.80
Reclassifying Journal Entries JE # 1881				
To reclassify the \$15,000 transfer from the General Fund to the CCE Fund to balance overall transfer amounts		8308.02		
010-700-0250	HC EXPENDITURES		15,000.00	
010-409-4740	COUNTY WIDE CLEANUP			15,000.00
Total			15,000.00	15,000.00
Reclassifying Journal Entries JE # 1882				
To remove immaterial amount in interfund balances.		4150.02		
010-207-7000	DUE TO OTHER FUNDS		148.00	
010-560-3250	OPERATING SUPPLIES			148.00
Total			148.00	148.00
Reclassifying Journal Entries JE # 1883				
Client provided entry to record retainage and accounts payable for construction invoices.		5198.651		
071-470-5500	NEW CONSTRUCTION		597,078.28	
071-201-0000	ACCOUNTS PAYABLE			69,708.64
071-201-0000	ACCOUNTS PAYABLE			135,796.14
071-201-0000	ACCOUNTS PAYABLE			371,573.50
Total			597,078.28	597,078.28
Total Reclassifying Journal Entries			103,767,888.08	103,767,888.08
Total All Journal Entries			103,767,888.08	103,767,888.08

Draft - For Discussion
Purposes Only

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2025



SINGLETON, CLARK
& COMPANY, PC CERTIFIED PUBLIC ACCOUNTANTS

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

TABLE OF CONTENTS

	Page
FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements:	
Balance Sheet – Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	33
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Road & Bridge Fund	35
Statement of Net Position – Fiduciary Funds	36
Statement of Changes in Net Position – Fiduciary Funds	37
Notes to the Financial Statements	41
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios –	
Texas County & District Retirement System	66
Schedule of Employer Contributions – Texas County & District Retirement System	69
Combining and Individual Fund Financial Statements and Schedules:	
Nonmajor Governmental Funds	70
Combining Balance Sheet – Nonmajor Governmental Funds	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	82
Combining Statement of Net Position – Custodial Funds	90
Combining Statement of Changes in Fiduciary Net Position– Custodial Funds	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund	99

LLANO COUNTY, TEXAS
ANNUAL FINANCIAL AND COMPLIANCE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

TABLE OF CONTENTS
(Continued)

	Page
Other Supplementary Information Section	
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 <i>Government Auditing Standards</i>	103
Independent Auditor's Report on Compliance Internal Control for Each Major Program as Required by Uniform Guidance and Report on the Schedule of Expenditures of Federal Awards	107
Schedule of Expenditures of Federal Awards	111
Notes to the Schedule of Expenditures of Federal Awards	113
Schedule of Findings and Questioned Costs	115

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

Disclaimer of Opinion and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Llano County, Texas, as of and for the year ended September 30, 2025, 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.

Summary of Opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Road and Bridge Fund	Unmodified
Indigent Healthcare Fund	Unmodified
CARES Act Fund	Unmodified
2023 Tax Notes Project Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Discretely Presented Component Unit	Disclaimer

Unmodified Opinions on Governmental Activities, General Fund, Road and Bridge Fund, Indigent Healthcare Fund, CARES Act Fund, 2023 Tax Notes Project Fund, and Aggregate Remaining Fund Information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the General Fund, the Road and Bridge Fund, the Indigent Healthcare Fund, the CARES Act Fund, the 2023 Tax Notes Project Fund, and the aggregate remaining fund information of Llano County, Texas as of September 30, 2025, and respective changes in financial position, and the respective budgetary comparison for the General Fund, Road and Bridge Fund, and Debt Service Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Disclaimer of Opinion on the Discretely Presented Component Unit

Because of the significance of the matter described in the Basis for Disclaimer of Opinion and Unmodified Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial statement.

Basis for Disclaimer of Opinion and Unmodified 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.

Matter Giving Rise to the Disclaimer of Opinion on the Discretely Presented Component Unit

The financial statements of the Llano County Hospital Authority for the periods prior to December 31, 2024 were not audited. As a result, we were unable to obtain sufficient appropriate evidence regarding the opening net position as of January 1, 2024, which affects the determination of financial position as of December 31, 2024 and the results of operations and cash flows for the year ended. Because of the significance of this matter, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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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 January 30, 2026 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

January 30, 2026

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

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, 2025. 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 County's net position for governmental activities increased by \$1,627,649 as a result of this year's current operations, to end at \$31,573,397.
- The General Fund of the County reported a fund balance of \$12,323,221 as of year-end, which is \$430,465 more than last year's ending fund balance of \$11,892,756.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Section is the most substantial part of this Annual Financial Report. It consists of the independent auditor's report, management's discussion and analysis (this section), a set of basic financial statements with required note disclosures, and finally, required supplementary information and other support schedules as applicable.

Independent Auditor's Report

State law requires the County's financial statements to be audited by an independent certified public accountant each year. The primary purpose of the annual financial audit is for the auditor to express an opinion as to whether the financial statements of the County appear to be free from material misstatement. The audit is required to be conducted 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. The County received an *Unmodified* opinion on its financial statements for the year ended September 30, 2025.

Management's Discussion and Analysis

The management's discussion and analysis (MD&A) section of this report is intended to introduce the financial statements and to provide discussion and analysis regarding the financial performance of the County during the year. The MD&A is written by management of the County and provides for a less formal presentation of financial activities of the County than is found within the basic financial statements themselves.

Basic Financial Statements

The basic financial statements consist of a series of financial statements and required note disclosures. These statements include government-wide financial statements which present the County in a consolidated and long-term manner using full-accrual accounting similar to that of a business enterprise, and fund financial statements which present a more detailed view of the County using a short-term view and traditional modified-accrual governmental accounting. These financial statements are followed with detailed notes which provide narrative explanations and additional data for full disclosure of information.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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Required Supplementary Information

The previously discussed MD&A section is considered to be required supplementary information, however, the governmental reporting framework requires that it be presented before the financial statements. When applicable, additional required supplementary information must follow the financial statements. Within this financial report, the County presents required schedules related to its participation in the Texas County & District Retirement System (TCDRS) pension.

Other Supplementary Information

The combining schedules provide detailed information of the County's non-major funds. While the primary financial statements present the non-major funds in a consolidated manner, the combining schedules list all of the non-major funds separately, each in its own column for enhanced analysis when needed.

OVERVIEW OF THE FEDERAL AWARDS SECTION

Report on Internal Controls and Compliance

In accordance with *Government Auditing Standards*, the auditor is required to consider the internal controls the County has in place over financial reporting and whether any noncompliance with rules, laws, and regulations was noted during the audit. This report describes the scope of the testing of internal control and compliance, however, it does not provide an opinion on the effectiveness of internal control or compliance.

Schedule of Findings and Question Costs

The Schedule of Findings and Questioned Costs provides an overall summary of auditor results, including identification of the type of opinion on the financial statements, whether any significant deficiencies or material weaknesses in internal controls were observed by the audit firm, and whether any material noncompliance was noted. This schedule also lists any audit findings reported by the audit firm for the year.

Reporting the County as a Whole

The Statement of Net Position and Statement of Activities

The analysis of the County's overall financial condition and operations begins with the government-wide financial statements which immediately follow this section. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. The primary purpose of these financial statements is to show whether the County is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the County's assets, deferred outflows, liabilities, and deferred inflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the County's operations during the year. These apply the full-accrual basis of accounting which is the same basis used by private sector companies.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The County's revenues are divided between those provided by governmental sources such as from tax levies or intergovernmental payments. All of the County's assets are reported whether they serve the current year or future years. Likewise, all liabilities are considered regardless of whether they must be paid in the current or future years.

The Statement of Net Position and the Statement of Activities report the County's net position and changes in net position. The County's net position (the difference between assets, deferred outflows, liabilities, and deferred inflows) provides one measure of the County's financial health. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the County however, you should consider nonfinancial factors as well, such as changes in the County's property tax base, the condition of the County's facilities, and the local economy.

In the Statement of Net Position and the Statement of Activities, the County divides up and reports its financial activities as follows:

- Governmental activities – Basic services are reported here, included the provision of general government services, public safety, judicial system, highways and streets, public facilities, health and welfare, culture and recreation, and conservation and development.
- Business-type activities – The County charges fees to “customers” to help it cover all or most of the cost of services it provides in an arrangement much like a business venture.

Our County reported governmental activities this year, however, we did not engage in business-type activities.

Reporting the County's Most Significant Funds

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 local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund types available for use by local governments fall into three categories: governmental funds, proprietary 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. To achieve this change in focus within the governmental fund financial statements, the modified-accrual basis of accounting is used.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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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 County'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 maintained forty-six individual governmental funds during the year. 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, Road and Bridge Fund, Indigent Health Fund, CARES Act Fund, and 2023 Tax Notes Projects Fund all of which met the criteria to be reported as *major funds* this year. Data from the other thirty-nine governmental funds are combined into a single aggregated presentation titled *Total Nonmajor Funds*. Individual fund data for each of these nonmajor governmental funds is however provided in the form of combining schedules in the combining fund schedules section of this report.

The County adopts an annual appropriated budget for its General Fund, Road and Bridge Fund, and 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, only in more detail. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a County's functions. However, during the year the County did not engage in activities that required the use of proprietary funds.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County. 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.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements and should be considered an integral component to the overall financial analysis of the County.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Reviewing the County's net position levels for governmental activities can help in assessing a County's current financial health. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for governmental activities by \$31,573,397. The components of these amounts are summarized on the chart below.

Table I
LLANO COUNTY, TEXAS
NET POSITION

	Governmental Activities 2025	Governmental Activities 2024	Change
Current & Other Assets	\$ 25,324,011	\$ 29,363,421	\$ (4,039,410)
Capital Assets	16,654,911	13,018,994	3,635,917
Deferred Outflows	690,172	650,228	39,944
Total Assets & Deferred Outflows	42,669,094	43,032,643	(363,549)
Current Liabilities	2,457,069	2,766,241	(309,172)
Long-Term Liabilities	8,211,629	9,458,581	(1,246,952)
Deferred Inflows	426,999	862,073	(435,074)
Total Liabilities & Deferred Inflows	11,095,697	13,086,895	(1,991,198)
Net Position			
Net Investment in Capital Assets	12,080,108	8,320,812	3,759,296
Restricted	4,205,840	7,074,755	(2,868,915)
Unrestricted	15,287,449	14,550,181	737,268
Total Net Position	\$ 31,573,397	\$ 29,945,748	\$ 1,627,649

By far, the largest portion of the County's combined total net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related outstanding debt that was used to acquire those assets. This amount, reported as *net investment in capital assets*, totaled \$12,080,108 as of year-end. The County uses these capital assets to provide a variety of services to its citizens within both the governmental and business-type activities categories. Accordingly, these assets are not liquid and are therefore 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.

An additional portion of the County's net position represents resources that are subject to external constraints on how they may be used, and as such that portion of net position is reported as *restricted* net position. Restricted net position totaled \$4,205,840 as of year-end. The remaining portion of net position is reported as *unrestricted* and may be used to meet the County's ongoing obligations to its citizens and creditors. Unrestricted net position totaled \$15,287,449 as of year-end.

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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Governmental Activities

Net position for governmental activities increased by \$1,627,649 from current year operations, to end the year at \$31,573,397. The increase in net position for governmental activities is primarily attributable to the capitalization of assets during the current year.

A summary of the components of these changes in net position is summarized below:

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

	Governmental Activities 2025	Governmental Activities 2024	Change
Revenues:			
Program Revenues:			
Charges for Services	\$ 2,149,393	\$ 3,068,700	\$ (919,307)
Operating Grants & Contributions	2,121,418	2,787,263	(665,845)
General Revenues:			
Property Taxes	20,894,628	19,407,240	1,487,388
Other Taxes	780,826	655,143	125,683
Other	1,554,929	2,096,503	(541,574)
Total Revenue	<u>27,501,194</u>	<u>28,014,849</u>	<u>(513,655)</u>
Expenses:			
General Government	9,532,275	9,209,407	322,868
Public Safety	7,519,246	6,336,858	1,182,388
Justice System	1,544,931	1,619,619	(74,688)
Public Facilities	1,262,342	1,208,224	54,118
Culture and Recreation	560,635	425,038	135,597
Health and Human Services	1,517,721	1,185,131	332,590
Conservation and Development	884,216	1,064,663	(180,447)
Highways and Streets	2,997,505	2,822,461	175,044
Interest on Long-Term Debt	220,972	159,194	61,778
Total Expenses	<u>26,039,843</u>	<u>24,030,595</u>	<u>2,009,248</u>
Increase (Decrease) in Net Position before Transfers and Special Items:	<u>1,461,351</u>	<u>3,984,254</u>	<u>(2,522,903)</u>
Transfers and Special Items:			
Gain on Sale of Assets	-	133,419	(133,419)
Insurance Proceeds	166,298	-	166,298
Total Transfers and Special Items	<u>166,298</u>	<u>133,419</u>	<u>32,879</u>
Increase (Decrease) in Net Position	<u>1,627,649</u>	<u>4,117,673</u>	<u>(2,490,024)</u>
Net position - Beginning	<u>29,945,748</u>	<u>25,828,075</u>	<u>4,117,673</u>
Net position - Ending	<u>\$ 31,573,397</u>	<u>\$ 29,945,748</u>	<u>\$ 1,627,649</u>

LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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Financial Analysis of 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, 2025, the County's governmental funds reported combined fund balances of \$20,283,193, a decrease of \$2,936,283 in comparison with the prior year fund balance.

The fund balance of the County's General Fund increased by \$430,465 to end at \$12,323,221. This increase was primarily due to actual amounts in the Public Safety line items coming in under budget across all payroll related benefits, actual amounts in the General Government line item for building and maintenance, and property deductibles coming in under budget, and favorable budgetary management across all departments of the County.

The Road & Bridge Fund, a major governmental fund, had a \$430,745 increase in fund balance during the current fiscal year, which resulted in an overall ending fund balance amount of \$1,778,687. The increase in fund balance was due to actual expenditures in the Highways and Streets line item coming under previously budgeted appropriations and the sale of assets in this fund.

The Indigent Health Fund, a major governmental fund, had a \$736,814 decrease in fund balance during the current fiscal year resulting in an overall ending fund balance amount of \$4,799. This decrease is primarily attributable to lower than anticipated lease revenue due to an early termination of an existing lease.

The CARES Act Fund, a major governmental fund and federal grant, reported a fund balance increase of \$82,137 which resulted in an ending fund balance of \$82,137. 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 amount in fund balance represents interest earnings.

The 2023 Tax Notes Project Fund, a major governmental funds, had a \$1,329,562 decrease in fund balance during the current fiscal year which resulted in an overall ending fund balance amount of \$1,729,158. This decrease is due to expenditures related to ongoing capital projects.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. During the year, budgetary amendments made in the General Government, Capital Outlay, and Transfers Out line items in the General Fund were considered significant.

Capital Assets and Debt Administration

Capital Assets. The County's investment in capital assets for its governmental activities as of September 30, 2025, amounts to \$16,654,911 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, furniture and equipment, and right to use lease assets. Additional information on the County's capital assets can be found in the notes to the financial statements section of this report.

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LLANO COUNTY, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

	Governmental Activities 2025	Governmental Activities 2024	Change
Land	\$ 162,378	\$ 162,378	\$ -
Construction in Progress	1,895,322	204,801	1,690,521
Buildings and Improvements	16,956,040	16,031,350	924,690
Infrastructure	2,957,564	2,869,998	87,566
Furniture and Equipment	18,587,508	16,354,038	2,233,470
Right to Use Leased Assets	484,413	427,367	57,046
Total	<u>41,043,225</u>	<u>36,049,932</u>	<u>4,993,293</u>
Less Accumulated Depreciation	<u>(24,388,314)</u>	<u>(23,030,938)</u>	<u>(1,357,376)</u>
Capital Assets, Net of Depreciation	<u>\$ 16,654,911</u>	<u>\$ 13,018,994</u>	<u>\$ 3,635,917</u>

Long-term Debt. At the end of the current fiscal year, the County had long-term obligations consisting of notes payable and right to use leases payable.

	Governmental Activities 2025	Governmental Activities 2024	Change
Notes Payable	\$ 7,396,512	\$ 8,797,953	\$ (1,401,441)
Right to Use Leases Payable	398,009	221,586	176,423
Total	<u>\$ 7,794,521</u>	<u>\$ 9,019,539</u>	<u>\$ (1,225,018)</u>

The County's total overall debt decreased by \$1,225,018 during the current fiscal year due to the County making normal scheduled debt payments during the year. Additional information on the County's long-term debt can be found in notes to the financial statements section of this report.

Economic Factors and Next Year's Budgets and Rates

The adopted budget for fiscal year 2025-2026 for the County's General Fund is approximately \$25.56 million, which reflects an approximate increase of \$2.15 million from the fiscal year 2024-2025 General Fund adopted budget. The County adopted a tax rate of \$0.21643 for the General Fund, \$0.02500 for the Road and Bridge Fund and \$0.01810 for the Debt Service Fund for a combined total tax rate of \$0.25953 for the fiscal year 2025-2026.

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, Llano, Texas 78643 or by calling (325) 247-3783.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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LLANO COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

	<u>Primary Government</u> Governmental Activities	<u>Component Unit</u> Llano County Hospital Authority
ASSETS		
Cash and Cash Equivalents	\$ 22,644,600	\$ 435,580
Property Taxes Receivable	421,670	-
Allowance for Uncollectible Taxes	(42,166)	-
Accounts Receivable	343,998	-
Lease Receivable	91,326	284,938
Net Pension Asset	1,864,583	-
Capital Assets not Being Depreciated:		
Land	162,378	-
Construction in Progress	1,895,322	-
Capital Assets, Being Depreciated:		
Buildings and Improvements, net	3,773,796	-
Infrastructure, net	2,380,470	-
Furniture and Equipment, net	8,078,562	235,122
Right to Use Lease Assets, net	364,383	-
Total Assets	<u>41,978,922</u>	<u>955,640</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows - Pensions	690,172	-
Total Deferred Outflows of Resources	<u>690,172</u>	<u>-</u>
LIABILITIES		
Accounts Payable	1,373,544	48,601
Interest Payable	39,303	-
Accrued Salaries and Wages	270,442	-
Accrued Expenditures	127,586	-
Due to Other Governments	109,305	-
Unearned Revenues	536,889	-
Non-Current Liabilities		
Due Within One Year	1,690,130	-
Due in More Than One Year	6,521,499	-
Total Liabilities	<u>10,668,698</u>	<u>48,601</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows - Leases	91,326	284,938
Deferred Inflows - Pensions	335,673	-
Total Deferred Inflows of Resources	<u>426,999</u>	<u>284,938</u>
NET POSITION		
Net Investment in Capital Assets	12,080,108	235,122
Restricted for State and Federal Programs	82,137	-
Restricted for Road and Bridge	1,812,098	-
Restricted for Debt Service	297,162	-
Restricted for Other Purposes	2,014,443	-
Unrestricted	15,287,449	386,979
Total Net Position	<u>\$ 31,573,397</u>	<u>\$ 622,101</u>

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

LLANO COUNTY, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General Government	\$ 9,532,275	\$ 692,011	\$ 29,919
Public Safety	7,519,246	100,348	579,937
Judicial System	1,544,931	559,133	54,973
Highways and Streets	2,997,505	769,209	65,465
Public Facilities	1,262,342	-	-
Health and Welfare	1,517,721	19,025	1,391,124
Culture and Recreation	560,635	9,667	-
Conservation and Development	884,216	-	-
Debt Interest	220,972	-	-
Total Governmental Activities:	<u>\$ 26,039,843</u>	<u>\$ 2,149,393</u>	<u>\$ 2,121,418</u>
Component units:			
Llano County Hospital Authority	\$ 232,239	\$ 29,622	\$ -
	<u>\$ 232,239</u>	<u>\$ 29,622</u>	<u>\$ -</u>

General Revenues:

Property Taxes
General Sales and Use Taxes
Contributions and Donations from Private Sources
Investment Income
Other Revenue

Total General Revenues

Change in Net Position Before Special Items

Insurance Recovery
Nonoperating revenues (expenses)

Change in Net Position

Net Position - Beginning (as restated)

Net Position - Ending

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

<u>Net (Expense)</u>	
<u>Primary</u>	<u>Component Unit</u>
<u>Government</u>	<u>Llano County</u>
<u>Governmental</u>	<u>Hospital Authority</u>
<u>Activities</u>	
\$ (8,810,345)	\$ -
(6,838,961)	-
(930,825)	-
(2,162,831)	-
(1,262,342)	-
(107,572)	-
(550,968)	-
(884,216)	-
(220,972)	-
<u>(21,769,032)</u>	<u>-</u>
	(202,617)
	<u>(202,617)</u>
20,894,628	-
780,826	-
40,478	-
1,397,995	23,589
116,456	-
<u>23,230,383</u>	<u>23,589</u>
1,461,351	(179,028)
166,298	-
-	(73,324)
<u>1,627,649</u>	<u>(252,352)</u>
29,945,748	874,453
<u>\$ 31,573,397</u>	<u>\$ 622,101</u>

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FUND BASIS FINANCIAL STATEMENTS

LLANO COUNTY, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS ON SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

	General Fund	Road and Bridge Fund	Indigent Health Fund
ASSETS			
Cash and Cash Equivalents	\$ 13,170,797	\$ 1,855,846	\$ 9,062
Property Taxes Receivable	347,815	37,123	-
Allowance for Uncollectible Taxes	(34,781)	(3,712)	-
Due from Others Governments	29,506	23,576	-
Lease Receivable	91,326	-	-
Total Assets	<u>\$ 13,604,663</u>	<u>\$ 1,912,833</u>	<u>\$ 9,062</u>
LIABILITIES			
Accounts Payable	\$ 532,558	\$ 64,833	\$ 4,263
Accrued Payroll	217,646	35,902	-
Accrued Expenditures	126,878	-	-
Due to Other Governments	-	-	-
Unearned Revenues	-	-	-
Total Liabilities	<u>877,082</u>	<u>100,735</u>	<u>4,263</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Property Taxes	313,034	33,411	-
Deferred Inflows - Leases	91,326	-	-
Total Deferred Inflows of Resources	<u>404,360</u>	<u>33,411</u>	<u>-</u>
FUND BALANCES (DEFICITS)			
Restricted for:			
State and Federal Grants	-	-	-
Road & Bridge	-	1,778,687	-
Debt Service	-	-	-
Capital Projects	-	-	-
Specific Purposes	-	-	4,799
Unassigned	12,323,221	-	-
Total Fund Balances	<u>12,323,221</u>	<u>1,778,687</u>	<u>4,799</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,604,663</u>	<u>\$ 1,912,833</u>	<u>\$ 9,062</u>

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

CARES Act Fund	2023 Tax Notes Projects Fund	Total Non- Major Funds	Total Governmental Funds
\$ 585,249	\$ 1,732,964	\$ 5,290,682	\$ 22,644,600
-	-	36,732	421,670
-	-	(3,673)	(42,166)
-	-	3,277	56,359
-	-	-	91,326
<u>\$ 585,249</u>	<u>\$ 1,732,964</u>	<u>\$ 5,327,018</u>	<u>\$ 23,171,789</u>
\$ 127,750	\$ 3,806	\$ 640,334	\$ 1,373,544
-	-	16,894	270,442
-	-	708	127,586
-	-	109,305	109,305
375,362	-	161,527	536,889
<u>503,112</u>	<u>3,806</u>	<u>928,768</u>	<u>2,417,766</u>
-	-	33,059	379,504
-	-	-	91,326
-	-	<u>33,059</u>	<u>470,830</u>
82,137	-	-	82,137
-	-	-	1,778,687
-	-	264,103	264,103
-	1,729,158	2,091,444	3,820,602
-	-	2,009,644	2,014,443
-	-	-	12,323,221
<u>82,137</u>	<u>1,729,158</u>	<u>4,365,191</u>	<u>20,283,193</u>
<u>\$ 585,249</u>	<u>\$ 1,732,964</u>	<u>\$ 5,327,018</u>	<u>\$ 23,171,789</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, 2025

Draft - For Discussion
Purposes Only

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

Total Fund Balances - Governmental Funds		\$ 20,283,193
Capital assets used in governmental activities are not current financial resources, and therefore not reported in the funds.		
Governmental activities capital assets	\$41,043,225	
Less accumulated depreciation	<u>(24,388,314)</u>	16,654,911
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Notes Payable	(7,396,512)	
Right to Use Leases Payable	(398,009)	
Compensated absences	<u>(417,108)</u>	(8,211,629)
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:		
Current pension funding asset	1,864,583	
Deferred outflows related to pensions	690,172	
Deferred inflows related to pensions	<u>(335,673)</u>	2,219,082
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.		
		379,504
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.		
		287,639
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.		
		<u>(39,303)</u>
Net Position of Governmental Activities		<u><u>\$ 31,573,397</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, 2025

Draft - For Discussion
Purposes Only

	General Fund	Road and Bridge Fund	Indigent Health Fund
REVENUES			
Property Taxes	\$ 17,151,141	\$ 2,268,365	\$ -
General Sales and Use Taxes	351,584	-	-
Fines and Fees	768,641	-	-
Charges for Services	153,271	658,940	-
Donations	-	-	-
Investment Income	752,094	104,374	-
Intergovernmental Revenues	297,109	65,465	-
Rent and Lease Revenue	16,336	-	258,250
Other Revenue	109,360	7,088	-
Total Revenues	<u>19,599,536</u>	<u>3,104,232</u>	<u>258,250</u>
EXPENDITURES			
Current:			
General Government	7,467,954	-	-
Public Safety	6,075,678	-	-
Judicial System	1,423,418	-	-
Highways and Streets	-	2,768,710	-
Public Facilities	1,162,687	-	-
Health and Welfare	-	-	1,370,064
Culture and Recreation	-	-	-
Conservation and Development	238,956	-	-
Debt Service:			
Principal	149,435	3,001	-
Interest	25,261	659	-
Fees	-	-	-
Capital Outlay	1,898,216	47,570	-
Total Expenditures	<u>18,441,605</u>	<u>2,819,940</u>	<u>1,370,064</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,157,931</u>	<u>284,292</u>	<u>(1,111,814)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Right to Use Leased Assets	368,689	-	-
Transfers In	-	-	375,000
Sale of Assets	19,845	146,453	-
Transfers Out	(1,116,000)	-	-
Total Other Financing Sources (Uses)	<u>(727,466)</u>	<u>146,453</u>	<u>375,000</u>
Net Change in Fund Balance	430,465	430,745	(736,814)
Fund Balance - Beginning (as previously reported)	11,892,756	1,347,942	741,613
Restatement (See Note 16)	-	-	-
Fund Balance - Beginning, as restated	11,892,756	1,347,942	741,613
Fund Balance - Ending	<u>\$ 12,323,221</u>	<u>\$ 1,778,687</u>	<u>\$ 4,799</u>

CARES Act Fund	2023 Tax Notes Projects Fund	Total Non- Major Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,499,287	\$ 20,918,793
-	-	429,242	780,826
-	-	261,936	1,030,577
-	-	32,019	844,230
-	-	40,478	40,478
82,137	212,206	247,184	1,397,995
1,284,739	-	474,105	2,121,418
-	-	-	274,586
-	-	8	116,456
<u>1,366,876</u>	<u>212,206</u>	<u>2,984,259</u>	<u>27,525,359</u>
543,892	471,190	374,641	8,857,677
-	-	132,866	6,208,544
-	-	11,717	1,435,135
-	-	-	2,768,710
-	-	-	1,162,687
-	-	-	1,370,064
-	-	526,503	526,503
-	-	563,483	802,439
-	-	1,335,000	1,487,436
-	-	199,875	225,795
-	-	800	800
740,847	1,070,578	2,393,628	6,150,839
<u>1,284,739</u>	<u>1,541,768</u>	<u>5,538,513</u>	<u>30,996,629</u>
<u>82,137</u>	<u>(1,329,562)</u>	<u>(2,554,254)</u>	<u>(3,471,270)</u>
-	-	-	368,689
-	-	741,000	1,116,000
-	-	-	166,298
-	-	-	(1,116,000)
-	-	741,000	534,987
82,137	(1,329,562)	(1,813,254)	(2,936,283)
-	3,058,720	6,216,176	23,257,207
-	-	(37,731)	(37,731)
-	3,058,720	6,178,445	23,219,476
<u>\$ 82,137</u>	<u>\$ 1,729,158</u>	<u>\$ 4,365,191</u>	<u>\$ 20,283,193</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, 2025

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

Net Change in Fund Balances - Total Governmental Funds \$ (2,936,283)

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	\$ 6,150,839	
Less current year depreciation	<u>(2,514,922)</u>	3,635,917

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. (861,699)

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	(368,689)	
Payments on long-term debt	1,593,707	
Change in long-term liabilities for compensated absences	<u>21,934</u>	1,246,952

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. 5,623

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. (24,165)

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	566,857	
Contributions made after the measurement date	<u>(5,553)</u>	<u>561,304</u>

Change in Net Position of Governmental Activities \$ 1,627,649

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 16,913,850	\$ 16,913,850	\$ 17,151,141	\$ 237,291
General Sales and Use Taxes	125,000	125,000	351,584	226,584
Fines and Fees	586,000	586,000	768,641	182,641
Charges for Services	118,300	118,300	153,271	34,971
Investment Income	750,000	750,000	752,094	2,094
Intergovernmental Revenues	338,121	338,121	297,109	(41,012)
Rent and Lease Revenue	16,200	16,200	16,336	136
Other Revenue	80,000	80,000	109,360	29,360
Total Revenues	18,927,471	18,927,471	19,599,536	672,065
EXPENDITURES				
Current:				
General Government	9,336,598	8,596,509	7,467,954	1,128,555
Public Safety	7,435,166	7,417,084	6,075,678	1,341,406
Judicial System	1,829,551	1,830,045	1,423,418	406,627
Public Facilities	1,734,109	1,734,340	1,162,687	571,653
Conservation and Development	282,668	282,668	238,956	43,712
Debt Service:				
Principal	139,635	149,531	149,435	96
Interest	20,038	25,267	25,261	6
Capital Outlay	1,906,700	2,239,673	1,898,216	341,457
Total Expenditures	22,684,465	22,275,117	18,441,605	3,833,512
Excess (Deficiency) of Revenue Over Expenditures	(3,756,994)	(3,347,646)	1,157,931	4,505,577
OTHER FINANCING SOURCES (USES)				
Proceeds from Right to Use Leased Assets	100,000	100,000	368,689	268,689
Sale of Assets	10,000	10,000	19,845	9,845
Transfers Out	(725,000)	(1,116,000)	(1,116,000)	-
Total Other Financing Sources (Uses)	(615,000)	(1,006,000)	(727,466)	278,534
Net Change in Fund Balance	(4,371,994)	(4,353,646)	430,465	4,784,111
Fund Balance - Beginning	11,892,756	11,892,756	11,892,756	-
Fund Balance - Ending	\$ 7,520,762	\$ 7,539,110	\$ 12,323,221	\$ 4,784,111

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, 2025

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 2,205,657	\$ 2,205,657	\$ 2,268,365	\$ 62,708
Charges for Services	645,200	645,200	658,940	13,740
Investment Income	75,000	75,000	104,374	29,374
Intergovernmental Revenues	60,000	60,000	65,465	5,465
Other Revenue	25,000	25,000	7,088	(17,912)
Total Revenues	<u>3,010,857</u>	<u>3,010,857</u>	<u>3,104,232</u>	<u>93,375</u>
EXPENDITURES				
Current:				
Highways and Streets	3,072,933	3,035,682	2,768,710	266,972
Debt Service:				
Principal	3,001	3,001	3,001	-
Interest	659	659	659	-
Capital Outlay	-	48,000	47,570	430
Total Expenditures	<u>3,076,593</u>	<u>3,087,342</u>	<u>2,819,940</u>	<u>267,402</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(65,736)</u>	<u>(76,485)</u>	<u>284,292</u>	<u>360,777</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	146,453	146,453
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>146,453</u>	<u>146,453</u>
Net Change in Fund Balance	(65,736)	(76,485)	430,745	507,230
Fund Balance - Beginning	1,347,942	1,347,942	1,347,942	-
Fund Balance - Ending	<u>\$ 1,282,206</u>	<u>\$ 1,271,457</u>	<u>\$ 1,778,687</u>	<u>\$ 507,230</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, 2025

Draft - For Discussion
Purposes Only

	Llano County School Fund	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 135,424	\$ 1,148,196
Total Assets	135,424	1,148,196
LIABILITIES		
Accounts Payable	132,971	-
Due to Others	-	7,842
Total Liabilities	132,971	7,842
NET POSITION		
Restricted for:		
Specific Purposes	2,453	1,140,354
Total Net Position	\$ 2,453	\$ 1,140,354

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, 2025

Draft - For Discussion
Purposes Only

	Llano County School Fund	Custodial Funds
ADDITIONS		
Lease Revenue	\$ 118,199	\$ -
Other Contributions	-	103,148,166
Total Additions	118,199	103,148,166
DEDUCTIONS		
Trust Payments	147,930	-
Other Operating Costs	-	102,834,957
Total Deductions	147,930	102,834,957
Change in Net Position	(29,731)	313,209
Net Position - Beginning	32,184	827,145
Net Position - Ending	\$ 2,453	\$ 1,140,354

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, 2025

Draft - For Discussion
Purposes Only

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.

The City is a financial reporting entity as defined by GASB in its Statement No. 14, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34”.

Based on the criteria provided in the aforementioned GASB standards for reporting component units, the County presents the financial statements of the Llano County Hospital Authority (the “Authority”) withing its own financial statements as a discretely presented component unity. This reporting classification was determined based on the fact that while the Authority is a legally separate entity, Llano County appoints the Authority’s board members and provided financial support to the Authority resulting in fiscal dependency.

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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

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.

Major Funds and Fund Types

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.

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

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.

The 2023 Tax Notes Projects Fund is used to account for the proceeds from long-term debt financing or other revenues and expenditures related to the County’s capital projects.

Additionally, the County reports the following fund types:

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

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

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

The Capital Projects Fund is used to account for the construction, improvement, and renovation of County buildings in the County along with the acquisition of land and equipment. This fund is budgeted on a project basis rather than annually.

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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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.

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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

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, 2025, the County did not exceed any budgeted appropriations.

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.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

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

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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

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.

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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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, 2024, upon which the levy for the 2024-2025 fiscal year was based, was \$8,279,283,944. 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, 2025, to finance General Fund, Road & Bridge Fund and Debt Service Fund operations were \$0.20518, \$0.01794 and \$0.02700 respectively, for a total tax rate of \$0.25012 per \$100 valuation. The total tax levy for the General Fund, Road & Bridge Fund and Debt Service Fund for the 2024-2025 fiscal year was \$20,708,145. Tax collections, including collections of prior year delinquent balances, for the year ended September 30, 2025, were approximately 98% 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

The County has a compensated absences policy that awards vacation and sick hours to each applicable full-time employee that is earned monthly. Vacation hours are earned annually from a range of 48 hours to 144 hours and sick hours are earned annually at 96 hours. Both types of leave are accrued beyond the fiscal year in which they are awarded and can be used by employees in future years. The maximum amount of accrual that can be carried over to future years is 120 hours and 240 hours for vacation hours and sick hours respectively. County policy states that only banked sick hours can be paid out upon separation to eligible employees upon retirement and a tenure of at least 10 years with the County. The payout rate is the most recent hourly rate in place upon separation of the employee.

The County's Compensated Absences Liability represents only days that accumulate beyond one fiscal year, are for services already rendered, and are considered more likely than not to be utilized or paid in cash. The County has reported an ending liability balance of \$417,108 for the year ended September 30, 2025. Of this ending balance, the County considers \$168,859 to be due within 1 year.

There were no significant changes of the County's policies or rates of usage for the year ended September 30, 2025.

Compensated absences are reported with long-term debt on the statement of net position.

The County determines the Compensated Absences Liability by calculating each employees accrued leave as of the balance sheet date and multiplying those leave days by the employee's daily rate. Based on County policy, the County then subcategorizes those extended costs to those which are eligible for cash payment and those which are not as of the balance sheet date. Extended costs not eligible for cash payment as of the balance sheet date are then analyzed for long-term usage rates based on the best available historical data. The County applies a First-in, First-Out (FIFO) flow assumption as it relates to compensated absences. Once a usage rate is calculated, a percentage of PTO days that are awarded and subsequently go entirely unused is estimated and applied against the gross Compensated Absences Liability to calculate a net Compensated Absences Liability. The County then analyzes the best available historical data to estimate near-term usage rates in order to determine the estimated current portion of the liability.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

The changes in the Compensated Absences Liability in a fiscal year is recognized as expense and reported as an adjustment in accordance with Governmental Accounting Standards Board Statement No. 101 – *Compensated Absences*. This adjustment represents the net change which includes additions and deletions to the County’s Compensated Absences Liability. Additions include leave hours earned during the year. Deletions to the Compensated Absences Liability include leave hours that are utilized during the fiscal year and days that are compensated by cash payment when eligible.

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, 2025, there were no known violations of legal and contractual provisions.

B. Deficit fund equity

For the year ended September 30, 2025, 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, 2025, 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, 2025

Draft - For Discussion
 Purposes Only

As of September 30, 2025, the County had the following investments:

Investment Type	Fair Value
Local Government Investment Pools:	
Lone Star Investment Pool	\$ 5,665,898
Texas CLASS	6,715,250
LOGIC	4,175,492
Certificates of Deposit - Llano National Bank	1,043,844
Total Investments	\$ 17,600,484

The County had investments in three external local governmental investment pool at September 30, 2025, consisting of the Lone Star Investment Pool (“Lone Star”), LOGIC Investment Pool, and Texas CLASS (Public Trust) Investment Pool.

LLONE 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 governmental units, and is governed by a board of directors (the board) to provide for the joint investments of participant's public funds and funds under their control.

LOGIC's policy seeks to invest pooled assets in a manner that will provide for safety of principal, liquidity in accordance with the operating requirements of the Participants, and a competitive rate of return by utilizing economies of scale and professional investment expertise.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Since September 2005, J.P. Morgan Investment Management Inc. (JPMIM) has served as investment adviser 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 Inc. (Hilltop Securities) and JPMIM serve as co-administrators to LOGIC, and Hilltop Securities provides administrative, participant support, and marketing services. Hilltop Securities is a registered broker dealer, member of FINRA/SIPC, which provides financial advisory and investment banking services to governmental entities across the country. JPMorgan Chase Bank N.A. provides custodial services.

Texas CLASS (Public Trust)

Texas CLASS is a local government investment pool created to meet the cash management and short-term investment needs of Texas governmental entities. Texas CLASS seeks to provide participants with a competitive market yield while maintaining daily liquidity and a stable net asset value. Fund management expects the fund to maintain a maximum dollar-weighted average maturity of 60 days or less, and all investments will have a maximum maturity of 397 days or less, except for variable rate securities issued by the U.S. Treasury or agencies in instrumentalities, which carry a maximum maturity of 762 days. Eligible investments include securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, and repurchase agreements.

Public Trust Advisors, LLC serves as the pool's administrator and investment adviser. The marketing and operation functions of the portfolio are also performed by Public Trust Advisors, LLC. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board, both of which are elected by the Texas CLASS Participants. Wells Fargo Bank, N.A. serves as custodian for the pool.

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, 2025, the County's investments in Lone Star Investment Pool, Logic Investment Pool, and Texas CLASS 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 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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

A summary of amounts recorded as Due From/Due To Other Governments in the basic financial statements as of September 30, 2025 are summarized below:

Due From Other Governments:

Fund	State Grants	Misc.	Total
General Fund	\$ -	\$ 29,506	\$ 29,506
Road and Bridge	-	23,576	23,576
Non-Major Governmental Funds	3,277	-	3,277
Total	<u>\$ 3,277</u>	<u>\$ 53,082</u>	<u>\$ 56,359</u>

Due To Other Governments:

Fund	State Grants
Non-Major Governmental Funds	\$ 127,586
Total	<u>\$ 127,586</u>

NOTE-5 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2025, was as follows:

	Balance 10/1/24	Increases	Decreases	Balance 9/30/25
Capital Assets, Not Being Depreciated:				
Land	\$ 162,378	\$ -	\$ -	\$ 162,378
Construction-in-progress	204,801	1,690,521	-	1,895,322
Total Capital Assets, Not Being Depreciated	<u>367,179</u>	<u>1,690,521</u>	<u>-</u>	<u>2,057,700</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	16,031,350	924,690	-	16,956,040
Infrastructure	2,869,998	87,566	-	2,957,564
Furniture and Equipment	16,354,038	3,079,373	(845,903)	18,587,508
Right to Use Leased Assets	427,367	368,689	(311,643)	484,413
Total Capital Assets, Being Depreciated	<u>35,682,753</u>	<u>4,460,318</u>	<u>(1,157,546)</u>	<u>38,985,525</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(12,581,958)	(600,286)	-	(13,182,244)
Infrastructure	(429,216)	(147,878)	-	(577,094)
Furniture and Equipment	(9,795,234)	(1,559,615)	845,903	(10,508,946)
Right to Use Leased Assets	(224,530)	(207,143)	311,643	(120,030)
Total Accumulated Depreciation	<u>(23,030,938)</u>	<u>(2,514,922)</u>	<u>1,157,546</u>	<u>(24,388,314)</u>
Total Capital Assets Being Depreciated, Net	<u>12,651,815</u>	<u>1,945,396</u>	<u>-</u>	<u>14,597,211</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,018,994</u>	<u>\$ 3,635,917</u>	<u>\$ -</u>	<u>\$ 16,654,911</u>

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

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

Governmental Activities:	
General Government	\$ 963,021
Public Safety	675,003
Judicial System	156,030
Highways and Streets	301,019
Public Facilities	126,409
Health and Welfare	148,956
Culture and Recreation	57,242
Conservation and Development	87,242
Total Depreciation Expense - Governmental Activities	\$ 2,514,922

NOTE-6 PENSION OBLIGATIONS

Texas County & District Retirement System (TCDRS)

Plan Description

- a. Llano County participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
- 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 2024 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.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

Members	12/31/2023	12/31/2024
Number of inactive employees entitled to but not yet receiving benefits:	176	186
Number of active employees	163	157
Average monthly salary:*	\$ 3,715	\$ 4,026
Average age:*	50.92	51.49
Average length of service in years:*	10.44	10.66
<hr/>		
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	144	147
Average monthly benefit:	\$ 994	\$ 1,039

*Averages reported for active employees.

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
Adjustment for Plans with the Partial-Lump Sum Payment Option (Liability and Normal Cost)	For employers who have elected this option, a 0.75% increase is applied to the TPL related to the member deposit portion of the estimated monthly benefit for future retirees.

Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
Purposes Only

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 2025 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.

Target Allocations

Asset Class	Benchmark	Target Allocation ⁽¹⁾	Geometric Real Rate of Return ⁽²⁾
US Equities	Dow Jones U.S. Total Stock Market Index	13.0%	5.35%
Global Equities	MSCI World (net) Index	4.0%	5.15%
International Equities-Developed Markets	MSCI World Ex USA (net) Index	6.0%	4.75%
International Equities-Emerging Markets	MSCI Emerging Markets (net) Index	0.0%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.0%	255.00%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.0%	3.70%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.0%	6.85%
Distressed Debt	Cambridge Associates Distressed Securities Index ⁽³⁾	4.0%	6.80%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.0%	3.95%
Master Limited Ptnrs (MLPs)	Alerian MLP Index	2.0%	4.95%
Commodities	Bloomberg Commodities Index	2.0%	1.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index ⁽⁴⁾	6.0%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index ⁽⁵⁾	25.0%	8.15%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.0%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.0%	1.10%
		100%	

⁽¹⁾ Target asset allocation adopted at the March 2025 TCDRS Board meeting.

⁽²⁾ Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.35%, per Cliffwater's 2025 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.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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:

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	\$ 34,181,489	\$ 30,703,131	\$ 27,751,101
Fiduciary Net Position	32,567,713	32,567,713	32,567,713
Net Pension Liability/(Asset)	\$ 1,613,776	\$ (1,864,583)	\$ (4,816,612)

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, 2023	\$ 29,239,102	\$ 30,246,651	\$ (1,007,549)
Changes for the year:			
Service cost	923,917	-	923,917
Interest on total pension liability	2,219,836	-	2,219,836
Effect of plan changes	-	-	-
Effect of econ./demo. gains/losses	265,181	-	265,181
Effect of assump. changes or inputs	-	-	-
Refund of contributions	(228,762)	(228,762)	-
Benefit payments	(1,716,142)	(1,716,142)	-
Administrative expenses	-	(17,729)	17,729
Member contributions	-	585,278	(585,278)
Net investment income	-	3,068,294	(3,068,294)
Employer contributions	-	659,691	(659,691)
Other	-	(29,568)	29,568
Balances as of December 31, 2024	\$ 30,703,131	\$ 32,567,713	\$ (1,864,583)

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

For the year ended September 30, 2025, the County recognized pension expense of \$92,834.

At September 30, 2025, 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	\$ 204,471	\$ -
Changes of assumptions	-	-
Net Difference between projected and actual investment earnings	-	335,673
Contributions made subsequent to the measurement date	485,701	-
Total	\$ 690,172	\$ 335,673

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
2025	\$ (155,363)
2026	536,642
2027	(352,997)
2028	(159,484)
2029	-
Thereafter	-

NOTE-7 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, 2025 was \$87,330.

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Health Insurance

During the year ended September 30, 2025, 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 \$1,009 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, 2025 was \$1,614,896.

NOTE-8 LONG-TERM LIABILITIES

The long-term liabilities of the County comprise of notes payable, and right to use lease payables. The details of notes payable and right to use lease payables is as follows:

Governmental Activities:	Outstanding
<u>Type</u>	<u>9/30/25</u>
<u>Notes Payable:</u>	
\$4,000,000 Maintenance Tax Notes, Series 2019 due one remaining installment of \$620,000 through February 1, 2026; interest at 1.57%.	\$ 620,000
\$5,000,000 Tax Notes, Series 2021 due in annual installments of \$530,000 to \$1,190,000 through February 1, 2028; interest at 0.6% to 1.21%.	2,890,000
\$4,000,000 Tax Notes, Series 2023 due in annual installments of \$205,000 to \$1,515,000 through February 1, 2030; interest at 4.00% to 4.65%.	3,595,000
\$904,380 HVAC Equipment Note, with Government Capital Corporation, issued 2014, due in annual installments of \$79,925 through January 10, 2029; interest at 3.75%.	291,512
<u>Right to Use Lease Payable:</u>	
\$17,103 Right to Use Copier Lease, with Visual Edge, due in monthly installments of \$305 through July 2029 for a 63 month term; interest at 4.61%.	12,652
\$14,633 Right to Use Copier Lease, with Visual Edge, due in monthly installments of \$258 through June 2029 for a 63 month term; interest at 4.15%.	10,567
\$22,150 Right to Use Copier Lease, with Visual Edge, due in monthly installments of \$295 through July 2029 for a 63 month term; interest at 4.61%.	16,386
\$61,838 Right to Use Building Lease, with the Llano Masonic Lodge, due in monthly installments of \$1,850 through September 2026 for a 36 month term; interest at 4.88%	21,625
\$368,989 Right to Use Copier Lease, with Visual Edge, due in monthly installments of \$6,491 through July 2030 for a 60 month term; interest at 3.96%	336,779
Total General Long-Term Debt	<u><u>\$ 7,794,521</u></u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Changes in long-term liabilities

Changes in the County's long-term liabilities for the year ended September 30, 2025 are as follows:

Governmental Activities

Description	Balance			Balance 9/30/25	Due in One Year
	10/1/24	Additions	Deletions		
Notes Payable	\$ 8,797,953	\$ -	\$(1,401,441)	\$ 7,396,512	\$ 1,423,981
Right to Use Lease Payable	221,586	368,689	(192,266)	398,009	97,290
Compensated Absences*	439,042	-	(21,934)	417,108	168,859
Gov. Activities Long-Term Liabilities	<u>\$ 9,458,581</u>	<u>\$ 368,689</u>	<u>\$(1,615,641)</u>	<u>\$ 8,211,629</u>	<u>\$ 1,690,130</u>

* The change in compensated absences liability is presented as a net change.

Notes Payable

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, 2025 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2026	\$ 1,423,981	\$ 187,509	\$ 1,611,490
2027	1,451,568	162,006	1,613,574
2028	1,479,252	136,672	1,615,924
2029	1,526,711	92,878	1,619,589
2030	1,515,000	30,300	1,545,300
	<u>\$ 7,396,512</u>	<u>\$ 609,365</u>	<u>\$ 8,005,877</u>

Right to Use Lease Payable

The County's lease obligations for the year ending September 30, 2025 are as follows:

Year Ended September 30,	Principal	Interest	Total Requirements
2026	\$ 97,290	\$ 14,301	\$ 111,591
2027	78,770	10,621	89,391
2028	82,003	7,387	89,390
2029	82,478	4,736	87,214
2030	57,468	953	58,421
	<u>\$ 398,009</u>	<u>\$ 37,998</u>	<u>\$ 436,007</u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

As lessor the County recognizes a lease receivable. The lease receivable is measured using the net present value of future payments to be received for the lease term and deferred inflow of receivables at the beginning of the lease term. Periodic amortization of the discount on the receivable are reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. Any initial direct costs are reported as an outflow of resources for that period. Re-measurement of lease receivables occur when there are modification, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

Lease receivables as of September 31, 2025 are as follows:

Year Ended September 30,	USDA Office Lease		
	Principal	Interest	Total
2026	\$ 11,696	\$ 3,440	\$ 15,136
2027	12,173	2,964	15,137
2028	12,669	2,468	15,137
2029	13,185	1,952	15,137
2030	13,722	1,414	15,136
2031-2032	27,881	1,129	29,010
	<u>\$ 91,326</u>	<u>\$ 13,367</u>	<u>\$ 104,693</u>

NOTE-9 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.

NOTE-10 INTERFUND RECEIVABLES AND PAYABLES

The County did not have any interfund receivables or payables for the year ended September 30, 2025.

NOTE-11 INTERFUND TRANSFERS

The composition of interfund transfers for the year ended September 30, 2025 is as follows:

	Transfer in to:		
	Indigent Health Fund	Non Major Funds	Total
Transfer out from:			
General Fund	\$ 375,000	\$ 741,000	\$ 1,116,000
Total	<u>\$ 375,000</u>	<u>\$ 741,000</u>	<u>\$ 1,116,000</u>

LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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-12 UNEARNED REVENUE

Unearned revenue at September 30, 2025 consisted of the following:

Fund	Federal Grants	State Grants	Other
CARES Act Fund	\$ 375,362	\$ -	\$ -
Non-Major Gov. Funds	-	101,264	60,263
Total	<u>\$ 375,362</u>	<u>\$ 101,264</u>	<u>\$ 60,263</u>

NOTE-13 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-14 DISCRETELY PRESENTED COMPONENT UNIT

Llano County Hospital Authority (the "Authority")

Capital assets activity for the Authority for the year ended September 30, 2025 is as follows:

Component Unit	Balance 1/1/24	Increases	Decreases	Balance 12/31/24
Capital assets, being depreciated:				
Machinery, equipment, and vehicles	\$ 426,000	\$ -	\$ -	\$ 426,000
Total capital assets, being depreciated	426,000	-	-	426,000
Less accumulated depreciation for:				
Machinery, equipment, and vehicles	(84,344)	(106,534)	-	(190,878)
Total accumulated depreciation	(84,344)	(106,534)	-	(190,878)
Total capital assets being depreciated, net	341,656	(106,534)	-	235,122
Component unit capital assets, net	<u>\$ 341,656</u>	<u>\$ (106,534)</u>	<u>\$ -</u>	<u>\$ 235,122</u>

Balances presented are as the component unit's fiscal year end of December 31, 2024, which differs from the primary government's fiscal year end.

LLANO COUNTY, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

Below is a summary of lease payments receivable by fiscal year including past due amounts that were paused and expected to be received:

Year Ending December 31,	Principal	Interest	Total
2025	\$ 75,287	\$ 12,648	\$ 87,935
2026	55,605	8,355	63,960
2027	59,921	4,039	63,960
2028	21,002	318	21,320
Subtotal of Future Payments	211,815	25,360	237,175
Paused Payments (due prior to 12/31/24)	73,123	13,207	86,330
	<u>\$ 284,938</u>	<u>\$ 38,567</u>	<u>\$ 323,505</u>

NOTE-15 SUBSEQUENT EVENTS

The County has evaluated subsequent events through January 30, 2026, 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-16 RESTATEMENT OF FUND BALANCE AND NET POSITION

During the current year, the County identified an error in the prior year related to the recognition of grant revenue in the Rural Sheriff Grant Fund. Revenue was recorded in excess of amount earned resulting in an overstatement of revenues and fund balance. In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, beginning fund balance has been restated to properly defer this grant revenue.

The effects of the changes to fund balance and net position are as follows:

	<u>Rural Sheriff Grant Fund</u>
Fund balance as previously stated at September 30, 2025	\$ 37,731
Deferral of previously recognized revenue	(37,731)
Fund balance as restated at September 30, 2025	<u>\$ -</u>
	<u>Governmental Activities</u>
Net position as previously stated at September 30, 2024	\$ 29,983,479
Deferral of previously recognized revenue	(37,731)
Net position as restated at September 30, 2025	<u>\$ 29,945,748</u>

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LLANO COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

NOTE-17 IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARD

Governmental Accounting Standards Board Statement No. 101 – Compensated Absences (GASB 101) provides guidance on the accounting and financial reporting for Compensated Absences for governments. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

In the year of implementation, GASB 101 requires a retroactive restatement of prior periods to reflect the effect on net position as if the standard had been in effect in prior years. In accordance with Governmental Accounting Board Statement No. 100 – Accounting Changes and Error Corrections (“GASB 100”), this restatement is the result of a change in accounting principle. The effect on beginning net position resulting from both GASB 101 compensated absences recognition and the correction of prior period outstanding checks discussed at Note 19 and as shown within these financial statements is as follows:

For the year ended September 31, 2025, the total liability for compensated absences was \$417,108 as disclosed in Note 1 of this report.

Governmental Accounting Standards Board Statement No. 102 – Certain Risk Disclosures (GASB 102). This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

For the year ended September 30, 2025, no concentration or constraints were required to be disclosed by the County.

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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, 2025

	Measurement Year		
	2024	2023	2022
Total Pension Liability			
Service cost	\$ 923,917	\$ 808,099	\$ 791,483
Interest on total pension liability	2,219,836	2,124,657	2,034,718
Effect of plan changes	-	-	-
Effect of assumption changes or inputs	-	-	-
Effect of economic/demographic (gains) or losses	265,181	83,054	66,800
Benefit payments/refunds of contributions	(1,944,904)	(1,815,999)	(1,639,648)
Net change in total pension liability	1,464,030	1,199,811	1,253,353
Total pension liability, beginning	29,239,102	28,039,291	26,785,938
Total pension liability, ending (a)	\$ 30,703,131	\$ 29,239,102	\$ 28,039,291
Fiduciary Net Position			
Employer contributions	\$ 659,691	\$ 584,692	\$ 574,976
Member contributions	585,278	527,427	487,242
Investment income net of investment expenses	3,068,294	3,062,353	(1,727,286)
Benefit payments/refunds of contributions	(1,944,904)	(1,815,999)	(1,639,648)
Administrative expenses	(17,729)	(15,794)	(16,366)
Other	(29,568)	(24,035)	(55,972)
Net change in fiduciary net position	2,321,062	2,318,642	(2,377,056)
Fiduciary net position, beginning	30,246,651	27,928,007	30,305,063
Fiduciary net position, ending (b)	\$ 32,567,713	\$ 30,246,651	\$ 27,928,007
Net pension liability / (asset), ending = (a) - (b)	\$ (1,864,583)	\$ (1,007,550)	\$ 111,283
Fiduciary net position as a % of total pension liability	106.07%	103.45%	99.60%
Pension covered payroll	\$ 8,361,115	\$ 7,534,677	\$ 6,756,519
Net pension liability as a % of covered payroll	-22.30%	-13.37%	1.65%

Measurement Year						
2021	2020	2019	2018	2017	2016	2015
\$ 747,771	\$ 682,506	\$ 678,378	\$ 687,947	\$ 672,698	\$ 694,022	\$ 630,281
1,944,777	1,917,109	1,827,764	1,742,046	1,661,268	1,555,023	1,477,841
-	-	-	-	-	-	(73,061)
(131,894)	1,259,559	-	-	112,765	-	217,696
136,193	(511,128)	21,444	(1,557)	(146,856)	(118,634)	(221,100)
(1,477,571)	(1,504,482)	(1,355,794)	(1,365,259)	(1,272,299)	(1,034,695)	(1,043,401)
1,219,276	1,843,564	1,171,792	1,063,178	1,027,576	1,095,716	988,256
25,566,661	23,723,098	22,551,305	21,488,128	20,460,552	19,364,836	18,376,580
\$ 26,785,938	\$ 25,566,661	\$ 23,723,097	\$ 22,551,306	\$ 21,488,128	\$ 20,460,552	\$ 19,364,835
\$ 546,022	\$ 535,196	\$ 479,840	\$ 495,010	\$ 472,641	\$ 487,191	\$ 481,016
446,514	436,641	421,443	411,528	397,180	382,502	370,013
5,502,720	2,421,784	3,376,996	(404,849)	2,780,918	1,325,986	122,838
(1,477,571)	(1,504,482)	(1,355,794)	(1,365,259)	(1,272,299)	(1,034,695)	(1,043,401)
(16,395)	(18,513)	(17,872)	(16,515)	(14,268)	(14,403)	(12,905)
2,627	(22,849)	(12,294)	(13,797)	(5,528)	31,151	28,210
5,003,917	1,847,777	2,892,319	(893,882)	2,358,644	1,177,732	(54,230)
25,301,147	23,453,371	20,561,051	21,454,933	19,096,289	17,918,557	17,972,787
\$ 30,305,063	\$ 25,301,147	\$ 23,453,371	\$ 20,561,051	\$ 21,454,933	\$ 19,096,290	\$ 17,918,556
\$ (3,519,125)	\$ 265,514	\$ 269,726	\$ 1,990,255	\$ 33,195	\$ 1,364,263	\$ 1,446,279
113.14%	98.96%	98.86%	91.17%	99.85%	93.33%	92.53%
\$ 6,378,770	\$ 6,237,726	\$ 6,020,618	\$ 5,878,976	\$ 5,673,994	\$ 5,365,558	\$ 5,285,900
-55.17%	4.26%	4.48%	33.85%	0.59%	25.43%	27.36%

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LLANO COUNTY, TEXAS
SCHEDULE OF EMPLOYER CONTRIBUTIONS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2025	\$ 654,139	\$ 654,139	\$ -	\$ 8,508,859	7.7%
2024	637,431	637,431	-	8,110,054	7.9%
2023	591,319	591,319	-	7,446,546	7.9%
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%

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.

Library Donation Fund – to account for donations and related expenditures for the libraries.

County Clerk Training Fund – to account for fees collected for marriage and death certificates that are used for training offered by the state.

Guardianship Fund – to pay a guardian ad litem or an attorney ad litem appointed in a guardianship proceeding and to pay for guardianship programs for indigent incapacitated persons without family members to serve as guardians.

Court Reporter Service Fund – to account for district court reporter fees.

Language Access Fund – to provide language access services for individuals appearing before the court or receiving court services.

Pretrial Intervention Fund – to reimburse a county for expenses related to a defendant's participation in a pretrial intervention program offered in the county.

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

Probate Training Fund – to pay the continuing education of the judge and staff of the probate court.

Courthouse Security Fund – to pay for security personnel, services and items related to a building housing a court.

JC Building Security Fund - to pay for security personnel, services and items related to a building housing a JP court not located in the county courthouse.

Court Facility Fund – to fund construction, renovation or improvement of facilities that house the courts.

CC/DC Technology Fund – to pay the costs of training for county and district courts regarding technological enhancements; the purchase and maintenance of technological enhancements for county and district courts.

JP Technology Fund – to pay for court personnel, continuing education for justice court judges and court personnel, and purchase and maintain technological enhancements for justice courts.

Special Revenue Funds (cont.)

Elections Administration Fund – to account for fees and expenses for election administration costs.

Election Chapter 19 Fund – to help defray the cost of voter registration.

Sheriff Leose Fund – to pay for continuing education of licensed peace officers or training for full-time fully paid law enforcement support personnel for the Sheriff's office.

Constable PCT#1 Leose – to pay for continuing education of licensed peace officers or training for full-time fully paid law enforcement officers and support personnel for the Constable's office.

Constable PCT#2 Leose – to pay for continuing education of licensed peace officers or training for full-time fully paid law enforcement officers and support personnel for the Constable's office.

Constable PCT#3 Leose – to pay for continuing education of licensed peace officers or training for full-time fully paid law enforcement officers and support personnel for the Constable's office.

Constable PCT#4 Leose – to pay for continuing education of licensed peace officers or training for full-time fully paid law enforcement officers and support personnel for the Constable's office.

County Records Management Fund – for records management and preservation, including for automation purposes of the county.

CC Records MGMT / PRSV Fund – for records management and preservation, including for automation purposes of the County Clerk's office.

CC Archive Fund – for the preservation and restoration services performed by the County Clerk in connection with maintaining a County Clerk's records archive on public documents.

DC Records MGMT / PRSV Fund – for records management and preservation, including for automation purposes of the District Clerk's office.

DC Records Technology Fund – for the preservation and restoration services performed by the County Clerk in connection with maintaining a District Clerk's records archive on public documents.

Rural Prosecutors Grant Fund – to provide salary assistance for SB 22 grant funds.

Rural Sheriff Grant Fund - to provide salary assistance for SB 22 grant funds.

Opioid Settlement Fund – to help defray the cost of personnel associated with mental health disorders and opioid addiction.

Sheriff Donation Fund – to account for donations received by the Sheriff's office.

Sheriff Commissary Fund – to pay for, staff and equip a social program for county prisoners, purchase clothing, writing materials, and hygiene supplies for county prisoners; to pay for jail improvements, technology and equipment.

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Special Revenue Funds (cont.)

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

CCE Fund – to account for expenses related to the Community Collection Event that is a public/private sponsored event for the disposal of batteries, oil, paint, antifreeze, tires, and electronics.

Unclaimed Fund – to account for unclaimed funds held by the County.

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

Capital Projects Funds 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 damage.

2021 Tax Notes Projects Fund – to finance capital equipment and for building three Emergency Management System Stations for the County.

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Library Donation Fund
ASSETS				
Cash and Cash Equivalents	\$ 433,428	\$ 1,182	\$ 38,322	\$ 64,005
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Others Governments	-	-	-	-
Total Assets	<u>\$ 433,428</u>	<u>\$ 1,182</u>	<u>\$ 38,322</u>	<u>\$ 64,005</u>
LIABILITIES				
Accounts Payable	\$ 8,479	\$ -	\$ 8,909	\$ -
Accrued Salaries and Wages	-	-	12,732	-
Accrued Expenditures	-	-	-	-
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	60,263
Total Liabilities	<u>8,479</u>	<u>-</u>	<u>21,641</u>	<u>60,263</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)				
Nonspendable:				
Inventories	-	-	-	-
Deferred Expenditures	-	-	-	-
Restricted for:				
State and Federal Grants	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Specific Purposes	424,949	1,182	16,681	3,742
Total Fund Balances	<u>424,949</u>	<u>1,182</u>	<u>16,681</u>	<u>3,742</u>
Total Liabilities and Fund Balances	<u>\$ 433,428</u>	<u>\$ 1,182</u>	<u>\$ 38,322</u>	<u>\$ 64,005</u>

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

County Clerk Training Fund	Guardianship Fund	Court Reporter Service Fund	Language Access Fund	Pretrial Intervention Fund	Law Library Fund	Probate Training Fund
\$ 12,985	\$ 60,260	\$ 15,379	\$ 7,110	\$ 71,091	\$ 62,616	\$ 6,145
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 12,985</u>	<u>\$ 60,260</u>	<u>\$ 15,379</u>	<u>\$ 7,110</u>	<u>\$ 71,091</u>	<u>\$ 62,616</u>	<u>\$ 6,145</u>
\$ 55	\$ -	\$ 450	\$ 193	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>55</u>	<u>-</u>	<u>450</u>	<u>193</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,930	60,260	14,929	6,917	71,091	62,616	6,145
<u>12,930</u>	<u>60,260</u>	<u>14,929</u>	<u>6,917</u>	<u>71,091</u>	<u>62,616</u>	<u>6,145</u>
<u>\$ 12,985</u>	<u>\$ 60,260</u>	<u>\$ 15,379</u>	<u>\$ 7,110</u>	<u>\$ 71,091</u>	<u>\$ 62,616</u>	<u>\$ 6,145</u>

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

	Courthouse Security Fund	JC Building Security Fund	Court Facility Fund	CC/DC Technology Fund
ASSETS				
Cash and Cash Equivalents	\$ 59,471	\$ 20,325	\$ 35,668	\$ 4,500
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Others Governments	-	-	-	-
Total Assets	<u>\$ 59,471</u>	<u>\$ 20,325</u>	<u>\$ 35,668</u>	<u>\$ 4,500</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Wages	-	-	-	-
Accrued Expenditures	-	-	-	-
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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)				
Nonspendable:				
Inventories	-	-	-	-
Deferred Expenditures	-	-	-	-
Restricted for:				
State and Federal Grants	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Specific Purposes	59,471	20,325	35,668	4,500
Total Fund Balances	<u>59,471</u>	<u>20,325</u>	<u>35,668</u>	<u>4,500</u>
Total Liabilities and Fund Balances	<u>\$ 59,471</u>	<u>\$ 20,325</u>	<u>\$ 35,668</u>	<u>\$ 4,500</u>

JP Technology Fund	Elections Administration Fund	Election Chapter 19 Fund	Sheriff Lease Fund	Constable PCT#1 Lease	Constable PCT#2 Lease	Constable PCT#3 Lease
\$ 21,612	\$ 87,494	\$ 1,365	\$ 13,845	\$ 9,869	\$ 4,119	\$ 4,766
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 21,612</u>	<u>\$ 87,494</u>	<u>\$ 1,365</u>	<u>\$ 13,845</u>	<u>\$ 9,869</u>	<u>\$ 4,119</u>	<u>\$ 4,766</u>
\$ -	\$ -	\$ -	\$ 9,644	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	9,644	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
21,612	87,494	1,365	4,201	9,869	4,119	4,766
<u>21,612</u>	<u>87,494</u>	<u>1,365</u>	<u>4,201</u>	<u>9,869</u>	<u>4,119</u>	<u>4,766</u>
<u>\$ 21,612</u>	<u>\$ 87,494</u>	<u>\$ 1,365</u>	<u>\$ 13,845</u>	<u>\$ 9,869</u>	<u>\$ 4,119</u>	<u>\$ 4,766</u>

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

	Constable PCT#4 Leose	County Records Management Fund	CC Records MGMT/ PRSV Fund	CC Archive Fund
ASSETS				
Cash and Cash Equivalents	\$ 6,684	\$ 21,036	\$ 288,376	\$ 242,293
Property Taxes Receivable	-	-	-	-
Allowance for Uncollectible Taxes	-	-	-	-
Due from Others Governments	-	-	-	-
Total Assets	<u>\$ 6,684</u>	<u>\$ 21,036</u>	<u>\$ 288,376</u>	<u>\$ 242,293</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Wages	-	-	-	-
Accrued Expenditures	-	-	-	-
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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)				
Nonspendable:				
Inventories	-	-	-	-
Deferred Expenditures	-	-	-	-
Restricted for:				
State and Federal Grants	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	-	-
Specific Purposes	6,684	21,036	288,376	242,293
Total Fund Balances	<u>6,684</u>	<u>21,036</u>	<u>288,376</u>	<u>242,293</u>
Total Liabilities and Fund Balances	<u>\$ 6,684</u>	<u>\$ 21,036</u>	<u>\$ 288,376</u>	<u>\$ 242,293</u>

DC Records MGMT/PRSV Fund	DC Records Technology Fund	Rural Prosecutors Grant Fund	Rural Sheriff Grant Fund	Opioid Settlement Fund	Sheriff Donation Fund	Sheriff Comissary Fund
\$ 43,383	\$ 18,260	\$ 107,401	\$ 119,465	\$ 64,462	\$ 37,121	\$ 27,929
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	3,277	-	-	-	-
<u>\$ 43,383</u>	<u>\$ 18,260</u>	<u>\$ 110,678</u>	<u>\$ 119,465</u>	<u>\$ 64,462</u>	<u>\$ 37,121</u>	<u>\$ 27,929</u>
\$ -	\$ -	\$ 628	\$ 14,784	\$ 114	\$ -	\$ -
-	-	2,649	1,513	-	-	-
-	-	-	-	-	-	-
-	-	107,401	1,904	-	-	-
-	-	-	101,264	-	-	-
-	-	<u>110,678</u>	<u>119,465</u>	<u>114</u>	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
43,383	18,260	-	-	64,348	37,121	27,929
<u>43,383</u>	<u>18,260</u>	<u>-</u>	<u>-</u>	<u>64,348</u>	<u>37,121</u>	<u>27,929</u>
<u>\$ 43,383</u>	<u>\$ 18,260</u>	<u>\$ 110,678</u>	<u>\$ 119,465</u>	<u>\$ 64,462</u>	<u>\$ 37,121</u>	<u>\$ 27,929</u>

LLANO COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

	Child Advocacy Fund	CCE Fund	Unclaimed Funds	Debt Service Fund
ASSETS				
Cash and Cash Equivalents	\$ 258,836	\$ 66,192	\$ 1,062	\$ 264,103
Property Taxes Receivable	-	-	-	36,732
Allowance for Uncollectible Taxes	-	-	-	(3,673)
Due from Others Governments	-	-	-	-
Total Assets	<u>\$ 258,836</u>	<u>\$ 66,192</u>	<u>\$ 1,062</u>	<u>\$ 297,162</u>
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Accrued Salaries and Wages	-	-	-	-
Accrued Expenditures	708	-	-	-
Due to Other Governments	-	-	-	-
Unearned Revenues	-	-	-	-
Total Liabilities	<u>708</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Property Taxes	-	-	-	33,059
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,059</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	-	-	-	-
Deferred Expenditures	-	-	-	-
Restricted for:				
State and Federal Grants	-	-	-	-
Debt Service	-	-	-	264,103
Capital Projects	-	-	-	-
Specific Purposes	258,128	66,192	1,062	-
Total Fund Balances	<u>258,128</u>	<u>66,192</u>	<u>1,062</u>	<u>264,103</u>
Total Liabilities and Fund Balances	<u>\$ 258,836</u>	<u>\$ 66,192</u>	<u>\$ 1,062</u>	<u>\$ 297,162</u>

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

2021 Tax Notes Projects Fund	Flood Recovery Fund	Total Non- Major Funds
\$ 1,425,885	\$ 1,262,637	\$ 5,290,682
-	-	36,732
-	-	(3,673)
-	-	3,277
<u>\$ 1,425,885</u>	<u>\$ 1,262,637</u>	<u>\$ 5,327,018</u>
\$ 597,078	\$ -	\$ 640,334
-	-	16,894
-	-	708
-	-	109,305
-	-	161,527
<u>597,078</u>	<u>-</u>	<u>928,768</u>
-	-	33,059
<u>-</u>	<u>-</u>	<u>33,059</u>
-	-	-
-	-	-
-	-	-
-	-	264,103
828,807	1,262,637	2,091,444
-	-	2,009,644
<u>828,807</u>	<u>1,262,637</u>	<u>4,365,191</u>
<u>\$ 1,425,885</u>	<u>\$ 1,262,637</u>	<u>\$ 5,327,018</u>

LLANO COUNTY, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Hotel Occupancy Fund	LCSO Seizure Fund	Library Fund	Library Donation Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	429,242	-	-	-
Fines and Fees	-	-	1,225	-
Charges for Services	-	-	8,443	-
Donations	-	-	-	2,506
Investment Income	39,504	-	-	2,810
Intergovernmental Revenues	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	468,746	-	9,668	5,316
EXPENDITURES				
Current:				
General Government	-	2,600	-	-
Public Safety	-	-	-	-
Judicial System	-	-	-	-
Culture and Recreation	-	-	523,997	2,506
Conservation and Development	563,483	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay	-	-	208,116	-
Total Expenditures	563,483	2,600	732,113	2,506
Excess (Deficiency) of Revenue Over Expenditures	(94,737)	(2,600)	(722,445)	2,810
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	726,000	-
Total Other Financing Sources (Uses)	-	-	726,000	-
Net Change in Fund Balance	(94,737)	(2,600)	3,555	2,810
Fund Balance - Beginning (as previously reported)	519,686	3,782	13,126	932
Restatement (See Note 16)	-	-	-	-
Fund Balance - Beginning, as restated	519,686	3,782	13,126	932
Fund Balance - Ending	\$ 424,949	\$ 1,182	\$ 16,681	\$ 3,742

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

County Clerk Training Fund	Guardianship Fund	Court Reporter Service Fund	Language Access Fund	Pretrial Intervention Fund	Law Library Fund	Probate Training Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
764	4,520	13,631	2,819	7,350	18,920	985
-	-	-	-	-	-	3,619
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>764</u>	<u>4,520</u>	<u>13,631</u>	<u>2,819</u>	<u>7,350</u>	<u>18,920</u>	<u>4,604</u>
807	-	-	-	-	6,456	3,458
-	-	-	-	-	-	-
-	-	9,662	2,055	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>807</u>	<u>-</u>	<u>9,662</u>	<u>2,055</u>	<u>-</u>	<u>6,456</u>	<u>3,458</u>
(43)	4,520	3,969	764	7,350	12,464	1,146
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(43)	4,520	3,969	764	7,350	12,464	1,146
12,973	55,740	10,960	6,153	63,741	50,152	4,999
-	-	-	-	-	-	-
12,973	55,740	10,960	6,153	63,741	50,152	4,999
<u>\$ 12,930</u>	<u>\$ 60,260</u>	<u>\$ 14,929</u>	<u>\$ 6,917</u>	<u>\$ 71,091</u>	<u>\$ 62,616</u>	<u>\$ 6,145</u>

LLANO COUNTY, TEXAS Draft - For Discussion
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Courthouse Security Fund	JC Building Security Fund	Court Facility Fund	CC/DC Technology Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	-	-	-	-
Fines and Fees	14,650	1,753	10,812	544
Charges for Services	-	-	-	-
Donations	-	-	-	-
Investment Income	-	-	-	-
Intergovernmental Revenues	-	-	-	-
Other Revenue	-	-	-	-
Total Revenues	14,650	1,753	10,812	544
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	-	-
Judicial System	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay	51,734	-	-	-
Total Expenditures	51,734	-	-	-
Excess (Deficiency) of Revenue Over Expenditures	(37,084)	1,753	10,812	544
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(37,084)	1,753	10,812	544
Fund Balance - Beginning (as previously reported)	96,555	18,572	24,856	3,956
Restatement (See Note 16)	-	-	-	-
Fund Balance - Beginning, as restated	96,555	18,572	24,856	3,956
Fund Balance - Ending	\$ 59,471	\$ 20,325	\$ 35,668	\$ 4,500

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

JP Technology Fund	Elections Administration Fund	Election Chapter 19 Fund	Sheriff Lease Fund	Constable PCT#1 Lease	Constable PCT#2 Lease	Constable PCT#3 Lease
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
5,695	2,528	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,245	6,598	1,462	1,462	1,462
-	-	-	-	-	-	-
<u>5,695</u>	<u>2,528</u>	<u>1,245</u>	<u>6,598</u>	<u>1,462</u>	<u>1,462</u>	<u>1,462</u>
-	-	219	-	-	-	-
-	-	-	5,644	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	219	5,644	-	-	-
<u>5,695</u>	<u>2,528</u>	<u>1,026</u>	<u>954</u>	<u>1,462</u>	<u>1,462</u>	<u>1,462</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>5,695</u>	<u>2,528</u>	<u>1,026</u>	<u>954</u>	<u>1,462</u>	<u>1,462</u>	<u>1,462</u>
<u>15,917</u>	<u>84,966</u>	<u>339</u>	<u>3,247</u>	<u>8,407</u>	<u>2,657</u>	<u>3,304</u>
-	-	-	-	-	-	-
<u>15,917</u>	<u>84,966</u>	<u>339</u>	<u>3,247</u>	<u>8,407</u>	<u>2,657</u>	<u>3,304</u>
<u>\$ 21,612</u>	<u>\$ 87,494</u>	<u>\$ 1,365</u>	<u>\$ 4,201</u>	<u>\$ 9,869</u>	<u>\$ 4,119</u>	<u>\$ 4,766</u>

LLANO COUNTY, TEXAS Draft - For Discussion
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Constable PCT#4 Lease	County Records Management Fund	CC Records MGMT/ PRSV Fund	CC Archive Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ -
General Sales and Use Taxes	-	-	-	-
Fines and Fees	-	30	76,994	72,689
Charges for Services	-	-	-	-
Donations	-	-	-	-
Investment Income	-	-	-	-
Intergovernmental Revenues	1,461	-	-	-
Other Revenue	-	-	-	-
Total Revenues	<u>1,461</u>	<u>30</u>	<u>76,994</u>	<u>72,689</u>
EXPENDITURES				
Current:				
General Government	-	5,138	30,425	-
Public Safety	919	-	-	-
Judicial System	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fees	-	-	-	-
Capital Outlay	-	-	-	99,131
Total Expenditures	<u>919</u>	<u>5,138</u>	<u>30,425</u>	<u>99,131</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>542</u>	<u>(5,108)</u>	<u>46,569</u>	<u>(26,442)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	542	(5,108)	46,569	(26,442)
Fund Balance - Beginning (as previously reported)	6,142	26,144	241,807	268,735
Restatement (See Note 16)	-	-	-	-
Fund Balance - Beginning, as restated	6,142	26,144	241,807	268,735
Fund Balance - Ending	<u>\$ 6,684</u>	<u>\$ 21,036</u>	<u>\$ 288,376</u>	<u>\$ 242,293</u>

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

DC Records MGMT/PRSV Fund	DC Records Technology Fund	Rural Prosecutors Grant Fund	Rural Sheriff Grant Fund	Opioid Settlement Fund	Sheriff Donation Fund	Sheriff Commissary Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
13,495	-	-	-	-	-	-
-	-	-	-	-	-	19,957
-	-	-	-	-	26,000	-
-	-	4,907	8,864	-	1,040	-
-	-	87,928	284,562	34,555	-	-
-	-	-	-	-	-	-
<u>13,495</u>	<u>-</u>	<u>92,835</u>	<u>293,426</u>	<u>34,555</u>	<u>27,040</u>	<u>19,957</u>
-	-	92,835	-	-	-	-
-	-	-	98,421	2,721	12,036	13,125
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	195,005	-	-	-
<u>-</u>	<u>-</u>	<u>92,835</u>	<u>293,426</u>	<u>2,721</u>	<u>12,036</u>	<u>13,125</u>
<u>13,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,834</u>	<u>15,004</u>	<u>6,832</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,834</u>	<u>15,004</u>	<u>6,832</u>
<u>29,888</u>	<u>18,260</u>	<u>-</u>	<u>37,731</u>	<u>32,514</u>	<u>22,117</u>	<u>21,097</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,731)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>29,888</u>	<u>18,260</u>	<u>-</u>	<u>-</u>	<u>32,514</u>	<u>22,117</u>	<u>21,097</u>
<u>\$ 43,383</u>	<u>\$ 18,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,348</u>	<u>\$ 37,121</u>	<u>\$ 27,929</u>

LLANO COUNTY, TEXAS Draft - For Discussion
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Child Advocacy Fund	CCE Fund	Unclaimed Funds	Debt Service Fund
REVENUES				
Property Taxes	\$ -	\$ -	\$ -	\$ 1,499,287
General Sales and Use Taxes	-	-	-	-
Fines and Fees	11,533	999	-	-
Charges for Services	-	-	-	-
Donations	-	11,972	-	-
Investment Income	-	-	-	17,174
Intergovernmental Revenues	28,676	24,694	-	-
Other Revenue	-	-	8	-
Total Revenues	<u>40,209</u>	<u>37,665</u>	<u>8</u>	<u>1,516,461</u>
EXPENDITURES				
Current:				
General Government	200,000	32,703	-	-
Public Safety	-	-	-	-
Judicial System	-	-	-	-
Culture and Recreation	-	-	-	-
Conservation and Development	-	-	-	-
Debt Service:				
Principal	-	-	-	1,335,000
Interest	-	-	-	199,875
Fees	-	-	-	800
Capital Outlay	-	-	-	-
Total Expenditures	<u>200,000</u>	<u>32,703</u>	<u>-</u>	<u>1,535,675</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(159,791)</u>	<u>4,962</u>	<u>8</u>	<u>(19,214)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	15,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(159,791)</u>	<u>19,962</u>	<u>8</u>	<u>(19,214)</u>
Fund Balance - Beginning (as previously reported)	<u>417,919</u>	<u>46,230</u>	<u>1,054</u>	<u>283,317</u>
Restatement (See Note 16)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Beginning, as restated	<u>417,919</u>	<u>46,230</u>	<u>1,054</u>	<u>283,317</u>
Fund Balance - Ending	<u>\$ 258,128</u>	<u>\$ 66,192</u>	<u>\$ 1,062</u>	<u>\$ 264,103</u>

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

2021 Tax Notes Projects Fund	Flood Recovery Fund	Total Non- Major Funds
\$ -	\$ -	\$ 1,499,287
-	-	429,242
-	-	261,936
-	-	32,019
-	-	40,478
172,885	-	247,184
-	-	474,105
-	-	8
<u>172,885</u>	<u>-</u>	<u>2,984,259</u>
-	-	374,641
-	-	132,866
-	-	11,717
-	-	526,503
-	-	563,483
-	-	1,335,000
-	-	199,875
-	-	800
1,839,642	-	2,393,628
<u>1,839,642</u>	<u>-</u>	<u>5,538,513</u>
<u>(1,666,757)</u>	<u>-</u>	<u>(868,291)</u>
-	-	741,000
<u>-</u>	<u>-</u>	<u>741,000</u>
(1,666,757)	-	(1,813,254)
<u>2,495,564</u>	<u>1,262,637</u>	<u>6,216,176</u>
<u>-</u>	<u>-</u>	<u>(37,731)</u>
<u>2,495,564</u>	<u>1,262,637</u>	<u>6,178,445</u>
<u>\$ 828,807</u>	<u>\$ 1,262,637</u>	<u>\$ 4,365,191</u>

LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

	Jury Fund	County Attorney Hot Check Fund	LCSO State Seizure Fund	State Fees Fund	District Clerk Fines/Fees
ASSETS					
Cash and Temporary Investments	\$ 5,662	\$ 8,482	\$ 8,222	\$ 2,224	\$ 47,997
Total Assets	<u>\$ 5,662</u>	<u>\$ 8,482</u>	<u>\$ 8,222</u>	<u>\$ 2,224</u>	<u>\$ 47,997</u>
LIABILITIES					
Due to Others	\$ 5,529	\$ 89	\$ -	\$ 2,224	\$ -
Total Liabilities	<u>5,529</u>	<u>89</u>	<u>-</u>	<u>2,224</u>	<u>-</u>
NET POSITION					
Restricted for:					
Specific Purposes	133	8,393	8,222	-	47,997
Total Net Position	<u>\$ 133</u>	<u>\$ 8,393</u>	<u>\$ 8,222</u>	<u>\$ -</u>	<u>\$ 47,997</u>

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

District Clerk Trust	County Clerk Court Registry	Sales and Use Tax	Auto Tax	Ad Valorem	Liquor & Beer	VIT Interest
\$ 525,029	\$ 111,035	\$ 108,896	\$ 44,126	\$ 250,948	\$ 2,834	\$ 25,705
<u>\$ 525,029</u>	<u>\$ 111,035</u>	<u>\$ 108,896</u>	<u>\$ 44,126</u>	<u>\$ 250,948</u>	<u>\$ 2,834</u>	<u>\$ 25,705</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
525,029	111,035	108,896	44,126	250,948	2,834	25,705
<u>\$ 525,029</u>	<u>\$ 111,035</u>	<u>\$ 108,896</u>	<u>\$ 44,126</u>	<u>\$ 250,948</u>	<u>\$ 2,834</u>	<u>\$ 25,705</u>

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LLANO COUNTY, TEXAS
 COMBINING STATEMENT OF NET POSITION
 CUSTODIAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

(CONCLUDED)
 Draft - For Discussion
 Purposes Only

	Inmate Trust	Total Custodial Funds
ASSETS		
Cash and Temporary Investments	\$ 7,036	\$ 1,148,196
Total Assets	\$ 7,036	\$ 1,148,196
LIABILITIES		
Due to Others	\$ -	\$ 7,842
Total Liabilities	-	7,842
NET POSITION		
Restricted for:		
Specific Purposes	7,036	1,140,354
Total Net Position	\$ 7,036	\$ 1,140,354

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

LLANO COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
AS ON SEPTEMBER 30, 2025

	Jury Fund	County Attorney Hot Check Fund	LCSO State Seizure Fund	State Fees Fund	District Clerk Fines/Fees
ADDITIONS					
Other Contributions	\$ 5,628	\$ 91	\$ 5,475	\$ -	\$ 225,971
Total Additions	5,628	91	5,475	-	225,971
DEDUCTIONS					
Other Operating Costs	39,580	4,846	-	-	216,910
Total Deductions	39,580	4,846	-	-	216,910
Change in Net Position	(33,952)	(4,755)	5,475	-	9,061
Net Position - Beginning	34,085	13,148	2,747	-	38,936
Net Position - Ending	\$ 133	\$ 8,393	\$ 8,222	\$ -	\$ 47,997

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

District Clerk Trust	County Clerk Court Registry	Sales and Use Tax	Auto Tax	Ad Valorem	Liquor & Beer	VIT Interest
\$ 478,439	\$ 52,126	\$ 1,837,797	\$ 4,252,821	\$ 96,126,789	\$ 14,312	\$ 32,045
478,439	52,126	1,837,797	4,252,821	96,126,789	14,312	32,045
221,964	20,531	1,807,949	4,251,683	96,089,774	14,314	40,042
221,964	20,531	1,807,949	4,251,683	96,089,774	14,314	40,042
256,475	31,595	29,848	1,138	37,015	(2)	(7,997)
268,554	79,440	79,048	42,988	213,933	2,836	33,702
\$ 525,029	\$ 111,035	\$ 108,896	\$ 44,126	\$ 250,948	\$ 2,834	\$ 25,705

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LLANO COUNTY, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Inmate Trust	Total Custodial Funds
ADDITIONS		
Other Contributions	\$ 116,672	\$ 103,148,166
Total Additions	<u>116,672</u>	<u>103,148,166</u>
DEDUCTIONS		
Other Operating Costs	127,364	102,834,957
Total Deductions	<u>127,364</u>	<u>102,834,957</u>
Change in Net Position	(10,692)	313,209
Net Position - Beginning	<u>17,728</u>	<u>827,145</u>
Net Position - Ending	<u>\$ 7,036</u>	<u>\$ 1,140,354</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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 1,474,000	\$ 1,474,000	\$ 1,499,287	\$ 25,287
Investment Income	15,000.00	15,000.00	17,174	2,174
Total Revenues	<u>1,489,000</u>	<u>1,489,000</u>	<u>1,516,461</u>	<u>27,461</u>
EXPENDITURES				
Debt Service:				
Principal	1,335,000	1,335,000	1,335,000	-
Interest	200,100	200,100	199,875	225
Fees	1,200	1,200	800	400
Total Expenditures	<u>1,536,300</u>	<u>1,536,300</u>	<u>1,535,675</u>	<u>625</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(47,300)</u>	<u>(47,300)</u>	<u>(19,214)</u>	<u>26,836</u>
Net Change in Fund Balance	(47,300)	(47,300)	(19,214)	28,086
Fund Balance - Beginning	283,317	283,317	283,317	-
Fund Balance - Ending	<u>\$ 236,017</u>	<u>\$ 236,017</u>	<u>\$ 264,103</u>	<u>\$ 28,086</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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Llano County, Texas, as of and for the year ended September 30, 2025, 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 January 30, 2026. Our report includes the following opinions:

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Road and Bridge Fund	Unmodified
Indigent Healthcare Fund	Unmodified
CARES Act Fund	Unmodified
2023 Tax Notes Project Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified
Discretely Presented Component Unit	Disclaimer

The financial statements of the Llano County Hospital Authority for the periods prior to December 31, 2024 were not audited. As a result, we were unable to obtain sufficient appropriate evidence regarding the opening net position as of January 1, 2024, which affects the determination of financial position as of December 31, 2024 and the results of operations and cash flows for the year ended. Because of the significance of this matter, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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.

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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.

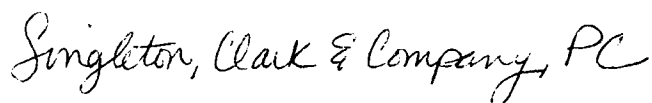
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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*.

Purpose of this Report

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



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

January 30, 2026

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

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

Report on Compliance for Each Major Federal Program

We have audited the County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended September 30, 2025. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Report on Internal Control Over Compliance

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

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

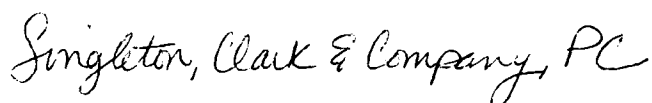
A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected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

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

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

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

We have audited the financial statements of the County as of and for the year ended September 30, 2025, and have issued our report thereon dated January 30, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



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

January 30, 2026

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LLANO COUNTY, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN Number	Pass-Through		Federal Expenditures
		Entity Identifying Number		
<u>FEDERAL AWARDS</u>				
U.S. DEPARTMENT OF TREASURY				
<u>Direct Award</u>				
Coronavirus State and Fiscal Recovery Funds	21.027	N/A		<u>\$ 1,284,739</u>
Total Direct Award				<u>1,284,739</u>
TOTAL U.S. DEPARTMENT OF TREASURY				<u>1,284,739</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u><u>\$ 1,284,739</u></u>

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LLANO COUNTY, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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

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

The County does not currently have a negotiated indirect cost rate. When indirect costs are claimed on federal grants, the federal de minimis cost rate is used.

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

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

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LLANO COUNTY, TEXAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Draft - For Discussion
 Purposes Only

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Primary Government – Unmodified
 Discretely Presented Component Unit - Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported
- Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

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

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

Coronavirus State and Fiscal Recovery Funds	Unmodified
---	------------

Any audit findings disclosed that are required to be in accordance with federal Uniform Guidance? Yes No

Identification of major programs:

<u>ALN Numbers(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Federal Expenditures</u>
21.027	Coronavirus State and Fiscal Recovery Funds	\$1,284,739
Total Major Programs		\$1,284,739

Dollar threshold used to distinguish Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes No

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LLANO COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS

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

No findings of questioned costs required to be reported in accordance with Government Auditing Standards for the year ended September 30, 2025 and September 30, 2024.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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

No findings of questioned costs required to be reported in accordance with Uniform Guidance for the years ended September 30, 2025 and September 30, 2024.