

**ARMSTRONG COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**FOR YEAR ENDED  
DECEMBER 31, 2021**

**ARMSTRONG COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED DECEMBER 31, 2021**

**TABLE OF CONTENTS**

|   | Page |
|---|------|
| <b>PART I – INTRODUCTORY SECTION</b>  |      |
| LIST OF PRINCIPAL COUNTY OFFICIALS.....   | i    |
| <b>PART II – FINANCIAL SECTION</b>  |      |
| INDEPENDENT AUDITORS’ REPORT .....  | 1    |
| <b>BASIC FINANCIAL STATEMENTS</b>   |      |
| <u>Government-wide Financial Statements</u>   |      |
| Statement of Net Position .....   | 4    |
| Statement of Activities .....   | 6    |
| <u>Fund Financial Statements</u>  |      |
| Balance Sheet – Governmental Funds .....  | 7    |
| Reconciliation of the Balance Sheet of Governmental Funds<br>to the Statement of Net Position .....   | 8    |
| Statement of Revenues, Expenditures and Changes in Fund Balances of<br>Governmental Funds .....   | 9    |
| Reconciliation of the Statement of Revenues, Expenditures and<br>Changes in Fund Balances of Governmental Funds to the Statement<br>of Activities ..... | 10   |
| Statement of Fiduciary Net Position – Custodial Funds .....   | 11   |
| <u>Notes to Basic Financial Statements</u> .....  | 12   |
| <b>REQUIRED SUPPLEMENTARY INFORMATION</b>   |      |
| Schedule of Revenues, Expenditures and Changes in Fund Balance –<br>Budget and Actual – General Fund.....   | 39   |
| Schedule of Revenues, Expenditures and Changes in Fund Balance –<br>Budget and Actual – Road and Bridge Fund .....                                      | 41   |
| Schedule of Changes in Net Pension Liability and Related Ratios.....  | 42   |

**ARMSTRONG COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**FOR YEAR ENDED DECEMBER 31, 2021**

**TABLE OF CONTENTS**

|  | Page |
|--|------|
| Schedule of Employer Contributions .....   | 43   |
| Schedule of Changes in Total OPEB Liability and Related Ratios .....   | 45   |
| <b>OTHER SUPPLEMENTARY INFORMATION</b>   |      |
| Combining Balance Sheet – Non-major Governmental Funds .....   | 46   |
| Combining Statement of Revenues, Expenditures and Changes in Fund<br>Balances – Non-major Governmental Funds ..... | 48   |
| Combining Statement of Fiduciary Net Position – Custodial Funds .....  | 50   |

This page left blank intentionally

**PART I**

**INTRODUCTORY SECTION**

**ARMSTRONG COUNTY, TEXAS**  
**PRINCIPAL COUNTY OFFICIALS**  
**DECEMBER 31, 2021**

|                  |   |
|------------------|---|
| Hugh Reed        | County Judge                              |
| Adam Ensey       | Commissioner, Precinct #1                 |
| Dustin Sanders   | Commissioner, Precinct #2                 |
| Robert Harris    | Commissioner, Precinct #3                 |
| Mike Ollinger    | Commissioner, Precinct #4                 |
| Dan Schaap       | Judge, 47 <sup>th</sup> Judicial District |
| Randall Sims     | District Attorney                         |
| Tawnee Blodgett  | District/County Clerk                     |
| Jamie Craig      | County Tax Assessor/Collector             |
| Susan Overcast   | County Treasurer                          |
| Melissa Anderson | County Sheriff                            |
| Jana Lemons      | Justice of the Peace                      |

**PART II**  
**FINANCIAL SECTION**



To The Honorable County Judge and  
Commissioners Comprising the  
Commissioners' Court of  
Armstrong County, Texas

## INDEPENDENT AUDITORS' REPORT

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Armstrong County, Texas as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Armstrong County, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Armstrong County, Texas, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Armstrong County, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Armstrong 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 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, 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 Armstrong 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 Armstrong 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 budgetary comparison schedules, the schedule of changes in pension liability and related ratios, the schedule of employer contributions, and the schedule of changes in total OPEB liability and related ratios on pages 39 – 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The County has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. The MD&A, 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. The independent auditors' opinion is not affected by the omission of the MD&A.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Armstrong County, Texas's basic financial statements. The combining nonmajor and custodial fund financial statements 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 nonmajor and custodial fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*DOSHIER, PICKENS & FRANCIS, L.L.C.*

DOSHIER, PICKENS & FRANCIS, LLC

Amarillo, Texas

August 26, 2022

## **BASIC FINANCIAL STATEMENTS**

**ARMSTRONG COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

|  |    | <u>Governmental<br/>Activities</u> |
|--|----|------------------------------------|
| <b>ASSETS</b>  |    |                                    |
| Cash and cash equivalents                                | \$ | 2,486,032                          |
| Investments  |    | 325,595                            |
| Accounts receivable, net                                 |    | 223,053                            |
| Taxes receivable, net                                    |    | 385,833                            |
| Due from other governmental entities                     |    | 111,987                            |
| Prepaid expenses   |    | 18,624                             |
| Net pension asset  |    | 81,950                             |
| Capital assets, net of accumulated depreciation          |    | <u>2,471,438</u>                   |
| Total assets   |    | <u>6,104,512</u>                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                    |    |                                    |
| Pension contributions                                    |    | 40,391                             |
| Pension assumption changes                               |    | 70,248                             |
| Other postemployment benefit contributions               |    | 4,039                              |
| Other postemployment benefit economic/demographic losses |    | 7,554                              |
| Other postemployment benefit assumption changes          |    | <u>24,383</u>                      |
| Total deferred outflows of resources                     |    | <u>146,615</u>                     |

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

**ARMSTRONG COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>LIABILITIES</b>                                      |                                    |
| Accounts payable  | \$ 126,476                         |
| Due to other governmental entities                      | 318,599                            |
| Accrued wages payable                                   | 12,960                             |
| Accrued interest  | 5,648                              |
| Noncurrent liabilities:                                 |                                    |
| Due within one year                                     | 98,292                             |
| Due in more than one year                               | 278,054                            |
| Total other postemployment benefit liability            | <u>149,983</u>                     |
| Total liabilities                                       | <u>990,012</u>                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                    |                                    |
| Pension economic/demographic gains                      | 2,941                              |
| Pension excess earnings                                 | 121,186                            |
| Other postemployment benefit economic/demographic gains | 475                                |
| Other postemployment benefit assumption changes         | <u>4,040</u>                       |
| Total deferred inflows of resources                     | <u>128,642</u>                     |
| <b>NET POSITION</b>                                     |                                    |
| Net investment in capital assets                        | 2,105,819                          |
| Restricted:   |                                    |
| By enabling legislation                                 | 434,161                            |
| Special purposes:                                       |                                    |
| Cemetery donations                                      | 396,762                            |
| Unrestricted  | <u>2,195,731</u>                   |
| Total net position                                      | <u><u>\$ 5,132,473</u></u>         |

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

This page left blank intentionally

**ARMSTRONG COUNTY, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

| <u>Functions/Programs</u>                   | <u>Expenses</u>     | <u>Program Revenues</u>         |   |   | <u>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</u> |
|---|---------------------|---------------------------------|---|---|--|
|   |                     | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Primary<br/>Government<br/>Governmental<br/>Activities</u>        |
| <b>Primary government</b>                   |                     |                                 |   |   |  |
| Governmental Activities:                    |                     |                                 |   |   |  |
| Administrative                              | \$ 377,176          | \$ 785                          | \$ 266,206  | \$ -  | \$ (110,185)   |
| Judicial                                    | 271,750             | 245,466                         | -   | -   | (26,284)   |
| Elections                                   | 29,818              | -                               | -   | -   | (29,818)   |
| Financial administration                    | 214,979             | 150,922                         | 14,293  | -   | (49,764)   |
| Public facilities                           | 186,974             | 4,100                           | -   | -   | (182,874)  |
| Corrections and<br>rehabilitation           | 69,952              | -                               | -   | -   | (69,952)   |
| Public safety                               | 607,972             | 10,386                          | 238,585   | -   | (359,001)  |
| Road and bridge                             | 616,600             | 34,473                          | 48,142  | -   | (533,985)  |
| Community and<br>economic development       | 59,385              | -                               | -   | -   | (59,385)   |
| Public service                              | 7,958               | -                               | -   | -   | (7,958)  |
| Interest on long-term<br>debt               | 8,821               | -                               | -   | -   | (8,821)  |
| <b>Total</b>                                | <b>\$ 2,451,385</b> | <b>\$ 446,132</b>               | <b>\$ 567,226</b>                                 | <b>\$ -</b>                                     | <b>(1,438,027)</b>   |
| <b>General revenues:</b>                    |                     |                                 |   |   |  |
| Taxes:                                      |                     |                                 |   |   |  |
| Property taxes, levied for general purposes |                     |                                 |   |   | 962,175  |
| Property taxes, levied for road and bridge  |                     |                                 |   |   | 402,482  |
| Payments in lieu of taxes                   |                     |                                 |   |   | 102,000  |
| Sales tax                                   |                     |                                 |   |   | 70,659   |
| Investment earnings                         |                     |                                 |   |   | 6,294  |
| Miscellaneous                               |                     |                                 |   |   | 100,996  |
| Gain on disposal of assets                  |                     |                                 |   |   | 26,547   |
| <b>Total general revenues</b>               |                     |                                 |   |   | <b>1,671,153</b>   |
| <b>Change in net position</b>               |                     |                                 |   |   | <b>233,126</b>   |
| <b>Net position - beginning</b>             |                     |                                 |   |   | <b>4,899,347</b>   |
| <b>Net position - ending</b>                |                     |                                 |   |   | <b>\$ 5,132,473</b>  |

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

**ARMSTRONG COUNTY, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

|  | <b>General</b>      | <b>Road and Bridge</b> | <b>Cemetery</b>   |
|--|---------------------|------------------------|-------------------|
| <b>ASSETS</b>  |                     |                        |                   |
| Cash and cash equivalents  | \$ 1,208,411        | \$ 402,187             | \$ 432,581        |
| Investments  | 325,595             | -                      | -                 |
| Accounts receivable, net   | 199,404             | 22,065                 | -                 |
| Taxes receivable, net  | 264,215             | 121,618                | -                 |
| Due from other funds   | 135,307             | -                      | -                 |
| Due from other governmental entities                                   | 12,450              | -                      | -                 |
| Prepaid expenditures   | 18,624              | -                      | -                 |
|  | <u>\$ 2,164,006</u> | <u>\$ 545,870</u>      | <u>\$ 432,581</u> |
| Total assets   | <u>\$ 2,164,006</u> | <u>\$ 545,870</u>      | <u>\$ 432,581</u> |
| <b>LIABILITIES</b>   |                     |                        |                   |
| Accounts payable   | \$ 83,292           | \$ 19,807              | \$ 305            |
| Due to other funds   | -                   | -                      | 35,327            |
| Due to other governmental entities                                     | 318,599             | -                      | -                 |
| Accrued wages payable  | 9,530               | 3,243                  | 187               |
|  | <u>411,421</u>      | <u>23,050</u>          | <u>35,819</u>     |
| Total liabilities  | <u>411,421</u>      | <u>23,050</u>          | <u>35,819</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                     |                        |                   |
| Unavailable revenue - property taxes                                   | 81,970              | 41,348                 | -                 |
| Unavailable revenue - other receivables                                | 76,890              | -                      | -                 |
|  | <u>158,860</u>      | <u>41,348</u>          | <u>-</u>          |
| Total deferred inflows of resources                                    | <u>158,860</u>      | <u>41,348</u>          | <u>-</u>          |
| <b>FUND BALANCES</b>   |                     |                        |                   |
| Non-spendable:   |                     |                        |                   |
| Prepaid expenditures   | 18,624              | -                      | -                 |
| Restricted:  |                     |                        |                   |
| By enabling legislation  | -                   | -                      | -                 |
| Donation   | -                   | -                      | 396,762           |
| Committed for:   |                     |                        |                   |
| Road and bridge  | -                   | 481,472                | -                 |
| Capital purchases  | -                   | -                      | -                 |
| Unassigned (deficit)   | 1,575,101           | -                      | -                 |
|  | <u>1,593,725</u>    | <u>481,472</u>         | <u>396,762</u>    |
| Total fund balances  | <u>1,593,725</u>    | <u>481,472</u>         | <u>396,762</u>    |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 2,164,006</u> | <u>\$ 545,870</u>      | <u>\$ 432,581</u> |



| <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---|
| \$ 442,853                                  | \$ 2,486,032                            |
| -   | 325,595                                 |
| 1,584                                       | 223,053                                 |
| -   | 385,833                                 |
| -   | 135,307                                 |
| 99,537                                      | 111,987                                 |
| -   | 18,624                                  |
| <u>\$ 543,974</u>                           | <u>\$ 3,686,431</u>                     |
| <br>  |   |
| \$ 23,072                                   | \$ 126,476                              |
| 99,980                                      | 135,307                                 |
| -   | 318,599                                 |
| -   | 12,960                                  |
| <u>123,052</u>                              | <u>593,342</u>                          |
| <br>  |   |
| -   | 123,318                                 |
| -   | 76,890                                  |
| <u>-</u>                                    | <u>200,208</u>                          |
| <br>  |   |
| -   | 18,624                                  |
| 434,161                                     | 434,161                                 |
| -   | 396,762                                 |
| -   | 481,472                                 |
| 6,430                                       | 6,430                                   |
| (19,669)                                    | 1,555,432                               |
| <u>420,922</u>                              | <u>2,892,881</u>                        |
| <br>  |   |
| <u>\$ 543,974</u>                           | <u>\$ 3,686,431</u>                     |

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

This page left blank intentionally

**ARMSTRONG COUNTY, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

Amounts reported for governmental activities in the Statement of Net Position are different because:

|   |    |           |
|---|----|-----------|
| Total fund balances - governmental funds  | \$ | 2,892,881 |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.                                   |    | 2,471,438 |
| Certain accounts receivable are not available to pay for current-period expenditures and, therefore, are shown as unavailable revenues in the fund financial statements   |    | 200,208   |
| The net pension asset is not a current financial resource and therefore, is not reported in the fund financial statement, but is reported in the governmental activities of the Statement of Net Position.  |    | 81,950    |
| Pension and other postemployment benefit losses, deficient earnings, and assumption changes are shown as deferred outflows of resources in the government-wide statements.  |    |           |
| Pension assumption changes  |    | 70,248    |
| Other postemployment benefit economic/demographic losses  |    | 7,554     |
| Other postemployment benefit assumption changes   |    | 24,383    |
| Pension and other postemployment benefit contributions paid after the measurement date, December 31, 2020, and before December 31, 2021 are expensed in the governmental funds and shown as deferred outflows of resources in the government-wide financial statements. |    |           |
| Pension contributions   |    | 40,391    |
| Other postemployment benefit contributions  |    | 4,039     |
| Pension and other postemployment benefit gains and excess earnings are shown as deferred inflows of resources in the government-wide statements.  |    |           |
| Pension economic/demographic gains  |    | (2,941)   |
| Pension excess earnings   |    | (121,186) |
| Other postemployment benefit economic/demographic gains   |    | (475)     |
| Other postemployment benefit assumption changes   |    | (4,040)   |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements:  |    |           |
| Accrued interest payable  |    | (5,648)   |
| Notes payable   |    | (365,619) |
| Landfill closure and post-closure costs   |    | (10,727)  |
| Other postemployment benefit liability  |    | (149,983) |
|   |    | (531,983) |
| Net position - governmental activities  | \$ | 5,132,473 |

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

**ARMSTRONG COUNTY, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>General</u>      | <u>Road and Bridge</u> | <u>Cemetery</u>   |
|---|---------------------|------------------------|-------------------|
| <b>REVENUES</b>   |                     |                        |                   |
| Property taxes  | \$ 1,056,787        | \$ 446,180             | \$ -              |
| Payments in lieu of taxes                                 | 102,000             | -                      | -                 |
| Sales tax   | 70,659              | -                      | -                 |
| Licenses and fees   | 220,283             | 34,473                 | -                 |
| Fines and forfeitures                                     | 166,506             | -                      | -                 |
| Intergovernmental   | 97,235              | 48,142                 | -                 |
| Investment earnings                                       | 3,175               | 67                     | 2,761             |
| Miscellaneous   | 74,276              | 8,900                  | 20,820            |
|   | <u>1,790,921</u>    | <u>537,762</u>         | <u>23,581</u>     |
| <b>EXPENDITURES</b>                                       |                     |                        |                   |
| Current:  |                     |                        |                   |
| Administrative  | 325,284             | -                      | 19,147            |
| Judicial  | 253,331             | -                      | -                 |
| Elections   | 29,718              | -                      | -                 |
| Financial administration                                  | 210,381             | -                      | -                 |
| Public facilities   | 110,868             | -                      | -                 |
| Corrections and rehabilitation                            | 69,344              | -                      | -                 |
| Public safety   | 377,103             | -                      | -                 |
| Road and bridge   | -                   | 467,726                | -                 |
| Community and economic development                        | 58,730              | -                      | -                 |
| Public service  | 4,545               | -                      | -                 |
| Debt service:   |                     |                        |                   |
| Principal   | -                   | 272,895                | -                 |
| Interest  | -                   | 9,571                  | -                 |
| Capital outlay  | 55,108              | 212,226                | -                 |
|   | <u>1,494,412</u>    | <u>962,418</u>         | <u>19,147</u>     |
| <b>EXCESS OF REVENUES OVER /<br/>(UNDER) EXPENDITURES</b> | <u>296,509</u>      | <u>(424,656)</u>       | <u>4,434</u>      |
| <b>OTHER FINANCING SOURCES / (USES)</b>                   |                     |                        |                   |
| Proceeds from long-term debt, net                         | -                   | 271,415                | -                 |
| Proceeds from sale of assets                              | -                   | 27,531                 | -                 |
| Transfers in  | 17,432              | 142,412                | -                 |
| Transfers out   | (199,135)           | (240)                  | -                 |
|   | <u>(181,703)</u>    | <u>441,118</u>         | <u>-</u>          |
| <b>NET CHANGE IN FUND BALANCES</b>                        | 114,806             | 16,462                 | 4,434             |
| <b>FUND BALANCES - BEGINNING</b>                          | <u>1,478,919</u>    | <u>465,010</u>         | <u>392,328</u>    |
| <b>FUND BALANCES - ENDING</b>                             | <u>\$ 1,593,725</u> | <u>\$ 481,472</u>      | <u>\$ 396,762</u> |

| <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---|
| \$ -  | \$ 1,502,967                            |
| -   | 102,000                                 |
| -   | 70,659                                  |
| 18,503                                      | 273,259                                 |
| -   | 166,506                                 |
| 418,849                                     | 564,226                                 |
| 291   | 6,294                                   |
| -   | 103,996                                 |
| 437,643                                     | 2,789,907                               |
| 9,599                                       | 354,030                                 |
| 7,923                                       | 261,254                                 |
| 60  | 29,778                                  |
| -   | 210,381                                 |
| -   | 110,868                                 |
| -   | 69,344                                  |
| 166,074                                     | 543,177                                 |
| -   | 467,726                                 |
| -   | 58,730                                  |
| -   | 4,545                                   |
| -   | 272,895                                 |
| -   | 9,571                                   |
| 170,365                                     | 437,699                                 |
| 354,021                                     | 2,829,998                               |
| 83,622                                      | (40,091)                                |
| -   | 271,415                                 |
| -   | 27,531                                  |
| 42,147                                      | 201,991                                 |
| (2,616)                                     | (201,991)                               |
| 39,531                                      | 298,946                                 |
| 123,153                                     | 258,855                                 |
| 297,769                                     | 2,634,026                               |
| \$ 420,922                                  | \$ 2,892,881                            |

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

**ARMSTRONG COUNTY, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Amounts reported for Governmental Activities in the Statement of Activities are different

|  |    |           |
|--|----|-----------|
| Net change in fund balances - total governmental funds:  | \$ | 258,855   |
| <p>Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.</p> <p>This is the amount by which depreciation, \$289,903, was exceeded by capital outlays, \$437,699, in the current period.</p> |    |           |
|  |    | 147,796   |
| <p>In the Statement of Activities, only the gain or loss on the disposition of capital assets is reported. However, in the governmental funds, only proceeds from a sale are reported. Thus, the change in net position differed from the change in fund balance by the net book value of all capital assets disposed of.</p>  |    |           |
|  |    | (30,984)  |
| <p>The Statement of Activities reports gains arising from the trade-in of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. Thus, the change in net position differed from the change in fund balance by the value given for the traded assets.</p>  |    |           |
|  |    | 30,000    |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. This amount represents the change in unavailable revenue.</p>   |    |           |
|  |    | (131,943) |
| <p>In the Statement of Net Position, incurring debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayments of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.</p>   |    |           |
| Debt issued or incurred:   |    |           |
| Note payable   |    | (271,415) |
| Principal repayments:  |    |           |
| Notes payable  |    | 272,895   |
| <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:</p>   |    |           |
| Accrued interest on debt, net change   |    | 750       |
| Landfill closure and post-closure costs, net change  |    | (580)     |
| Deferred outflows of resources related to pensions   |    | 55,280    |
| Deferred inflows of resources related to pensions  |    | (38,871)  |
| Net pension asset, net change  |    | (43,853)  |
| Deferred outflows of resources related to other postemployment benefits  |    | 7,616     |
| Deferred inflows of resources related to other postemployment benefits   |    | 2,492     |
| Total other postemployment benefit liability, net change   |    | (24,912)  |
|  |    | (24,912)  |
| Change in net position - governmental activities   | \$ | 233,126   |

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

**ARMSTRONG COUNTY, TEXAS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2021**

| <b>ASSETS</b>             |  |                          |
|---------------------------|--|--------------------------|
| Cash and cash equivalents |  | \$ 124,529               |
| Accounts receivable       |  | <u>3,273</u>             |
| Total assets              |  | <u><u>\$ 127,802</u></u> |
| <b>LIABILITIES</b>        |  |                          |
| Due to others             |  | \$ 15,892                |
| Due to other governments  |  | 31,323                   |
| Deposits                  |  | <u>80,587</u>            |
| Total liabilities         |  | <u><u>\$ 127,802</u></u> |

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

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Armstrong County, Texas (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the County are described in the following notes to the financial statements.

**A. Financial Reporting Entity**

The County, incorporated in 1890, is a public corporation and political subdivision of the State of Texas. The County is governed by the Commissioners Court, composed of four County Commissioners and the County Judge, all of whom are elected officials.

The County provides a variety of services to advance the welfare, morale, comfort, safety and convenience of the County and its citizens.

The definition of the reporting entity is based primarily on the notion of financial accountability. The elected officials governing the County are accountable to their constituents for their public policy decisions, regardless of whether those decisions are carried out directly through the operations of the County or by their appointees through the operations of a separate entity. Therefore, the County is not only financially accountable for the organizations that make up its legal entity, but also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either, it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the County.

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting**

Government-Wide Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, are supported by taxes and inter-governmental revenue.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Fines and forfeitures are recognized when they have been assessed and adjudicated and earned. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Continued



**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation**

Government-Wide Statements – Continuation

The Statement of Activities demonstrates the degree to which the direct expenses of the County’s programs are offset by those programs’ revenue. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the program and 2) grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Taxes and other items not included among program revenue are reported instead as *general revenue*. In miscellaneous general revenues are non-program specific contributions including capital assets contributions.

Fiduciary funds are excluded in the government-wide presentation of the financial statements.

Fund-Level Statements

All governmental funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes and other revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Grant and entitlement revenues are also susceptible to accrual. These funds are accounted for on a spending “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Any fiduciary funds, including custodial funds, are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. These funds are accounted for using an economic resources measurement focus.

The accounts of the County are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Government resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

The County reports the following major governmental funds:

**General Fund** – The *General Fund* is the general operating fund of the County. The General Fund is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include property taxes, charges for services, intergovernmental revenues and investment of idle funds. Primary expenditures are for administrative, judicial, financial administration, public safety, corrections and rehabilitation, and capital acquisition.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**B. Financial Statement Presentation, Measurement Focus and Basis of Accounting – Continuation**

Fund-Level Statements – Continuation

**Road and Bridge Fund** – The *Road and Bridge Fund* is a special revenue fund used to account for the revenues derived from property taxes and license fees levied for purposes of road and bridge expenditures.

**Cemetery Fund** – The *Cemetery Fund* accounts for donated monies being held for the upkeep and benefit of the County Cemetery.

Additionally, the County reports the following fund types:

**Special Revenue Funds** – The *Special Revenue Funds* account for the proceeds of specific revenue sources (other than fiduciary funds) that are legally restricted to expenditures for specified purposes.

**Capital Project Funds** – The *Capital Project Funds* account for the financial resources designated for acquisition of fixed assets and construction projects.

**Custodial Funds** – The *Custodial Funds* account for assets held by the County as an agent for individuals, private organizations, other governments and other funds. Custodial funds do not involve a formal trust agreement.

**C. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity**

**1. Deposits and Investments**

The County's cash and cash equivalents are considered to be cash on hand, demand deposits and deposits within public fund investment pools. Statutes authorize the County to keep funds in demand deposits, time deposits, or securities of the United States. The County's custodial banks are required to pledge for the purpose of securing County funds, securities of the following kind, in an amount equal to the amount of such County funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes. TexPool and TEXAS LOGIC are duly chartered and administered by the Texas Treasury Safekeeping Trust Company and the portfolio normally consists of U.S. T-Bills or T-Notes, collateralized certificates of deposit, and repurchase agreements. The carrying value (cost) and market value are equal for these deposits.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation**

**1. Deposits and Investments – Continuation**

The County is required by Government Code Chapter 2256, The Public Funds Investment Act (“Act”), to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management and include a list of the types of authorized investments in which the investing entity’s funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the entity.

The Act requires an annual audit of investment policies. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the area of investment practices, management has established and reports appropriate policies. The County adheres to the requirements of the Act. Additionally, investment practices of the County are in accordance with local policies.

**2. Receivables and Payables**

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of inter-fund loans) or “advances to/from other funds” (i.e., the noncurrent portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Amounts due from other governments include amounts due from grantors for approved grants for specific programs and reimbursements for services performed by the County. Program grants are recorded as receivables revenues at the time all eligibility requirements established by the provider have been met.

Reimbursements for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are fines and costs assessed by court action and billable services for certain contracts. Revenues received in advance of the costs being incurred are recorded as unavailable revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts of \$703,261.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

**3. Property Tax Calendar and Revenues**

Property taxes are based on taxable value at January 1 and become due October 1 and past due after January 31 of the following year. Tax collections during the months of October through December are entitled to discounts offered by the County. Tax collections after February 1 are treated as late payments and are subject to penalty and interest. Uncollected taxes from the current tax roll become delinquent on July 1 and are subject to additional penalties and interest. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting. Property tax receivables are shown net of an allowance for uncollectible accounts of \$145,019.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation**

**4. Restricted Assets/Funds**

The following accounts reflect restricted status by third-party or statutory obligations for specific purposes:

- Other Non-Major Governmental fund balances (amounts restricted for other specific purposes such as management and archiving of public records, personnel and security for the courthouse, technology requirements for the justice court, costs of providing a defense to indigent persons, providing and maintaining a commissary for inmates, and enhancement of law enforcement operations with seized funds. All restrictions are enacted according to Texas statutes.)

**5. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method to record its prepaid items which requires reporting these items as assets and deferring the recognition of expenditures until the period in which prepaid items are used or consumed. In the fund financial statements, they are offset by a designation of non-spendable fund balance which indicates they do not represent “available spendable resources”.

**6. Capital Assets**

Capital assets, which include land, buildings and improvements, infrastructure, and equipment, are reported in the government-wide financial statements. The County has opted not to retroactively report infrastructure assets (assets acquired prior to January 1, 2004). According to the County’s capitalization policy, capital assets, such as equipment, are defined as individual assets (or systems of assets) having a cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

|                            |             |
|----------------------------|-------------|
| Buildings and improvements | 20-50 years |
| Infrastructure             | 40 years    |
| Equipment                  | 5-10 years  |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continuation

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity** – Continuation

**7. Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the government-wide financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Per GASB Interpretation No. 6, liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued in the government-wide statements.

The County's permanent, full-time employees are entitled to vacations of up to a maximum of twenty-one days per year based on years of employment. Vacation time earned, but not taken, is paid at termination, but employees cannot accumulate more than seven days beyond one calendar year. Sick leave accrues at one day per month with a maximum of 120 working days, but compensation is paid only for an illness-related absence. Unused sick leave is non-vesting and will not be paid on termination.

**8. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

**9. 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. The County has multiple items that qualify for reporting in this category. They are the contributions and other items related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

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 government has multiple items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines and fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are related to the County's pension plan and other postemployment benefit plan reported in the government-wide statement of net position.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – Continuation

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity** – Continuation

**10. Pensions and Other Post-Employment Benefits**

For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Texas County and District Retirement System Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, 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.

For purposes of measuring the other post-employment benefit (OPEB) asset or liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Texas County and District Retirement System Supplemental Death Plan, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, 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.

**11. Fund Balances**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balance for governmental funds can consist of the following:

**Non-spendable Fund Balance** – includes amounts that are (a) not in spendable forms, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

**Restricted Fund Balance** – includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

**Committed Fund Balance** – includes amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the Commissioners' Court. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution or ordinance).

**Assigned Fund Balance** – includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (a) Commissioners' Court or (b) a body (budget, finance committee, or County Official) to which the assigned amounts are to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as non-spendable, restricted or committed.

**Unassigned Fund Balance** – this classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and other funds.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity – Continuation**

**12. Net Position**

In the government-wide financial statements, equity is classified as net position and displayed in three categories.

**Net Investment in Capital Assets** – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions.

**Unrestricted Net Position** – This amount includes all net position amounts that do not meet the definition of “net investment in capital assets” or “restricted net position.”

**13. Fund Balance Policies**

When the County incurs an expenditure for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first, then unrestricted funds. When expenditures are incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Committed fund balance amounts may be used for other purposes with appropriate action by the Commissioners’ Court to either modify or rescind a fund balance commitment. Commitments are typically done through adoption and amendment of the budget.

The County’s highest level of decision-making authority is the Commissioners’ Court. The Court has not yet delegated the authority to assign fund balance amounts to a specific individual nor does it have a policy to authorize the assignment of fund balances outside the Court.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to July 1, the proposed budget is submitted to the Commissioners' Court.
2. The Commissioners' Court provides for a public hearing on the County budget subsequent to July 15, and prior to the levy of taxes by the Commissioners' Court.
3. Prior to October 1, the budget is legally adopted by order of the Commissioners' Court for the General Fund and the Road and Bridge Special Revenue Fund.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY – Continuation**

**A. Budgetary Information – Continuation**

4. The budget is prepared by fund and department with the legal level of control at the department level. Administrative control is maintained through the establishment of more detailed account or object class budgets within the departments. Emergency expenditures to meet unusual and unforeseen conditions which could not, by reasonable diligent thought and attention, have been included in the original budget, whereby total expenditures of a department have been increased must be authorized by the Court as emergency amendments to the original budget. Management may not amend the budget at any level without approval of the Commissioners' Court. The Court has the authority to make such changes in the budget, in its judgment of facts, the law warrant, and the interest of the taxpayers demand, provided the amounts budgeted for the current expenditures from the various funds for the County do not exceed appropriations, including fund balances from the prior fiscal periods. Amounts shown in the financial statements represent the original budget amounts and all supplemental appropriations. Supplemental appropriations to the original adopted budget are in the Final Budget Amounts column of the Budgetary Comparison Schedule for both the General Fund and the Road and Bridge Special Revenue Fund.
5. Budgets for the General and Road and Bridge Special Revenue Funds are adopted on a basis consistent with GAAP on the modified accrual basis of accounting on an annual basis.
6. Formal budgetary integration on an annual basis is employed as a management control device during the year for the General Fund and the Road and Bridge Special Revenue Fund.
7. All appropriations, except those in grant funds, lapse at the end of the County's fiscal year and may be re-budgeted the next year.

**B. Excess of Expenditures Over Appropriations**

For the year ended December 31, 2021, expenditures exceeded appropriations in the following departments of the General Fund: County Judge (\$6,952), District Clerk (\$3,584), Courthouse Maintenance (\$3,304), and Capital Outlay (\$8,928). Expenditures exceeded appropriations in the following departments of the Road and Bridge Fund: Precinct 3 (\$6,657), Precinct 4 (\$4,695), Debt service (\$282,466), and Capital Outlay (\$119,384). The over expenditures in the General Fund were funded by lower than budgeted expenditures in every other department. The over expenditures in the Road and Bridge Fund were funded by proceeds from notes payable. In total the General Fund expenditures were under budget by \$23,892.

**C. Deficit Fund Balance**

At December 31, 2021, the following funds reported deficit fund balances: Records Management, Jail Restoration and TxDOT Road Grant. The deficits for Records Management and Jail Restoration will be covered by an operating transfer from the General Fund in future periods. The County did not request any reimbursement from the State of Texas to offset the expenditures in the TxDOT Road Grant Fund in previous years causing the deficit. The deficit will be covered in the next period by requesting and receiving state grant funds.



**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Following is a reconciliation of the County’s cash and deposit balances as of December 31, 2021:

Cash and deposit balances consist of:

|                                 |    |           |
|---------------------------------|----|-----------|
| Petty cash funds                | \$ | 50        |
| Bank deposits                   |    | 2,061,341 |
| Temporary investments - TexPool |    | 549,170   |
|                                 |    | 2,610,561 |
| Total                           | \$ | 2,610,561 |

Cash and deposit balances are reported in the basic financial statements as follows:

|  |    |           |
|--|----|-----------|
| Government-wide Statement of Net Assets: |    |           |
| Unrestricted                             | \$ | 2,486,032 |
| Fiduciary Funds Statement of Net Assets  |    | 124,529   |
|  |    | 2,610,561 |
| Total                                    | \$ | 2,610,561 |

As of December 31, 2021, the County had the following investments:

| <b>Investment Type</b>                               | <b>Fair Value</b> | <b>Weighted Average Maturity (Days)</b> |
|--|-------------------|---|
| Governmental activities                              |                   |   |
| Certificates of deposit (interest rates 0.4% - 0.5%) | \$ 325,595        |   |
|  | 325,595           |   |
| Total fair value                                     | \$ 325,595        |   |
| Portfolio weighted average maturity                  |                   | 365                                     |

**Custodial credit risk – deposits.** As of December 31, 2021, the carrying amount of the County's deposits with financial institutions was \$2,386,936 and the bank's balance was \$2,406,875. Of the bank balance, \$711,220 was insured through the Federal Depository Insurance Corporation (FDIC) and the remaining \$1,695,655 was collateralized with securities held by the pledging institution’s agent in the County’s name.

As of December 31, 2021, the County had \$549,170 invested with the Texas Treasury Safekeeping Trust Company (TexPool). The Inter-local Cooperation Act, chapter 791 of the Texas Government Code, and the Public Funds Investment Act, chapter 2256 of the Texas Government Code, provide for the creation of public funds investment pools, such as TexPool, through which political subdivisions and other entities may invest public funds.

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. Additionally the State Comptroller has established an advisory board composed of both participants of in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 3 – DEPOSITS AND INVESTMENTS – Continuation**

TexPool uses amortized cost to value portfolio assets and follows the criteria for GASB Statement No. 79 for use of amortized cost. TexPool, does not place any limitations or restrictions such as notice periods or maximum transaction amounts, on withdrawals. TexPool has a credit rating of AAAM from Standard & Poor's Financial Services. Local government investment pools in this rating category meet the highest standards for credit quality, conservative investment policies, and safety of principle. TexPool invests in a quality portfolio of debt securities investments that are legally permissible for local governments in the state.

*Interest rate risk* is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The County manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, readily available TexPool shares, or in certificates of deposit with weighted average maturities of one year or less.

*Credit risk* is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. State law and County policy limit investments in local government pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of December 31, 2021, 23% of the County's carrying value of cash was invested in pooled investment accounts. All other cash was deposited with the County's depository bank and was adequately secured as described above.

**NOTE 4 – PROPERTY TAX**

The State of Texas Constitutional tax rate limit for both operations and debt service is \$.80 on each \$100 of assessed valuation. The tax rate on the 2021 tax roll was \$.405205 per \$100, which means that the County has a tax margin of \$.394795 per \$100 and could raise up to \$944,770 additional revenue from the 2021 assessed valuation of \$239,306,451 before the limit is reached.

The State of Texas Constitutional tax rate limit for the maintenance of farm-to-market roads is \$.30 on each \$100 of assessed valuation. The tax rate on the 2021 tax roll was \$.181854 per \$100, which means that the County has a tax margin of \$.118146 per \$100 and could raise up to \$281,802 additional revenue from the 2021 assessed valuation of \$238,520,450 before the limit is reached.

Real and personal property values are assessed for the period January 1 to December 31, as of January 1 at which date property taxes attach as an enforceable lien on property. Taxes are levied by October 1 of the current year and are collected from October 1 to June 30 of the following year. Payments received in October through December are entitled to discounts offered by the County. Payments received after February 1 are considered late and are subject to penalty and interest. Taxes become delinquent on July 1 of the following year.

**NOTE 5 – SALES TAX**

The County is entitled by provision of the State of Texas to a one-cent sales tax on all sales that occur within the County. The tax is assessed as a property tax reduction, for the County to use as general revenues. This sales tax is remitted monthly by the Comptroller of the State of Texas.

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6 – CAPITAL ASSETS**

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classification by function. As stated earlier, the County has opted not to report its infrastructure retroactively.

Capital asset activity for the year ended December 31, 2021 was as follows:

|   | Beginning<br>Balance | Increases         | Decreases          | Ending<br>Balance   |
|---|----------------------|-------------------|--------------------|---------------------|
| <b>Governmental activities:</b>                     |                      |                   |                    |                     |
| Capital assets, not being depreciated:              |                      |                   |                    |                     |
| Land and land improvements                          | \$ 34,641            | \$ -              | \$ -               | \$ 34,641           |
| Construction in progress                            | 12,003               | 97,245            | -                  | 109,248             |
| <b>Total capital assets, not being depreciated</b>  | <b>46,644</b>        | <b>97,245</b>     | <b>-</b>           | <b>143,889</b>      |
| Capital assets, being depreciated:                  |                      |                   |                    |                     |
| Buildings and improvements                          | 2,487,158            | 36,109            | -                  | 2,523,267           |
| Infrastructure                                      | 177,211              | 26,457            | -                  | 203,668             |
| Equipment   | 2,364,625            | 307,888           | (150,930)          | 2,521,583           |
| <b>Total capital assets, being depreciated</b>      | <b>5,028,994</b>     | <b>370,454</b>    | <b>(150,930)</b>   | <b>5,248,518</b>    |
| Less accumulated depreciation for:                  |                      |                   |                    |                     |
| Buildings and improvements                          | (1,108,424)          | (104,534)         | -                  | (1,212,958)         |
| Infrastructure                                      | (15,894)             | (5,606)           | -                  | (21,500)            |
| Equipment   | (1,626,694)          | (179,763)         | 119,946            | (1,686,511)         |
| <b>Total accumulated depreciation</b>               | <b>(2,751,012)</b>   | <b>(289,903)</b>  | <b>119,946</b>     | <b>(2,920,969)</b>  |
| <b>Total capital assets, being depreciated, net</b> | <b>2,277,982</b>     | <b>80,551</b>     | <b>(30,984)</b>    | <b>2,327,549</b>    |
| <b>Governmental activities capital assets, net</b>  | <b>\$ 2,324,626</b>  | <b>\$ 177,796</b> | <b>\$ (30,984)</b> | <b>\$ 2,471,438</b> |

*Construction in progress*

The County has active construction projects as of December 31, 2021. The projects are as follows:

The improvements to courthouse lighting project began in 2018. Costs spent to date on this project total \$12,003. An upgraded election hardware and software implementation project was begun in 2021. Costs spent to date on this project total \$97,245.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6 – CAPITAL ASSETS – Continuation**

Depreciation expense for the year ended December 31, 2021 was charged to the functions/programs of the primary government as follows:

|                                |                              |
|--------------------------------|------------------------------|
| Governmental activities        |                              |
| Administrative                 | \$ 15,669                    |
| Public safety                  | 51,903                       |
| Judicial                       | 2,387                        |
| Public facilities              | 75,936                       |
| Public service                 | 2,834                        |
| Road and bridge                | <u>141,174</u>               |
| <br>Total Depreciation Expense | <br><u><u>\$ 289,903</u></u> |

**NOTE 7 – RETIREMENT PLAN**

**Plan Description:** Armstrong County provides retirement and death benefits for all of its employees, except temporary employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system consisting of several nontraditional defined benefit pension plans. TCDRS in the aggregate issues a comprehensive annual financial report (CAFR) on a calendar year basis. The CAFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034 and is available at [www.tcdrs.org](http://www.tcdrs.org).

**Benefits Provided:** The plan provisions are adopted by the governing body of the County (employer), within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with 8 or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Employees Covered by Benefit Terms:** At December 31, 2020, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 30 |
| Inactive employees entitled to but not yet receiving benefits    | 80 |
| Active employees   | 24 |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

**Contributions:** The County has elected the annually determined contribution rate (ADCR) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually.

The County contributed using the actuarially determined rate of 5.50% for the months of the accounting year in 2021. The contribution rate payable by the employee members is 7.0% for fiscal year 2021 as adopted by the governing body of the County. The employee contribution rate and the employer contribution rate may be changed by the governing body of the County within the options available in the TCDRS Act.

**Net Pension Asset:** The County’s net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

The actuarial assumptions that determined the total pension liability as of December 31, 2020, were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 68. The economic assumptions were reviewed at the March 2021 TCDRS Board of Trustees meeting and revised assumptions were adopted. These revisions included reductions in the investment return, wage growth, and maximum payroll growth assumptions. The assumptions are reviewed annually for continued compliance with the relevant actuarial standards of practice.

**TCDRS system-wide economic assumptions:**

|                             |       |
|-----------------------------|-------|
| Real rate of return         | 5.00% |
| Inflation                   | 2.50% |
| Long-term investment return | 7.50% |

The assumed long-term investment return of 7.5% is net after investment and administrative expenses. It is assumed returns will equal the nominal annual rate of 7.5% for calculating the actuarial accrued liability and the normal cost contribution rate for the retirement plan of each participating employer.

The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion and longevity component that on average approximates 1.6% per year for a career employee.

Continued

**ARMSTRONG COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

**Employer-specific economic assumptions:**

|   |       |
|---|-------|
| Growth in membership                    | 0.00% |
| Payroll growth for funding calculations | 1.50% |

The payroll growth assumption is for the aggregate covered payroll of an employer.

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

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

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>                 | <u>Benchmark</u>   | <u>Target Allocation (1)</u> | <u>Geometric Real Rate of Return (Expected Minus Inflation) (2)</u> |
|------------------------------------|--|------------------------------|---|
| US Equities                        | Dow Jones U.S. Total Stock Market Index                                | 11.50%                       | 4.25%   |
| Global Equities                    | MSCI World (net) Index   | 2.50%                        | 4.55%   |
| International Equities - Developed | MSCI World Ex USA (net) Index  | 5.00%                        | 4.25%   |
| International Equities - Emerging  | MSCI Emerging Markets (net) Index                                      | 6.00%                        | 4.75%   |
| Investment-Grade Bonds             | Bloomberg Barclays U.S. Aggregate Bond Index                           | 3.00%                        | -0.85%  |
| Strategic Credit                   | FTSE High-Yield Cash-Pay Capped Index                                  | 9.00%                        | 2.11%   |
| Direct Lending                     | S&P/LSTA Leveraged Loan Index  | 16.00%                       | 6.70%   |
| Distressed Debt                    | Cambridge Associates Distressed Securities Index (3)                   | 4.00%                        | 5.70%   |
| REIT Equities                      | 67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index   | 2.00%                        | 3.45%   |
| Master Limited Partnerships (MLPs) | Alerian MLP Index  | 2.00%                        | 5.10%   |
| Private Real Estate Partnerships   | Cambridge Associates Real Estate Index (4)                             | 6.00%                        | 4.90%   |
| Private Equity                     | Cambridge Associates Global Private Equity & Venture Capital Index (5) | 25.00%                       | 7.25%   |
| Hedge Funds                        | Hedge Fund Research, Inc. (HFRI) Funds of Funds Composite Index        | 6.00%                        | 1.85%   |
| Cash Equivalents                   | 90-Day U.S. Treasury   | 2.00%                        | -0.70%  |

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

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

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

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

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

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN** – Continuation

**Discount Rate:** The discount rate used to measure the total pension liability was 7.60%. The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, we have used a discount rate of 7.60%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Continued



**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

**Changes in the Net Pension Liability / (Asset):**

|  | Total Pension<br>Liability<br>(a) | Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability / (Asset)<br>(a) - (b) |
|--|-----------------------------------|----------------------------------|---|
| Balances as of December 31, 2019               | \$ 3,035,412                      | \$ 3,161,215                     | \$ (125,803)                                    |
| Changes for the year:                          |                                   |                                  |   |
| Service cost                                   | 87,341                            | -                                | 87,341  |
| Interest on total pension liability (1)        | 244,843                           | -                                | 244,843   |
| Effect of plan changes (2)                     | -                                 | -                                | -   |
| Effect of economic/demographic gains or losses | (5,883)                           | -                                | (5,883)   |
| Effect of assumptions changes or inputs        | 140,497                           | -                                | 140,497   |
| Refund of contributions                        | (16,846)                          | (16,846)                         | -   |
| Benefit payments                               | (187,121)                         | (187,121)                        | -   |
| Administrative expenses                        | -                                 | (2,473)                          | 2,473   |
| Member contributions                           | -                                 | 57,353                           | (57,353)  |
| Net investment income                          | -                                 | 326,366                          | (326,366)                                       |
| Employer contributions                         | -                                 | 44,410                           | (44,410)  |
| Other (3)                                      | -                                 | (2,711)                          | 2,711   |
| Balances as of December 31, 2020               | <u>\$ 3,298,243</u>               | <u>\$ 3,380,193</u>              | <u>\$ (81,950)</u>                              |

- (1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.  
(2) No plan changes valued.  
(3) Relates to allocation of system-wide items.

**Sensitivity of the net pension liability / (asset) to changes in the discount rate:** The following presents the net pension liability of the County, calculated using the discount rate of 7.60%, as well as what the County’s net pension liability / (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

|                                 | 1%<br>Decrease<br>6.60% | Current<br>Discount Rate<br>7.60% | 1%<br>Increase<br>8.60% |
|---------------------------------|-------------------------|-----------------------------------|-------------------------|
| Total pension liability         | \$ 3,615,387            | \$ 3,298,243                      | \$ 3,025,379            |
| Fiduciary net position          | <u>3,380,193</u>        | <u>3,380,193</u>                  | <u>3,380,193</u>        |
| Net pension liability / (asset) | <u>\$ 235,194</u>       | <u>\$ (81,950)</u>                | <u>\$ (354,814)</u>     |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN** – Continuation

**Pension plan fiduciary net position:** Detailed information about the pension plan’s fiduciary net position is available in the separately issued TCDRS financial report.

**Pension Expense / (Income):**

|   | January 1, 2020 to<br>December 31, 2020 |
|---|---|
| Service cost  | \$ 87,341                               |
| Interest on total pension liability (1)               | 244,843                                 |
| Effect of plan changes                                | -                                       |
| Administrative expenses                               | 2,473                                   |
| Member contributions                                  | (57,353)                                |
| Expected investment return net of investment expenses | (251,794)                               |
| Recognition of deferred inflows/outflows of resources |   |
| Recognition of economic/demographic gains or losses   | 5,834                                   |
| Recognition of assumption changes or inputs           | 70,249                                  |
| Recognition of investment gains or losses             | (36,471)                                |
| Other (2)   | 2,711                                   |
| Pension expense / (income)                            | \$ 67,833                               |

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Relates to allocation of system-wide items.

**Deferred Inflows / Outflows of Resources:** As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

|  | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience   | \$ 2,941                         | \$ -                              |
| Changes of assumptions                               | -                                | 70,248                            |
| Net difference between projected and actual earnings | 121,186                          | -                                 |
| Contributions made subsequent to measurement date    | N/A                              | 40,391                            |

Continued

**ARMSTRONG COUNTY, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 7 – RETIREMENT PLAN – Continuation**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

|                         |           |
|-------------------------|-----------|
| Year ended December 31: |           |
| 2021                    | \$ 27,807 |
| 2022                    | (4,073)   |
| 2023                    | (62,697)  |
| 2024                    | (14,916)  |
| 2025                    | -         |
| Thereafter              | -         |

**NOTE 8 – POSTEMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN**

**Plan Description:** Armstrong County, Texas participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a statewide, multiple-employer, public employee retirement system. TCDRS issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the GTLF. This report is available at [www.tcdrs.org](http://www.tcdrs.org). TCDRS' CAFR may also be obtained by writing to the Texas County & District System, P.O. Box 2034, Austin, TX 78768-2034, or by calling 800-823-7782.

**Benefits Provided:** All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year and are eligible for the TCDRS pension plan. Only employers that have elected participation in the retiree Group Term Life program are included in the other postemployment benefit plan (OPEB). The plan provides a \$5,000 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the GTL program. Contributions made to the retiree GTL Program are held in the GTL Fund. The GTL Fund does not meet the requirements of a trust under paragraph 4b of GASB Statement 75, as the assets of the GTL fund can be used to pay active GTL benefits which are not part of the OPEB plan. Benefit terms are established under the TCDRS Act. Participation in the retiree GTL program is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. The County's contribution rate for the retiree GTL program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to \$5,000.

**Employees Covered by Benefit Terms:** At December 31, 2020, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 27 |
| Inactive employees entitled to but not yet receiving benefits    | 14 |
| Active employees   | 24 |

**Total OPEB Liability:** The County's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions:** The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

All actuarial assumptions that determined the total OPEB liability as of December 31, 2020 were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2016, except where required to be different by GASB 75.

In the 2017 actuarial valuation, assumed life expectancies were adjusted as a result of adopting a new projection scale, 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.

**Discount Rate:** The TCDRS GTL program is treated as an unfunded OPEB plan because the GTL trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB Statement 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 2.12% based on the 20 Year Bond GO index published by bondbuyer.com is used as of the measurement date of December 31, 2020.

**Changes in the Total OPEB Liability:**

|   | Changes in Total<br>OPEB Liability |
|---|------------------------------------|
| Balances as of December 31, 2019            | \$ 125,071                         |
| Changes for the year:                       |                                    |
| Service cost                                | 3,866                              |
| Interest on total OPEB liability (1)        | 3,487                              |
| Changes of benefit terms (2)                | -                                  |
| Effect of economic/demographic experience   | 6,404                              |
| Effect of assumptions changes or inputs (3) | 14,514                             |
| Benefit payments                            | (3,359)                            |
| Other                                       | -                                  |
| Balances as of December 31, 2020            | \$ 149,983                         |

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) No plan changes valued.

(3) Reflects change in discount rate.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

**Sensitivity of the net pension liability / (asset) to changes in the discount rate:** The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 2.12%, as well as the what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

|                      | 1%<br>Decrease<br>1.12% | Current<br>Discount Rate<br>2.12% | 1%<br>Increase<br>3.12% |
|----------------------|-------------------------|-----------------------------------|-------------------------|
| Total OPEB liability | \$ 179,142              | \$ 149,983                        | \$ 127,646              |

**OPEB Expense / (Income):**

|   | January 1, 2020 to<br>December 31, 2020 |
|---|---|
| Service cost  | \$ 3,866                                |
| Interest on total OPEB liability (1)                  | 3,487                                   |
| Effect of plan changes                                | -                                       |
| Recognition of deferred inflows/outflows of resources |   |
| Recognition of economic/demographic gains or losses   | 3,221                                   |
| Recognition of assumption changes or inputs           | 8,262                                   |
| Other   | -                                       |
| OPEB expense / (income)                               | \$ 18,836                               |

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

**Deferred Inflows / Outflows of Resources:** As of December 31, 2021, the deferred inflows and outflows of resources are as follows:

|  | Deferred Inflows<br>of Resources | Deferred Outflows<br>of Resources |
|--|----------------------------------|-----------------------------------|
| Differences between expected and actual experience | \$ 475                           | \$ 7,554                          |
| Changes of assumptions                             | 4,040                            | 24,383                            |
| Contributions made subsequent to measurement date  | N/A                              | 4,039                             |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 – POST-EMPLOYMENT DEFINED BENEFIT GROUP TERM LIFE INSURANCE PLAN – Continuation**

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

|                         |           |
|-------------------------|-----------|
| Year ended December 31: |           |
| 2021                    | \$ 11,479 |
| 2022                    | 11,144    |
| 2023                    | 4,799     |
| 2024                    | -         |
| 2025                    | -         |
| Thereafter              | -         |

**NOTE 9 – CONCENTRATION OF TAXPAYERS**

As of December 31, 2021, the following taxpayers accounted for a significant portion of the County’s total tax levy.

| <u>Taxpayer</u> | <u>Industry</u>         | <u>Tax Amount</u> | <u>Percent of Total Levy</u> |
|-----------------|-------------------------|-------------------|------------------------------|
| Taxpayer A      | Public Electric Utility | \$ 281,405        | 19.24 %                      |
| Taxpayer B      | Railroad                | 176,156           | 12.04                        |

**NOTE 10 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS**

| <u>Fund</u>                       | <u>Inter-fund Receivables</u> | <u>Inter-fund Payables</u> |
|-----------------------------------|-------------------------------|----------------------------|
| General Fund                      | \$ 135,307                    | \$ -                       |
| Special Revenue Funds:            |                               |                            |
| Cemetery                          | -                             | 35,327                     |
| District Clerk Records Management | -                             | 3,931                      |
| Emergency Mangement               | -                             | 58,449                     |
| Capital Project Funds:            |                               |                            |
| Jail Restoration                  | -                             | 6,802                      |
| TxDOT Road Grant                  | -                             | 30,798                     |
|                                   | <u>\$ 135,307</u>             | <u>\$ 135,307</u>          |

The primary purpose of inter-fund receivables and payables is the loaning of funds from the General Fund to Special Revenue Funds and Capital Project Funds for the purpose of meeting current year expenditures.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 10 – INTER-FUND RECEIVABLES, PAYABLES AND TRANSFERS** – Continuation

| Fund                  | Inter-fund<br>Transfers In | Inter-fund<br>Transfers Out |
|-----------------------|----------------------------|-----------------------------|
| General Fund          | \$ 17,432                  | \$ 199,135                  |
| Special Revenue Fund: |                            |                             |
| Road and Bridge       | 142,412                    | 240                         |
| Records Management    | -                          | 710                         |
| Archive               | 710                        | -                           |
| Emergency Management  | 39,559                     | 1,906                       |
| LEOSE                 | 1,878                      | -                           |
|                       | <u>\$ 201,991</u>          | <u>\$ 201,991</u>           |

The primary purpose for inter-fund transfers is to move revenues from various funds to finance programs and operations in other funds that the County must account for separately in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 11 – TAX ABATEMENTS**

During the year ended December 31, 2015, Armstrong County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Armstrong County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with an anticipated nameplate capacity of approximately 75 megawatts of overall turbine nameplate capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility, the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period; this resulted in payments in lieu of taxes for the current year of \$102,000.

During the year ended December 31, 2016, Armstrong County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Armstrong County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with a minimum nameplate capacity of 25 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility, the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period; this has not resulted in a payment to County as of December 31, 2021 as the Company has not presented a Certificate of Completed Construction to the County.

Continued

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 11 – TAX ABATEMENTS - Continuation**

During the year ended December 31, 2017, Armstrong County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Armstrong County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with an anticipated nameplate capacity of up to 248 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility, the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period; this has not resulted in a payment to County as of December 31, 2021 as the Company has not presented a Certificate of Completed Construction to the County.

During the year ended December 31, 2017, Armstrong County entered into a 10 year property tax abatement agreement with a business under the Texas Property Redevelopment and Tax Abatement Act. Under the Act, localities may grant tax abatement of up to 100 percent of a business' property tax bill for the purpose of attracting or retaining business within the jurisdictions. The abatement may be granted to any business located within or promising to relocate to Armstrong County. To be eligible the Company agreed to construct improvements consisting of a wind power facility with an anticipated nameplate capacity of up to 248 megawatts of overall Turbine Nameplate Capacity. The Chief Appraiser will determine the certified appraised value annually pursuant to the terms of the abatement under this agreement. The amount of the abatement will automatically be deducted from the property owner's tax bill. In the event of default the County shall use the certified appraised values which were abated to determine the taxes due. In addition to the commitments for eligibility, the Company has agreed to make payments in lieu of taxes annually in the amount of \$1,500 per megawatt of turbine nameplate capacity during the abatement period; this has not resulted in a payment to County as of December 31, 2021 as the Company has not presented a Certificate of Completed Construction to the County.

For the year ended December 31, 2021, Armstrong County abated property taxes totaling \$236,167 under this program, including the following tax abatement agreements:

- A 100 percent tax abatement to Route 66 Wind II, LLC, and the abatement amounted to \$572,797.

**NOTE 12 – LONG-TERM LIABILITIES**

In 2016 the County financed a capital purchase of a CAT motor grader with a local financial institution. Principal and interest payments are to be made annually. The interest rate is 2.02% and the debt is collateralized by the purchased equipment. In 2021 the County refinanced the note. Principal and interest payments are to be made annually. The interest rate is now 2.25% and the debt is collateralized by the purchased equipment. As a result, the 2016 note is removed and shown as the 2021 note payable with a balance of \$203,165 as of December 31, 2021.

In 2018 the County financed a capital purchase of a cab tractor with a local financial institution. Principal and interest payments are to be made annually. The interest rate is 3.04% and the debt is collateralized by the purchased equipment.

In 2019 the County financed a capital purchase of a John Deere tractor and loader with a local financial institution. Principal and interest payments are to be made annually. The interest rate is 3.60% and the debt is collateralized by the purchased equipment. As of December 31, 2021, the note was paid in full.

Continued



**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12 – LONG-TERM LIABILITIES** – Continuation

In 2021 the County financed a capital purchase of a cab tractor with a local financial institution. Principal and interest payments are to be made annually. The interest rate is 2.25% and the debt is collateralized by the purchased equipment.

Long-term liability activity for the year ended December 31, 2021, was as follows:

|  | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------|-------------------|---------------------|-------------------|------------------------|
| <b>Governmental activities:</b>                |                      |                   |                     |                   |                        |
| 2016 Note Payable                              | \$ 188,857           | \$ -              | \$ (188,857)        | \$ -              | \$ -                   |
| 2018 Note Payable                              | 139,231              | -                 | (45,027)            | 94,204            | 46,397                 |
| 2019 Note Payable                              | 39,011               | -                 | (39,011)            | -                 | -                      |
| 2021 Note Payable                              | -                    | 203,165           | -                   | 203,165           | 38,845                 |
| 2021 Note Payable                              | -                    | 68,250            | -                   | 68,250            | 13,050                 |
| Landfill closure costs                         | 10,147               | 580               | -                   | 10,727            | -                      |
| Total OPEB liability                           | <u>125,071</u>       | <u>24,912</u>     | <u>-</u>            | <u>149,983</u>    | <u>-</u>               |
| Governmental activity<br>long-term liabilities | <u>\$ 502,317</u>    | <u>\$ 296,907</u> | <u>\$ (272,895)</u> | <u>\$ 526,329</u> | <u>\$ 98,292</u>       |

The County paid interest expense of \$9,571 during the year ended December 31, 2021.

The annual debt service requirement on long-term liabilities outstanding as of December 31, 2021 is as follows:

| Year Ended | Total             | 2018 Note Payable<br>(motor grader) |                  | 2021 Note Payable<br>(motor grader) |                   | 2021 Note Payable<br>(utility tractor) |                  |
|------------|-------------------|-------------------------------------|------------------|-------------------------------------|-------------------|--|------------------|
|            |                   | Interest                            | Principal        | Interest                            | Principal         | Interest                               | Principal        |
| 2022       | \$ 107,262        | \$ 2,863                            | \$ 46,397        | \$ 4,572                            | \$ 38,845         | \$ 1,535                               | \$ 13,050        |
| 2023       | 107,262           | 1,453                               | 47,807           | 3,697                               | 39,720            | 1,242                                  | 13,343           |
| 2024       | 58,002            | -                                   | -                | 2,807                               | 40,610            | 944                                    | 13,641           |
| 2025       | 58,002            | -                                   | -                | 1,888                               | 41,529            | 633                                    | 13,952           |
| 2026       | 58,001            | -                                   | -                | 955                                 | 42,461            | 321                                    | 14,264           |
|            | <u>\$ 388,529</u> | <u>\$ 4,316</u>                     | <u>\$ 94,204</u> | <u>\$ 13,919</u>                    | <u>\$ 203,165</u> | <u>\$ 4,675</u>                        | <u>\$ 68,250</u> |

**ARMSTRONG COUNTY, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 13 – ACCOUNTING FOR MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS**

State and federal laws and regulations require that most cities and counties place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure as required under Subtitle D.

The County has one landfill site permitted as follows: MSW 414. In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on estimated future closure and post closure care costs that will be incurred near or after the date that the landfills no longer accepts solid waste. The estimated total current cost of the landfill closure and post closure care of \$13,792 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. The recognition of the estimated total current cost is based on the amount of the landfills used during the year. The estimated liability for closure and post closure cost accrued on the County's books for the year ended December 31, 2021 was \$10,727, which is based on accumulated usage of landfill area. It is estimated that an additional \$3,065 will be recognized as closure and post closure expenses between the balance sheet date and the date that the landfills are filled to capacity. As of December 31, 2021, the County has used approximately 77.8% of the available landfill capacity for the permit MSW 414. The County expects to close MSW 414 in the year 2040. However, the actual cost of closure and post closure care is subject to change due to inflation, changes in technology, or changes in landfill laws and regulations.

Armstrong County, Texas has demonstrated financial assurance for closure post closure care cost associated with the landfill by satisfying the financial test specified in Sub-chapter K of 31 Texas Administrative Code 330,285(g). In the opinion of County management, all financial assurance requirements have been met at December 31, 2021. The County has the option of securing a surety bond in an amount that approximates the current closure and post-closure care costs in lieu of the financial assurance tests. Armstrong County has secured such a surety bond, in the amount of \$20,000, in addition to meeting the financial assurance requirements required by the Texas Commission of Environmental Quality.

**NOTE 14 – RISK MANAGEMENT**

The County's major areas of risk management are: public officials', law enforcement, and automobile liability, general comprehensive liability and property damage, workers' compensation, and employee health insurance. The County has obtained insurance with an insurance company and a public entity risk pool in which all risk is transferred to those entities for all the above areas, with the exception of the County not insuring road equipment for property coverage. The County pays a deductible per incident except on the employee health insurance in which the deductible is the responsibility of the employee. There have been no significant reductions in insurance coverage from the prior year and settlements have not exceeded insurance coverage for the current year or the previous three years.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**ARMSTRONG COUNTY, TEXAS  
GENERAL  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2021**

|                               | <u>Budgeted Amounts</u> |                  | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget</u> |
|-------------------------------|-------------------------|------------------|---------------------------|---------------------------------------|
|                               | <u>Original</u>         | <u>Final</u>     |                           |                                       |
| <b>REVENUES</b>               |                         |                  |                           |                                       |
| Property taxes                | \$ 991,762              | \$ 991,762       | \$ 1,056,787              | \$ 65,025                             |
| Payments in lieu of taxes     | -                       | -                | 102,000                   | 102,000                               |
| Sales tax                     | 42,500                  | 42,500           | 70,659                    | 28,159                                |
| Licenses and fees             | 230,460                 | 230,460          | 220,283                   | (10,177)                              |
| Fines and forfeitures         | 231,000                 | 231,000          | 166,506                   | (64,494)                              |
| Intergovernmental             | 51,000                  | 51,000           | 97,235                    | 46,235                                |
| Investment earnings           | 8,000                   | 8,000            | 3,175                     | (4,825)                               |
| Miscellaneous                 | 6,100                   | 6,100            | 74,276                    | 68,176                                |
|                               | <u>1,560,822</u>        | <u>1,560,822</u> | <u>1,790,921</u>          | <u>230,099</u>                        |
| <b>EXPENDITURES</b>           |                         |                  |                           |                                       |
| Current:                      |                         |                  |                           |                                       |
| Administrative                |                         |                  |                           |                                       |
| County judge                  | 41,811                  | 41,457           | 48,409                    | (6,952)                               |
| Dues                          | 3,320                   | 3,560            | 3,407                     | 153                                   |
| Other                         | 286,361                 | 281,475          | 273,468                   | 8,007                                 |
|                               | <u>331,492</u>          | <u>326,492</u>   | <u>325,284</u>            | <u>1,208</u>                          |
| Judicial                      |                         |                  |                           |                                       |
| County judge                  | 64,096                  | 64,096           | 63,112                    | 984                                   |
| Juvenile services             | 700                     | 700              | -                         | 700                                   |
| District clerk                | 98,039                  | 93,099           | 96,683                    | (3,584)                               |
| Justice of the peace          | 64,994                  | 64,994           | 58,679                    | 6,315                                 |
| Jury                          | 4,000                   | 2,000            | 1,314                     | 686                                   |
| Other                         | 46,414                  | 34,914           | 33,543                    | 1,371                                 |
|                               | <u>278,243</u>          | <u>259,803</u>   | <u>253,331</u>            | <u>6,472</u>                          |
| Elections                     |                         |                  |                           |                                       |
| Administration                | 29,485                  | 29,925           | 29,718                    | 207                                   |
|                               | <u>29,485</u>           | <u>29,925</u>    | <u>29,718</u>             | <u>207</u>                            |
| Financial administration      |                         |                  |                           |                                       |
| Treasurer                     | 90,628                  | 89,436           | 85,992                    | 3,444                                 |
| County tax assessor/collector | 62,703                  | 62,703           | 61,586                    | 1,117                                 |
| County Appraisal District     | 61,611                  | 62,803           | 62,803                    | -                                     |
|                               | <u>214,942</u>          | <u>214,942</u>   | <u>210,381</u>            | <u>4,561</u>                          |
| Public facilities             |                         |                  |                           |                                       |
| Courthouse maintenance        | 54,973                  | 98,070           | 101,374                   | (3,304)                               |
| Activity building             | 7,563                   | 10,324           | 9,494                     | 830                                   |
|                               | <u>62,536</u>           | <u>108,394</u>   | <u>110,868</u>            | <u>(2,474)</u>                        |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**GENERAL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Continuation

|   |                     |                     |                     |                   |
|---|---------------------|---------------------|---------------------|-------------------|
| Corrections and rehabilitation                          |                     |                     |                     |                   |
| Jail housing and booking                                | \$ 43,273           | \$ 76,662           | \$ 69,344           | \$ 7,318          |
| Supervision   | <u>1,800</u>        | <u>1,800</u>        | <u>-</u>            | <u>1,800</u>      |
| Total corrections and rehabilitation                    | <u>45,073</u>       | <u>78,462</u>       | <u>69,344</u>       | <u>9,118</u>      |
| Public safety   |                     |                     |                     |                   |
| County sheriff  | 366,329             | 320,531             | 312,103             | 8,428             |
| Volunteer Fire Departments                              | <u>65,000</u>       | <u>65,000</u>       | <u>65,000</u>       | <u>-</u>          |
| Total public safety                                     | <u>431,329</u>      | <u>385,531</u>      | <u>377,103</u>      | <u>8,428</u>      |
| Community and economic development                      |                     |                     |                     |                   |
| Home economic agent                                     | 20,580              | 19,400              | 18,663              | 737               |
| County agricultural agent                               | <u>44,891</u>       | <u>44,630</u>       | <u>40,067</u>       | <u>4,563</u>      |
| Total community and economic development                | <u>65,471</u>       | <u>64,030</u>       | <u>58,730</u>       | <u>5,300</u>      |
| Public services   |                     |                     |                     |                   |
| Indigent health care                                    | 1,200               | 1,200               | 600                 | 600               |
| Court ordered services                                  | <u>4,900</u>        | <u>4,900</u>        | <u>3,945</u>        | <u>955</u>        |
| Total public services                                   | <u>6,100</u>        | <u>6,100</u>        | <u>4,545</u>        | <u>1,555</u>      |
| Capital outlay  | <u>45,000</u>       | <u>46,180</u>       | <u>55,108</u>       | <u>(8,928)</u>    |
| Total expenditures                                      | <u>1,503,571</u>    | <u>1,513,759</u>    | <u>1,494,412</u>    | <u>23,892</u>     |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>57,251</u>       | <u>47,063</u>       | <u>296,509</u>      | <u>253,991</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                     |                     |                   |
| Transfers in  | -                   | -                   | 17,432              | 17,432            |
| Transfers out   | <u>(51,151)</u>     | <u>(51,151)</u>     | <u>(199,135)</u>    | <u>(147,984)</u>  |
| Total other financing sources (uses)                    | <u>(51,151)</u>     | <u>(51,151)</u>     | <u>(181,703)</u>    | <u>(130,552)</u>  |
| <b>NET CHANGE IN FUND BALANCE</b>                       | 6,100               | (4,088)             | 114,806             | 118,894           |
| <b>FUND BALANCE - BEGINNING</b>                         | <u>1,478,919</u>    | <u>1,478,919</u>    | <u>1,478,919</u>    | <u>-</u>          |
| <b>FUND BALANCE - ENDING</b>                            | <u>\$ 1,485,019</u> | <u>\$ 1,474,831</u> | <u>\$ 1,593,725</u> | <u>\$ 118,894</u> |

This page left blank intentionally

**ARMSTRONG COUNTY, TEXAS**  
**ROAD AND BRIDGE**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|   | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts</u> | <u>Variance With<br/>Final Budget</u> |
|---|-------------------------|-------------------|---------------------------|---------------------------------------|
|   | <u>Original</u>         | <u>Final</u>      |                           |                                       |
| <b>REVENUES</b>   |                         |                   |                           |                                       |
| Property taxes  | \$ 419,343              | \$ 419,343        | \$ 446,180                | \$ 26,837                             |
| Licenses and fees                                       | 26,000                  | 26,000            | 34,473                    | 8,473                                 |
| Intergovernmental                                       | 52,500                  | 52,500            | 48,142                    | (4,358)                               |
| Investment earnings                                     | 100                     | 100               | 67                        | (33)                                  |
| Miscellaneous   | -                       | -                 | 8,900                     | 8,900                                 |
|   | <u>497,943</u>          | <u>497,943</u>    | <u>537,762</u>            | <u>39,819</u>                         |
| Total revenues  |                         |                   |                           |                                       |
| <b>EXPENDITURES</b>                                     |                         |                   |                           |                                       |
| Current:  |                         |                   |                           |                                       |
| Road and bridge   |                         |                   |                           |                                       |
| Precinct 1  | 61,510                  | 62,850            | 59,786                    | 3,064                                 |
| Precinct 2  | 69,260                  | 69,260            | 60,724                    | 8,536                                 |
| Precinct 3  | 72,260                  | 72,260            | 78,917                    | (6,657)                               |
| Precinct 4  | 100,090                 | 100,090           | 104,785                   | (4,695)                               |
| County-wide   | 141,949                 | 253,526           | 140,382                   | 113,144                               |
| Landfill  | 24,539                  | 24,539            | 23,132                    | 1,407                                 |
|   | <u>469,608</u>          | <u>582,525</u>    | <u>467,726</u>            | <u>114,799</u>                        |
| Total road and bridge                                   |                         |                   |                           |                                       |
| Debt Service:   |                         |                   |                           |                                       |
| Principal   | -                       | -                 | 272,895                   | (272,895)                             |
| Interest  | -                       | -                 | 9,571                     | (9,571)                               |
| Capital outlay  | 89,000                  | 92,842            | 212,226                   | (119,384)                             |
|   | <u>558,608</u>          | <u>675,367</u>    | <u>962,418</u>            | <u>(287,051)</u>                      |
| Total expenditures                                      |                         |                   |                           |                                       |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(60,665)</u>         | <u>(177,424)</u>  | <u>(424,656)</u>          | <u>(247,232)</u>                      |
| <b>OTHER FINANCING SOURCES</b>                          |                         |                   |                           |                                       |
| Proceeds from long term debt                            | -                       | -                 | 271,415                   | 271,415                               |
| Proceeds from sale of capital assets                    | -                       | -                 | 27,531                    | 27,531                                |
| Transfers in  | 60,665                  | 60,665            | 142,412                   | 81,747                                |
| Transfers out   | -                       | -                 | (240)                     | (240)                                 |
|   | <u>60,665</u>           | <u>60,665</u>     | <u>441,118</u>            | <u>380,453</u>                        |
| Total other financing sources                           |                         |                   |                           |                                       |
| <b>NET CHANGE IN FUND BALANCE</b>                       | -                       | (116,759)         | 16,462                    | 133,221                               |
| <b>FUND BALANCE - BEGINNING</b>                         | <u>465,010</u>          | <u>465,010</u>    | <u>465,010</u>            | <u>-</u>                              |
| <b>FUND BALANCE - ENDING</b>                            | <u>\$ 465,010</u>       | <u>\$ 348,251</u> | <u>\$ 481,472</u>         | <u>\$ 133,221</u>                     |

**ARMSTRONG COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed)**

|  | Year Ended December 31, |                     |                     |                     |
|--|-------------------------|---------------------|---------------------|---------------------|
|  | 2020                    | 2019                | 2018                | 2017                |
| <b>Total Pension Liability:</b>                              |                         |                     |                     |                     |
| Service cost   | \$ 87,341               | \$ 96,228           | \$ 83,936           | \$ 88,162           |
| Interest on total pension liability                          | 244,843                 | 235,440             | 222,461             | 210,388             |
| Effect of plan changes                                       | -                       | -                   | -                   | 12,864              |
| Effect of assumption changes or inputs                       | 140,497                 | -                   | -                   | 24,216              |
| Effect of economic/demographic<br>(gains) or losses          | (5,883)                 | (4,342)             | 32,839              | 3,284               |
| Benefit payments/refunds of contributions                    | (203,966)               | (200,792)           | (182,168)           | (188,971)           |
| Net change in total pension liability                        | 262,832                 | 126,534             | 157,068             | 149,943             |
| Total pension liability, beginning                           | 3,035,412               | 2,908,878           | 2,751,810           | 2,601,867           |
| Total pension liability, ending (a)                          | <u>\$ 3,298,244</u>     | <u>\$ 3,035,412</u> | <u>\$ 2,908,878</u> | <u>\$ 2,751,810</u> |
| <b>Fiduciary Net Position:</b>                               |                         |                     |                     |                     |
| Employer contributions                                       | \$ 44,410               | \$ 36,976           | \$ 35,072           | \$ 34,506           |
| Member contributions   | 57,353                  | 54,002              | 51,185              | 51,570              |
| Investment income net of investment<br>expenses              | 326,366                 | 462,301             | (56,432)            | 390,596             |
| Benefit payments/refunds of contributions                    | (203,966)               | (200,792)           | (182,168)           | (188,971)           |
| Administrative expenses                                      | (2,473)                 | (2,409)             | (2,261)             | (1,976)             |
| Other  | (2,711)                 | (3,319)             | (2,559)             | (1,398)             |
| Net change in fiduciary net position                         | 218,979                 | 346,759             | (157,163)           | 284,327             |
| Fiduciary net position, beginning                            | 3,161,215               | 2,814,456           | 2,971,619           | 2,687,292           |
| Fiduciary net position, ending (b)                           | <u>\$ 3,380,194</u>     | <u>\$ 3,161,215</u> | <u>\$ 2,814,456</u> | <u>\$ 2,971,619</u> |
| Net pension liability / (asset),<br>ending = (a) - (b)       | <u>\$ (81,950)</u>      | <u>\$ (125,803)</u> | <u>\$ 94,422</u>    | <u>\$ (219,809)</u> |
| Fiduciary net position as a % of<br>total pension liability  | 102.48%                 | 104.14%             | 96.75%              | 107.99%             |
| Pensionable covered payroll                                  | \$ 819,328              | \$ 771,455          | \$ 731,211          | \$ 736,719          |
| Net pension liability / (asset) as a % of<br>covered payroll | -10.00%                 | -16.31%             | 12.91%              | -29.84%             |



Year Ended December 31,

| 2016                | 2015                | 2014                | 2013          | 2012          | 2011          |
|---------------------|---------------------|---------------------|---------------|---------------|---------------|
| \$ 84,449           | \$ 91,272           | \$ 79,674           | \$ N/A        | \$ N/A        | \$ N/A        |
| 198,331             | 187,053             | 173,152             | N/A           | N/A           | N/A           |
| -                   | (5,509)             | -                   | N/A           | N/A           | N/A           |
| -                   | 27,002              | -                   | N/A           | N/A           | N/A           |
| (4,704)             | (11,325)            | 6,339               | N/A           | N/A           | N/A           |
| <u>(163,482)</u>    | <u>(108,356)</u>    | <u>(99,347)</u>     | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| 114,594             | 180,137             | 159,818             | N/A           | N/A           | N/A           |
| <u>2,487,273</u>    | <u>2,307,136</u>    | <u>2,147,318</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <u>\$ 2,601,867</u> | <u>\$ 2,487,273</u> | <u>\$ 2,307,136</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| \$ 34,891           | \$ 38,771           | \$ 41,969           | \$ N/A        | \$ N/A        | \$ N/A        |
| 47,986              | 51,696              | 47,904              | N/A           | N/A           | N/A           |
| 189,713             | (10,739)            | 163,728             | N/A           | N/A           | N/A           |
| <u>(163,482)</u>    | <u>(108,356)</u>    | <u>(99,347)</u>     | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| (2,059)             | (1,851)             | (1,929)             | N/A           | N/A           | N/A           |
| <u>20,809</u>       | <u>7,133</u>        | <u>8,080</u>        | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| 127,858             | (23,346)            | 160,405             | N/A           | N/A           | N/A           |
| <u>2,559,434</u>    | <u>2,582,780</u>    | <u>2,422,375</u>    | <u>N/A</u>    | <u>N/A</u>    | <u>N/A</u>    |
| <u>\$ 2,687,292</u> | <u>\$ 2,559,434</u> | <u>\$ 2,582,780</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| <u>\$ (85,425)</u>  | <u>\$ (72,161)</u>  | <u>\$ (275,644)</u> | <u>\$ N/A</u> | <u>\$ N/A</u> | <u>\$ N/A</u> |
| 103.28%             | 102.90%             | 111.95%             | N/A           | N/A           | N/A           |
| \$ 685,509          | \$ 738,508          | \$ 684,342          | \$ N/A        | \$ N/A        | \$ N/A        |
| -12.46%             | -9.77%              | -40.28%             | N/A           | N/A           | N/A           |

**ARMSTRONG COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last 10 Years (will ultimately be displayed)**

| Year Ending<br>December 31: | Actuarially<br>Determined<br>Contribution | Actual<br>Employer<br>Contribution | Contribution<br>Deficiency<br>(Excess) | Pensionable<br>Covered<br>Payroll | Actual Contribution<br>as a % of Covered<br>Payroll |
|-----------------------------|---|------------------------------------|--|-----------------------------------|---|
| 2015                        | \$ 38,771                                 | \$ 38,771                          | \$ -                                   | \$ 738,498                        | 5.2%  |
| 2016                        | 34,891                                    | 34,891                             | -                                      | 688,184                           | 5.1%  |
| 2017                        | 34,506                                    | 34,506                             | -                                      | 737,311                           | 4.7%  |
| 2018                        | 35,072                                    | 35,072                             | -                                      | 732,197                           | 4.8%  |
| 2019                        | 36,976                                    | 36,976                             | -                                      | 771,948                           | 4.8%  |
| 2020                        | 41,590                                    | 44,411                             | (2,821)                                | 768,753                           | 5.8%  |
| 2021                        | 40,391                                    | 40,391                             | -                                      | 734,373                           | 5.5%  |

**ARMSTRONG COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
**Last 10 Years (will ultimately be displayed)**

**Notes to Schedule:**

Valuation Date Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

|  |  |
|--|--|
| Actuarial Cost Method  | Entry Age  |
| Amortization Method  | Level percentage of payroll, closed  |
| Remaining Amortization Period  | 20.0 years (based on contribution rate calculated in 12/31/2020 valuation)   |
| Asset Valuation Method   | 5-year smoothed market   |
| Inflation  | 2.50%  |
| Salary increases   | Varies by age and service. 4.6% average over career including inflation  |
| Investment rate of return  | 7.5%, net of investment expenses, including inflation  |
| Retirement age   | Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.  |
| Mortality  | 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 110% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014.  |
| Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions | 2015: New inflation, mortality and other assumptions were reflected.<br>2017: New mortality assumptions were reflected.<br>2019: New inflation, mortality and other assumptions were reflected.  |
| Changes in Plan Provisions Reflected in the Schedule of Employer Contributions         | 2015: No changes in plan provisions were reflected in the Schedule.<br>2016: No changes in plan provisions were reflected in the Schedule.<br>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.<br>2018: Employer contributions reflect that a 30% CPI COLA was adopted.<br>2019: No changes in plan provisions were reflected in the Schedule.<br>2020: No changes in plan provisions were reflected in the Schedule. |

**ARMSTRONG COUNTY, TEXAS**  
**TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**Last 10 Years (will ultimately be displayed as available)**

|   | Year Ended December 31,  |                          |                         |                         |
|---|--------------------------|--------------------------|-------------------------|-------------------------|
|   | 2020                     | 2019                     | 2018                    | 2017                    |
| <b>Total OPEB Liability:</b>                            |                          |                          |                         |                         |
| Service cost  | \$ 3,866                 | \$ 3,189                 | \$ 3,757                | \$ 3,121                |
| Interest on total OPEB liability                        | 3,487                    | 4,050                    | 3,386                   | 3,484                   |
| Effect of plan changes                                  | -                        | -                        | -                       | -                       |
| Effect of assumption changes or inputs                  | 14,514                   | 829                      | (10,097)                | 4,053                   |
| Effect of economic/demographic (gains) or losses        | 6,404                    | 23,162                   | 6,967                   | (2,367)                 |
| Benefit payments  | <u>(3,359)</u>           | <u>(3,472)</u>           | <u>(2,705)</u>          | <u>(2,652)</u>          |
| Net change in total OPEB liability                      | 24,912                   | 27,758                   | 1,308                   | 5,639                   |
| Total OPEB liability, beginning                         | <u>125,071</u>           | <u>97,313</u>            | <u>96,005</u>           | <u>90,366</u>           |
| Total OPEB liability, ending                            | <u><u>\$ 149,983</u></u> | <u><u>\$ 125,071</u></u> | <u><u>\$ 97,313</u></u> | <u><u>\$ 96,005</u></u> |
| Covered employee payroll                                | \$ 819,328               | \$ 771,455               | \$ 731,211              | \$ 736,719              |
| Total OPEB liability as a % of covered employee payroll | 18.31%                   | 16.21%                   | 13.31%                  | 13.03%                  |

**Notes to Schedule:**

|                           |   |
|---------------------------|---|
| Valuation Timing          | Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. |
| Actuarial Cost Method     | Entry Age Normal  |
| Amortization Method       | Straight-Line amortization over Expected Working Life   |
| Asset Valuation Method    | Does not apply  |
| Inflation                 | Does not apply  |
| Salary increases          | Does not apply  |
| Investment rate of return | 2.12% (20 Year Bond GO Index published by bondbuyer.com as of December 31, 2020)  |

**OTHER SUPPLEMENTARY INFORMATION**

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

The Special Revenue Funds account for the proceeds of specific sources that are legally restricted to expenditures for specified purposes.

**Records Management** – The Records Management Fund accounts for fees collected by the County Clerk after the filing and recording of a document in the records office of the Clerk. The fees are dedicated by law to be used for specific records management and preservation purposes of the County.

**District Records Management** – The District Records Management Fund accounts for fees collected by the District Clerk after the filing of a suit. The fees are dedicated by law to be used for specific records management and preservation purposes.

**Archive** – The Archive Fund accounts for fees collected by the County Clerk for the recording or filing of public documents. The fees are dedicated by law to be expended only for the preservation and restoration of the County Clerk's record archive.

**Courthouse Security** – The Courthouse Security Fund accounts for fees collected by the County and District Clerks from all defendants convicted of an offense. The fees are dedicated by law to be used to fund and support security systems and personnel within the District, County or Justice Courts.

**Justice Court Technology** – The Justice Court Technology Fund accounts for fees collected by the County Clerk from all defendants convicted of a misdemeanor offense in a Justice Court. The fees are dedicated by law to be expended only for the costs of continuing education for justice court judges and clerks regarding technological enhancements for justice courts and the costs of those enhancements.

**Task Force Indigent Defense** – The Task Force Indigent Defense Fund accounts for fees collected by the County Clerk on all cases heard by a Justice of the Peace. The fees are dedicated by law to aid the defense of an indigent person.

**Sheriff Commissary** – The Sheriff Commissary Fund accounts for the proceeds received by the Sheriff's office from incarcerated persons on the sale of commissary items. The funds are restricted by law to be used to maintain the commissary and for the benefit of the Sheriff's Department.

**Sheriff Seizure** – The Sheriff Seizure Fund accounts for the assets and proceeds from the disposition of assets used in the commission of criminal activity and subsequently seized by the office of the County Sheriff. The funds are dedicated by law to be used solely for law enforcement purposes.

**HAVA Election Grant** – The HAVA Election Grant Fund accounts for funds received from the Help Americans Vote Act. The revenues are to be used to pay only those expenses related to elections.

**LEOSE** – The LEOSE Fund accounts for funds received from the State of Texas to be used to increase the ethical standards and education of law enforcement officers within the County.

**Emergency Management** – The Emergency Management Fund accounts for funds received through the Agreement in Principle contract made with the State Energy Conservation Office. The funds are dedicated to be used to maintain the Emergency Management Department as well as providing emergency assistance, if necessary, to the United States Department of Energy National Nuclear Security Administration Pantex Site Office.

**ARPA Grant Fund** – The ARPA Grant Fund is used to account for funds received through various federal agencies passed through the State of Texas. The pass-through grant is to be used to reimburse the County for qualified incurred costs and lost revenue related to the COVID-19 pandemic.

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for financial resources designated for acquisition of fixed assets and construction projects.

**AC Fire Station (AIP) Fund** – The AC Fire Station (AIP) Fund is a capital project fund used to account for the contractual rent revenue used for the construction and utilities of the fire station and staging area located in Washburn, Texas.

**Jail Restoration** – The Jail Restoration Fund was created to account for the grants received, as well as expenditures for the purpose of restoring and renovating the County Jail.

**TxDOT Road Grant** – The TxDot Road Grant Fund is a capital projects fund used to account for the grants received, as well as expenditures for the purpose of replacing certain county roads.

**Capital Outlay** – The Capital Outlay Fund was created to account for funds committed for the purpose of future purchases of capital assets.

**ARMSTRONG COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

**Special Revenue**

|  | <b>Records<br/>Management</b> | <b>District<br/>Records<br/>Management</b> | <b>Archive</b>   | <b>Courthouse<br/>Security</b> |
|--|-------------------------------|--|------------------|--------------------------------|
| <b>ASSETS</b>                                  |                               |  |                  |                                |
| Cash and cash equivalents                      | \$ 76                         | \$ 7,210                                   | \$ 60,222        | \$ 60,455                      |
| Receivable from other governments              | -                             | -  | -                | -                              |
| Accounts receivable                            | 130                           | 25   | 1,184            | 170                            |
| <b>Total assets</b>                            | <b>\$ 206</b>                 | <b>\$ 7,235</b>                            | <b>\$ 61,406</b> | <b>\$ 60,625</b>               |
| <b>LIABILITIES</b>                             |                               |  |                  |                                |
| Accounts payable                               | \$ 497                        | \$ -                                       | \$ 3,607         | \$ 11                          |
| Due to other funds                             | 3,931                         | -  | -                | -                              |
| <b>Total liabilities</b>                       | <b>4,428</b>                  | <b>-</b>                                   | <b>3,607</b>     | <b>11</b>                      |
| <b>FUND BALANCES</b>                           |                               |  |                  |                                |
| Restricted:                                    |                               |  |                  |                                |
| By enabling legislation                        | -                             | 7,235                                      | 57,799           | 60,614                         |
| Capital purchases                              | -                             | -  | -                | -                              |
| Unassigned (deficit)                           | (4,222)                       | -  | -                | -                              |
| <b>Total fund balances</b>                     | <b>(4,222)</b>                | <b>7,235</b>                               | <b>57,799</b>    | <b>60,614</b>                  |
| <b>Total liabilities and fund<br/>balances</b> | <b>\$ 206</b>                 | <b>\$ 7,235</b>                            | <b>\$ 61,406</b> | <b>\$ 60,625</b>               |



**Special Revenue**

| <b>Justice Court<br/>Technology</b> | <b>Task Force<br/>Indigent<br/>Defense</b> | <b>Sheriff<br/>Commissary</b> | <b>Sheriff Seizure</b> | <b>HAVA Election<br/>Grant</b> | <b>LEOSE</b> |
|-------------------------------------|--|-------------------------------|------------------------|--------------------------------|--------------|
| \$ 12,035                           | \$ 44,305                                  | \$ -                          | \$ 9,093               | \$ 37,557                      | \$ -         |
| -                                   | -  | -                             | -                      | -                              | -            |
| 75                                  | -  | -                             | -                      | -                              | -            |
| <u>\$ 12,110</u>                    | <u>\$ 44,305</u>                           | <u>\$ -</u>                   | <u>\$ 9,093</u>        | <u>\$ 37,557</u>               | <u>\$ -</u>  |
| \$ 340                              | \$ -                                       | \$ -                          | \$ -                   | \$ 14,655                      | \$ -         |
| -                                   | -  | -                             | -                      | -                              | -            |
| 340                                 | -  | -                             | -                      | 14,655                         | -            |
| 11,770                              | 44,305                                     | -                             | 9,093                  | 22,902                         | -            |
| -                                   | -  | -                             | -                      | -                              | -            |
| -                                   | -  | -                             | -                      | -                              | -            |
| <u>11,770</u>                       | <u>44,305</u>                              | <u>-</u>                      | <u>9,093</u>           | <u>22,902</u>                  | <u>-</u>     |
| <u>\$ 12,110</u>                    | <u>\$ 44,305</u>                           | <u>\$ -</u>                   | <u>\$ 9,093</u>        | <u>\$ 37,557</u>               | <u>\$ -</u>  |

Continued

**ARMSTRONG COUNTY, TEXAS  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

Continuation

|  | <u>Special Revenue</u>          |                   |                   | <u>Capital Projects</u>          |
|--|---------------------------------|-------------------|-------------------|----------------------------------|
|  | <u>Emergency<br/>Management</u> | <u>ARPA Grant</u> | <u>Total</u>      | <u>AC Fire Station<br/>(AIP)</u> |
| <b>ASSETS</b>                          |                                 |                   |                   |                                  |
| Cash and cash equivalents              | \$ -                            | \$ 183,317        | \$ 414,270        | \$ 22,153                        |
| Receivable from other governments      | 99,537                          | -                 | 99,537            | -                                |
| Accounts receivable                    | -                               | -                 | 1,584             | -                                |
|  | <u>-</u>                        | <u>-</u>          | <u>1,584</u>      | <u>-</u>                         |
| Total assets                           | <u>\$ 99,537</u>                | <u>\$ 183,317</u> | <u>\$ 515,391</u> | <u>\$ 22,153</u>                 |
| <b>LIABILITIES</b>                     |                                 |                   |                   |                                  |
| Accounts payable                       | \$ 3,962                        | \$ -              | \$ 23,072         | \$ -                             |
| Due to other funds                     | 58,449                          | -                 | 62,380            | -                                |
|  | <u>62,411</u>                   | <u>-</u>          | <u>85,452</u>     | <u>-</u>                         |
| Total liabilities                      | <u>62,411</u>                   | <u>-</u>          | <u>85,452</u>     | <u>-</u>                         |
| <b>FUND BALANCES</b>                   |                                 |                   |                   |                                  |
| Restricted:                            |                                 |                   |                   |                                  |
| By enabling legislation                | 37,126                          | 183,317           | 434,161           | -                                |
| Capital purchases                      | -                               | -                 | -                 | -                                |
| Unassigned (deficit)                   | -                               | -                 | (4,222)           | 22,153                           |
|  | <u>37,126</u>                   | <u>183,317</u>    | <u>429,939</u>    | <u>22,153</u>                    |
| Total fund balances                    | <u>37,126</u>                   | <u>183,317</u>    | <u>429,939</u>    | <u>22,153</u>                    |
| Total liabilities and fund<br>balances | <u>\$ 99,537</u>                | <u>\$ 183,317</u> | <u>\$ 515,391</u> | <u>\$ 22,153</u>                 |

**Capital Projects**

| <b>Jail Restoration</b> | <b>TxDOT Road Grant</b> | <b>Capital Outlay</b> | <b>Total</b>     | <b>Total Non-Major Governmental Funds</b> |
|-------------------------|-------------------------|-----------------------|------------------|---|
| \$ -                    | \$ -                    | \$ 6,430              | \$ 28,583        | \$ 442,853                                |
| -                       | -                       | -                     | -                | 99,537                                    |
| -                       | -                       | -                     | -                | 1,584                                     |
| <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ 6,430</u>       | <u>\$ 28,583</u> | <u>\$ 543,974</u>                         |
| <br>                    |                         |                       |                  |   |
| \$ -                    | \$ -                    | \$ -                  | \$ -             | \$ 23,072                                 |
| 6,802                   | 30,798                  | -                     | 37,600           | 99,980                                    |
| <u>6,802</u>            | <u>30,798</u>           | <u>-</u>              | <u>37,600</u>    | <u>123,052</u>                            |
| <br>                    |                         |                       |                  |   |
| -                       | -                       | -                     | -                | 434,161                                   |
| -                       | -                       | 6,430                 | 6,430            | 6,430                                     |
| (6,802)                 | (30,798)                | -                     | (15,447)         | (19,669)                                  |
| <u>(6,802)</u>          | <u>(30,798)</u>         | <u>6,430</u>          | <u>(9,017)</u>   | <u>420,922</u>                            |
| <br>                    |                         |                       |                  |   |
| <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ 6,430</u>       | <u>\$ 28,583</u> | <u>\$ 543,974</u>                         |

**ARMSTRONG COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Special Revenue**

|   | <b>Records<br/>Management</b> | <b>District<br/>Records<br/>Management</b> | <b>Archive</b>   | <b>Courthouse<br/>Security</b> |
|---|-------------------------------|--|------------------|--------------------------------|
| <b>REVENUES</b>   |                               |  |                  |                                |
| Licenses and fees                                       | \$ 785                        | \$ 675                                     | \$ 13,468        | \$ 1,766                       |
| Intergovernmental                                       | -                             | -  | -                | -                              |
| Investment earnings                                     | -                             | -  | -                | -                              |
| Total revenues  | <u>785</u>                    | <u>675</u>                                 | <u>13,468</u>    | <u>1,766</u>                   |
| <b>EXPENDITURES</b>                                     |                               |  |                  |                                |
| Current:  |                               |  |                  |                                |
| Administrative  | 4,907                         | -  | 4,692            | -                              |
| Judicial  | -                             | -  | -                | 301                            |
| Elections   | -                             | -  | -                | -                              |
| Public safety   | -                             | -  | -                | -                              |
| Capital outlay  | -                             | -  | -                | -                              |
| Total expenditures                                      | <u>4,907</u>                  | <u>-</u>                                   | <u>4,692</u>     | <u>301</u>                     |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(4,122)</u>                | <u>675</u>                                 | <u>8,776</u>     | <u>1,465</u>                   |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>               |                               |  |                  |                                |
| Transfers in  | -                             | -  | 710              | -                              |
| Transfers out   | (710)                         | -  | -                | -                              |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | <u>(710)</u>                  | <u>-</u>                                   | <u>710</u>       | <u>-</u>                       |
| <b>NET CHANGE IN<br/>FUND BALANCES</b>                  | (4,832)                       | 675  | 9,486            | 1,465                          |
| <b>FUND BALANCES - BEGINNING<br/>(DEFICIT)</b>          | <u>610</u>                    | <u>6,560</u>                               | <u>48,313</u>    | <u>59,149</u>                  |
| <b>FUND BALANCES - ENDING<br/>(DEFICIT)</b>             | <u>\$ (4,222)</u>             | <u>\$ 7,235</u>                            | <u>\$ 57,799</u> | <u>\$ 60,614</u>               |

**Special Revenue**

| <b>Justice Court<br/>Technology</b> | <b>Task Force<br/>Indigent<br/>Defense</b> | <b>Sheriff<br/>Commissary</b> | <b>Sheriff Seizure</b> | <b>HAVA Election<br/>Grant</b> | <b>LEOSE</b>   |
|-------------------------------------|--|-------------------------------|------------------------|--------------------------------|----------------|
| \$ 619                              | \$ -                                       | \$ 1,190                      | \$ -                   | \$ -                           | \$ -           |
| -                                   | -  | -                             | -                      | -                              | 987            |
| -                                   | -  | -                             | 1                      | 193                            | -              |
| <u>619</u>                          | <u>-</u>                                   | <u>1,190</u>                  | <u>1</u>               | <u>193</u>                     | <u>987</u>     |
| -                                   | -  | -                             | -                      | -                              | -              |
| 7,622                               | -  | -                             | -                      | -                              | -              |
| -                                   | -  | -                             | -                      | 60                             | -              |
| -                                   | -  | 10                            | -                      | -                              | 4,019          |
| -                                   | -  | -                             | -                      | 97,245                         | -              |
| <u>7,622</u>                        | <u>-</u>                                   | <u>10</u>                     | <u>-</u>               | <u>97,305</u>                  | <u>4,019</u>   |
| <u>(7,003)</u>                      | <u>-</u>                                   | <u>1,180</u>                  | <u>1</u>               | <u>(97,112)</u>                | <u>(3,032)</u> |
| -                                   | -  | -                             | -                      | -                              | 1,878          |
| -                                   | -  | -                             | -                      | -                              | -              |
| -                                   | -  | -                             | -                      | -                              | 1,878          |
| (7,003)                             | -  | 1,180                         | 1                      | (97,112)                       | (1,154)        |
| <u>18,773</u>                       | <u>44,305</u>                              | <u>(1,180)</u>                | <u>9,092</u>           | <u>120,014</u>                 | <u>1,154</u>   |
| <u>\$ 11,770</u>                    | <u>\$ 44,305</u>                           | <u>\$ -</u>                   | <u>\$ 9,093</u>        | <u>\$ 22,902</u>               | <u>\$ -</u>    |

Continued

**ARMSTRONG COUNTY, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

| Continuation  | <b>Special Revenue</b>          |                   |              | <b>Capital Projects</b>          |
|---|---------------------------------|-------------------|--------------|----------------------------------|
|   | <b>Emergency<br/>Management</b> | <b>ARPA Grant</b> | <b>Total</b> | <b>AC Fire Station<br/>(AIP)</b> |
| <b>REVENUES</b>   |                                 |                   |              |                                  |
| Licenses and fees                                       | \$ -                            | \$ -              | \$ 18,503    | \$ -                             |
| Intergovernmental                                       | 234,598                         | 183,264           | 418,849      | -                                |
| Investment earnings                                     | -                               | 53                | 247          | 44                               |
|   | 234,598                         | 183,317           | 437,599      | 44                               |
| <b>EXPENDITURES</b>                                     |                                 |                   |              |                                  |
| Current:  |                                 |                   |              |                                  |
| Administrative  | -                               | -                 | 9,599        | -                                |
| Judicial  | -                               | -                 | 7,923        | -                                |
| Elections   | -                               | -                 | 60           | -                                |
| Public safety   | 162,005                         | -                 | 166,034      | 40                               |
| Capital outlay  | 73,120                          | -                 | 170,365      | -                                |
|   | 235,125                         | -                 | 353,981      | 40                               |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | (527)                           | 183,317           | 83,618       | 4                                |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>               |                                 |                   |              |                                  |
| Transfers in  | 39,559                          | -                 | 42,147       | -                                |
| Transfers out   | (1,906)                         | -                 | (2,616)      | -                                |
|   | 37,653                          | -                 | 39,531       | -                                |
| <b>TOTAL OTHER FINANCING<br/>SOURCES (USES)</b>         | 37,653                          | -                 | 39,531       | -                                |
| <b>NET CHANGE IN<br/>FUND BALANCES</b>                  | 37,126                          | 183,317           | 123,149      | 4                                |
| <b>FUND BALANCES - BEGINNING<br/>(DEFICIT)</b>          | -                               | -                 | 306,790      | 22,149                           |
| <b>FUND BALANCES - ENDING<br/>(DEFICIT)</b>             | \$ 37,126                       | \$ 183,317        | \$ 429,939   | \$ 22,153                        |

**Capital Projects**

| <b>Capital Projects</b> |                         |                       |                   | <b>Total Non-Major Governmental Funds</b> |
|-------------------------|-------------------------|-----------------------|-------------------|---|
| <b>Jail Restoration</b> | <b>TxDOT Road Grant</b> | <b>Capital Outlay</b> | <b>Total</b>      |   |
| \$ -                    | \$ -                    | \$ -                  | \$ -              | \$ 18,503                                 |
| -                       | -                       | -                     | -                 | 418,849                                   |
| -                       | -                       | -                     | 44                | 291                                       |
| -                       | -                       | -                     | 44                | 437,643                                   |
| -                       | -                       | -                     | -                 | 9,599                                     |
| -                       | -                       | -                     | -                 | 7,923                                     |
| -                       | -                       | -                     | -                 | 60  |
| -                       | -                       | -                     | 40                | 166,074                                   |
| -                       | -                       | -                     | -                 | 170,365                                   |
| -                       | -                       | -                     | 40                | 354,021                                   |
| -                       | -                       | -                     | 4                 | 83,622                                    |
| -                       | -                       | -                     | -                 | 42,147                                    |
| -                       | -                       | -                     | -                 | (2,616)                                   |
| -                       | -                       | -                     | -                 | 39,531                                    |
| -                       | -                       | -                     | 4                 | 123,153                                   |
| <u>(6,802)</u>          | <u>(30,798)</u>         | <u>6,430</u>          | <u>(9,021)</u>    | <u>297,769</u>                            |
| <u>\$ (6,802)</u>       | <u>\$ (30,798)</u>      | <u>\$ 6,430</u>       | <u>\$ (9,017)</u> | <u>\$ 420,922</u>                         |

## **FIDUCIARY FUNDS**

## **CUSTODIAL FUNDS**

The Custodial Funds account for assets received in the capacity of trustee or agent for the County, other governmental entity or individual.

**County and District Clerk** – The County and District Clerk Fund accounts for registry funds held by the County and District Clerk.

**Tax Assessor Collector** – The Tax Assessor Collector Fund accounts for money collected by the Tax Assessor Collector and remitted to various taxing jurisdictions.

**Inmate Trust** – The Inmate Trust Fund accounts for monies being held for the benefit of the inmates in the County Jail.



**ARMSTRONG COUNTY, TEXAS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**DECEMBER 31, 2021**

|                           | <u>County and<br/>District Clerk</u> | <u>Tax Assessor<br/>Collector</u> | <u>Inmate Trust</u> | <u>Total Agency<br/>Funds</u> |
|---------------------------|--------------------------------------|-----------------------------------|---------------------|-------------------------------|
| <b>ASSETS</b>             |                                      |                                   |                     |                               |
| Cash and cash equivalents | \$ 78,363                            | \$ 42,652                         | \$ 3,146            | \$ 124,529                    |
| Accounts receivable       | -                                    | -                                 | 3,273               | 3,273                         |
|                           | <hr/>                                | <hr/>                             | <hr/>               | <hr/>                         |
| Total assets              | <u>\$ 78,363</u>                     | <u>\$ 42,652</u>                  | <u>\$ 6,419</u>     | <u>\$ 127,802</u>             |
| <b>LIABILITIES</b>        |                                      |                                   |                     |                               |
| Due to others             | \$ 4,195                             | \$ 11,329                         | \$ -                | \$ 15,892                     |
| Due to other governments  | -                                    | 31,323                            | -                   | 31,323                        |
| Deposits                  | 74,168                               | -                                 | 6,419               | 80,587                        |
|                           | <hr/>                                | <hr/>                             | <hr/>               | <hr/>                         |
| Total liabilities         | <u>\$ 78,363</u>                     | <u>\$ 42,652</u>                  | <u>\$ 6,419</u>     | <u>\$ 127,802</u>             |