

# Pecos County, Texas

Annual Financial Report

For the Year Ended December 31, 2020





**Pecos County, Texas**  
 Annual Financial Report  
 For the Year Ended December 31, 2020  
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# Financial Section

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## Independent Auditor's Report

To the Honorable Judge and  
Members of the Commissioners' Court  
Pecos County, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pecos County, Texas (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprises the County's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pecos County Memorial Hospital, an enterprise fund, which represents 100 percent of the assets, net position and revenues and expenses of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pecos County Memorial Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Weaver and Tidwell, L.L.P.  
400 West Illinois Avenue, Suite 1550 / Midland, Texas 79701  
Main: 432.683.5226

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The Honorable Judge and  
Members of the Commissioners Court  
Pecos County, Texas

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Pecos County, Texas, as of December 31, 2020, and the respective changes in financial position and where applicable the cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The combining non-major governmental fund financial statements, combining special revenue fund financial statements and the combining fiduciary agency fund statement of assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major governmental fund financial statements, the combining special revenue fund financial statements and the combining fiduciary agency fund statement of assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the combining special revenue fund financial statements, and the combining fiduciary agency fund statement of assets and liabilities are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Honorable Judge and  
Members of the Commissioners Court  
Pecos County, Texas

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2022, on our consideration of Pecos County, Texas' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pecos County, Texas' internal control over financial reporting and compliance.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
September 12, 2022

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## Management's Discussion and Analysis

As management of Pecos County, Texas (the County), we offer readers of the County's financial statements this overview and analysis of the financial activities of the County for the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begin on page 17.

### Financial Highlights

- The assets and deferred outflows of the County was less than its liabilities and deferred inflows at the close of the most recent year by \$5,650,105 (*net deficit position*). A deficit of \$49,067,163 is reported for unrestricted net position.
- As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$31,531,732 an increase of \$4,095,464 in comparison with the prior year. Approximately 61.0% of this total amount, \$19,237,951, is unassigned and *available for spending* at the government's discretion.
- At the end of the current year, unassigned fund balance for the general fund was \$19,237,951 or 87% percent of total general fund expenditures.
- The County's total capital lease debt decrease by \$174,230 during the current year.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### ***Government-Wide Financial Statements***

The *Statement of Net Position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of Pecos County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government wide financial statements can be found on pages 17 through 19 of this report.

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

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

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

The County maintains three governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the road and bridge fund, and the debt service fund, which are considered to be major funds. All other special revenue funds and capital project funds are considered non-major governmental funds and are combined into the aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements as other supplemental information elsewhere in this report.

The governmental fund financial statements can be found on pages 20 through 26 of this report.

The County adopts an annual appropriated budget for its general fund and road and bridge fund. Budgetary comparison statements, which are considered required supplementary information, have been provided for these funds to demonstrate compliance with this budget.

**Proprietary Funds:** The County maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Pecos County Memorial Hospital fund, formerly presented as a discretely presented component unit, is now presented as an enterprise fund of the County. The Pecos County Memorial Hospital fund is considered a major fund of the County. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its self-insurance. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 27 through 30 of this report.

**Fiduciary Funds:** Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for other governmental units. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's basic programs. The basic fiduciary fund financial statements can be found on page 31 of this report.

**Notes to the Basic Financial Statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 35 of this report.

**Other Information:** The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and fiduciary funds are presented immediately following the required supplementary information for budgetary data. Combining fund statements can be found on pages 80 through 91.

**Government-Wide Financial Analysis**

As noted earlier, net position (deficient) may serve over time as a useful indicator of a government’s financial position. In the case of the County, liabilities exceeded assets by \$5,650,105 at the close of the most recent year. The County’s investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is outstanding is \$33,467,394.

The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Pecos County, Texas  
Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Current and other assets	\$ 61,153,636	\$ 71,048,577	\$ 2,289,738	\$ 8,986,932	\$ 63,443,374	\$ 80,035,509
Capital assets	20,314,085	21,530,123	13,691,817	13,373,153	34,005,902	34,903,276
Total assets	81,467,721	92,578,700	15,981,555	22,360,085	97,449,276	114,938,785
Total deferred outflows of resources	3,792,488	4,990,665	3,912,878	6,315,474	7,705,366	11,306,139
Long-term liabilities outstanding	36,582,369	40,158,291	30,736,238	33,641,274	67,318,607	73,799,565
Other liabilities	37,630,241	39,078,756	10,746,790	8,125,836	48,377,031	47,204,592
Total liabilities	74,212,610	79,237,047	41,483,028	41,767,110	115,695,638	121,004,157
Total deferred inflows of resources	178,497	4,030,108	169,282	6,860,764	347,779	10,890,872
Net position:						
Net investment in capital assets	19,844,792	21,235,060	12,312,449	12,232,334	32,157,241	33,467,394
Restricted	9,466,386	9,949,664	-	-	9,466,386	9,949,664
Unrestricted	(18,442,076)	(16,882,514)	(34,070,326)	(32,184,649)	(52,512,402)	(49,067,163)
<b>Total net position (deficit)</b>	<b>\$ 10,869,102</b>	<b>\$ 14,302,210</b>	<b>\$ (21,757,877)</b>	<b>\$ (19,952,315)</b>	<b>\$ (10,888,775)</b>	<b>\$ (5,650,105)</b>

A significant portion of the County’s net position, \$9,949,664, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of \$49,067,163.

## Governmental and Business-Type Activities

Governmental activities and business-type activities increased the County's net position by \$-3,433,108 and \$-1,805,562, respectively. Key elements of this decrease are as follows:

### Pecos County, Texas Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,258,497	\$ 3,600,481	\$ 24,778,196	\$ 24,564,150	\$ 29,036,693	\$ 28,164,631
Operating grants and contributions	1,654,214	2,225,640	-	4,442,140	1,654,214	6,667,780
Capital grants and contributions	-	-	81,318	245,907	81,318	245,907
General revenues:						
Property taxes	23,008,816	29,104,906	-	-	23,008,816	29,104,906
Alcoholic beverage taxes	41,536	20,725	-	-	41,536	20,725
Investment earnings	826,807	191,571	53,727	15,170	880,534	206,741
Payment in lieu of taxes	1,432,182	270,000	-	-	1,432,182	270,000
Proceeds from settlement	43,330	2,679,823	-	-	43,330	2,679,823
Proceeds from sales of assets	23,231	27,060	-	-	23,231	27,060
Other	552,817	106,829	-	-	552,817	106,829
<b>Total revenues</b>	<b>31,841,430</b>	<b>38,227,035</b>	<b>24,913,241</b>	<b>29,267,367</b>	<b>56,754,671</b>	<b>67,494,402</b>
<b>Expenses</b>						
General government	4,986,592	5,352,579	-	-	4,986,592	5,352,579
Judicial	2,620,481	2,675,246	-	-	2,620,481	2,675,246
Financial administration	1,851,104	1,919,700	-	-	1,851,104	1,919,700
Public facilities	1,145,355	1,132,947	-	-	1,145,355	1,132,947
Public safety	6,693,212	6,290,803	-	-	6,693,212	6,290,803
Public service	1,004,589	1,109,551	-	-	1,004,589	1,109,551
Health and welfare	3,318,214	3,536,271	-	-	3,318,214	3,536,271
Culture and recreation	3,069,128	3,396,730	-	-	3,069,128	3,396,730
Highways and streets	4,052,542	3,934,731	-	-	4,052,542	3,934,731
Conservation	622,010	534,173	-	-	622,010	534,173
Airport	24,909	590	-	-	24,909	590
Pecos County Memorial Hospital	-	-	34,294,546	32,372,411	34,294,546	32,372,411
<b>Total expenses</b>	<b>29,388,136</b>	<b>29,883,321</b>	<b>34,294,546</b>	<b>32,372,411</b>	<b>63,682,682</b>	<b>62,255,732</b>
<b>Change in net position:</b>						
Before transfers	2,453,294	8,343,714	(9,381,305)	(3,105,044)	(6,928,011)	5,238,670
Transfers	(4,628,600)	(4,910,606)	4,628,600	4,910,606	-	-
<b>Change in net position</b>	<b>(2,175,306)</b>	<b>3,433,108</b>	<b>(4,752,705)</b>	<b>1,805,562</b>	<b>(6,928,011)</b>	<b>5,238,670</b>
Net position - beginning of year	13,044,408	10,869,102	(17,005,172)	(21,757,877)	(3,960,764)	(10,888,775)
<b>Net position, ending</b>	<b>\$ 10,869,102</b>	<b>\$ 14,302,210</b>	<b>\$ (21,757,877)</b>	<b>\$ (19,952,315)</b>	<b>\$ (10,888,775)</b>	<b>\$ (5,650,105)</b>

## Financial Analysis of the Governments Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Pecos County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$31,531,732, an increase of \$4,095,464 in comparison with the prior year. Approximately 61.0% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to cover debt service, inventory, and revenues restricted for airport use generated from airport assets.

The general fund is the chief operating fund of the County. At the end of the current year, unassigned fund balance of the general fund was \$19,237,951, while total fund balance was \$29,303,190.

**Road and Bridge Fund.** This fund is used to account for funds restricted for use in improving County highways and lateral streets and roadways.

**Proprietary Funds.** Unrestricted fund deficit of the County's enterprise fund, Pecos Memorial Hospital at the end of the year was a deficit of \$29,423,947. The remainder of the fund balance is net investment in capital assets. The change in net position for the fund was an increase of \$-1,882,726. Unrestricted fund balance of the County's health self-insurance plan at the end of the year was \$-6,526. The change in unrestricted net position for the fund was an increase of \$-979,172.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget are briefly summarized as follows:

- Actual revenues for 2020 were \$2,142,330 more than final budgeted revenues.
- Actual expenditures for 2020 were \$1,779,523 less than the final amended budget.

This resulted in a net increase in the general fund balance for the year of \$3,649,012 after accounting for other financing sources as detailed on page 23 of this report.

## Capital Asset and Debt Administration

**Capital Assets.** The County's investment in capital assets for its governmental and business type activities as of December 31, 2020, amounts to \$34,903,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and other improvements.

**Pecos County, Texas**  
**Capital Assets**  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2020	2019	2020	2019	2020
Land	\$ 1,345,948	\$ 1,345,948	\$ 85,649	\$ 85,649	\$ 1,431,597	\$ 1,431,597
Buildings	10,835,404	10,443,276	10,044,012	9,938,686	20,879,416	20,381,962
Improvements - other	3,032,921	3,008,461	84,135	71,694	3,117,056	3,080,155
Machinery and equipment	2,929,861	4,955,038	1,119,432	1,148,163	4,049,293	6,103,201
Construction in progress	882,175	550,855	1,058,980	-	1,941,155	550,855
Infrastructure	707,908	646,677	-	-	707,908	646,677
Leased assets	579,868	579,868	322,472	1,195,498	902,340	1,775,366
Capitalized interest	-	-	977,137	933,463	977,137	933,463
<b>Net capital assets</b>	<b>\$ 20,314,085</b>	<b>\$ 21,530,123</b>	<b>\$ 13,691,817</b>	<b>\$ 13,373,153</b>	<b>\$ 34,005,902</b>	<b>\$ 34,903,276</b>

Additional information on the County's capital assets can be found in Note 6 of this report.

**Long-term debt.** At the end of the current year, the County had no bonded debt outstanding. At the end of the year, the County had \$1,508,907 in capital lease debt. The County's debt is comprised as follows:

	Governmental Activities	
	2019	2020
Capital lease obligations	\$ 469,293	\$ 295,063
Compensated absences	1,549,088	1,362,944
Net pension liability	6,308,189	2,689,734
Other post-employment benefits obligation	29,204,573	39,357,764
TCDRS OPEB	463,000	619,573
<b>Total governmental activities</b>	<b>\$ 37,994,143</b>	<b>\$ 44,325,078</b>

  

	Business-type Activities	
	2019	2020
Capital lease obligations	1,379,368	1,213,844
Compensated absences	1,088,403	1,135,853
Pension and other post-employment benefits obligation	29,012,355	32,070,500
TCDRS OPEB	509,368	653,896
<b>Total business-type activities</b>	<b>\$ 31,989,494</b>	<b>\$ 35,074,093</b>

Additional information on Pecos County's long-term debt can be found in Note 8 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

Pecos County's tax based reached a low point in the 2016 tax year (2017 budget year) and continued to grow during fiscal year 2020 as the oil & gas industry began to rebound. The Commissioners' court continues to monitor economic conditions and prepare for the future. The County's property values continued to increase during fiscal years 2019 and 2020. Property values for fiscal year 2021 are expected to be higher due to recovery in the local and global economies post COVID-19 pandemic. The Court is optimistic for the future and is actively working with other industries, solar in particular, to bring additional investment opportunities into Pecos County.

## **Requests for Information**

This financial report is designed to provide a general overview of Pecos County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County of Pecos, 103 W Callaghan, Fort Stockton, Texas 79735.

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# Basic Financial Statements

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**Pecos County, Texas**  
Statement of Net Position  
December 31, 2020

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 15,547,688	\$ 6,183,343	\$ 21,731,031
Investments	26,671,550	-	26,671,550
Receivables, net	25,927,904	4,113,993	30,041,897
Internal balances	2,901,435	(2,901,435)	-
Other assets	-	1,591,031	1,591,031
Capital assets, net	21,530,123	13,373,153	34,903,276
Total assets	92,578,700	22,360,085	114,938,785
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources - pension	1,372,996	1,242,681	2,615,677
Deferred outflow of resources - OPEB	3,617,669	5,072,793	8,690,462
Total deferred outflows of resources	4,990,665	6,315,474	11,306,139
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,393,015	3,127,957	5,520,972
Due to other governments	177,999	-	177,999
Estimated health claims payable	480,094	-	480,094
Estimated third-party payor settlements	-	13,306	13,306
Net pension liability	2,689,734	3,551,754	6,241,488
TCDRS obligation	619,573	653,896	1,273,469
Unearned revenue - property tax	31,860,861	-	31,860,861
Noncurrent liabilities:			
Due within one year	857,480	778,923	1,636,403
Due in more than one year	40,158,291	33,641,274	73,799,565
Total liabilities	79,237,047	41,767,110	121,004,157
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Medicare accelerated and advance payments	-	1,861,478	1,861,478
Deferred inflow of resources - pension	1,332,649	1,206,165	2,538,814
Deferred inflow of resources - OPEB	2,697,459	3,793,121	6,490,580
Total deferred inflows of resources	4,030,108	6,860,764	10,890,872
<b>NET POSITION</b>			
Net investment in capital assets	21,235,060	12,232,334	33,467,394
Restricted for:			
Airport	7,728,878	-	7,728,878
Road and bridge	368,929	-	368,929
Federal and state grants	384,307	-	384,307
Legislation	1,467,550	-	1,467,550
Unrestricted	(16,882,514)	(32,184,649)	(49,067,163)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 14,302,210</b>	<b>\$ (19,952,315)</b>	<b>\$ (5,650,105)</b>

The Notes to the Financial Statements are an integral part of these statements.

**Pecos County, Texas**  
Statement of Activities  
For the Year Ended December 31, 2020

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>PRIMARY GOVERNMENT</b>		
Governmental activities:		
General government	\$ 5,352,579	\$ 386,380
Judicial	2,675,246	446,560
Financial administration	1,919,700	230,186
Public facilities	1,132,947	551,064
Public safety	6,290,803	131,331
Public service	1,109,551	3,023
Health and welfare	3,536,271	1,058,687
Culture and recreation	3,396,730	204,798
Highways and streets	3,934,731	579,194
Conservation	534,173	-
Airport	590	9,258
Total governmental activities	29,883,321	3,600,481
Business-type activities:		
Pecos County Memorial Hospital	32,372,411	24,564,150
Total business-type activities	32,372,411	24,564,150
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 62,255,732</b>	<b>\$ 28,164,631</b>

The Notes to the Financial Statements are an integral part of these statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
\$ 970,413	\$ -	\$ (3,995,786)	\$ -	\$ (3,995,786)
-	-	(2,228,686)	-	(2,228,686)
-	-	(1,689,514)	-	(1,689,514)
-	-	(581,883)	-	(581,883)
890,794	-	(5,268,678)	-	(5,268,678)
270,906	-	(835,622)	-	(835,622)
20,736	-	(2,456,848)	-	(2,456,848)
72,789	-	(3,119,143)	-	(3,119,143)
2	-	(3,355,535)	-	(3,355,535)
-	-	(534,173)	-	(534,173)
-	-	8,668	-	8,668
2,225,640	-	(24,057,200)	-	(24,057,200)
4,442,140	245,907	-	(3,120,214)	(3,120,214)
4,442,140	245,907	-	(3,120,214)	(3,120,214)
\$ 6,667,780	\$ 245,907	\$ (24,057,200)	(3,120,214)	(27,177,414)
General revenues:				
Property taxes		29,104,906	-	29,104,906
Alcoholic beverage taxes		20,725	-	20,725
Unrestricted investment earnings		191,571	15,170	206,741
Payment in lieu of property taxes		270,000	-	270,000
Proceeds from settlement		2,679,823	-	2,679,823
Proceeds from sales of assets		27,060	-	27,060
Miscellaneous revenue		106,829	-	106,829
Transfers		(4,910,606)	4,910,606	-
Total general revenues and transfers		27,490,308	4,925,776	32,416,084
Change in net position		3,433,108	1,805,562	5,238,670
Net position - beginning of year		10,869,102	(21,757,877)	(10,888,775)
<b>NET POSITION - END OF YEAR</b>		<b>\$ 14,302,210</b>	<b>\$ (19,952,315)</b>	<b>\$ (5,650,105)</b>

# Pecos County, Texas

## Balance Sheet – Governmental Funds

December 31, 2020

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 11,956,229
Investments	26,671,550
Receivables, net	
Property taxes	21,207,924
Other	1,922,480
Due from other funds	487,572
<b>TOTAL ASSETS</b>	<b>\$ 62,245,755</b>
<b>LIABILITIES</b>	
Accounts payable	1,949,853
Due to other funds	538,962
Due to other governments	177,999
Unearned revenue - property tax	28,438,103
Total liabilities	31,104,917
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property tax	269,252
Unavailable revenue - fines and forfeitures	1,226,118
Unavailable revenue - other revenues	342,278
Total deferred inflows of resources	1,837,648
<b>FUND BALANCE</b>	
Restricted:	
Airport use	7,728,878
Road and bridge	-
Federal and state grants	-
Legislation	-
Assigned:	
Repairs from insurance proceeds	973,417
Compensated absences	1,362,944
Unassigned	19,237,951
Total fund balances	29,303,190
<b>TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 62,245,755</b>

The Notes to the Financial Statements are an integral part of these statements.

Road and Bridge Special Revenue	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,476,606	\$ 1,998,217	\$ 15,431,052
-	-	26,671,550
2,460,569	-	23,668,493
-	96,618	2,019,098
5,179	-	492,751
<u>\$ 3,942,354</u>	<u>\$ 2,094,835</u>	<u>\$ 68,282,944</u>
150,667	\$ 185,222	\$ 2,285,742
-	50,000	588,962
-	-	177,999
3,422,758	-	31,860,861
<u>3,573,425</u>	<u>235,222</u>	<u>34,913,564</u>
-	-	269,252
-	-	1,226,118
-	-	342,278
<u>-</u>	<u>-</u>	<u>1,837,648</u>
-	-	7,728,878
368,929	-	368,929
-	384,307	384,307
-	1,467,550	1,467,550
-	7,756	981,173
-	-	1,362,944
-	-	19,237,951
<u>368,929</u>	<u>1,859,613</u>	<u>31,531,732</u>
<u>\$ 3,942,354</u>	<u>\$ 2,094,835</u>	<u>\$ 68,282,944</u>

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**Pecos County, Texas**

Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of  
Net Position  
December 31, 2020

**TOTAL FUND BALANCE - GOVERNMENTAL FUND** \$ 31,531,732

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet. 21,530,123

Internal service funds are used by management to account for the self-insurance fund of the government. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Consolidation of internal service fund activities related to the enterprise fund	\$ 2,760,702	
Internal service fund net position	<u>6,526</u>	2,767,228

Certain assets, such as fines and fees receivable, are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. 1,837,648

Some assets, deferred outflows of resources, liabilities and deferred inflows of resources will not be recognized in the current period and therefore are not reported in the fund financial statements.

Net pension liability	\$ (2,689,734)	
TCDRS obligation	(619,573)	
Deferred outflows of resources - pensions	1,372,996	
Deferred inflow of resources - pension	(1,332,649)	
Deferred outflows of resources - TCDRS OPEB	3,617,669	
Deferred inflows related to TCDRS OPEB	<u>(2,697,459)</u>	(2,348,750)

Long-term liabilities, including bonds payable and related items, are not due and payable in the current period and therefore are not reported in the governmental funds. (41,015,771)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 14,302,210

**Pecos County, Texas**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
For the Year Ended December 31, 2020

	<u>General</u>
<b>REVENUES</b>	
Taxes	\$ 25,229,977
Alcoholic beverage taxes	20,725
Fines and forfeitures	159
Intergovernmental	970,786
Charges for services	2,422,705
Payment in lieu of taxes	270,000
Royalties	9,134
Interest	189,167
Proceeds from settlement	2,679,823
Other	87,180
	<hr/>
Total revenues	31,879,656
 <b>EXPENDITURES</b>	
General government	5,518,516
Judicial	2,127,696
Financial administration	1,442,994
Law enforcement	2,302,817
Corrections	1,169,961
Health and welfare	3,104,591
Fire protection	381,340
Culture and recreation	3,524,098
Libraries	500,257
Building maintenance	579,851
Utilities	683,158
Conservation	159,769
Public service	636,117
Airport	28,011
Highways and streets	-
Capital outlay	-
	<hr/>
Total expenditures	22,159,176
	<hr/>
Excess (deficiency) of revenues over expenditures	9,720,480
 <b>OTHER FINANCING SOURCES (USES)</b>	
Sale of asset	27,060
Transfers from other funds	575,000
Transfers to other funds	(6,673,528)
	<hr/>
Total other financing (uses) sources	(6,071,468)
	<hr/>
Net change in fund balances	3,649,012
	<hr/>
Fund balances - beginning of year	25,654,178
	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<u><u>\$ 29,303,190</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Road and Bridge Special Revenue	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 3,838,890	\$ -	\$ 29,068,867
-	-	20,725
-	10,681	10,840
113,590	1,425,013	2,509,389
579,194	598,582	3,600,481
-	-	270,000
-	-	9,134
-	1,415	190,582
-	-	2,679,823
-	10,515	97,695
<hr/> 4,531,674	<hr/> 2,046,206	<hr/> 38,457,536
-	-	5,518,516
-	35,724	2,163,420
-	-	1,442,994
-	29,477	2,332,294
-	1,076,092	2,246,053
-	202,331	3,306,922
-	-	381,340
-	-	3,524,098
-	-	500,257
-	-	579,851
-	-	683,158
-	-	159,769
-	426,215	1,062,332
-	-	28,011
3,796,918	-	3,796,918
605,084	10,565	615,649
<hr/> 4,402,002	<hr/> 1,780,404	<hr/> 28,341,582
129,672	265,802	10,115,954
-	-	27,060
50,978	51,041	677,019
-	(51,041)	(6,724,569)
<hr/> 50,978	<hr/> -	<hr/> (6,020,490)
180,650	265,802	4,095,464
188,279	1,593,811	27,436,268
<hr/> <hr/> \$ 368,929	<hr/> <hr/> \$ 1,859,613	<hr/> <hr/> \$ 31,531,732

The Notes to the Financial Statements are an integral part of these statements.

## Pecos 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, 2020

<b>TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND</b>	\$ 4,095,464
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period net of disposition of capital assets.	1,216,038
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,850,410)
Net changes in fines and forfeiture revenues in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds (i.e. deferred revenues and earned, but unavailable revenues.)	(258,550)
Capital leases provide current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position.	174,230
Internal service funds are used by management to charge the costs of self-insurance in individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>1,056,336</u>
<b>CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<u><u>\$ 3,433,108</u></u>

The Notes to the Financial Statements are an integral part of these statements.

**Pecos County, Texas**  
Statement of Net Position  
Proprietary Funds  
December 31, 2020

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Pecos County Memorial Hospital Fund</u>	<u>Internal Service Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 6,183,343	\$ 116,636
Investments	-	-
Accounts receivable	4,113,993	240,313
Due from general fund	-	236,944
Estimated third-party payor settlements	-	-
Other assets	1,591,031	-
Capital assets, net	13,373,153	-
Total assets	<u>25,261,520</u>	<u>593,893</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow of resources - pension	1,242,681	-
Deferred outflow of resources - OPEB	5,072,793	-
Total deferred outflows of resources	<u>6,315,474</u>	<u>-</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u><u>\$ 31,576,994</u></u>	<u><u>\$ 593,893</u></u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,127,957	\$ 107,273
Due to general fund	140,733	-
Estimated health claims payable	-	480,094
Estimated third-party payor settlements	13,306	-
Net pension liability	3,551,754	-
TCDRS obligation	653,896	-
Noncurrent liabilities:		
Due within one year	778,923	-
Due in more than one year	33,641,274	-
Total liabilities	<u>41,907,843</u>	<u>587,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Medicare accelerated and advance payments	1,861,478	-
Deferred inflows of resources - pension	1,206,165	-
Deferred inflows of resources - OPEB	3,793,121	-
Total deferred inflows of resources	<u>6,860,764</u>	<u>-</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u><u>\$ 48,768,607</u></u>	<u><u>\$ 587,367</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	12,232,334	-
Unrestricted	(29,423,947)	6,526
<b>TOTAL NET POSITION</b>	<u>(17,191,613)</u>	<u>\$ 6,526</u>
<b>RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF NET POSITION:</b>		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(2,760,702)	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<u><u>\$ (19,952,315)</u></u>	

The Notes to the Financial Statements are an integral part of these statements.

## Pecos County, Texas

Statement of Revenues, Expenditures, and Changes  
in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2020

	Business -Type Activities <u>Pecos County Memorial Hospital Fund</u>	Governmental Activities <u>Internal Service Fund</u>
<b>OPERATING REVENUES</b>		
Net patient service revenue	\$ 22,013,830	\$ -
Other revenue	2,550,320	-
Charges for service	-	6,646,783
Total operating revenues	<u>24,564,150</u>	<u>6,646,783</u>
<b>OPERATING EXPENSES</b>		
Operating expenses	30,972,132	-
Depreciation	1,303,528	-
Claims	-	5,649,433
Administration - health	-	1,110,519
Administration - dental	-	26,246
Administration - life	-	19,346
Total operating expenses	<u>32,275,660</u>	<u>6,805,544</u>
Operating loss	(7,711,510)	(158,761)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
CARES Act provider relief funds	4,442,140	-
Interest earned on investments	15,170	989
Interest expense	(19,587)	-
Total nonoperating (expenses) revenues	<u>4,437,723</u>	<u>989</u>
Loss before contributions and transfers	(3,273,787)	(157,772)
Capital grants and contributions	245,907	-
Transfers in	4,910,606	1,136,944
Total transfers	<u>4,910,606</u>	<u>1,136,944</u>
Change in net position	1,882,726	979,172
Net position - beginning of year	<u>(19,074,339)</u>	<u>(972,646)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ (17,191,613)</u>	<u>\$ 6,526</u>
Reconciliation to government-wide statements of net assets:		
Change in net position	\$ 1,882,726	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund.	(77,164)	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<u>\$ 1,805,562</u>	

The Notes to the Financial Statements are an integral part of these statements.

**Pecos County, Texas**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2020

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Pecos County Memorial Hospital Fund</u>	<u>Internal Service Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from patients and third-party payers	\$ 18,815,564	\$ -
Other receipts and payments from operations, net	2,550,320	-
Receipts from participants	-	6,676,220
Operating expenses	(25,616,594)	(7,894,278)
	<u>(4,250,710)</u>	<u>(1,218,058)</u>
Net cash used in operating activities	(4,250,710)	(1,218,058)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	15,170	989
	<u>15,170</u>	<u>989</u>
Net cash provided by investing activities	15,170	989
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants and contributions	245,907	-
Principal payments of long-term debt and notes payable	(165,524)	-
Interest payments on long-term debt and notes payable	(19,587)	-
Purchase of capital assets	(648,358)	-
	<u>(587,562)</u>	<u>-</u>
Net cash used in capital and related financing activities	(587,562)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	4,910,606	1,136,944
CARES Act provider relief funds	4,442,140	-
	<u>9,352,746</u>	<u>1,136,944</u>
Net cash provided by noncapital financing activities	9,352,746	1,136,944
Net change in cash and investments	4,529,644	(80,125)
Cash and investments at beginning of year	1,653,699	196,761
	<u>1,653,699</u>	<u>196,761</u>
<b>CASH AND INVESTMENTS AT END OF YEAR</b>	<u>\$ 6,183,343</u>	<u>\$ 116,636</u>

The Notes to the Financial Statements are an integral part of these statements.

**Pecos County, Texas**

Statement of Cash Flows – Continued

Proprietary Funds

For the Year Ended December 31, 2020

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Pecos County Memorial Hospital Fund</u>	<u>Internal Service Fund</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET</b>		
<b>CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (7,711,510)	\$ (158,761)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,303,528	-
Provision for bad debt	1,131,581	-
Decreases (increases) to assets and deferred outflow:		
Accounts receivable	(3,198,266)	29,437
Due from other funds	-	(236,944)
Estimated third-party payor settlements	465,527	
Other assets	(635,681)	-
Deferred outflows of resources	(2,402,596)	-
Increases and (decreases) to liabilities and deferred inflow:		
Accounts payable and accrued expenses	461,199	29,959
Due to other funds	(7,875)	(900,000)
Other post employment benefits	2,913,617	-
Estimated third-party payor settlements	13,306	
Pension liability	(3,275,022)	-
Health claims payable	-	18,251
Deferred inflows of resources	6,691,482	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>\$ (4,250,710)</b>	<b>\$ (1,218,058)</b>

The Notes to the Financial Statements are an integral part of these statements.

**Pecos County, Texas**  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2020

	<b>Agency Funds</b>
	<hr/>
<b>ASSETS</b>	
Cash	\$ 9,902,390
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 9,902,390</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 14,204
Due to other governments	6,325,509
Due to beneficiaries	3,562,677
	<hr/>
<b>TOTAL LIABILITIES</b>	<b>\$ 9,902,390</b>
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The Notes to the Financial Statements are an integral part of these statements.

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# **Notes to the Financial Statements**

**Pecos County, Texas**  
**Annual Financial Report**  
For the Fiscal Year Ended December 31, 2020  
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# Pecos County, Texas

## Notes to the Financial Statements

### Note 1. Summary of Significant Accounting Policies

#### A. General Statement

Pecos County, Texas (the County) performs all local government functions within its jurisdiction. The authority of county governments and their specific functions and responsibilities are created by and dependent upon laws and legal regulations of the Texas State Constitution and Vernon's Annotated Civil Statutes (V.A.C.S.). The County is governed by an elected County Judge and four County Commissioners elected from individual precincts. The Judge and Commissioners form the governing body as provided by state statute. Various branches of the County government are led by duly elected officials. The Commissioners' Court has governance responsibilities over all activities related to Pecos County, Texas. The County provides the following services to its citizens: public safety, health and welfare, public facilities, judicial and legal, election functions, public transportation through roads and bridges, and general and financial administrative services.

The accounting and reporting policies of the County relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA) in the publication entitled *Audits of State and Local Governmental Units* and by the Financial Accounting Standards Board (FASB), when applicable. The more significant accounting policies of the County are described below.

#### B. Financial Reporting Entity

GAAP requires that the financial statements present the County (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government.

In addition, GASB states that certain organizations warrant inclusion as part of the financial reporting entity because of the nature and significance of their relationship with the primary government, including their ongoing financial support of the primary government or its other component units.

If these certain organizations were excluded, it would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents;
- The primary government, or its component units, are entitled to, or have the ability to otherwise access a majority of the economic resources received or held by the separate organization;
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

## Pecos County, Texas

### Notes to the Financial Statements

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government. It is a matter of professional judgment to determine whether the nature and the significance of a potential component unit's relationship with the primary government warrant inclusion in the reporting entity.

For the year ended December 31, 2020, the County had no blended or discretely presented component units.

#### **C. Government-Wide and Fund Financial Statements**

The basic financial statements of the County are presented at two basic levels, the government-wide level and the fund level. These statements focus on the County as a whole at the government-wide level and on major funds at the fund level, whereas financial statements prior to GASB No. 34 focused on reporting by fund-type. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the non-fiduciary activities for the financial reporting entity of the County. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The government-wide statement of net position reports all financial and capital resources of the County and is presented in an "assets minus liabilities equal net position" format, with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the County's functions (General, Judicial, Financial Administration, Public Facilities, Public Safety, Public Service, Health and Welfare, Cultural and Recreation, Highways and Streets, Conservation and Airport) on the taxpayers by identifying direct expenses and the extent of self-support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function. Program revenues are revenues derived directly from the function, or from other sources, which reduce the net cost of the function to be financed from general government revenues.

Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function, and 3) grants and contributions restricted to capital requirements of a function. Items such as taxes, investment earnings, and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function.

The effect of internal service fund activities in the government-wide statements is eliminated to the extent possible to avoid the effect of "doubling up" internal service fund activity. Internal service funds report activities which provide goods or services to the financial reporting entity on a cost reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit to the extent possible. Any residual assets of internal service funds are reported with governmental activities at the entity-wide level. Transfers are eliminated within the governmental activities.

## Pecos County, Texas

### Notes to the Financial Statements

Fund level financial statements are presented for governmental funds and proprietary funds with a focus on major funds, as defined by GASB Statements. Fund level financial statements are also presented for fiduciary funds, which are excluded from the government-wide financial statements because they do not represent assets which can be used to support the County's programs. Additionally, any fund deemed particularly important by the County may be reported as a major fund. The financial information for each major fund is presented in a separate column, with non-major funds aggregated and displayed in a single column.

The fund level statements for proprietary funds contain enterprise and internal service funds.

The focus of fiduciary funds is on net position and changes in net position. These funds report assets held in a trustee or agency capacity by the County for the benefit of others and cannot be used to support County activities.

The government-wide statements and proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Exchange and exchange-like transactions, transactions in which the County gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs.

#### **Governmental Funds**

The County reports the following major governmental funds:

*General Fund:* The General Fund is the general operating fund of the County. It is used to account for all financial resources of the general government, except those required to be accounted for in another fund.

*Road and Bridge Fund:* The Road and Bridge Fund is a special revenue fund of the County. It is used to account for the expenditures of the four different precincts and for the highway and streets expenditures.

Additionally, the County reports the following non-major governmental fund types:

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

*Capital Project Funds:* The Capital Project Funds account for financial resources to be used for the acquisition or construction of major capital facilities.

## Pecos County, Texas

### Notes to the Financial Statements

#### Proprietary Funds

The County reports the following major proprietary funds:

*Pecos County Memorial Hospital Enterprise Fund:* The Hospital is operated under a Board of Directors, which is appointed by the elected county commissioners. The County's general fund subsidizes the Hospital as needed with a budgeted portion of the ad valorem tax revenue assessed by the County each year. The Hospital's funds are accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recorded in the accounting period incurred, if measurable. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Separate financial statements for the Hospital may be obtained by contacting the Pecos County Memorial Hospital.

In addition, the County reports the following health self-insurance fund as an internal service fund.

#### Health Self-Insurance Fund

*Internal Service Funds:* The County utilizes an Internal Service Fund to account for its health self-insurance plan. The General Fund is contingently liable for liabilities of these funds. Sub-fund accounting is employed to maintain the integrity of the various self-insurance activities of the County. See Note 10 for additional discussion of the County's self-insurance plan.

#### Fiduciary Fund Type – Agency Funds

Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Formal budgetary accounting is not required for Fiduciary Funds. Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide financial statements.

#### D. Measurement Focus and Basis of Accounting

Non-exchange transactions, transactions in which the County gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets or liabilities are recognized in accordance with GASB. The treatment of non-exchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported at historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the County's depreciation policy.

## Pecos County, Texas

### Notes to the Financial Statements

Governmental fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., 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.

In the case of property taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days.

Grant revenues are considered to be available if they are to be received within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures related to general long-term debt, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, fines, licenses, and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. Property taxes are levied on October 1 for the next calendar year. Special assessments due within the current fiscal period are recorded as revenue of the current period.

Governmental fund level revenues which have been accrued based upon the susceptible to accrual concept are:

- General Fund – Ad valorem taxes, interest and federal and state grant proceeds, except where such grants are expenditure driven and other requirements related to the grant have not been met.
- Special Revenue Funds – Federal and state grant proceeds and interest, except where such grants are expenditure driven and other requirements related to the grant have not been met.
- Debt Service Fund – Ad valorem taxes and interest.

Proprietary fund activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. This measurement focus includes all assets and liabilities on the balance sheet. Operating statements using this focus present a net total assets view of increases (revenues) and decreases (expenses) in the fund.

Proprietary fund operating statements distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations.

Transactions resulting in non-operating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities, and include most non-exchange and exchange-like revenues.

#### **E. Cash and Investments**

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

The County's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the County's agent bank, approved pledged securities in an amount sufficient to protect County funds on a day-to-day basis during the period of the contract.

## **Pecos County, Texas**

### Notes to the Financial Statements

The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. The County's cash deposits at December 31, 2020, were entirely covered by FDIC insurance or by pledged collateral held by the County's agent bank.

#### **F. Encumbrances**

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at December 31, and encumbrances outstanding at that time are cancelled and become available for future appropriation.

#### **G. Property Taxes**

Taxes are levied on October 1 in conformity with Subtitle E, Texas Property Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1. Property taxes attach as an enforceable lien as of January 1 to secure the payment of all taxes, penalties, and interest ultimately imposed. The County is permitted by the Municipal Finance Law of the State of Texas to levy taxes up to \$1.20 per \$100 of appraised valuation for general services, permanent improvements, lateral road, and jury fund purposes other than the payment of principal established by the Attorney General of the State of Texas. The tax rate for the year ended December 31, 2020, including the portion budgeted for the retirement of long-term debt principal and interest for the general fund was \$0.6274 per \$100 valuation. The tax rate for the road and bridges fund was \$0.08 per \$100 valuation. The total tax rate for all purposes was \$.7074 per \$100 valuation. The County's general obligation refunding bonds require an annual tax levy sufficient to pay principal and interest on the bonds with full allowance being made for delinquent taxes.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

#### **H. Interfund 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 "due to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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.

#### **I. Inventories**

Inventories are stated at the lower cost or market using the first-in, first-out method. Inventories for all funds consist of expendable supplies held for consumption, and are recorded as expenditures or expenses, as appropriate, when consumed rather than when purchased.

#### **J. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

**Pecos County, Texas**  
Notes to the Financial Statements

Depreciable capital assets are depreciated using the straight-line method over the asset’s estimated useful life as follows:

Buildings	25-50	years
Improvements other than buildings	5-30	years
Machinery and equipment	5-30	years
Leased assets	5-7	years
Infrastructure	15-35	years

**K. Deferred Inflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County recognizes deferred inflows of resources under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**L. Fund Balance**

The County has adopted the provisions of Governmental Accounting Standards Board Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance categories under GASB 54 are Non-spendable and Spendable. Classifications under the Spendable category are Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the County classifies governmental fund balances effective with its financial statements as follows:

**1. Non-spendable Fund Balance**

Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items. At December 31, 2020 the County had \$0 non-spendable fund balance.

## Pecos County, Texas

### Notes to the Financial Statements

#### 2. Spendable Fund Balance

a. *Restricted Fund Balance*

Includes amounts constrained to use by either (a) externally imposed by creditors, grantors, contributors, or other governments' laws and regulations or (b) imposed by law through constitutional provisions or enabling legislation. Examples include federal and state grant programs, taxes restricted for retirement of long-term debt, and specific bond proceeds. In addition, certain revenues generated by airport property which was given to the County by the FAA are restricted. Pecos County also obtained the mineral rights from the FAA with this property, and its accumulated revenues mentioned above are restricted.

b. *Committed Fund Balance*

Includes amounts constrained to specific purposes as determined by the governing body by formal action recorded in the minutes of the governing body. Commitments may be changed or lifted only by the governing body taking the same formal action that imposed the constraint originally. The commissioners' court must take action to commit funds for a specific purpose prior to the end of the fiscal year, but the amount of the commitment may be determined after the end of the fiscal year. The County has no committed fund balances.

c. *Assigned Fund Balance*

Includes amounts intended to be used by the County for specific purposes. Pursuant to GASB 54, this intent can be expressed by an official or body to which the governing body delegates that authority. The County has delegated to the County Judge and County Auditor the ability to determine and define the amounts of those components of fund balance that are classified as assigned.

d. *Unassigned Fund Balance*

Includes the residual classification of the General Fund and includes all amounts not contained in other classifications. By accounting for amounts in other funds, the County has implicitly assigned the funds for the purposes of those particular funds.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly unassigned fund balance.

The County passed a resolution to establish a minimum fund balance policy. The policy states the County shall strive to achieve a yearly fund balance in the general operating fund in which the total fund balance is equal to 25% of the total operating expenditures.

#### M. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt 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. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Certain revenues generated by airport property which was given to the County by the FAA are restricted. Pecos County also obtained the mineral rights from the FAA with this property, and its accumulated revenues mentioned above are restricted. A value from the mineral rights has not been reported in these financial statements.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

## **Pecos County, Texas**

### Notes to the Financial Statements

#### **N. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

#### **O. Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omission and natural disasters. During fiscal year 2020, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

#### **P. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, the County specific information about its Fiduciary Net Position in the Texas County and District Retirement System (TCDRS) and additions to/deductions from the County's Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the County's Total Pension Liability is obtained from TCDRS through a report prepared for the District by TCDRS consulting actuary, in compliance with GASB 68.

#### **Q. Other Post-Employment Benefits (OPEB)**

The County offers two OPEB plans, a defined benefits group-term life insurance plan administered by TCDRS (TCDRS OPEB) and a single-employer defined benefit other postemployment benefits plan (the Plan) administered by the County. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the plans. For this purpose, the plans recognize benefit payments when due and payable in accordance with the benefit terms.

Information regarding the County's total OPEB liability is obtained through reports prepared by the County by a consulting actuary, in compliance with Government Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*.

# Pecos County, Texas

## Notes to the Financial Statements

### Note 2. Reconciliation of Government-Wide and Fund Financial Statements

#### A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The detail of this \$(41,015,771) difference is as follows:

Capital lease obligations	\$ (295,063)
Compensated absences	(1,362,944)
Other post employment benefits	<u>(39,357,764)</u>
<b>Net adjustment to reduce <i>fund balance – total governmental funds</i></b>	
<b><i>to arrive at net position – governmental activities</i></b>	<b><u>\$ (41,015,771)</u></b>

#### B. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The governmental fund balance sheet includes a reconciliation between fund balance – total government funds and net positions – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “liabilities, including deferred and unearned revenue, are not due and payable in the current period and therefore are not reported in the funds.” The detail of this \$1,837,648 difference is as follows:

Deferred revenue	\$ 1,568,396
Unearned revenue - property tax	<u>269,252</u>
<b>Net adjustment to increase fund balance - total governmental funds</b>	
<b><i>to arrive at net position - governmental activities</i></b>	<b><u>\$ 1,837,648</u></b>

#### C. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation *between net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The detail of this \$1,216,038 difference is as follows:

Capital additions	\$ 3,162,784
Depreciation expense	<u>(1,946,746)</u>
<b>Net adjustment to decrease net change in fund balances-</b>	
<b><i>total governmental funds to arrive at change in</i></b>	
<b><i>net position of governmental activities.</i></b>	<b><u>\$ 1,216,038</u></b>

**Pecos County, Texas**  
Notes to the Financial Statements

Another element of that reconciliation states that “some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this (\$2,850,410) difference is as follows:

Net change in compensated absences	\$ 186,144
Net change in capital lease obligations	174,230
Net change in deferred outflows/inflows	(2,653,434)
Net pension income (expense)	3,618,455
Net change in other long term liabilities	(4,019,232)
Net change in TCDRS OPEB	<u>(156,573)</u>
<b><i>Net adjustment to decrease net change in fund balances</i></b>	
<b><i>total governmental funds to arrive at change in</i></b>	
<b><i>net position of governmental activities</i></b>	
	<u><u>\$ (2,850,410)</u></u>

Lastly, the changes in net position from the internal service fund and internal balances due to internal service fund activity reconciles with governmental activities. Internal balances are from the hospital fund due to the governmental funds supporting the operating loss during the year. The detail of this \$1,056,336 balance difference is as follows:

Net change in internal service net position	\$ 979,172
The change in internal balances reported in proprietary funds	<u>77,164</u>
<b><i>Net adjustment to decrease net change in fund balances</i></b>	
<b><i>total governmental funds to arrive at change in</i></b>	
<b><i>net position of governmental activities</i></b>	
	<u><u>\$ 1,056,336</u></u>

**Note 3. Stewardship, Compliance and Accountability**

**Deficit Fund Equity**

All of the County’s major funds held positive fund equity at December 31, 2020. The County held positive fund equity for all special revenue funds as of December 31, 2020.

**Note 4. Cash and Investments**

The County invests its funds in investments authorized by Texas law in accordance with investment policies approved by the County Commissioners. Both state law and the County’s investment policies are subject to change.

## **Pecos County, Texas**

### Notes to the Financial Statements

Under current Texas law, the County is authorized to invest in: (1) obligations of the United States or its instrumentalities, (2) direct obligations of the state of Texas or its agencies, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed or insured by the state of Texas or the United States or its instrumentalities, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by the state of Texas or the United States or its instrumentalities, (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state that are rated A or higher by a nationally recognized investment rating agency, (6) certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation or are secured as to principal by obligations described in the preceding clauses or any other manner or amount provided by law for County deposits, (7) fully collateralized repurchase agreements that have a defined termination date, are fully secured by obligations described in clause one, and are placed through a primary government securities dealer or a bank domiciled in the state of Texas, (8) bankers acceptances with the remaining term of 270 days or less, in the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1, or the equivalent by at least one nationally recognized credit rating agency, (9) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies, or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a United States or state bank, (10) no-load money market mutual funds registered with the Securities and Exchange Commission that have a dollar weighted average portfolio maturity of 90 days or less, and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (11) bonds issued, assumed, or guaranteed by the state of Israel, and (12) a qualified common trust fund or comparable investment device that is owned or administered by a Texas domiciled bank and consists exclusively of obligations as described above. The County may invest in such obligations directly or through government investment pools that invest solely in such obligations.

#### **A. Investment Policies**

Under Texas law, County investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived."

Under Texas law and County policy, the County is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all County funds must be invested in investments that protect principal, are consistent with the operating requirements of the County, and yield the highest possible rate of return.

**Pecos County, Texas**  
Notes to the Financial Statements

**Objectives**

Funds of the County are invested in accordance with state law, IRS arbitrage regulations, investment policies, and written administrative procedures. The County’s objectives in managing its investment portfolios are as follows:

1. *Safety* – The first and foremost consideration of any custodian of public funds must be safety of the principal amount involved.
2. *Liquidity* – The County must have cash or “near cash” on hand to meet current obligations.
3. *Legality* – Any investment should clearly be legal under state law, county investment policy and IRS arbitrage regulations.
4. *Income* – While it is certainly desirable to show a high effective rate of return on invested funds, it is important to recognize that it is essential to keep every dollar working every day, even at a reduced rate of return.
5. *Flexibility* – This means not only the ability to convert an investment to cash, but also the option to convert a security to a higher rate of interest, a better maturity, or both. In addition, flexibility allows the use of various investment tools available.

During the year ended December 31, 2020 the County invested in money markets with CAT-Government and Agency Securities Portfolio.

Investments owned by the County at December 31, 2020 are shown below:

	Fair Value	Credit Risk
CAT-Government and Agency Securities Portfolio	\$ 26,671,550	AAA <sub>m</sub> – S & P
<b>Total</b>	<b>\$ 26,671,550</b>	

Because the County’s investments are in external pools, their investments are not exposed to credit risk because their existence is not evidenced by securities that exist in physical or book entry form. Investments in external pools are excluded from disclosure regiments of concentration of credit and from disclosure of interest rate risk.

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value, which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities:

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs-other than quoted prices included within Level 1-that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

# Pecos County, Texas

## Notes to the Financial Statements

CAT – Government and Agency is measured at amortized cost and is exempt for fair value reporting.

At year-end, the carrying amount of the County’s cash and cash equivalents was \$31,633,421 (\$15,547,688 in governmental activities, \$6,183,343 in business-type activities and \$9,902,390 in agency funds). The bank balances totaled \$30,633,655 of which \$750,000 was covered by Federal Depository Insurance Corporation (FDIC) and \$29,883,655 was covered by collateral held by the pledging banks’ agent for the County in the County’s name (or Category 1 above).

*Interest Rate Risk* – In compliance with the County’s investment policy, as of December 31, 2020, the County minimized the interest rate risk, related to the decline in market value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed three years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit rating of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

*Credit Risk* – In compliance with the County’s investment policy, as of December 31, 2020, the County minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in ICT Government Securities that were rated AAA, AAA, and Aaa by Standard & Poor’s, Fitch and Moody’s, respectively, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the County will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

### Note 5. Receivables

Receivables as of year-end for the government’s individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Road and Bridge Fund	Nonmajor Funds	Business- Type Activities	Internal Service Funds	Total
Receivables:						
Taxes	\$ 23,009,669	\$ 2,690,333	\$ -	\$ -	\$ -	\$ 25,700,002
Patients	-	-	-	19,679,752	-	19,679,752
Other	566,483	-	96,618	1,581,249	240,313	2,484,663
Fines and fees	14,052,761	-	-	-	-	14,052,761
Gross receivables	37,628,913	2,690,333	96,618	21,261,001	240,313	61,917,178
Less: allowance for uncollectibles	(14,498,509)	(229,764)	-	(17,147,008)	-	(31,875,281)
<b>Net total receivables</b>	<b>\$ 23,130,404</b>	<b>\$ 2,460,569</b>	<b>\$ 96,618</b>	<b>\$ 4,113,993</b>	<b>\$ 240,313</b>	<b>\$ 30,041,897</b>

**Pecos County, Texas**  
Notes to the Financial Statements

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental activities defer revenue recognition in connection with resources that have been received, but not yet earned, such as property tax revenue that is levied for the following fiscal year. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

Property taxes - unearned	\$	31,860,861
Property taxes - unavailable		269,252
Other		1,568,396
		<hr/>
<b>Total</b>	<b>\$</b>	<b>33,698,509</b>
		<hr/> <hr/>

**Note 6. Capital Assets**

Capital asset activity for the year ended December 31, 2020 was as follows:

	Balance 12/31/2019	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2020
	<hr/>	<hr/>	<hr/>	<hr/>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 1,345,948	\$ -	\$ -	\$ 1,345,948
Construction-in-progress	882,175	16,613	(347,934)	550,854
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not being depreciated	2,228,123	16,613	(347,934)	1,896,802
Capital assets, being depreciated:				
Buildings	19,718,470	-	-	19,718,470
Improvements other than buildings	7,135,481	1,169,395	-	8,304,876
Machinery and equipment	18,181,281	2,355,767	(49,666)	20,487,382
Leased assets	713,399	-	-	713,399
Infrastructure	1,745,549	18,609	-	1,764,158
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, being depreciated	47,494,180	3,543,771	(49,666)	50,988,285
Less accumulated depreciation for:				
Buildings	(8,883,066)	(392,128)	-	(9,275,194)
Improvements other than buildings	(4,102,560)	(1,201,333)	-	(5,303,893)
Machinery and equipment	(15,251,420)	(158,794)	-	(15,410,214)
Leased assets	(133,531)	(114,651)	-	(248,182)
Infrastructure	(1,037,641)	(79,840)	-	(1,117,481)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(29,408,218)	(1,946,746)	-	(31,354,964)
Total capital assets being depreciated, net	18,085,962	1,597,025	(49,666)	19,633,321
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Governmental activities capital assets, net</b>	<b>\$ 20,314,085</b>	<b>\$ 1,613,638</b>	<b>\$ (397,600)</b>	<b>\$ 21,530,123</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Pecos County, Texas**  
Notes to the Financial Statements

	Balance 12/31/2019	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2020
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 85,649	\$ -	\$ -	\$ 85,649
Construction-in-progress	1,058,980	-	(1,058,980)	-
Total capital assets, not being depreciated	1,144,629	-	(1,058,980)	85,649
Capital assets, being depreciated:				
Land improvements	735,721	-	-	735,721
Buildings and improvements	24,892,939	666,031	-	25,558,970
Equipment	14,543,460	565,199	-	15,108,659
Leased assets	581,504	812,614	-	1,394,118
Capitalized interest	1,746,954	-	-	1,746,954
Total capital assets, being depreciated	42,500,578	2,043,844	-	44,544,422
Less accumulated depreciation for:				
Land improvements	(651,586)	(12,441)	-	(664,027)
Buildings and improvements	(14,848,927)	(771,358)	-	(15,620,285)
Equipment	(13,424,028)	(536,467)	-	(13,960,495)
Leased assets	(259,032)	60,412	-	(198,620)
Capitalized interest	(769,817)	(43,674)	-	(813,491)
Total accumulated depreciation	(29,953,390)	(1,303,528)	-	(31,256,918)
Total capital assets being depreciated, net	12,547,188	740,316	-	13,287,504
<b>Business-type activities capital assets, net</b>	<b>\$ 13,691,817</b>	<b>\$ 740,316</b>	<b>\$ (1,058,980)</b>	<b>\$ 13,373,153</b>

**Primary Government**

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

Governmental activities:	
General government	\$ 311,817
Judicial	55,678
Law enforcement	271,381
Corrections	11,179
Health and welfare	135,505
Fire protection	349,344
Culture and recreation	357,120
Library	12,440
Financial administration	27,589
Building maintenance	20,866
Conservation	3,969
Highway and streets	326,498
Airport	63,360
<b>Total depreciation expense – governmental activities</b>	<b>\$ 1,946,746</b>
Business-type activities:	
Pecos County Memorial Hospital	\$ 1,303,528
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,303,528</b>

**Pecos County, Texas**  
Notes to the Financial Statements

**Note 7. Interfund Receivables and Payables**

During the course of the fiscal year, interfund payables and receivables arise. The following were outstanding as of December 31, 2020:

Fund	Receivable	Payable
General fund	487,572	538,962
Road and bridge	5,179	
Nonmajor governmental funds:		
Courthouse security fund		50,000
Total nonmajor governmental funds	-	50,000
Enterprise fund:		
Pecos County Memorial Hospital	-	140,733
Internal Service Fund	236,944	-
<b>Total all funds</b>	<b>\$ 729,695</b>	<b>\$ 729,695</b>

**Note 8. Long-Term Debt**

The following is a summary of changes in general long-term debt:

	Balance 12/31/2019	Additions	Retirements	Balance 12/31/2020	Amount Due within one year
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 469,293	\$ -	\$ 174,230	\$ 295,063	\$ 176,008
Compensated absences	1,549,088	484,922	671,066	1,362,944	681,472
Net pension liability	6,308,189	-	3,618,455	2,689,734	-
Other post employment benefits obligation	29,204,573	10,153,191	-	39,357,764	-
TCDRS OPEB	463,000	156,573	-	619,573	-
<b>Total governmental activities</b>	<b>\$ 37,994,143</b>	<b>\$ 10,794,686</b>	<b>\$ 4,463,751</b>	<b>\$ 44,325,078</b>	<b>\$ 857,480</b>
<b>Business-type Activities:</b>					
Capital lease obligations	\$ 1,379,368	\$ -	\$ 165,524	\$ 1,213,844	\$ 210,996
Compensated absences	1,088,403	615,377	567,927	1,135,853	567,927
Pension and other post employment benefits obligation	29,012,355	3,058,145	-	32,070,500	-
TCDRS OPEB	509,368	144,528	-	653,896	-
<b>Total business-type activities</b>	<b>\$ 31,989,494</b>	<b>\$ 3,818,050</b>	<b>\$ 733,451</b>	<b>\$ 35,074,093</b>	<b>\$ 778,923</b>

**Capital Lease Obligations**

The County entered into certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the governmental activities column of the statement of net assets.

**Pecos County, Texas**  
Notes to the Financial Statements

Governmental and business-type activities assets under capital leases, classified as equipment, total \$465,217 and \$1,195,498 respectively, at December 31, 2020. The outstanding balance of governmental and business-type activities capital lease obligations at December 31, 2020 was \$295,063 and \$1,213,844, respectively. Capital lease payments for governmental activities of \$74,549 are included in culture and recreation expenditures. The following is a summary of debt service requirements for the Capital Lease Obligations:

Total Year End Requirements	Governmental Activities	Business-type Activities
2021	\$ 180,397	\$ 274,260
2022	43,036	252,147
2023	43,227	236,352
2024	5,068	205,825
2025	35,589	184,020
Thereafter	-	280,959
Minimum lease payments	307,317	1,433,563
Less: Amount representing interest	(12,254)	(219,719)
<b>Present value of minimum lease payments</b>	<b>\$ 295,063</b>	<b>\$ 1,213,844</b>

**Note 9. Compensated Absences**

**A. Governmental Activities**

County policy allows the accrual of vacation, compensatory time, and sick pay benefits for all employees other than elected officials. The expense of the benefits is recognized when incurred. Vacation, compensatory pay and sick pay are paid upon termination. The amount of sick leave paid is dependent on the number of years of service. The liability for accrued vacation, compensatory pay and sick pay is shown as a long-term obligation. At December 31, 2020 the value of accumulated vacation, compensatory benefits and sick time amounted to \$1,362,944 which is a net decrease of \$186,144 from the prior year. The estimated amount that is current is \$681,472.

**B. Business-type Activities**

As of December 31, 2020, the Hospital has accrued a compensated absences liability of \$1,135,853. As of December 31, 2020, the current portion of this liability is \$567,927.

**Note 10. Healthcare Coverage**

During the year ended December 31, 2020, employees of Pecos County, Texas were covered by a self-funded health insurance plan (the Plan). The County contributes \$833 per month per employee for coverage. Employees authorize payroll withholdings to pay for a portion of the premium. The Plan is accounted for in the Self-Insurance Health Fund, an internal service fund. Should the Plan's income from operations for a given Plan year be inadequate to pay the ultimate cost of claims incurred in that Plan year, the General fund is liable to pay the additional claims.

**Pecos County, Texas**  
Notes to the Financial Statements

The County obtained excess loss insurance, which limited annual claims paid from the fund for the year ended December 31, 2020, to \$140,000 for any individual participant.

Estimates of claims payable and of claims incurred but not reported at December 31, 2020, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Changes in the balances of claims liabilities during the past two years are as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
Unpaid claims, beginning of year	\$ 461,842	\$ 392,514
Incurred claims, (including IBNR)	5,648,113	5,448,245
Claim payments	(5,629,861)	(5,378,917)
<b>Unpaid claims, end of year</b>	<b>\$ 480,094</b>	<b>\$ 461,842</b>

**Note 11. Retirement Commitments**

**A. Texas County and District Retirement System**

**Plan Description**

The County provides retirement, disability, and death benefits for all of its full-time 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 559 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, TX 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight 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 eight years of service, but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

**Benefits Provided**

Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer 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 deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

**Pecos County, Texas**  
Notes to the Financial Statements

Employees covered by benefits as of December 31, 2019 include:

Retirees or beneficiaries currently receiving benefits	254
Inactive employees entitle to but not yet receiving benefits	474
Active employees	470
<b>Total</b>	<u><u>1198</u></u>

**Contributions**

The employer has elected the annually determined contribution rate (variable rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually. The employer contributed using a rate of 7.00%, which was in excess of the actuarially determined rate for the year 2020.

The deposit rate payable by the employee members for calendar year 2019 and 2020 is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

**Net Pension Liability**

The County's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.75%
Salary Increase	1.60%
Investment Rate of Return	8.10%
Payroll Growth	3.25%

Mortality rates for depositing members were based on the RP-2000 Active Employee Mortality Table for Males or Females, as appropriate, with a two-year set-forward for males and a four-year setback for females, based on projection scale AA. Mortality rates service retirees, beneficiaries and non-depositing members were based on the RP-2000 Combined Mortality Table, with a projection scale of AA with a one year age set forward for males and no age adjustment for females. Mortality rates for disabled retirees RP-2000 Disabled Mortality Table for Males or Females, as appropriate, with no age adjustment for males and a two year set-forward females, based on projection scale AA.

Family composition for current retirees' beneficiary information is supplied by TCDRS. For the purpose of calculating the Survivor Benefit for current depositing and non-depositing members, male members are assumed to have a female beneficiary who is three years younger. Female members are assumed to have a male beneficiary who is three years older.

## Pecos County, Texas

### Notes to the Financial Statements

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the years 2013-2016, except where required by GASB 68.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Geometric Real Rate of Return (Expected minus Inflation)
US Equities	14.50%	5.20%
Private Equity	20.00%	8.20%
Global Equities	2.50%	5.50%
International Equities-Developed	7.00%	5.20%
International Equities-Emerging	7.00%	5.70%
Investment-grade bonds	3.00%	-2.00%
Strategic credit	12.00%	3.14%
Direct lending	11.00%	7.16%
Distressed debt	4.00%	6.90%
REIT Equities	3.00%	4.50%
Master Limited Partnerships	2.00%	8.40%
Private Real Estate Partnerships	6.00%	5.50%
Hedge Funds	8.00%	2.30%
<b>Total</b>	100.0%	

The discount rate used to measure the total pension liability was 8.10%, which is consistent with the prior year discount rate. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The best estimates of geometric real rates of return for each major asset class included in the TCDRS' target asset allocation as of January 2020 are summarized below.

**Pecos County, Texas**  
Notes to the Financial Statements

**Changes in the Net Pension Liability**

Changes in Net Pension Liability / (Asset)	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability / (Asset) (a) – (b)
Balances at December 31, 2018	\$ 93,402,565	\$ 80,267,600	\$ 13,134,965
Changes for the year:			
Service cost	2,853,714	-	2,853,714
Interest on total pension liability (1)	7,619,004	-	7,619,004
Effect of economic/demographic gains or losses	(307,179)	-	(307,179)
Refund of contributions	(315,334)	(315,334)	-
Benefit payments	(4,160,807)	(4,160,807)	-
Administrative expenses	-	(70,756)	70,756
Member contributions	-	1,590,052	(1,590,052)
Net investment income	-	13,182,072	(13,182,072)
Employer contributions	-	2,362,363	(2,362,363)
Other (2)	-	(4,715)	4,715
<b>Balances at December 31, 2019</b>	<b>\$ 99,091,963</b>	<b>\$ 92,850,475</b>	<b>\$ 6,241,488</b>

(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.

**Discount Rate Sensitivity Analysis.**

The following presents the net pension liability of the County as of December 31, 2019, calculated using the discount rate of 8.10%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.10%) or 1% higher (9.10%) than the current rate.

	1% Decrease in Discount Rate (7.10%)	Discount Rate (8.10%)	1% Increase in Discount Rate (9.10%)
Total pension liability	\$ 112,153,181	\$ 99,091,964	\$ 88,186,489
Fiduciary net pension	92,850,476	92,850,476	92,850,476
<b>Net pension liability / (asset)</b>	<b>\$ 19,302,705</b>	<b>\$ 6,241,488</b>	<b>\$ (4,663,987)</b>

**Pecos County, Texas**  
Notes to the Financial Statements

**B. Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

**Related to Pensions**

For the year ended December 31, 2020, the County recognized pension expense of \$2,864,765 related to the December 31, 2019 valuation. At December 31, 2020, the County reported deferred inflows and outflows of resources related to the Plan from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual economic experience	\$ 296,802	
Change of assumptions	-	180,780
Net difference between projected and actual investment earnings	2,242,012	-
Contributions subsequent to the measurement date	-	2,434,897
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<u><u>\$ 2,538,814</u></u>	<u><u>\$ 2,615,677</u></u>

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$2,434,897 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 (i.e. recognized in the County's financial statements December 31, 2019). Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
<u>                    </u>	<u>                    </u>
2021	\$ (568,478)
2022	(662,740)
2023	214,022
2024	(1,340,839)
	<u>                    </u>
<b>Total</b>	<u><u>\$ (2,358,035)</u></u>

**C. Texas County and District Retirement System Group Term Life**

**Plan Description**

The County participates in the retiree Group Term Life program (GTL) for the Texas County & District Retirement System (TCDRS), which is a defined benefits group term life insurance plan. 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. As the GTL program covers both active and retiree participants, with no segregation of assets, the GTL program is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of the GASB Statement No. 75).

**Benefits Provided**

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 retiree GTL program. The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$5,000.

**Pecos County, Texas**  
Notes to the Financial Statements

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	207
Inactive employee entitled to but no yet receiving benefits	132
Active employees	470
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<b>Total</b>	<b>809</b>
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**Contributions**

For GASB 75 purposes, the TCDRS GTL plan is not a cost sharing plan as the employer’s benefit payments for the year are treated as being equal to its annual retiree GTL contributions. Employers in the TCDRS GTL program make a combined contribution for both the active and retiree coverage; however, only the retiree coverage is considered an OPEB plan and therefore only the contribution associated with retiree covered are included under GASB 75.

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. 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.

The retiree portion of contribution rates to the TCDRS GTL plan for the County was 0.13% in both calendar years 2019 and 2020. The County’s contributions to the TCDRS GTL plan for the year ended December 31, 2020 were \$29,530.

**Total TCDRS OPEB Liability**

The County’s total TCDRS OPEB liability (TOL) was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The TCDRS OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 4.10% and was based on the 20 year bond GO index published by bondbuyer.com as of December 31, 2019.

Mortality rates for depositing members were 90% of the RP-2014 Active Employee Mortality Table for males and 90% of the RP-2014 Active Employee Mortality Table for females, projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for service retirees, beneficiaries, and non-depositing members were 130% of the RP-2014 Healthy Annuitant Mortality Table for males and 100% of the RP-2014 Healthy Annuitant Mortality Table for females, both projected with 110% of the MP-2014 Ultimate scale after 2014. Mortality rates for disabled retirees were 130% of the RP-2014 Disabled Annuitant Mortality Table for males and 115% of the RP-2014 Disabled Annuitant Mortality Table for females, both projects with 110% of the MP-2014 Ultimate scale after 2014.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actual experience study for the period January 1, 2013 through December 31, 2016.

**Pecos County, Texas**  
Notes to the Financial Statements

**Changes in the TCDRS OPEB Liability**

Balance at December 31, 2018	\$	972,368
Changes for the year:		
Service cost		28,608
Interest on total OPEB liability		40,441
Effect of economic/demographic experience		(11,957)
Effect of assumptions changes or inputs		273,539
Benefit payments		<u>(29,530)</u>
Net changes		<u>301,101</u>
Balance as of December 31, 2019	\$	<u><u>1,273,469</u></u>

**Sensitivity of the TCDRS OPEB Liability to changes in the Discount Rate**

The following presents the TCDRS OPEB liability of the County, calculated using the discount rate of 2.74%, as well as, what the County's TCDRS OPEB liability would be if it was calculated using a discount rate that is 1 percentage-point lower (1.74%) or 1 percentage-point higher (3.74%) than the current rate:

	1% Decrease in Discount Rate (1.74%)	Discount Rate (2.74%)	1% Increase in Discount Rate (3.74%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total TCDRS OPEB Liability	\$ 1,550,579	\$ 1,273,469	\$ 1,063,079

**TCDRS OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2020 the County recognized TCDRS OPEB expense of \$56,781. At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to TCDRS OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 250,969	\$ 77,857
Net difference between expected and actual experience	-	14,621
Contributions subsequent to the measurement date	<u>31,622</u>	<u>-</u>
Total	<u><u>\$ 282,591</u></u>	<u><u>\$ 92,478</u></u>

**Pecos County, Texas**  
Notes to the Financial Statements

The \$31,622 as deferred outflows of resources related to TCDRS OPEB resulting from contributions subsequent to the measurement date will reduce the total TCDRS OPEB liability during the year ending December 31, 2020. The other amounts reported as deferred outflows and inflows of resources related to TCDRS OPEB will be recognized in TCDRS OPEB expense as follows:

Year Ended December 31,	
2021	\$ 30,501
2022	30,501
2023	30,503
2024	23,389
2025	43,597
	<hr/>
	\$ 158,491
	<hr/> <hr/>

**D. Post-Employment Healthcare Benefits**

**Plan Description**

The County administers a single employer defined benefit other post-employment benefits (OPEB) plan, known as the post-employment healthcare benefits plan (the Plan). The Plan offers medical and dental insurance benefits to eligible retirees and their spouses. The Plan has no plan assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

**Funding Policy**

Local Government Code Section 157.1010 assigns the authority to establish and amend benefit provisions to the commissioners’ court. The County is under no legal obligation to pay these premiums, and the decision to provide these benefits is made by the commissioners’ court on a year-to-year basis.

At December 31, 2020, retirees pay a \$25 premium, and pay \$50 per month for their spouse’s premium. All other costs are paid by the County.

The premium rates are set annually by the Commissioners’ Court based on the combination of premiums and prior year costs of the self-funded portion of the plan. The plan is funded as a pay-as-you-go basis. For the year ended, December 31, 2020, the County contributed approximately \$1,327,896 in direct subsidy contributions.

**Benefits provided**

Employees are eligible for the TCDRS retirement plan at the earlier of a) age 60 with 8 years of services, b) 30 years of service without regard to age, and c) the sum of age plus service equals 75. Employees hired after January 2, 2017 will not be eligible for retiree medical coverage. Benefits are provided through a self-funded medical plan. A Medicare supplement plan with drug coverage is available once the retiree or spouse reaches age 65. Dental and life insurance benefits are not available to the retiree.

The following tables provides a summary of the number of participants in the Plan as of December 31, 2020:

	<u>Employees Only</u>
Retired plan members	75
Active plan members	<u>55</u>
Total	<u><u>130</u></u>

## Pecos County, Texas

### Notes to the Financial Statements

#### Total Plan OPEB Liability

The County's Plan OPEB liability was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

#### Actuarial Methods and Assumptions

The Plan OPEB liability in December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Discount rate	2.12%
Health care cost trend	4.50%
Salary scale	3.50%

The mortality assumption were based on the RPH-2017 table with the MP-2018 projection scale. The termination and retirement rates were based on assumptions used in the current actuarial valuations prepared for the TCDRS plans covering local governments.

#### Changes in the Plan OPEB Liability

Balance at January 1, 2020	\$	64,525,117
Changes for the year:		
Service cost		2,591,666
Interest cost		2,716,980
Effect of net differences between expected and actual experience		(10,339,804)
Effect of assumptions changes or inputs		13,632,259
Benefit payments		(1,697,954)
		<u>6,903,147</u>
Net changes		<u>6,903,147</u>
Balance as of December 31, 2020	\$	<u><u>71,428,264</u></u>

#### Sensitivity of the Plan OPEB Liability to Changes in the Discount Rate

The following presents the Plan OPEB liability of the County calculated using the discount rate of 2.12%, as well as, what the County's Plan 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:

	1% Decrease in Discount Rate (1.12%)	Discount Rate (2.12%)	1% Increase in Discount Rate (3.12%)
Total Plan OPEB Liability	\$ 60,458,485	\$ 71,428,264	\$ 85,429,080

## Pecos County, Texas

### Notes to the Financial Statements

#### Sensitivity of the Plan OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Plan OPEB liability of the County calculated using the healthcare cost trend rate of 4.5%, as well as, what the County's Plan OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

	1% Decrease in Trend Rate (3.50%)	Trend Rate (4.50%)	1% Increase in Trend Rate (5.50%)
Total Plan OPEB Liability	\$ 59,433,048	\$ 71,428,264	\$ 87,108,929

#### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the County recognized Plan OPEB expense of \$5,909,459. At December 31, 2020, the County reported \$8,690,462 deferred outflows of resources and \$6,398,102 deferred inflows of resources related to OPEB.

#### Note 12. Operating Leases

The County's has entered into non-cancellable operating leases for various equipment in governmental activities. The future minimum rental commitments for those leases at December 31, 2020 are as follows:

Total Year End Requirements	Governmental Activities
2021	\$ 41,066
2022	37,060
2023	32,309
2024	15,580
2025	10,476
Thereafter	371,454
<b>Present value of minimum future lease payments</b>	<b>\$ 507,945</b>

#### Note 13. Contingent Liabilities

The County participates in several grant programs that are subject to audit by various state and federal agencies. These programs have complex compliance requirements and should state or federal auditors discover areas of material noncompliance, those County funds may be subject to refund if so determined by administrative audit review.

In the normal course of business, the County has been named in civil lawsuits. The outcome of these cases cannot presently be determined; however, County management is of the opinion that the settlement of pending litigation will not have a material adverse effect on the County's financial statements.

**Pecos County, Texas**  
Notes to the Financial Statements

**Note 14. Additional Enterprise Fund Disclosures**

Accounts receivable consists of the following at December 31, 2020:

	Pecos County Memorial Hospital
Gross accounts receivable	\$ 21,261,001
Less: allowance for bad debts and contractual adjustments	(17,147,008)
<b>Accounts receivable, net of allowance</b>	<b>\$ 4,113,993</b>

*Net patient revenue.* The Hospital had an agreement with third-party payers that provided for payments to the Hospital at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The major third-party payers are Medicare, Medicaid, and other commercial insurance carriers and preferred provider organizations.

**Note 15. Tax Abatements**

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with seven entities as of December 31, 2020:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Development of various solar power projects	100%	4,504,836
		<b>\$ 4,504,836</b>

Some of the agreements described include provisions where the entities make annual payments in lieu of taxes abated. As of December 31, 2020 payments in lieu of taxes amounted to \$270,000 and is included in general revenues in the Statement of Activities.

Each agreement was negotiated under a state law (Property Tax Abatement Act, Tax Code Chapter 312) allowing localities to abate property taxes for a variety of economic purposes, including business relocation, retention, and expansion for a period not to exceed 10 years. The abatements may be granted to any business located within or promising to relocate to a local government’s geographic area. Localities may grant abatements of all or a portion of annual property taxes through a direct reduction of the entity’s property tax bill.

## **Pecos County, Texas**

### Notes to the Financial Statements

The County has not made any commitments as part of the agreements other than to reduce taxes. The County is not subject to any tax abatement agreements entered into by other governmental entities. The county has chosen to disclose information about some of its tax abatement agreements. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

## **Required Supplemental Information**

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# Pecos County, Texas

## Texas County District Retirement System

### Schedule of Changes in the Employer's Net Pension Liability and Related Ratios for the Employees of Pecos County

December 31, 2020

	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 2,853,714	\$ 2,761,370	\$ 2,795,292	\$ 2,982,099	\$ 2,973,703
Interest (on the total pension liability)	7,619,004	7,122,503	6,589,054	6,096,181	5,759,225
Effect of plan changes	-	623,229	575,901	-	(511,212)
Effect of assumption changes or inputs	-	-	451,947	-	927,974
Effect of economic/demographic (gains) or losses	(307,179)	(225,677)	116,053	(641,945)	(1,264,530)
Benefit payments/refunds of contributions	(4,476,141)	(4,023,971)	(3,800,398)	(3,573,519)	(3,478,337)
Net change in total pension liability	5,689,398	6,257,454	6,727,849	4,862,816	4,406,823
Total pension liability - beginning	93,399,565	87,142,111	80,414,262	75,551,446	71,144,623
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$ 99,088,963</b>	<b>\$ 93,399,565</b>	<b>\$ 87,142,111</b>	<b>\$ 80,414,262</b>	<b>\$ 75,551,446</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - employer	\$ 2,362,363	\$ 2,340,070	\$ 2,044,633	\$ 2,027,782	\$ 2,169,495
Contributions - employee	1,590,052	1,602,787	1,517,325	1,533,028	1,615,580
Investment income net of investment expenses	13,182,072	(1,527,241)	10,470,307	4,942,678	(109,580)
Benefit payments/refunds of contributions	(4,476,141)	(4,023,971)	(3,800,398)	(3,573,519)	(3,478,338)
Administrative expense	(70,756)	(67,471)	(54,487)	(53,803)	(48,039)
Other	(4,715)	8,902	(3,709)	19,186	104,409
Net change in plan fiduciary net position	12,582,875	(1,666,924)	10,173,671	4,895,352	253,527
Plan fiduciary net position - beginning	80,264,600	81,931,524	71,757,853	66,862,501	66,608,973
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$ 92,847,475</b>	<b>\$ 80,264,600</b>	<b>\$ 81,931,524</b>	<b>\$ 71,757,853</b>	<b>\$ 66,862,500</b>
<b>NET PENSION LIABILITY - ENDING (a)-(b)</b>	<b>\$ 6,241,488</b>	<b>\$ 13,134,965</b>	<b>\$ 5,210,587</b>	<b>\$ 8,656,409</b>	<b>\$ 8,688,946</b>
Plan fiduciary net position as a percentage of total pension liability	93.70%	85.94%	94.02%	89.24%	88.50%
Covered payroll	\$ 22,715,031	\$ 22,896,963	\$ 21,636,323	\$ 21,898,298	\$ 23,079,720
Net pension liability as a percentage of covered payroll	27.48%	57.37%	24.08%	39.53%	37.65%

#### Notes to Schedule:

As of December 31 - Measurement date

Only five years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**Pecos County, Texas**  
Texas County District Retirement System  
Schedule of Employer Contributions  
December 31, 2020

	Year Ended December 31,					
	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 2,362,363	\$ 2,340,070	\$ 2,044,633	\$ 2,027,782	\$ 2,169,494	\$ 2,156,748
Contributions in relation to the actuarially determined contribution	(2,362,363)	(2,340,070)	(2,044,633)	(2,027,782)	(2,169,494)	(2,156,748)
<b>CONTRIBUTION DEFICIENCY (EXCESS)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 22,715,031	\$ 22,896,963	\$ 21,636,323	\$ 21,898,298	\$ 23,079,720	\$ 22,466,129
Contributions as a percentage of covered payroll	10.4%	10.2%	9.5%	9.3%	9.4%	9.6%

**Notes to Schedule:**

Valuation date:

Actuarially determined contribution rates are calculated as of 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	11.1 years (based on contribution rate calculated 12/31/2019 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by age and service. 4.9% average over career including inflation.
Investment rate of return	8.00%, 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. 2017: New mortality 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. 2016: No changes in plan provisions were reflected in the schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: Employer contributions reflect that a 2% flat COLA was adopted. 2019: Employer contributions reflect that a 2% flat COLA was adopted.

\*Only changes that affect the benefit amount that are effective 2015 and later are shown in the notes to the schedule.

Only six years of data is presented in accordance with GASB 68, Paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

## Pecos County, Texas

### County Retiree Health Plan Schedule of Changes in Net Plan OPEB Liability and Related Ratios For the Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>TOTAL PLAN OPEB LIABILITY</b>			
Service cost	\$ 2,591,666	\$ 2,591,666	\$ 2,489,593
Interest on total plan OPEB liability	2,716,980	2,571,963	2,429,849
Effect of net differences between expected and actual experience	(10,339,804)	-	-
Effect of assumptions changes or inputs	13,632,259	-	-
Benefit payments	<u>(1,697,954)</u>	<u>(1,555,319)</u>	<u>(1,555,319)</u>
Net change in total plan OPEB liability	6,903,147	3,608,310	3,364,123
Total plan OPEB liability - beginning of year	<u>64,525,117</u>	<u>60,916,807</u>	<u>57,552,684</u>
Total plan OPEB liability - end of year	<u>\$ 71,428,264</u>	<u>\$ 64,525,117</u>	<u>\$ 60,916,807</u>
Covered employee payroll	\$ 22,715,031	\$ 21,636,323	\$ 21,636,323
Net plan OPEB liability as a percentage of covered payroll	314.45%	298.23%	281.55%

#### Notes to Schedule:

The Plan is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported to the above schedule.

The County implemented GASB Statement No. 75 in FY 2018. Information in this table has been determined as of the measurement date of December 31, 2017 of the net plan OPEB liability and will ultimately contain information for 10 years.

## Pecos County, Texas

### Texas County District Retirement System's Supplemental Death Benefits Fund Schedule of Changes in Net TCDRS OPEB Liability and Related Ratios For the Year Ended December 31, 2020

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>TOTAL TCDRS OPEB LIABILITY</b>			
Service cost	\$ 28,608	\$ 33,009	\$ 31,405
Interest on total TCDRS OPEB liability (1)	40,441	36,868	37,335
Effect of assumption changes or inputs (2)	273,539	(116,785)	46,039
Effect of economic/demographic (gains) or losses	(11,957)	(4,458)	(3,371)
Benefit payments	<u>(29,530)</u>	<u>(29,766)</u>	<u>(28,127)</u>
Net change in total TCDRS OPEB liability	301,101	(81,132)	83,281
Total TCDRS OPEB liability - beginning of year	<u>972,368</u>	<u>1,053,500</u>	<u>970,219</u>
Total TCDRS OPEB liability - end of year	<u>\$ 1,273,469</u>	<u>\$ 972,368</u>	<u>\$ 1,053,500</u>
Covered payroll	\$ 22,715,031	\$ 22,896,963	\$ 21,636,323
Net TCDRS OPEB liability as a percentage of covered payroll	5.61%	4.25%	4.87%

#### Notes to Schedule:

*Benefit changes.* There were no changes of benefit terms that affected total pension liability during the measurement period.

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

based on the January 1, 2013 -

December 31, 2016 Investigation of Experience.

The County implemented GASB Statement No. 75 in FY 2018. Information in this table has been determined as of the measurement date of December 31, 2017 of the net TCDRS OPEB liability and will ultimately contain information for 10 years.

# Pecos County, Texas

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2020

Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
		Original	Final			
<b>REVENUES</b>						
7100	50	Taxes	\$ 24,049,379	\$ 25,105,876	\$ 25,229,977	\$ 124,101
7100	51	ABC Tax	30,000	30,000	20,725	(9,275)
7100	53	Fines and forfeitures	900	900	159	(741)
7100	52	Intergovernmental	414,500	414,500	970,786	556,286
7100	55	Charges for services	2,936,850	2,936,850	2,422,705	(514,145)
7100	82	Payment in lieu of taxes	100,000	270,000	270,000	-
7100	81	Proceeds from settlement	-	-	2,679,823	2,679,823
7100	83	Royalties	30,000	30,000	9,134	(20,866)
7100	54	Interest	868,000	868,000	189,167	(678,833)
7100	80	Other	81,200	81,200	87,180	5,980
Total revenues			28,510,829	29,737,326	31,879,656	2,142,330
<b>EXPENDITURES</b>						
Current:						
General government						
7230	400	Office of the County Judge	227,149	235,111	233,078	2,033
7230	403	Office of the County Clerk	395,129	395,129	371,657	23,472
7230	405	Veterans' Administration	60,116	60,116	52,113	8,003
7230	401	Commissioners' Court	439,500	439,500	363,655	75,845
7230	409	Nondepartmental	6,547,280	4,660,901	4,498,013	162,888
Total general government			7,669,174	5,790,757	5,518,516	272,241
Judicial:						
7242	450	Office of the District Clerk	308,975	313,824	307,980	5,844
7242	426	County Court at Law	56,900	56,900	42,163	14,737
7242	435	83rd District Court	166,855	166,855	151,297	15,558
7242	436	112th District Court	243,874	224,111	223,855	256
7242	437	Office of the 83rd District Attorney	292,274	292,274	227,005	65,269
7242	438	Office of the 112th District Attorney	287,255	295,237	255,518	39,719
7242	451	Justice of the Peace #1	228,116	228,116	221,468	6,648
7242	453	Justice of the Peace #3	115,075	117,371	115,976	1,395
7242	454	Justice of the Peace #4	49,430	49,430	45,111	4,319
7242	456	Justice of the Peace #6	120,780	123,076	120,483	2,593
7242	475	Office of the County Attorney	427,752	429,918	414,022	15,896
7242	465	County Law Library	5,000	5,000	2,818	2,182
Total judicial			2,302,286	2,302,112	2,127,696	174,416
Financial Administration:						
7247	495	Office of the County Auditor	453,688	465,590	459,812	5,778
7247	497	Office of the County Treasurer	150,367	150,367	147,519	2,848
7247	499	Office of the Tax Assessor Collector	478,085	478,110	475,500	2,610
7247	503	Data processing	467,500	433,779	360,163	73,616
Total financial administration			1,549,640	1,527,846	1,442,994	84,852

# Pecos County, Texas

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget (GAAP Basis) and Actual – Continued

For the Year Ended December 31, 2020

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Law enforcement:						
7238	551	Constable Precinct #1	28,244	28,244	27,723	521
7238	553	Constable Precinct #3	31,099	31,099	30,362	737
7238	554	Constable Precinct #4	29,443	29,443	28,794	649
7238	556	Constable Precinct #6	28,964	28,964	28,315	649
7238	561	Public Safety Department	3,600	3,697	3,696	1
7238	560	Office of the Sheriff	2,128,780	2,378,149	2,183,927	194,222
Total law enforcement			2,250,130	2,499,596	2,302,817	196,779
Corrections:						
7245	512	Correctional facility	891,532	911,029	900,575	10,454
7245	570	Adult probation	46,851	46,851	46,605	246
7245	572	Juvenile probation	350,107	350,107	222,781	127,326
Total corrections			1,288,490	1,307,987	1,169,961	138,026
Health and welfare:						
7235	632	Sanitation department	70,705	112,875	111,582	1,293
7235	540	EMS	2,547,511	2,802,649	2,790,456	12,193
7235	640	Social services	130,000	130,000	92,266	37,734
7235	631	Emergency Management/Homeland Security	122,555	113,943	110,287	3,656
Total health and welfare			2,870,771	3,159,467	3,104,591	54,876
7237		Fire protection	387,250	402,862	381,340	21,522
Culture and recreation:						
7233	660	Recreation	145,075	126,638	124,638	2,000
7233	659	Fort Stockton Golf Course	702,253	708,252	681,842	26,410
7233	658	Iraan Golf Course	241,349	313,762	310,212	3,550
7233	661	Park #1	261,867	1,071,762	1,055,714	16,048
7233	662	Park #2	563,095	583,695	553,847	29,848
7233	663	Park #3	352,372	556,938	551,373	5,565
7233	664	Park #4	302,662	276,662	239,705	36,957
7233	696	Historical Commission	21,091	21,091	6,767	14,324
Total culture and recreation			2,589,764	3,658,800	3,524,098	134,702

# Pecos County, Texas

## General Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget (GAAP Basis) and Actual – Continued

For the Year Ended December 31, 2020

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Libraries:						
7249	650	Fort Stockton library	351,872	351,872	333,552	18,320
7249	651	Imperial library	60,916	61,891	59,411	2,480
7249	652	Iraan library	107,894	107,894	107,294	600
Total libraries			520,682	521,657	500,257	21,400
7248		Building maintenance	427,492	590,225	579,851	10,374
7240		Utilities	725,000	770,000	683,158	86,842
7239		Conservation	171,665	171,665	159,769	11,896
Public service:						
7246	490	Elections	148,471	164,130	161,051	3,079
7246	590	Pecos County Water	213,495	287,277	263,327	23,950
7246	695	Miscellaneous	209,422	218,818	211,739	7,079
Total public service			571,388	670,225	636,117	34,108
7250		Airport	565,500	565,500	28,011	537,489
Total expenditures			23,889,232	23,938,699	22,159,176	1,779,523
Excess of revenues over expenditures			4,621,597	5,798,627	9,720,480	3,921,853
<b>OTHER FINANCING SOURCES (USES)</b>						
7300 00		Sale of assets	12,000	12,000	27,060	15,060
7300	50	Transfers from other funds	775,000	775,000	575,000	(200,000)
7300	60	Transfers to other funds	(6,115,000)	(7,302,922)	(6,673,528)	629,394
Total other financing sources (uses)			(5,328,000)	(6,515,922)	(6,071,468)	444,454
Net change in fund balances			(706,403)	(717,295)	3,649,012	4,366,307
Fund balances - beginning of year			25,654,178	25,654,178	25,654,178	-
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 24,947,775</b>	<b>\$ 24,936,883</b>	<b>\$ 29,303,190</b>	<b>\$ 4,366,307</b>

# Pecos County, Texas

## Road and Bridge Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget (GAAP Basis) and Actual

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 3,661,252	\$ 3,803,119	\$ 3,838,890	\$ 35,771
Intergovernmental	131,000	131,000	113,590	(17,410)
Fees of office	615,000	615,000	579,194	(35,806)
Miscellaneous	505,000	505,000	-	(505,000)
Total revenues	4,912,252	5,054,119	4,531,674	(522,445)
<b>EXPENDITURES</b>				
Highways and streets				
Precinct #1:				
Salaries and benefits	503,337	492,368	488,747	3,621
Supplies	7,000	7,100	6,705	395
Fuel	50,000	27,178	20,039	7,139
Uniforms	1,800	1,460	1,460	-
Communications	2,600	2,837	2,837	-
Travel	2,500	2,259	842	1,417
Registration fees	1,000	400	372	28
Repairs and maintenance	30,500	37,141	36,004	1,137
Lease expenditures	250	250	170	80
Equipment	-	7,138	2,296	4,842
Road improvements	5,000	22,538	22,538	-
Total Precinct #1	603,987	600,669	582,010	18,659
Precinct #2:				
Salaries and benefits	455,869	463,769	453,106	10,663
Supplies	7,200	9,323	8,379	944
Fuel	45,000	26,522	22,807	3,715
Uniforms	1,300	788	788	-
Communications	3,000	3,000	2,316	684
Travel	3,000	131	131	-
Registration fees	700	65	65	-
Repairs and maintenance	16,300	20,862	20,682	180
Lease expenditures	125	1,368	1,204	164
Contract services	1,000	900	900	-
Equipment	-	6,284	6,284	-
Road improvements	5,000	5,482	5,278	204
Total Precinct #2	538,494	538,494	521,940	16,554

# Pecos County, Texas

## Road and Bridge Fund

### Schedule of Revenues, Expenditures and Changes in Fund Balances

#### Budget (GAAP Basis) and Actual – Continued

For the Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Precinct #3:				
Salaries and benefits	499,518	497,018	477,577	19,441
Supplies	22,000	26,187	26,024	163
Fuel	55,000	33,765	33,765	-
Uniforms	1,000	969	838	131
Communications	10,000	7,783	6,439	1,344
Travel	2,400	733	679	54
Registration fees	1,000	900	225	675
Repairs and maintenance	57,000	62,185	59,599	2,586
Dues and subscriptions	300	300	-	300
Equipment	-	11,232	11,232	-
Road improvements	5,000	12,750	12,607	143
Total Precinct #3	653,218	653,822	628,985	24,837
Precinct #4:				
Salaries and benefits	612,093	599,840	593,288	6,552
Supplies	18,000	23,534	23,332	202
Fuel	65,000	55,891	55,184	707
Uniforms	1,500	1,500	1,490	10
Communications	3,000	3,000	2,698	302
Travel	2,000	-	-	-
Registration fees	750	700	350	350
Repairs and maintenance	47,000	77,844	73,907	3,937
Lease expenditures	2,000	10,811	10,561	250
Contract services	3,000	4,920	4,570	350
Equipment	-	5,564	5,324	240
Road improvements	5,000	30,000	30,000	-
Total Precinct #4	759,343	813,604	800,704	12,900

**Pecos County, Texas**

Road and Bridge Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget (GAAP Basis) and Actual – Continued

For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General:				
Employee insurance	481,000	481,000	459,151	21,849
Lateral roads #1	10,250	10,250	10,250	-
Lateral roads #2	10,250	9,230	3,192	6,038
Lateral roads #3	10,250	8,135	8,135	-
Lateral roads #4	10,250	10,250	10,198	52
Road improvements	710,384	719,201	696,045	23,156
Contract services	135,000	87,158	76,308	10,850
Total general	<u>1,367,384</u>	<u>1,325,224</u>	<u>1,263,279</u>	<u>61,945</u>
Total highways and streets	<u>3,922,426</u>	<u>3,931,813</u>	<u>3,796,918</u>	<u>134,895</u>
Capital Outlay:				
General	472,386	167,631	14,995	(152,636)
Precinct #1	-	128,841	128,841	-
Precinct #2	-	128,841	-	(128,841)
Precinct #3	-	189,613	189,613	-
Precinct #4	-	271,635	271,635	-
Total capital outlay	<u>472,386</u>	<u>886,561</u>	<u>605,084</u>	<u>(281,477)</u>
Total expenditures	<u>4,394,812</u>	<u>4,818,374</u>	<u>4,402,002</u>	<u>416,372</u>
Deficiency of revenues over expenditures	<u>517,440</u>	<u>235,745</u>	<u>129,672</u>	<u>(106,073)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	50,978	50,978	-
Total other financing sources (uses)	<u>-</u>	<u>50,978</u>	<u>50,978</u>	<u>-</u>
Net change in fund balance	<u>517,440</u>	<u>286,723</u>	<u>180,650</u>	<u>(106,073)</u>
Fund balances - beginning of year	<u>188,279</u>	<u>188,279</u>	<u>188,279</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 705,719</u>	<u>\$ 475,002</u>	<u>\$ 368,929</u>	<u>\$ (106,073)</u>

## **Pecos County, Texas**

### Notes to Schedules of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual

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

- A. In the event the Commissioners' Court increases property taxes three percent or less, no public hearing is required. If the Court increases taxes more than three but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election.
- B. Public hearings are conducted at the Pecos County Courthouse to obtain taxpayer comments.
- C. Prior to January 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.
- D. Budgeted amounts may be transferred between line items of the budget within the same fund. Any amendments which alter the line items or total expenditures of any department must be approved by the Commissioners' Court. There must be an emergency condition existing in order for the Court to increase the total budget.
- E. Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- F. Expenditures in excess of appropriations are required by state statutes to be reported down to the departmental level.
- G. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended December 31, 2019.
- H. The Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund and Road and Bridge Fund present a comparison of budgetary data to actual results.

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## Supplementary Information

**Pecos County, Texas**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2020

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,990,461	\$ 7,756	\$ 1,998,217
Other	96,618	-	96,618
<b>TOTAL ASSETS</b>	<b>\$ 2,087,079</b>	<b>\$ 7,756</b>	<b>\$ 2,094,835</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 185,222	\$ -	\$ 185,222
Due to other funds	50,000	-	50,000
Total liabilities	235,222	-	235,222
<b>FUND BALANCES</b>			
Restricted			
Federal and state grants	384,307	-	384,307
Legislation	1,467,550	-	1,467,550
Assigned			
Capital projects funds	-	7,756	7,756
Total fund balances	1,851,857	7,756	1,859,613
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,087,079</b>	<b>\$ 7,756</b>	<b>\$ 2,094,835</b>

## Pecos County, Texas

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2020

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Fines and forfeitures	\$ 10,681	\$ -	\$ 10,681
Intergovernmental	1,425,013	-	1,425,013
Charges for services	598,582	-	598,582
Interest	1,415	-	1,415
Other	10,515	-	10,515
	<u>2,046,206</u>	<u>-</u>	<u>2,046,206</u>
<b>EXPENDITURES</b>			
Judicial	35,724	-	35,724
Law enforcement	29,477	-	29,477
Corrections	1,076,092	-	1,076,092
Health and welfare	202,331	-	202,331
Public service	426,215	-	426,215
Capital outlay	10,565	-	10,565
	<u>1,780,404</u>	<u>-</u>	<u>1,780,404</u>
Total expenditures	1,780,404	-	1,780,404
Excess of expenditures (over) under revenues	265,802	-	265,802
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	51,041	-	51,041
Transfers (out)	(51,041)	-	(51,041)
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-
Net change in fund balances	265,802	-	265,802
Fund balances - beginning of year	1,586,055	7,756	1,593,811
<b>FUND BALANCES, end of year</b>	<u><u>\$ 1,851,857</u></u>	<u><u>\$ 7,756</u></u>	<u><u>\$ 1,859,613</u></u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Balance Sheet  
December 31, 2020

	250	251	255 256	265	266
	Juvenile Probation Fees	Title IV-E Fund	Juvenile Probation TJPC A-R	Basic Supervision	Community Corrections Program
<b>ASSETS</b>					
Cash	\$ 28,050	\$ 39,796	\$ 36,147	\$ 137,594	\$ 28,091
Receivables, net of allowance					
Other	19	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 28,069</u>	<u>\$ 39,796</u>	<u>\$ 36,147</u>	<u>\$ 137,594</u>	<u>\$ 28,091</u>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 3,540	\$ 1,376	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	-	-	3,540	1,376	-
<b>FUND BALANCES</b>					
Restricted:					
Federal and state grants	-	39,796	32,607	136,218	28,091
Legislation	28,069	-	-	-	-
Total fund balances	<u>28,069</u>	<u>39,796</u>	<u>32,607</u>	<u>136,218</u>	<u>28,091</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 28,069</u>	<u>\$ 39,796</u>	<u>\$ 36,147</u>	<u>\$ 137,594</u>	<u>\$ 28,091</u>

267	268	270	280	281	282	283	284	285
Intensive Supervision	CSCD Pretrial Division	Adult Probation Fees	County Records Management	County Clerk Records Management	District Clerk Records Fund	Court Record Preservation Fund	District Court Record Technology Fund	JP Technology Fund
\$ 137,308	\$ 10,489	\$ 32,020	\$ 79,062	\$ 419,299	\$ 8,063	\$ 29,071	\$ 29,115	\$ 57,370
-	-	-	99	-	-	116	125	-
<u>\$ 137,308</u>	<u>\$ 10,489</u>	<u>\$ 32,020</u>	<u>\$ 79,161</u>	<u>\$ 419,299</u>	<u>\$ 8,063</u>	<u>\$ 29,187</u>	<u>\$ 29,240</u>	<u>\$ 57,370</u>
\$ 202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
202	-	-	-	-	-	-	-	-
137,106	10,489	-	-	-	-	-	-	-
-	-	32,020	79,161	419,299	8,063	29,187	29,240	57,370
<u>137,106</u>	<u>10,489</u>	<u>32,020</u>	<u>79,161</u>	<u>419,299</u>	<u>8,063</u>	<u>29,187</u>	<u>29,240</u>	<u>57,370</u>
<u>\$ 137,308</u>	<u>\$ 10,489</u>	<u>\$ 32,020</u>	<u>\$ 79,161</u>	<u>\$ 419,299</u>	<u>\$ 8,063</u>	<u>\$ 29,187</u>	<u>\$ 29,240</u>	<u>\$ 57,370</u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Balance Sheet – Continued  
December 31, 2020

	286	287	288	370	411	429	430	442
	County	County	District	Courthouse	Texas	Texas	Texas	Stonegarden
	Clerk	Clerk	Clerk	Security	Division of	J Regional	J Regional	14/BP
	Archival	Vital	Fund	Fund	Emergency	Advisory	Advisory	Fund
	Fund	Statistics			Management	Council	Council	
	Fund	Fund		Fund	Fund	Fund	Fund	Fund
<b>ASSETS</b>								
Cash	\$ 397,087	\$ 12,936	\$ 363	\$ 24,912	\$ (22,108)	\$ (9,951)	\$ (4,970)	\$ -
Receivables, net of allowance								
Other	-	-	-	51	22,108	20,736	12,446	-
<b>TOTAL ASSETS</b>	<u>\$ 397,087</u>	<u>\$ 12,936</u>	<u>\$ 363</u>	<u>\$ 24,963</u>	<u>\$ -</u>	<u>\$ 10,785</u>	<u>\$ 7,476</u>	<u>\$ -</u>
<b>LIABILITIES</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,785	7,476	-
Due to other funds	-	-	-	50,000	-	-	-	-
Total liabilities	-	-	-	50,000	-	10,785	7,476	-
<b>FUND BALANCES</b>								
Restricted:								
Federal and state grants	-	-	-	-	-	-	-	-
Legislation	397,087	12,936	363	(25,037)	-	-	-	-
Total fund balances	<u>397,087</u>	<u>12,936</u>	<u>363</u>	<u>(25,037)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 397,087</u>	<u>\$ 12,936</u>	<u>\$ 363</u>	<u>\$ 24,963</u>	<u>\$ -</u>	<u>\$ 10,785</u>	<u>\$ 7,476</u>	<u>\$ -</u>

500	505	510	511	530	540	560	561	
County Attorney Hot Check Fund	County Attorney Pre-Trial Intervention Fund	Sheriff Discretionary Fund	Forfeiture Shared Revenue Fund	83rd District Attorney Hot Check Funds	83rd District Attorney Drug Forfeiture Fund	112th District Attorney Discretionary Fund	112th District Attorney Hot Check Fund	Total
\$ 11,462	\$ 223,697	\$ 45,014	\$ 3,728	\$ 25,069	\$ 205,019	\$ 33,422	\$ 309	\$ 1,990,461
-	1,469	318	-	-	-	-	-	96,618
<u>\$ 11,462</u>	<u>\$ 225,166</u>	<u>\$ 45,332</u>	<u>\$ 3,728</u>	<u>\$ 25,069</u>	<u>\$ 205,019</u>	<u>\$ 33,422</u>	<u>\$ 309</u>	<u>\$ 2,087,079</u>
\$ 1,255	\$ 4,432	\$ -	\$ -	\$ -	\$ 144,028	\$ -	\$ -	\$ 185,222
-	-	-	-	-	-	-	-	50,000
1,255	4,432	-	-	-	144,028	-	-	235,222
-	-	-	-	-	-	-	-	384,307
10,207	220,734	45,332	3,728	25,069	60,991	33,422	309	1,467,550
10,207	220,734	45,332	3,728	25,069	60,991	33,422	309	1,851,857
<u>\$ 11,462</u>	<u>\$ 225,166</u>	<u>\$ 45,332</u>	<u>\$ 3,728</u>	<u>\$ 25,069</u>	<u>\$ 205,019</u>	<u>\$ 33,422</u>	<u>\$ 309</u>	<u>\$ 2,087,079</u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended December 31, 2020

	250	251	255 256	265	266
	Juvenile Probation Fees	Title IV-E Fund	Juvenile Probation TJPC A-R	Basic Supervision	Community Corrections Program
<b>REVENUES</b>					
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	126,851	180,577	83,020
Charges for services	1,353	-	-	392,715	-
Interest	-	182	-	958	-
Other	-	-	-	10,515	-
Total revenues	1,353	182	126,851	584,765	83,020
<b>EXPENDITURES</b>					
Judicial	-	-	-	-	-
Law enforcement	-	-	-	-	-
Corrections	-	1,643	113,250	575,027	45,766
Health and welfare	-	-	-	-	-
Public service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	-	1,643	113,250	575,027	45,766
Excess (deficiency) of revenues over (under) expenditures	1,353	(1,461)	13,601	9,738	37,254
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	37,141	-
Transfers (out)	-	-	-	(13,900)	(37,141)
Total other financing sources (uses)	-	-	-	23,241	(37,141)
Net change in fund balances	1,353	(1,461)	13,601	32,979	113
Fund balances - beginning of year	26,716	41,257	19,006	103,239	27,978
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 28,069</b>	<b>\$ 39,796</b>	<b>\$ 32,607</b>	<b>\$ 136,218</b>	<b>\$ 28,091</b>

267	268	270	280	281	282	283	284	285
Intensive Supervision	CSCD Pretrial Division	Adult Probation Fees	County Records Management	County Clerk Records Management	District Clerk Records Fund	Court Record Preservation Fund	District Court Record Technology Fund	JP Technology Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
338,842	28,832	-	-	-	-	-	-	-
-	-	5,556	4,037	49,551	-	2,925	3,402	2,009
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
338,842	28,832	5,556	4,037	49,551	-	2,925	3,402	2,009
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
310,185	24,134	-	-	45	-	-	-	2,911
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
310,185	24,134	-	-	45	-	-	-	2,911
28,657	4,698	5,556	4,037	49,506	-	2,925	3,402	(902)
13,900	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
13,900	-	-	-	-	-	-	-	-
42,557	4,698	5,556	4,037	49,506	-	2,925	3,402	(902)
94,549	5,791	26,464	75,124	369,793	8,063	26,262	25,838	58,272
\$ 137,106	\$ 10,489	\$ 32,020	\$ 79,161	\$ 419,299	\$ 8,063	\$ 29,187	\$ 29,240	\$ 57,370

**Pecos County, Texas**  
**Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Continued**  
**For the Year Ended December 31, 2020**

	286	287	288	370	411	429	430	442
	County	County	District	Courthouse	Texas	Texas	Texas	Local Border
	Clerk	Clerk	Clerk	Courthouse	Division of	J Regional	J Regional	Security
	Archival	Vital		Security	Emergency	Advisory	Advisory	LBSP - 13
	Fund	Statistics	Fund	Fund	Management	Council	Council	Fund
	Fund	Fund	Fund	Fund	Fund	Grant	Grant	Fund
<b>REVENUES</b>								
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	29,477	20,736	182,044	1,283
Charges for services	48,551	1,066	363	8,932	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total revenues	48,551	1,066	363	8,932	29,477	20,736	182,044	1,283
<b>EXPENDITURES</b>								
Judicial	-	-	-	-	-	-	-	-
Law enforcement	-	-	-	-	29,477	-	-	-
Corrections	-	-	-	3,131	-	-	-	-
Health and welfare	-	-	-	-	-	10,171	182,495	-
Public service	-	-	-	-	-	-	-	1,283
Capital outlay	-	-	-	-	-	10,565	-	-
Total expenditures	-	-	-	3,131	29,477	20,736	182,495	1,283
Excess (deficiency) of revenues over (under) expenditures	48,551	1,066	363	5,801	-	-	(451)	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	48,551	1,066	363	5,801	-	-	(451)	-
Fund balances - beginning of year	348,536	11,870	-	(30,838)	-	-	451	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 397,087</b>	<b>\$ 12,936</b>	<b>\$ 363</b>	<b>\$ (25,037)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

500	505	510	511	530	540	560	561	
County Attorney Hot Check Fund	County Attorney Pre-Trial Intervention Fund	Sheriff's Discretionary Fund	Forfeiture Shared Revenue Fund	83rd District Attorney Hot Check Funds	83rd District Attorney Drug Forfeiture Funds	112th District Attorney Discretionary Fund	112th District Attorney Hot Check Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,681	\$ -	\$ -	\$ 10,681
-	-	3,069	-	-	-	-	-	1,425,013
1,631	76,461	-	-	-	-	-	30	598,582
-	-	-	-	112	20	143	-	1,415
-	-	-	-	-	-	-	-	10,515
1,631	76,461	3,069	-	112	10,701	143	30	2,046,206
489	35,235	-	-	-	0	-	-	35,724
-	-	-	-	-	-	-	-	29,477
-	-	-	-	-	-	-	-	1,076,092
-	-	-	-	-	-	-	-	202,331
-	-	-	4,316	-	-	-	-	426,215
-	-	-	-	-	-	-	-	10,565
489	35,235	-	4,316	-	-	-	-	1,780,404
1,142	41,226	3,069	(4,316)	112	10,701	143	30	265,802
-	-	-	-	-	-	-	-	51,041
-	-	-	-	-	-	-	-	(51,041)
-	-	-	-	-	-	-	-	-
1,142	41,226	3,069	(4,316)	112	10,701	143	30	265,802
9,065	179,508	42,263	8,044	24,957	50,290	33,279	279	1,586,055
\$ 10,207	\$ 220,734	\$ 45,332	\$ 3,728	\$ 25,069	\$ 60,991	\$ 33,422	\$ 309	\$ 1,851,857

**Pecos County, Texas**  
 Agency Funds  
 Combining Statement of Fiduciary Assets and Liabilities  
 December 31, 2020

	Pecos County Golf Course	Bond Fund	Permian Basin Adult Probation	Juvenile Probation	District Clerk Fee Account	District Clerk Trust Fund
<b>ASSETS</b>						
Cash	\$ 12,980	\$ 66,983	\$ 61,694	\$ 275	\$ 5,851	\$ 3,143,812
<b>TOTAL ASSETS</b>	<b>\$ 12,980</b>	<b>\$ 66,983</b>	<b>\$ 61,694</b>	<b>\$ 275</b>	<b>\$ 5,851</b>	<b>\$ 3,143,812</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governments	12,980	-	41,393	-	5,851	-
Due to beneficiaries	-	66,983	20,301	275	-	3,143,812
<b>TOTAL LIABILITIES</b>	<b>\$ 12,980</b>	<b>\$ 66,983</b>	<b>\$ 61,694</b>	<b>\$ 275</b>	<b>\$ 5,851</b>	<b>\$ 3,143,812</b>

<u>Tax Assessor Collector</u>	<u>Edward Petsch Arts Fund</u>	<u>Sheriff's Bond Account</u>	<u>Jail Commissary Account</u>	<u>Trish King Bond Account</u>	<u>County Clerk</u>	<u>Precinct # 3</u>	<u>Justice of the Peace # 6</u>	<u>Total</u>
\$ 6,265,285	\$ 217,695	\$ 41,808	\$ 9,156	\$ 71,153	\$ 4,956	\$ 650	\$ 92	\$ 9,902,390
<u>\$ 6,265,285</u>	<u>\$ 217,695</u>	<u>\$ 41,808</u>	<u>\$ 9,156</u>	<u>\$ 71,153</u>	<u>\$ 4,956</u>	<u>\$ 650</u>	<u>\$ 92</u>	<u>\$ 9,902,390</u>
\$ -	\$ -	\$ -	\$ 9,156	\$ -	\$ 4,956	\$ -	\$ 92	\$ 14,204
6,265,285	-	-	-	-	-	-	-	6,325,509
<u>-</u>	<u>217,695</u>	<u>41,808</u>	<u>-</u>	<u>71,153</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>3,562,677</u>
<u>\$ 6,265,285</u>	<u>\$ 217,695</u>	<u>\$ 41,808</u>	<u>\$ 9,156</u>	<u>\$ 71,153</u>	<u>\$ 4,956</u>	<u>\$ 650</u>	<u>\$ 92</u>	<u>\$ 9,902,390</u>

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# **Internal Control and Compliance Report**

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**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Honorable Judge and  
Members of the Commissioners Court  
Pecos County, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pecos County, Texas (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 12, 2022. Our report includes reference to other auditors who audited the financial statements of Pecos County Memorial Hospital, an enterprise fund of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance. The financials statements of Pecos County Memorial Hospital were not audited in accordance with Government Auditing Standards.

***Internal Control over Financial Reporting***

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

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

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

Weaver and Tidwell, L.L.P.  
400 West Illinois Avenue, Suite 1550 / Midland, Texas 79701  
Main: 432.683.5226

The Honorable Judge and  
Members of the Commissioners Court  
Pecos County, Texas

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. At December 31, 2020 the County had cash deposits at one of their banking institutions that was under collateralized by approximately \$9.9 million. The County took steps to ensure that all funds were collateralized by February 2021.

***Purpose of this Report***

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

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Midland, Texas  
September 12, 2022

**Pecos County, Texas**

Status of Prior Year Findings and Responses  
For the Year Ended December 31, 2019

**Schedule of Prior Audit Findings and Responses**

None in the prior year