

# **Pecos County, Texas**

Annual Financial Report

For the Year Ended December 31, 2022

**Pecos County, Texas**  
 Annual Financial Report  
 For the Year Ended December 31, 2022  
 Table of Contents

Page

**Financial Section**

Independent Auditor’s Report .....	3
Management’s Discussion and Analysis .....	7

**Basic Financial Statements**

Government-Wide Financial Statements	
Statement of Net Position .....	17
Statement of Activities .....	18
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	23
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	26
Statement of Net Position – Proprietary Funds .....	27
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds .....	28
Statement of Cash Flows – Proprietary Funds .....	29
Statement of Fiduciary Net Position – Fiduciary Funds .....	31
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	32
Notes to the Financial Statements .....	35

**Required Supplemental Information**

Texas County District Retirement System Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios for the Employees of Pecos County .....	71
Texas County District Retirement System Schedule of Employer Contributions .....	72
County Retiree Health Plan Schedule of Changes in Net Plan OPEB Liability and Related Ratios .....	73
Texas County District Retirement System’s Supplemental Death Benefits Fund Schedule of Changes in Net TCDRS OPEB Liability and Related Ratios .....	74
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – General Fund .....	75
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual – Road and Bridge Fund .....	78
Notes to the Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget (GAAP Basis) and Actual .....	81

**Pecos County, Texas**  
 Annual Financial Report  
 For the Year Ended December 31, 2022  
 Table of Contents – Continued

Page

**Supplementary Information**

Combining Balance Sheet – Nonmajor Governmental Funds .....	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds .....	85
Combining Balance Sheet – Special Revenue Funds .....	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Special Revenue Funds .....	92
Combining Statement of Fiduciary Net Position – Fiduciary Funds.....	98
Combining Statement of Revenues, Expenses and Changes in Net Position – Fiduciary Funds.....	100

**Internal Control and Compliance Report**

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 .....	105
Independent Auditor’s Report on Compliance for the Major State Program and Report on Internal Control over Compliance in Accordance with the State of Texas Uniform Grant Management Standards .....	107
Schedule of Expenditures of Federal and State Awards.....	110
Notes to the Schedule of Expenditures of Federal and State Awards.....	111
Schedule of Findings and Questioned Costs .....	112

# 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 Audit of the Financial Statements

#### *Opinions*

We have audited 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 financial statements were audited by other auditors whose report thereon has been furnished to us, and in 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.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Emphasis of Matter*

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2022, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases*. Our opinions are not modified with respect to this matter.

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for one year after the date that the financial statements are issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

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

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and *State of Texas Uniform Grant Management Standards (UGMS)*, and is also not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal and state awards 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 statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
September 27, 2024



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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, 2022. 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 exceeded its liabilities and deferred inflows at the close of the most recent year by \$3,962,879 (*net position*). A deficit of \$47,502,925 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 \$37,625,371 an increase of \$4,219,243 in comparison with the prior year. Approximately 61.1% of this total amount, \$22,982,645, 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 \$22,982,645 or 95% percent of total general fund expenditures.
- The County's total leases payable increased by \$471,089 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 four 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 and the road and bridge fund, which are considered to be major funds. All other special revenue funds and capital project funds are considered nonmajor governmental funds and are combined into the aggregated presentation. Individual fund data for each of these nonmajor 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 on pages 73 through 79.

**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 and 32 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 34 of this report.

**Other Information:** The combining statements referred to earlier in connection with nonmajor 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 82 through 99.

**Government-wide Financial Analysis**

As noted earlier, net position (deficit) may serve over time as a useful indicator of a government’s financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,962,879 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 1,007% more than the County’s total net position.

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	
	2021	2022	2021	2022	2021	2022
Current and other assets	\$ 74,713,669	\$ 84,835,947	\$ 4,315,418	\$ 4,958,748	\$ 79,029,087	\$ 89,794,695
Capital assets	24,570,197	26,026,416	16,557,646	15,347,438	41,127,843	41,373,854
Total assets	99,283,866	110,862,363	20,873,064	20,306,186	120,156,930	131,168,549
Total deferred outflows of resources	5,845,073	8,073,769	7,330,573	6,183,412	13,175,646	14,257,181
Long-term liabilities outstanding	42,046,855	32,104,104	34,237,691	25,835,187	76,284,546	57,939,291
Other liabilities	41,996,672	40,657,800	9,332,317	4,858,192	51,328,989	45,515,992
Total liabilities	84,043,527	72,761,904	43,570,008	30,693,379	127,613,535	103,455,283
Total deferred inflows of resources	3,637,660	21,050,098	6,425,540	16,957,470	10,063,200	38,007,568
Net position:						
Net investment in capital assets	24,455,893	25,441,023	15,558,283	14,452,726	40,014,176	39,893,749
Restricted	10,642,000	11,572,055	-	-	10,642,000	11,572,055
Unrestricted	(17,650,141)	(11,888,948)	(37,350,194)	(35,613,977)	(55,000,335)	(47,502,925)
<b>Total net position (deficit)</b>	<b>\$ 17,447,752</b>	<b>\$ 25,124,130</b>	<b>\$ (21,791,911)</b>	<b>\$ (21,161,251)</b>	<b>\$ (4,344,159)</b>	<b>\$ 3,962,879</b>

A significant portion of the County’s net position, \$11,572,055, 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 \$47,502,925.

## Governmental and Business-Type Activities

Governmental activities increased the County's net position by \$7,676,378 and business-type activities increased the County's net position by \$630,660. Key elements of these changes can be seen below:

### Pecos County, Texas Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2022	2021	2022	2021	2022
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,258,212	\$ 4,411,890	\$ 22,288,824	\$ 21,960,049	\$ 26,547,036	\$ 26,371,939
Operating grants and contributions	2,234,461	2,244,497	1,358,095	505,561	3,592,556	2,750,058
Capital grants and contributions	-	-	360,112	61,115	360,112	61,115
General revenues:						
Property taxes	32,761,636	32,081,765	-	-	32,761,636	32,081,765
Alcoholic beverage taxes	25,437	32,422	-	-	25,437	32,422
Investment earnings	27,029	747,245	8,110	31,046	35,139	778,291
Payment in lieu of taxes	1,286,543	1,116,813	-	-	1,286,543	1,116,813
Proceeds from settlement	123,340	1,588,874	-	-	123,340	1,588,874
Proceeds from sales of assets	28,159	14,271	-	-	28,159	14,271
Other	407,612	358,652	-	-	407,612	358,652
<b>Total revenues</b>	<b>41,152,429</b>	<b>42,596,429</b>	<b>24,015,141</b>	<b>22,557,771</b>	<b>65,167,570</b>	<b>65,154,200</b>
<b>Expenses</b>						
General government	3,840,729	8,130,538	-	-	3,840,729	8,130,538
Judicial	2,805,469	2,157,671	-	-	2,805,469	2,157,671
Financial administration	2,051,026	1,668,315	-	-	2,051,026	1,668,315
Public facilities	1,385,995	1,123,152	-	-	1,385,995	1,123,152
Public safety	6,474,478	6,347,617	-	-	6,474,478	6,347,617
Public service	1,392,049	1,209,896	-	-	1,392,049	1,209,896
Adult probation	11,274	-	-	-	11,274	-
Health and welfare	4,938,966	2,377,740	-	-	4,938,966	2,377,740
Culture and recreation	4,758,017	1,821,477	-	-	4,758,017	1,821,477
Highways and streets	3,661,068	2,116,776	-	-	3,661,068	2,116,776
Conservation	422,054	313,129	-	-	422,054	313,129
Airport	654,443	25,087	-	-	654,443	25,087
Pecos County Memorial Hospital	-	-	31,466,056	29,555,764	31,466,056	29,555,764
<b>Total expenses</b>	<b>32,395,568</b>	<b>27,291,398</b>	<b>31,466,056</b>	<b>29,555,764</b>	<b>63,861,624</b>	<b>56,847,162</b>
<b>Change in net position:</b>						
Before transfers	8,756,861	15,305,031	(7,450,915)	(6,997,993)	1,305,946	8,307,038
Transfers	(5,611,319)	(7,628,653)	5,611,319	7,628,653	-	-
<b>Change in net position</b>	<b>3,145,542</b>	<b>7,676,378</b>	<b>(1,839,596)</b>	<b>630,660</b>	<b>1,305,946</b>	<b>8,307,038</b>
Net position - beginning of year	14,302,210	17,447,752	(19,952,315)	(21,791,911)	(5,650,105)	(4,344,159)
<b>Net position, ending</b>	<b>\$ 17,447,752</b>	<b>\$ 25,124,130</b>	<b>\$ (21,791,911)</b>	<b>\$ (21,161,251)</b>	<b>\$ (4,344,159)</b>	<b>\$ 3,962,879</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 \$37,625,371, an increase of \$4,219,243 in comparison with the prior year. Approximately 61.1% 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 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 \$22,982,645, while total fund balance was \$33,271,832.

**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 \$32,907,084. The remainder of the fund balance is net investment in capital assets. The change in net position for the fund was an increase of \$741,269. Unrestricted fund balance of the County's health self-insurance plan at the end of the year was \$555,336. The change in unrestricted net position for the fund was a decrease of \$22,428.

## General Fund Budgetary Highlights

A deficit amended budget was approved for fiscal year 2022 in the amount of \$3,597,366 as compared to the original budget which planned for a deficit of \$1,736,474.

Final budgeted revenues are less than original budgeted revenues by \$794,721. This variance is attributed to an amendment to decrease payment in lieu of taxes revenue to the actual amount of \$1,116,813.

The original budgeted expenditures differ from the final budgeted expenditures by \$866,171, which is attributed to amendments to increase hospital funding and budget grant funds as they were expended.

This resulted in a net increase in the general fund balance for the year of \$2,915,802 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, 2022, amounts to \$41,373,854 (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	
	2021	2022	2021	2022	2021	2022
Land	\$ 1,345,948	\$ 1,392,891	\$ 85,649	\$ 85,649	\$ 1,431,597	\$ 1,478,540
Buildings	10,052,259	11,339,756	13,075,968	12,183,837	23,128,227	23,523,593
Improvements - other	4,730,767	4,666,833	60,321	51,136	4,791,088	4,717,969
Machinery and equipment	5,234,796	6,010,810	1,482,890	1,337,272	6,717,686	7,348,082
Construction in progress	2,021,262	1,280,770	-	-	2,021,262	1,280,770
Infrastructure	605,297	613,150	-	-	605,297	613,150
Right to use asset - leases	579,868	722,206	963,029	843,429	1,542,897	1,565,635
Capitalized interest	-	-	889,789	846,115	889,789	846,115
<b>Net capital assets</b>	<b>\$ 24,570,197</b>	<b>\$ 26,026,416</b>	<b>\$ 16,557,646</b>	<b>\$ 15,347,438</b>	<b>\$ 41,127,843</b>	<b>\$ 41,373,854</b>

Additional information on the County's capital assets can be found in Note 6 on pages 50 through 51 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 \$1,480,104 in leases payable. The County's debt is comprised as follows:

	Governmental Activities	
	2021	2022
Leases payable	\$ 114,304	\$ 585,393
Compensated absences	1,372,110	1,345,201
Net Pension liability	4,374,952	-
Other post-employment benefits obligation	36,915,587	30,990,821
TCDRS OPEB	736,185	767,638
<b>Total governmental activities</b>	<b>\$ 43,513,138</b>	<b>\$ 33,689,053</b>
	Business-type Activities	
	2021	2022
Leases payable	\$ 999,363	\$ 894,711
Compensated absences	1,105,842	1,185,494
Other post-employment benefits obligation	32,859,013	24,582,358
TCDRS OPEB	761,537	789,542
<b>Total business-type activities</b>	<b>\$ 35,725,755</b>	<b>\$ 27,452,105</b>

Additional information on Pecos County's long-term debt can be found in Note 8 on pages 52 through 53.

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

Pecos County's tax base continues to grow. The oil and gas industry in West Texas has rebounded and the court has been actively working with other industries as well to diversify the tax base. The court continues to work with wind and solar companies as well as data mining sites. The Commissioners' court continues to monitor economic conditions and is taking current economic trends and inflation into account in preparing for the future.

## **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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 21,986,888	\$ 926,394	\$ 22,913,282
Investments	27,606,481	-	27,606,481
Receivables, net	27,732,699	2,449,472	30,182,171
Estimated third-party payor settlements	-	315,348	315,348
Internal balances	3,365,516	(3,365,516)	-
Other assets	1,289,919	1,937,153	3,227,072
Net pension asset	2,854,444	2,695,897	5,550,341
Capital assets, net	26,026,416	15,347,438	41,373,854
Total assets	110,862,363	20,306,186	131,168,549
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow of resources - pension	2,485,115	2,203,781	4,688,896
Deferred outflow of resources - OPEB	5,588,654	3,979,631	9,568,285
Total deferred outflows of resources	8,073,769	6,183,412	14,257,181
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,471,418	3,241,274	5,712,692
Due to other governments	121,467	-	121,467
Estimated health claims payable	604,144	-	604,144
Unearned revenue	35,875,822	-	35,875,822
Noncurrent liabilities:			
Due within one year	817,311	827,376	1,644,687
Due in more than one year	32,104,104	25,835,187	57,939,291
TCDRS obligation	767,638	789,542	1,557,180
Total liabilities	72,761,904	30,693,379	103,455,283
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow of resources - pension	7,583,362	6,724,870	14,308,232
Deferred inflow of resources - OPEB	13,466,736	10,232,600	23,699,336
Total deferred inflows of resources	21,050,098	16,957,470	38,007,568
<b>NET POSITION</b>			
Net investment in capital assets	25,441,023	14,452,726	39,893,749
Restricted for:			
Airport	7,226,272	-	7,226,272
Road and bridge	2,365,795	-	2,365,795
Federal and state grants	1,714,111	-	1,714,111
Legislation	265,877	-	265,877
Unrestricted	(11,888,948)	(35,613,977)	(47,502,925)
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 25,124,130</b>	<b>\$ (21,161,251)</b>	<b>\$ 3,962,879</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, 2022

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
<b>PRIMARY GOVERNMENT</b>		
Governmental activities:		
General government	\$ 8,130,538	\$ 335,922
Judicial	2,157,671	916,434
Financial administration	1,668,315	209,311
Public facilities	1,123,152	588,031
Public safety	6,347,617	169,501
Public service	1,209,896	1,632
Health and welfare	2,377,740	1,320,392
Culture and recreation	1,821,477	210,086
Highways and streets	2,116,776	650,573
Conservation	313,129	-
Airport	25,087	10,008
	<hr/>	<hr/>
Total governmental activities	27,291,398	4,411,890
Business-type activities:		
Pecos County Memorial Hospital	29,555,764	21,960,049
	<hr/>	<hr/>
Total business-type activities	29,555,764	21,960,049
	<hr/>	<hr/>
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 56,847,162</b>	<b>\$ 26,371,939</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
\$ 564,717	\$ -	\$ (7,229,899)	\$ -	\$ (7,229,899)
-	-	(1,241,237)	-	(1,241,237)
-	-	(1,459,004)	-	(1,459,004)
-	-	(535,121)	-	(535,121)
1,332,849	-	(4,845,267)	-	(4,845,267)
212,447	-	(995,817)	-	(995,817)
78,285	-	(979,063)	-	(979,063)
56,199	-	(1,555,192)	-	(1,555,192)
-	-	(1,466,203)	-	(1,466,203)
-	-	(313,129)	-	(313,129)
-	-	(15,079)	-	(15,079)
2,244,497	-	(20,635,011)	-	(20,635,011)
505,561	61,115	-	(7,029,039)	(7,029,039)
505,561	61,115	-	(7,029,039)	(7,029,039)
<u>\$ 2,750,058</u>	<u>\$ 61,115</u>	(20,635,011)	(7,029,039)	(27,664,050)
General revenues:				
Property taxes		32,081,765	-	32,081,765
Alcoholic beverage taxes		32,422	-	32,422
Unrestricted investment earnings		747,245	31,046	778,291
Payment in lieu of property taxes		1,116,813	-	1,116,813
Proceeds from settlement		1,588,874	-	1,588,874
Proceeds from sales of assets		14,271	-	14,271
Miscellaneous revenue		358,652	-	358,652
Transfers		(7,628,653)	7,628,653	-
Total general revenues and transfers		28,311,389	7,659,699	35,971,088
Change in net position		7,676,378	630,660	8,307,038
Net position - beginning of year		17,447,752	(21,791,911)	(4,344,159)
<b>NET POSITION - END OF YEAR</b>		<u>\$ 25,124,130</u>	<u>\$ (21,161,251)</u>	<u>\$ 3,962,879</u>

**Pecos County, Texas**  
 Balance Sheet – Governmental Funds  
 December 31, 2022

	<u>General</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,400,388
Investments	27,606,481
Receivables, net	
Property taxes	22,412,645
Other	1,870,801
Due from other funds	883,639
Due from vendors	1,289,919
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 66,463,873</b>
	<hr/> <hr/>
<b>LIABILITIES</b>	
Accounts payable	\$ 1,917,090
Due to other funds	215,285
Due to other governments	121,467
Unearned revenue	28,917,147
	<hr/>
Total liabilities	31,170,989
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenue - property tax	329,062
Unavailable revenue - fines and forfeitures	1,372,712
Unavailable revenue - other revenues	319,278
	<hr/>
Total deferred inflows of resources	2,021,052
 <b>FUND BALANCE</b>	
Restricted:	
Airport use	7,226,272
Road and bridge	-
Federal and state grants	-
Legislation	-
Assigned:	
Repairs from insurance proceeds	2,390,315
Compensated absences	672,600
Unassigned	22,982,645
	<hr/>
Total fund balances	33,271,832
	<hr/> <hr/>
<b>TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES</b>	<b>\$ 66,463,873</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
\$ 3,353,065	\$ 5,361,820	\$ 21,115,273
-	-	27,606,481
2,556,602	-	24,969,247
-	390,501	2,261,302
10,269	-	893,908
-	-	1,289,919
<u>\$ 5,919,936</u>	<u>\$ 5,752,321</u>	<u>\$ 78,136,130</u>
\$ 132,754	\$ 217,257	\$ 2,267,101
-	20,000	235,285
-	-	121,467
3,421,387	3,527,320	35,865,854
3,554,141	3,764,577	38,489,707
-	-	329,062
-	-	1,372,712
-	-	319,278
-	-	2,021,052
-	-	7,226,272
2,365,795	-	2,365,795
-	1,714,111	1,714,111
-	265,877	265,877
-	7,756	2,398,071
-	-	672,600
-	-	22,982,645
<u>2,365,795</u>	<u>1,987,744</u>	<u>37,625,371</u>
<u>\$ 5,919,936</u>	<u>\$ 5,752,321</u>	<u>\$ 78,136,130</u>



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**Pecos County, Texas**

Reconciliation of the Balance Sheet of  
Governmental Funds to the Statement of  
Net Position  
December 31, 2022

**TOTAL FUND BALANCE - GOVERNMENTAL FUND** \$ 37,625,371

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. 26,026,416

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	\$ 2,706,893	
Internal service fund net position	555,336	3,262,229

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. 2,021,052

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) asset	\$ 2,854,444	
Deferred outflows of resources - pensions	2,485,115	
Deferred inflow of resources - pension	(7,583,362)	
Deferred outflows of resources - TCDRS OPEB	5,588,654	
Deferred inflows related to TCDRS OPEB	(13,466,736)	(10,121,885)

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. (33,689,053)

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 25,124,130

**Pecos County, Texas**  
Statement of Revenues, Expenditures and  
Changes in Fund Balances – Governmental Funds  
For the Year Ended December 31, 2022

	<u>General</u>
<b>REVENUES</b>	
Taxes	\$ 26,999,883
Alcoholic beverage taxes	32,422
Fines and forfeitures	537
Intergovernmental	564,718
Charges for services	3,140,813
Payment in lieu of taxes	1,116,813
Royalties	50,701
Interest	718,596
Proceeds from settlement	1,588,874
Other	77,857
	<hr/>
Total revenues	34,291,214
<b>EXPENDITURES</b>	
General government	6,321,116
Judicial	2,376,749
Financial administration	1,542,614
Law enforcement	2,629,006
Corrections	1,488,144
Health and welfare	1,948,052
Fire protection	436,379
Culture and recreation	3,515,643
Libraries	522,876
Building maintenance	454,245
Utilities	707,120
Conservation	205,612
Public service	1,341,229
Airport	562,424
Highways and streets	-
Capital outlay	-
Debt service:	
Principal	146,083
Interest and other charges	-
	<hr/>
Total expenditures	24,197,292
	<hr/>
Excess (deficiency) of revenues over expenditures	10,093,922
<b>OTHER FINANCING SOURCES (USES)</b>	
Sale of asset	14,271
Issuance of lease liabilities	636,262
Transfers from other funds	2,140,000
Transfers to other funds	(9,968,653)
	<hr/>
Total other financing (uses) sources	(7,178,120)
	<hr/>
Net change in fund balances	2,915,802
Fund balances - beginning of year	30,356,030
	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 33,271,832</b>
	<hr/>

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
5,162,328	\$ -	\$ 32,162,211
-	-	32,422
-	94,644	95,181
96,931	1,824,489	2,486,138
650,573	662,043	4,453,429
-	-	1,116,813
-	-	50,701
-	12,958	731,554
-	-	1,588,874
269,779	11,018	358,654
6,179,611	2,605,152	43,075,977
-	-	6,321,116
-	131,241	2,507,990
-	-	1,542,614
-	-	2,629,006
-	2,060,393	3,548,537
-	344,064	2,292,116
-	-	436,379
-	-	3,515,643
-	-	522,876
-	-	454,245
-	-	707,120
-	-	205,612
-	229,540	1,570,769
-	-	562,424
3,643,741	-	3,643,741
1,073,046	5,736	1,078,782
2,374	2,002	150,459
16	19	35
4,719,177	2,772,995	31,689,464
1,460,434	(167,843)	11,386,513
-	-	14,271
5,114	5,736	647,112
-	-	2,140,000
-	-	(9,968,653)
5,114	5,736	(7,167,270)
1,465,548	(162,107)	4,219,243
900,247	2,149,851	33,406,128
\$ 2,365,795	\$ 1,987,744	\$ 37,625,371

## 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, 2022

**TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND** \$ 4,219,243

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. 1,456,219

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. 1,284,344

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.) 42,997

Leases payable 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. 585,394

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. 88,181

**CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES** \$ 7,676,378

**Pecos County, Texas**  
Statement of Net Position  
Proprietary Funds  
December 31, 2022

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Pecos County Memorial Hospital Fund</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ 926,394	\$ 871,615
Accounts receivable, net	2,449,472	502,150
Estimated third-party payor settlements	315,348	-
Other assets	1,937,153	-
Net pension asset	2,695,897	-
Capital assets, net	15,347,438	-
Total assets	23,671,702	1,373,765
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflow of resources - pension	2,203,781	-
Deferred outflow of resources - OPEB	3,979,631	-
Total deferred outflows of resources	6,183,412	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 29,855,114</b>	<b>\$ 1,373,765</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 3,241,274	\$ 204,317
Due to general fund	658,623	-
Estimated health claims payable	-	604,144
Unearned revenue	-	9,968
TCDRS obligation	789,542	-
Noncurrent liabilities:		
Due within one year	827,376	-
Due in more than one year	25,835,187	-
Total liabilities	31,352,002	818,429
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension	6,724,870	-
Deferred inflows of resources - OPEB	10,232,600	-
Total deferred inflows of resources	16,957,470	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ 48,309,472</b>	<b>\$ 818,429</b>
<b>NET POSITION</b>		
Net investment in capital assets	14,452,726	-
Unrestricted	(32,907,084)	555,336
<b>TOTAL NET POSITION</b>	<b>(18,454,358)</b>	<b>\$ 555,336</b>
<b>RECONCILIATION TO GOVERNMENT-WIDE STATEMENT OF NET POSITION:</b>		
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.	(2,706,893)	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<b>\$ (21,161,251)</b>	

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, 2022

	<b>Business -Type Activities</b>	<b>Governmental Activities</b>
	<b>Pecos County Memorial Hospital Fund</b>	<b>Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Net patient service revenue	\$ 20,516,222	\$ -
Other revenue	1,443,827	-
Charges for service	-	7,011,593
	<hr/>	<hr/>
Total operating revenues	21,960,049	7,011,593
<b>OPERATING EXPENSES</b>		
Operating expenses	27,942,090	-
Depreciation	1,459,880	-
Claims	-	6,152,535
Administration - health	-	1,055,688
Administration - dental	-	23,659
Administration - life	-	17,830
	<hr/>	<hr/>
Total operating expenses	29,401,970	7,249,712
Operating loss	(7,441,921)	(238,119)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
CARES Act provider relief funds	505,561	-
Interest earned on investments	31,046	15,691
Interest expense	(43,185)	-
	<hr/>	<hr/>
Total nonoperating (expenses) revenues	493,422	15,691
Loss before contributions and transfers	(6,948,499)	(222,428)
Capital grants and contributions	61,115	-
Transfers in	7,628,653	200,000
	<hr/>	<hr/>
Total transfers	7,628,653	200,000
Change in net position	741,269	(22,428)
Net position - beginning of year	(19,195,627)	577,764
	<hr/>	<hr/>
<b>NET POSITION, END OF YEAR</b>	<b>\$ (18,454,358)</b>	<b>\$ 555,336</b>
Reconciliation to government-wide statements of net assets:		
Change in net position	\$ 741,269	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund.	<hr/>	
	(110,609)	
<b>CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES</b>	<b>\$ 630,660</b>	
	<hr/>	

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, 2022

	<u>Business-Type Activities</u> Pecos County Memorial Hospital Fund	<u>Governmental Activities</u> Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from patients and third-party payers	\$ 22,460,816	\$ -
Other receipts and payments from operations, net	1,443,827	-
Receipts from participants	-	6,964,150
Operating expenses	(33,263,321)	(7,250,302)
Net cash used in operating activities	(9,358,678)	(286,152)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	31,046	15,691
Net cash provided by investing activities	31,046	15,691
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants and contributions	61,115	-
Principal payments of long-term debt and notes payable	(222,795)	-
Interest payments on long-term debt and notes payable	(43,185)	-
Purchase of capital assets	(131,528)	-
Net cash used in capital and related financing activities	(336,393)	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers in	7,628,653	200,000
CARES Act provider relief funds	505,561	-
Net cash provided by noncapital financing activities	8,134,214	200,000
Net change in cash and investments	(1,529,811)	(70,461)
Cash and investments at beginning of year	2,456,205	942,076
<b>CASH AND INVESTMENTS AT END OF YEAR</b>	<u>\$ 926,394</u>	<u>\$ 871,615</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, 2022

	<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	\$ (7,441,921)	\$ (238,119)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,459,880	-
Provision for bad debt	(1,254,699)	-
Decreases (increases) to assets and deferred outflow:		
Accounts receivable	1,944,594	(47,443)
Estimated third-party payor settlements	62,544	
Other assets	(809,772)	-
Net pension asset	(2,695,897)	
Deferred outflows of resources	1,147,161	-
Increases and (decreases) to liabilities and deferred inflow:		
Accounts payable and accrued expenses	561,710	(52,616)
Due to other funds	469,479	-
Unearned revenue	-	9,968
Other post employment benefits	(8,248,650)	-
Pension liability	(5,119,060)	-
Lease liability	34,023	-
Health claims payable	-	42,058
Deferred inflows of resources	10,531,930	-
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>\$ (9,358,678)</u>	<u>\$ (286,152)</u>

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

**Pecos County, Texas**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2022

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash	\$ 5,513,453
<b>TOTAL ASSETS</b>	5,513,453
<b>LIABILITIES</b>	
Accounts Payable	12,682
Due to Other Governments	59,860
Due to Beneficiaries	44,252
<b>TOTAL LIABILITIES</b>	116,794
<b>NET POSITION</b>	
Individuals, organizations, and other governments	5,396,659
<b>TOTAL NET POSITION</b>	<u>\$ 5,396,659</u>

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

# Pecos County, Texas

## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

December 31, 2022

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Interest	\$ 30,491
Fees for other government	100,919,544
Fees for beneficiaries	231,722
Held for others	3,094
Donation	212
Held for beneficiaries	37,846
	<hr/>
Total additions	101,222,909
<b>DEDUCTIONS</b>	
Payments to governments	99,686,317
Payments to beneficiaries	344,192
Operation expense	890
	<hr/>
Total deductions	100,031,399
	<hr/>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	1,191,510
<b>NET POSITION - BEGINNING OF YEAR</b>	4,205,149
	<hr/>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,396,659</u>

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

## **Notes to the Financial Statements**

**Pecos County, Texas**  
**Annual Financial Report**  
For the Fiscal Year Ended December 31, 2022  
Index

Page

1.	Summary of Significant Accounting Policies	35
A.	General Statement .....	35
B.	Financial Reporting Entity .....	35
C.	Government-Wide and Fund Financial Statements .....	36
D.	Measurement Focus and Basis of Accounting .....	38
E.	Cash and Investments .....	39
F.	Encumbrances .....	40
G.	Property Taxes .....	40
H.	Interfund Receivables and Payables .....	40
I.	Inventories .....	40
J.	Capital Assets .....	40
K.	Deferred Inflows of Resources .....	41
L.	Fund Balance .....	41
M.	Net Position .....	42
N.	Use of Estimates .....	43
O.	Risk Management .....	43
P.	Pensions .....	43
Q.	Other Postemployment Benefits (OPEB) .....	43
R.	Leases .....	43
S.	Implementation of New Accounting Standard .....	44
2.	Reconciliation of Government-Wide and Fund Financial Statements .....	45
3.	Stewardship, Compliance and Accountability .....	46
4.	Cash and Investments .....	46
5.	Receivables .....	49
6.	Capital Assets .....	50
7.	Interfund Receivables and Payables .....	52
8.	Long-Term Debt .....	52
9.	Leases Payable .....	53
10.	Compensated Absences .....	54
11.	Healthcare Coverage .....	54
12.	Retirement Commitments .....	55
13.	Contingent Liabilities .....	64
14.	Additional Enterprise Fund Disclosures .....	65
15.	Tax Abatements .....	65
16.	New Pronouncements .....	66
17.	Subsequent Event .....	67

# 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, 2022, 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 nonfiduciary 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 nonmajor 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 expense.

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 – Custodial 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 Custodial Funds. Custodial funds are used to report fiduciary activities that are not required to be reported in pension trust funds, investment trust funds, or private-purpose trust 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

Nonexchange 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 nonexchange 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 nonoperating 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 nonexchange 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, 2022, 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, 2022, including the portion budgeted for the retirement of long-term debt principal and interest for the general fund was \$0.5203 per \$100 valuation. The tax rate for the road and bridge fund was \$0.065 per \$100 valuation. The total tax rate for all purposes was \$.5853 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 and amortizable 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
Infrastructure	15-35 years
Right to use asset - leases	4-39 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 Nonspendable 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. Nonspendable 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, 2022 the County had \$0 nonspendable 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 2022, 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 or asset, 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 TCERS. 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 TCERS through a report prepared for the District by TCERS consulting actuary, in compliance with GASB 68.

#### **Q. Other Postemployment Benefits (OPEB)**

The County offers two OPEB plans, a defined benefits group-term life insurance plan administered by TCERS (TCERS 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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

#### **R. Leases**

The County is a lessee for non-cancelable leases of office equipment and communications towers. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. At the commencement of a lease, the County initially measures the lease liability at the present value of the payments to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amounts of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

## Pecos County, Texas

### Notes to the Financial Statements

Key estimates and judgements related to leases include how the County determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

#### **S. Implementation of New Accounting Standard**

GASB Statement No. 87, Leases (GASB 87), establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2019; however, issuance of GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95), extended the effective date of GASB 87 to reporting periods beginning after June 15, 2021, with earlier application encouraged. GASB 87 was initially implemented in the County's 2022 financial statements. See Note 6 for right-of-use lease assets and Note 9 for lease liabilities recorded.

**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 (\$33,689,053) difference is as follows:

Leases payable	\$ (585,393)
Compensated absences	(1,345,201)
Other post employment benefits	(30,990,821)
TCDRS OPEB	<u>(767,638)</u>
<b><i>Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities</i></b>	<b><u><u>\$ (33,689,053)</u></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 “certain assets, such as fines and forfeitures receivable, are not available to pay for current-period expenditures”. The detail of this \$2,021,052 difference is as follows:

Unavailable revenue - fines and forfeitures and other	\$ 1,691,990
Unavailable revenue - property tax	<u>329,062</u>
<b><i>Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities</i></b>	<b><u><u>\$ 2,021,052</u></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 \$1,456,219 difference is as follows:

Capital additions	\$ 3,423,692
Depreciation expense	<u>(1,967,473)</u>
<b><i>Net adjustment to decrease net change in fund balances- total governmental funds to arrive at change in net position of governmental activities.</i></b>	<b><u><u>\$ 1,456,219</u></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 do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The detail of this \$1,284,344 difference is as follows:

Net change in compensated absences	\$ 26,908
Net change in leases payable	176,024
Net change in deferred outflows/inflows	(15,183,742)
Net pension income (expense)	4,374,952
Net change in other long term liabilities	11,921,655
Net change in TCDRS OPEB	<u>(31,453)</u>
<b><i>Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position of governmental activities</i></b>	<b><u><u>\$ 1,284,344</u></u></b>

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 \$88,181 balance difference is as follows:

Net change in internal service net position	\$ (22,428)
The change in internal balances reported in proprietary funds	<u>110,609</u>
<b><i>Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position of governmental activities</i></b>	<b><u><u>\$ 88,181</u></u></b>

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

**Deficit Fund Equity**

All of the County’s major funds held positive fund equity at December 31, 2022. The County held positive fund equity for all special revenue funds as of December 31, 2022.

**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

**B. 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, 2022 the County invested in money markets with CAT-Government and Agency Securities Portfolio.

Investments owned by the County at December 31, 2022 are shown below:

	Fair Value	Credit Risk
CAT-Government and Agency Securities Portfolio	\$ 27,606,481	AAAm – S & P
<b>Total</b>	<b>\$ 27,606,481</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 \$28,426,735 (\$21,986,888 in governmental activities, \$926,394 in business-type activities and \$5,513,453 in fiduciary funds). The bank balances totaled \$28,617,658 of which \$750,000 was covered by Federal Depository Insurance Corporation (FDIC) and \$31,858,403 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, 2022, 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, 2022, 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 nonmajor 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	\$ 24,441,884	\$ 2,809,972	\$ -	\$ -	\$ -	\$ 27,251,856
Patients	-	-	-	12,084,717	-	12,084,717
Other	1,609,197	-	390,501	2,385,662	502,150	4,887,510
Fines and fees	9,814,480	-	-	-	-	9,814,480
Gross receivables	35,865,561	2,809,972	390,501	14,470,379	502,150	54,038,563
Less: allowance for uncollectibles	(10,292,196)	(253,370)	-	(12,020,907)	-	(22,566,473)
<b>Net total receivables</b>	<b>\$ 25,573,365</b>	<b>\$ 2,556,602</b>	<b>\$ 390,501</b>	<b>\$ 2,449,472</b>	<b>\$ 502,150</b>	<b>\$ 31,472,090</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	\$ 32,338,534
Grants - unearned	3,527,320
Property taxes - unavailable	329,062
Other	<u>1,691,990</u>
<b>Total</b>	<b>\$ <u>37,886,906</u></b>

**Note 6. Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/2021	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2022
Governmental Activities:				
Capital assets, not being depreciated and amortized:				
Land	\$ 1,345,948	\$ 46,943	\$ -	\$ 1,392,891
Construction-in-progress	2,021,261	501,429	(1,241,920)	1,280,770
<b>Total capital assets, not being depreciated</b>	<b>3,367,209</b>	<b>548,372</b>	<b>(1,241,920)</b>	<b>2,673,661</b>
Capital assets, being depreciated and amortized:				
Buildings	19,718,470	1,678,370	(5,500)	21,391,340
Improvements other than buildings	10,436,098	359,017	(8,750)	10,786,365
Machinery and equipment	22,246,479	1,894,705	-	24,141,184
Infrastructure	1,782,767	60,629	-	1,843,396
Right to use asset - leases	713,399	647,113	(508,344)	852,168
<b>Total capital assets, being depreciated</b>	<b>54,897,213</b>	<b>4,639,834</b>	<b>(522,594)</b>	<b>59,014,453</b>
Less accumulated depreciation and amortization for:				
Buildings	(9,666,211)	(390,873)	5,500	(10,051,584)
Improvements other than buildings	(5,705,331)	(422,951)	8,750	(6,119,532)
Machinery and equipment	(16,782,380)	(1,347,994)	-	(18,130,374)
Infrastructure	(1,177,470)	(52,776)	-	(1,230,246)
Right to use asset - leases	(362,833)	(136,337)	369,208	(129,962)
<b>Total accumulated depreciation and amortization</b>	<b>(33,694,225)</b>	<b>(2,350,931)</b>	<b>383,458</b>	<b>(35,661,698)</b>
<b>Total capital assets being depreciated and amortized, net</b>	<b>21,202,988</b>	<b>2,288,903</b>	<b>(139,136)</b>	<b>23,352,755</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 24,570,197</b>	<b>\$ 2,837,275</b>	<b>\$ (1,381,056)</b>	<b>\$ 26,026,416</b>

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

	Balance 12/31/2021	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2022
<b>Business-type Activities:</b>				
Capital assets, not being depreciated and amortized:				
Land	\$ 85,649	\$ -	\$ -	\$ 85,649
Total capital assets, not being depreciated and amortized	85,649	-	-	85,649
Capital assets, being depreciated and amortized:				
Land improvements	735,721	-	-	735,721
Buildings and improvements	29,422,331	-	-	29,422,331
Equipment	15,735,800	131,529	-	15,867,329
Right to use asset - leases	1,394,118	118,143	-	1,512,261
Capitalized interest	1,746,954	-	-	1,746,954
Total capital assets, being depreciated and amortized	49,034,924	249,672	-	49,284,596
Less accumulated depreciation and amortization for:				
Land improvements	(675,400)	(9,185)	-	(684,585)
Buildings and improvements	(16,346,363)	(892,131)	-	(17,238,494)
Equipment	(14,252,910)	(277,147)	-	(14,530,057)
Right to use asset - leases	(431,089)	(237,743)	-	(668,832)
Capitalized interest	(857,165)	(43,674)	-	(900,839)
Total accumulated depreciation and amortization	(32,562,927)	(1,459,880)	-	(34,022,807)
Total capital assets being depreciated and amortized, net	16,471,997	(1,210,208)	-	15,261,789
<b>Business-type activities capital assets, net</b>	<b>\$ 16,557,646</b>	<b>\$ (1,210,208)</b>	<b>\$ -</b>	<b>\$ 15,347,438</b>

**Primary Government**

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

<b>Governmental activities:</b>	
General government	\$ 747,421
Judicial	62,044
Law enforcement	317,663
Corrections	5,216
Health and welfare	102,881
Fire protection	451,952
Culture and recreation	381,048
Library	15,700
Financial administration	4,477
Building maintenance	26,235
Conservation	3,859
Highway and streets	141,634
Airport	90,801
<b>Total depreciation expense – governmental activities</b>	<b>\$ 2,350,931</b>
<b>Business-type activities:</b>	
Pecos County Memorial Hospital	\$ 1,459,880
<b>Total depreciation expense - business-type activities</b>	<b>\$ 1,459,880</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, 2022:

Fund	Receivable	Payable
General fund	\$ 883,639	\$ 215,285
Road and bridge	10,269	-
Nonmajor governmental funds:		
Courthouse security fund	-	20,000
Total nonmajor governmental funds	-	20,000
Enterprise fund:		
Pecos County Memorial Hospital	-	658,623
<b>Total all funds</b>	<b>\$ 893,908</b>	<b>\$ 893,908</b>

**Note 8. Long-term Debt**

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

	Balance 12/31/2021	Additions	Retirements	Balance 12/31/2022	Amount Due within one year
<b>Governmental Activities:</b>					
Leases payable	\$ 114,304	\$ 647,113	\$ 176,024	585,393	\$ 144,710
Compensated absences	1,372,109	539,139	566,047	1,345,201	672,601
Net pension liability	4,374,952	-	4,374,952	-	-
Other post employment benefits obligation	41,290,539	-	10,299,718	30,990,821	-
TCDRS OPEB	736,185	31,453	-	767,638	-
<b>Total governmental activities</b>	<b>\$ 47,888,089</b>	<b>\$ 1,217,705</b>	<b>\$ 15,416,741</b>	<b>\$ 33,689,053</b>	<b>\$ 817,311</b>
<b>Business-type Activities:</b>					
Leases payable	\$ 999,363	\$ 118,143	\$ 222,795	\$ 894,711	\$ 234,629
Compensated absences	1,105,842	672,399	592,747	1,185,494	592,747
Net pension liability	5,119,060	-	5,119,060	-	-
Other post employment benefits obligation	32,859,013	-	8,276,655	24,582,358	-
TCDRS OPEB	761,537	28,005	-	789,542	-
<b>Total business-type activities</b>	<b>\$ 40,844,815</b>	<b>\$ 818,547</b>	<b>\$ 14,211,257</b>	<b>\$ 27,452,105</b>	<b>\$ 827,376</b>

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

**Note 9. Leases Payable**

The County has entered into multiple lease agreements as lessee. The leases allow the right-to-use equipment and communications towers over the term of the lease. The County is required to make monthly payments at its incremental borrowing rate or interest rate stated or implied within the leases. In fiscal year 2022, the County recorded right-to-use assets of \$2,364,429, which are recorded in capital assets on the statement of net position and an equal amount of leases payable. These assets were amortized in the amount of \$374,080 during fiscal year 2022.

The leases payables are reported with other long-term liabilities on the statement of net position. In the fiscal year 2022, the County increased these payables by \$366,437. The ending balance of these lease liabilities at December 31, 2022 was \$1,480,104.

The lease rate, term, and ending lease liability are as follows:

Governmental activities	Liability at Commencement	Interest Rate	Lease Term Years	Balance at Year End
Office equipment	\$ 114,305	0.26%-4.00%	4-5	\$ 300,686
Communications towers	-	1.85%	39	284,708
<b>Total governmental activities</b>				<b>\$ 585,394</b>
Business-type activities	Liability at Commencement	Interest Rate	Lease Term Years	Balance at Year End
Office equipment	\$ 993,363	2.68%-5.88%	3-5	\$ 894,711
<b>Total business-type activities</b>				<b>\$ 894,711</b>

Principal and interest requirements to maturity for the lease payable as of December 31, 2022 are as follows:

Total Year End Requirements	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 144,972	\$ 9,578	\$ 154,550	\$ 234,629	\$ 42,751	\$ 277,380
2024	82,406	7,183	89,589	216,072	30,781	246,853
2025	74,950	6,108	81,058	180,638	20,477	201,115
2026	14,108	5,145	19,253	168,718	10,738	179,456
2027	4,278	4,938	9,216	94,654	2,332	96,986
Thereafter	264,679	97,323	362,002	-	-	-
	\$ 585,393	\$ 130,275	\$ 715,668	\$ 894,711	\$ 107,079	\$ 1,001,790



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

**Note 10. 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, 2022 the value of accumulated vacation, compensatory benefits and sick time amounted to \$1,345,201 which is a net decrease of \$26,908 from the prior year. The estimated amount that is current is \$672,601.

**B. Business-type Activities**

As of December 31, 2022, the Hospital has accrued a compensated absences liability of \$1,185,494. As of December 31, 2022, the current portion of this liability is \$592,747.

**Note 11. Healthcare Coverage**

During the year ended December 31, 2022, 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.

The County obtained excess loss insurance, which limited annual claims paid from the fund for the year ended December 31, 2022, to \$140,000 for any individual participant.

Estimates of claims payable and of claims incurred but not reported at December 31, 2022, 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, 2022	Year ended December 31, 2021
Unpaid claims, beginning of year	\$ 562,086	\$ 480,094
Incurred claims, (including IBNR)	5,918,889	5,712,265
Claim payments	(5,876,831)	(5,630,273)
<b>Unpaid claims, end of year</b>	<b>\$ 604,144</b>	<b>\$ 562,086</b>

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

**Note 12. 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 an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR 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.

Employees covered by benefits as of December 31, 2021 include:

Retirees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	527
Active employees	412
<b>Total</b>	<u>1221</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 2022.

The deposit rate payable by the employee members for calendar year 2021 and 2022 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.

# Pecos County, Texas

## Notes to the Financial Statements

### Net Pension Liability

The County's net pension liability was measured as of December 31, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2021
Actuarial Cost Method	Entry Age (level percent of pay)
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increase	1.70%
Investment Rate of Return	7.50%
Payroll Growth	3.00%

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.

The actuarial assumptions used in the December 31, 2021 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.

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

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	11.50%	3.80%
Global Equities	2.50%	4.10%
International Equities-Developed	5.00%	3.80%
International Equities-Emerging	6.00%	4.30%
Investment-grade bonds	3.00%	-0.85%
Strategic credit	9.00%	1.77%
Direct lending	16.00%	6.25%
Distressed debt	4.00%	4.50%
REIT Equities	2.00%	3.10%
Master Limited Partnerships	2.00%	3.85%
Private Real Estate Partnerships	6.00%	5.10%
Private Equity	25.00%	6.80%
Hedge Funds	6.00%	1.55%
Cash Equivalents	2.0%	-1.05%
<b>Total</b>	<b>100.0%</b>	

The discount rate used to measure the total pension liability was 7.60%, which is the same as 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 2022 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, 2020	\$ 110,934,458	\$ 101,440,445	\$ 9,494,013
Changes for the year:			
Service cost	2,912,754	-	2,912,754
Interest on total pension liability (1)	8,441,373	-	8,441,373
Effect of plan changes(2)	435,209	-	435,209
Effect of economic/demographic gains or losses	(298,439)	-	(298,439)
Effect of assumptions changes or inputs	(334,334)	-	(334,334)
Refund of contributions	(658,132)	(658,132)	-
Benefit payments	(4,998,470)	(4,998,470)	-
Administrative expenses	-	(65,993)	65,993
Member contributions	-	1,611,979	(1,611,979)
Net investment income	-	22,110,659	(22,110,659)
Employer contributions	-	2,558,441	(2,558,441)
Other (2)	-	(14,169)	14,169
<b>Balances at December 31, 2021</b>	<b>\$ 116,434,419</b>	<b>\$ 121,984,760</b>	<b>\$ (5,550,341)</b>

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

(2) Reflects plan changes adopted effective in 2022.

(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, 2021, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total pension liability	\$ 132,475,684	\$ 116,434,419	\$ 103,097,843
Fiduciary net pension	<u>121,984,760</u>	<u>121,984,760</u>	<u>121,984,760</u>
<b>Net pension liability / (asset)</b>	<b>\$ 10,490,924</b>	<b>\$ (5,550,341)</b>	<b>\$ (18,886,917)</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, 2022, the County recognized pension expense of \$409,909 related to the December 31, 2021 valuation. At December 31, 2022, 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
Differences between expected and actual economic experience	\$ 425,082	\$ -
Change of assumptions		1,917,270
Net difference between projected and actual investment earnings	13,883,150	-
Contributions subsequent to the measurement date	-	2,771,626
<b>Total</b>	<b>\$ 14,308,232</b>	<b>\$ 4,688,896</b>

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$2,771,626 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2021 (i.e. recognized in the County’s financial statements December 31, 2022). 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
2023	\$ (1,319,806)
2024	(4,865,496)
2025	(3,313,733)
2026	(2,891,927)
<b>Total</b>	<b>\$ (12,390,962)</b>

**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 postemployment benefit and is a fixed amount of \$5,000.

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

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	234
Inactive employee entitled to but not yet receiving benefits	143
Active employees	412
<b>Total</b>	789

**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% and 0.15% calendar years 2021 and 2022, respectively. The County’s contributions to the TCDRS GTL plan for the year ended December 31, 2022 were \$37,079.

**Total TCDRS OPEB Liability**

The County’s total TCDRS OPEB liability (TOL) was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The TCDRS OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 2.06% and was based on the 20 year bond GO index published by bondbuyer.com as of December 31, 2021.

Mortality rates for depositing members were 135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for service retirees, beneficiaries, and non-depositing members were 135% of Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Mortality rates for disabled retirees were 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actual experience study for the period January 1, 2017 through December 31, 2020.

**Changes in the TCDRS OPEB Liability**

Balance at December 31, 2020	\$ 1,497,722
Changes for the year:	
Service cost	46,106
Interest on total OPEB liability	32,365
Effect of economic/demographic experience	(16,649)
Effect of assumptions changes or inputs	32,178
Benefit payments	<u>(34,542)</u>
Net changes	<u>59,458</u>
<b>Balance as of December 31, 2021</b>	<u><u>\$ 1,557,180</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 2.06%, as well as, what the County's TCDRS OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.06%) or 1 percentage-point higher (3.06%) than the current rate:

	1% Decrease in Discount Rate (1.06%)	Discount Rate (2.06%)	1% Increase in Discount Rate (3.06%)
Total TCDRS OPEB Liability	\$ 1,911,891	\$ 1,557,180	\$ 1,288,300

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

For the year ended December 31, 2022 the County recognized TCDRS OPEB expense of \$148,481. At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to TCDRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	\$ 269,902	\$ 38,929
Net difference between expected and actual experience	5,550	20,512
Contributions subsequent to the measurement date	<u>37,079</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 312,531</u></u>	<u><u>\$ 59,441</u></u>



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

The \$37,079 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, 2021. 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,	
2022	\$ 70,012
2023	62,898
2024	83,101
<b>Total</b>	<b>\$ 216,011</b>

**D. Postemployment Healthcare Benefits**

**Plan Description**

The County administers a single employer defined benefit other postemployment benefits (OPEB) plan, known as the postemployment 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, 2022, 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, 2022, the County contributed approximately \$1,503,395 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.

## Pecos County, Texas

### Notes to the Financial Statements

The following tables provides a summary of the number of participants in the Plan as of December 31, 2022:

	<u>Employees Only</u>
Retired plan members	79
Active plan members	<u>43</u>
<b>Total</b>	<u><u>122</u></u>

#### Total Plan OPEB Liability

The County's Plan OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

#### Actuarial Methods and Assumptions

The Plan OPEB liability in December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Discount rate	4.31%
Health care cost trend	4.50%
Salary scale	3.50%

The mortality assumptions were based on the RPH-2014 Total Table with Projection MP-2021. 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, 2022	\$ 74,149,552
Changes for the year:	
Service cost	2,862,281
Interest cost	1,610,806
Effect of net differences between expected and actual experience	1,375,493
Effect of assumptions changes or inputs	(22,364,151)
Benefit payments	<u>(2,060,802)</u>
Net changes	<u>(18,576,373)</u>
<b>Balance as of December 31, 2022</b>	<u><u>\$ 55,573,179</u></u>

## Pecos County, Texas

### Notes to the Financial Statements

#### 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 4.31%, 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 (3.31%) or 1 percentage-point higher (5.31%) than the current rate:

	1% Decrease in Discount Rate (3.31%)	Discount Rate (4.31%)	1% Increase in Discount Rate (5.31%)
Total Plan OPEB Liability	\$ 64,531,799	\$ 55,573,179	\$ 48,375,269

#### 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	\$ 47,442,667	\$ 55,573,179	\$ 65,900,827

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

For the year ended December 31, 2022, the County recognized Plan OPEB expense of \$560,210. At December 31, 2022, the County reported \$9,255,754 deferred outflows of resources and \$23,639,895 deferred inflows of resources related to OPEB.

#### 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, 2022:

	<u>Pecos County Memorial Hospital</u>
Gross accounts receivable	\$ 14,470,379
Less: allowance for bad debts and contractual adjustments	<u>(12,020,907)</u>
<b>Accounts receivable, net of allowance</b>	<b><u>\$ 2,449,472</u></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, 2022:

<u>Purpose</u>	<u>Percentage of Taxes Abated during the Fiscal Year</u>	<u>Amount of Taxes Abated during the Fiscal Year</u>
Construction of wind power project	100%	\$ 1,010,700
Development of various solar power projects	86%	<u>6,421,004</u>
		<b><u>\$ 7,431,704</u></b>

Some of the agreements described include provisions where the entities make annual payments in lieu of taxes abated. As of December 31, 2022 payments in lieu of taxes amounted to \$1,116,813 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.

#### Note 16. New Pronouncements

*GASB Statement No. 96. Subscription -Based Information Technology Arrangements.* Statement 96 was issued May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This standard becomes effective for the County fiscal year 2023, The County has not determined the impact of this statement.

*GASB Statement No. 99. Omnibus 2022 (GASB 99)*, enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. These requirements were implemented in the County's fiscal year 2022 financial statements with no impact to amounts previously reported. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements for GASB 99 will be implemented in the County's fiscal year 2024 financial statements and the impact has not yet been determined.

*GASB Statement No. 100. Accounting Changes and Error Corrections (GASB 100)*, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the County's fiscal year 2024 financial statements and the impact has not yet been determined.

*GASB Statement No. 101. Compensated Absences (GASB 101)*, improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the County's fiscal year 2024 financial statements and the impact has not yet been determined.

The County's management is reviewing the implementation process of these standards by gathering required information.

## **Pecos County, Texas**

### Notes to the Financial Statements

#### **Note 17. Subsequent Event**

On December 10, 2022, an election for the purpose of the creation of the Pecos County Memorial Hospital District and the levy of annual property taxes for hospital purposes at a rate not to exceed seventy-five cents (\$0.75) on each \$100 valuation of all taxable property in the district was held and passed. Effective June 30, 2023, the Pecos County Memorial Hospital was no longer part of the County.

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## **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, 2022

	2021	2020	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>							
Service cost	\$ 2,912,754	\$ 2,729,086	\$ 2,853,714	\$ 2,761,370	\$ 2,795,292	\$ 2,982,099	\$ 2,973,703
Interest (on the total pension liability)	8,441,373	8,052,460	7,619,004	7,122,503	6,589,054	6,096,181	5,759,225
Effect of plan changes	435,209	-	-	623,229	575,901	-	(511,212)
Effect of assumption changes or inputs	(334,334)	6,420,478	-	-	451,947	-	927,974
Effect of economic/demographic (gains) or losses	(298,439)	(447,989)	(307,179)	(225,677)	116,053	(641,945)	(1,264,530)
Benefit payments/refunds of contributions	(5,656,602)	(4,911,541)	(4,476,141)	(4,023,971)	(3,800,398)	(3,573,519)	(3,478,337)
Net change in total pension liability	5,499,961	11,842,494	5,689,398	6,257,454	6,727,849	4,862,816	4,406,823
Total pension liability - beginning	110,931,457	99,088,963	93,399,565	87,142,111	80,414,262	75,551,446	71,144,623
<b>TOTAL PENSION LIABILITY - ENDING (a)</b>	<b>\$ 116,431,418</b>	<b>\$ 110,931,457</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	\$ 2,558,441	\$ 2,434,898	\$ 2,362,363	\$ 2,340,070	\$ 2,044,633	\$ 2,027,782	\$ 2,169,495
Contributions - employee	1,611,979	1,581,103	1,590,052	1,602,787	1,517,325	1,533,028	1,615,580
Investment income net of investment expenses	22,110,659	9,590,221	13,182,072	(1,527,241)	10,470,307	4,942,678	(109,580)
Benefit payments/refunds of contributions	(5,656,602)	(4,911,541)	(4,476,141)	(4,020,971)	(3,800,398)	(3,573,519)	(3,478,338)
Administrative expense	(65,995)	(74,226)	(70,756)	(67,471)	(54,487)	(53,803)	(48,039)
Other	(14,169)	(30,485)	(4,715)	5,903	(3,709)	19,186	104,409
Net change in plan fiduciary net position	20,544,313	8,589,970	12,582,875	(1,666,923)	10,173,671	4,895,352	253,527
Plan fiduciary net position - beginning	101,437,446	92,847,476	80,264,601	81,931,524	71,757,853	66,862,501	66,608,973
<b>PLAN FIDUCIARY NET POSITION - ENDING (b)</b>	<b>\$ 121,981,759</b>	<b>\$ 101,437,446</b>	<b>\$ 92,847,476</b>	<b>\$ 80,264,601</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>\$ (5,550,341)</b>	<b>\$ 9,494,011</b>	<b>\$ 6,241,487</b>	<b>\$ 13,134,964</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	104.77%	91.44%	93.70%	85.94%	94.02%	89.24%	88.50%
Covered payroll	\$ 23,028,276	\$ 22,587,181	\$ 22,715,031	\$ 22,896,963	\$ 21,636,323	\$ 21,898,298	\$ 23,079,720
Net pension liability as a percentage of covered payroll	-24.10%	42.03%	27.48%	57.37%	24.08%	39.53%	37.65%

**Notes to Schedule:**

As of December 31 - Measurement date

Only seven 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, 2022

	2022	2021	2020	Year Ended December 31,		2017	2016	2015
				2019	2018			
Actuarially determined contribution	\$ 2,558,441	\$ 2,434,898	\$ 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	(2,558,441)	(2,434,898)	(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>	<b>\$ -</b>	<b>\$ -</b>
Covered payroll	\$ 23,028,276	\$ 22,587,181	\$ 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	11.1%	10.8%	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 (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18.7 years (based on contribution rate calculated 12/31/2021 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and 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	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
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. 2019: New inflation, mortality and other assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	2015: No changes in plan provisions were reflected in the schedule. 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. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule.

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

Only eight 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, 2022

	2022	2021	2020	2019	2018
<b>TOTAL PLAN OPEB LIABILITY</b>					
Service cost	\$ 2,862,281	\$ 2,862,281	\$ 2,591,666	\$ 2,591,666	\$ 2,489,593
Interest on total plan OPEB liability	1,610,806	1,556,961	2,716,980	2,571,963	2,429,849
Effect of net differences between expected and actual experience	1,375,493	-	(10,339,804)	-	-
Effect of assumptions changes or inputs	(22,364,151)	-	13,632,259	-	-
Benefit payments	(2,060,802)	(1,697,954)	(1,697,954)	(1,555,319)	(1,555,319)
Net change in total plan OPEB liability	(18,576,373)	2,721,288	6,903,147	3,608,310	3,364,123
Total plan OPEB liability - beginning of year	74,149,552	71,428,264	64,525,117	60,916,807	57,552,684
Total plan OPEB liability - end of year	<u>\$ 55,573,179</u>	<u>\$ 74,149,552</u>	<u>\$ 71,428,264</u>	<u>\$ 64,525,117</u>	<u>\$ 60,916,807</u>
Covered employee payroll	\$ 11,390,334	\$ 14,189,916	\$ 11,997,011	\$ 14,198,916	\$ 14,198,916
Net plan OPEB liability as a percentage of covered payroll	487.90%	522.55%	595.38%	454.44%	429.02%

**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

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, 2022

	2021	2020	2019	2018	2017
<b>TOTAL TCDRS OPEB LIABILITY</b>					
Service cost	\$ 46,106	\$ 42,130	\$ 28,608	\$ 33,009	\$ 31,405
Interest on total TCDRS OPEB liability (1)	32,365	35,617	40,441	36,868	37,335
Effect of assumption changes or inputs (2)	32,178	168,878	273,539	(116,785)	46,039
Effect of economic/demographic (gains) or losses	(16,649)	9,250	(11,957)	(4,458)	(3,371)
Benefit payments	(34,542)	(31,622)	(29,530)	(29,766)	(28,127)
Net change in total TCDRS OPEB liability	59,458	224,253	301,101	(81,132)	83,281
Total TCDRS OPEB liability - beginning of year	1,497,722	1,273,469	972,368	1,053,500	970,219
Total TCDRS OPEB liability - end of year	<u>\$ 1,557,180</u>	<u>\$ 1,497,722</u>	<u>\$ 1,273,469</u>	<u>\$ 972,368</u>	<u>\$ 1,053,500</u>
Covered payroll	\$ 23,028,276	\$ 22,587,181	\$ 22,715,031	\$ 22,896,963	\$ 21,636,323
Net TCDRS OPEB liability as a percentage of covered payroll	6.76%	6.63%	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.

(2) Reflects change in discount rate and the new assumptions adopted 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, 2022

Budget		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
		Original	Final			
<b>REVENUES</b>						
7100	50	Taxes	\$ 26,858,679	\$ 26,858,679	\$ 26,999,883	\$ 141,204
7100	51	ABC Tax	20,000	20,000	32,422	12,422
7100	53	Fines and forfeitures	200	200	537	337
7100	52	Intergovernmental	451,000	451,000	564,718	113,718
7100	55	Charges for services	2,630,000	2,630,000	3,140,813	510,813
7100	82	Payment in lieu of taxes	1,911,534	1,116,813	1,116,813	-
7100	81	Proceeds from settlement	6,000	6,000	50,701	44,701
7100	83	Royalties	-	-	1,588,874	1,588,874
7100	54	Interest	12,950	12,950	718,596	705,646
7100	80	Other	68,200	68,200	77,857	9,657
Total revenues			31,958,563	31,163,842	34,291,214	3,127,372
<b>EXPENDITURES</b>						
Current:						
General government						
7230	400	Office of the County Judge	225,640	225,640	218,313	7,327
7230	403	Office of the County Clerk	409,678	404,981	379,704	25,277
7230	405	Veterans' Administration	57,605	1,250	1,050	200
7230	401	Commissioners' Court	320,400	342,854	234,471	108,383
7230	409	Nondepartmental	8,838,833	6,280,088	5,487,578	792,510
Total general government			9,852,156	7,254,813	6,321,116	933,697
Judicial:						
7242	450	Office of the District Clerk	321,536	321,536	307,280	14,256
7242	426	County Court at Law	56,900	56,900	40,091	16,809
7242	435	83rd District Court	183,098	237,815	235,402	2,413
7242	436	112th District Court	244,380	290,990	290,989	1
7242	437	Office of the 83rd District Attorney	289,772	289,772	267,898	21,874
7242	438	Office of the 112th District Attorney	310,670	310,670	281,592	29,078
7242	451	Justice of the Peace #1	235,487	231,870	216,882	14,988
7242	453	Justice of the Peace #3	119,841	119,841	116,102	3,739
7242	454	Justice of the Peace #4	70,513	70,513	68,396	2,117
7242	456	Justice of the Peace #6	126,262	126,333	126,301	32
7242	475	Office of the County Attorney	444,928	444,928	425,816	19,112
7242	465	County Law Library	1,500	1,500	-	1,500
Total judicial			2,404,887	2,502,668	2,376,749	125,919
Financial Administration:						
7247	495	Office of the County Auditor	469,546	469,546	441,822	27,724
7247	497	Office of the County Treasurer	156,068	159,685	156,741	2,944
7247	499	Office of the Tax Assessor Collector	503,425	503,426	474,203	29,223
7247	503	Data processing	532,500	532,501	469,848	62,653
Total financial administration			1,661,539	1,665,158	1,542,614	122,544

# 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, 2022

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Law enforcement:						
7238	551	Constable Precinct #1	29,256	29,256	28,583	673
7238	553	Constable Precinct #3	32,404	32,404	31,600	804
7238	554	Constable Precinct #4	29,256	29,256	-	29,256
7238	556	Constable Precinct #6	30,255	30,255	29,562	693
7238	561	Public Safety Department	3,800	5,735	4,697	1,038
7238	560	Office of the Sheriff	2,274,679	2,542,606	2,534,564	8,042
Total law enforcement			2,399,650	2,669,512	2,629,006	40,506
Corrections:						
7245	512	Correctional facility	937,605	1,220,252	1,212,091	8,161
7245	570	Adult probation	48,690	48,690	48,496	194
7245	572	Juvenile probation	276,058	276,058	227,557	48,501
Total corrections			1,262,353	1,545,000	1,488,144	56,856
Health and welfare:						
7235	632	Sanitation department	82,250	82,250	81,764	486
7235	540	EMS	2,803,776	2,807,911	2,647,816	160,095
7235	640	Social services	130,000	105,000	70,812	34,188
7235	630	Health - Memorial Hospital	4,965,600	6,492,426	(1,136,227)	7,628,653
7235	631	Emergency Management/Homeland Security	124,881	293,123	283,887	9,236
Total health and welfare			8,106,507	9,780,710	1,948,052	7,832,658
7237		Fire protection	422,480	472,322	436,379	35,943
Culture and recreation:						
7233	660	Recreation	145,075	138,720	135,386	3,334
7233	659	Fort Stockton Golf Course	623,583	621,654	581,992	39,662
7233	658	Iraan Golf Course	296,030	364,907	363,938	969
7233	661	Park #1	304,342	370,737	349,135	21,602
7233	662	Park #2	587,577	635,982	635,158	824
7233	663	Park #3	384,388	911,628	901,204	10,424
7233	664	Park #4	331,425	581,927	523,324	58,603
7233	696	Historical Commission	35,630	35,629	25,506	10,123
Total culture and recreation			2,708,050	3,661,184	3,515,643	145,541

# 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, 2022

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Libraries:						
7249	650	Fort Stockton library	368,787	368,787	348,894	19,893
7249	651	Imperial library	64,303	64,303	62,331	1,972
7249	652	Iraan library	112,549	112,549	111,651	898
Total libraries			545,639	545,639	522,876	22,763
7248		Building maintenance	460,851	460,852	454,245	6,607
7240		Utilities	790,000	789,999	707,120	82,879
7239		Conservation	177,966	217,238	205,612	11,626
Public service:						
7246	490	Elections	95,681	100,380	96,357	4,023
7246	590	Pecos County Water	224,339	264,097	252,095	12,002
7246	595	Pecos County Sewer	779,592	779,592	765,901	13,691
7246	695	Miscellaneous	243,718	246,062	226,876	19,186
Total public service			1,343,330	1,390,131	1,341,229	48,902
7250		Airport	1,556,295	1,556,295	562,424	993,871
7271		Debt service	13,334	59,687	146,083	(86,396)
Total expenditures			33,705,037	34,571,208	24,197,292	10,373,916
Excess of revenues over expenditures			(1,746,474)	(3,407,366)	10,093,922	13,501,288
<b>OTHER FINANCING SOURCES (USES)</b>						
7300	00	Sale of assets	10,000	10,000	14,271	4,271
7300		Issuance of lease liabilities	-	-	636,262	636,262
7300	50	Transfers from other funds	2,140,000	2,140,000	2,140,000	-
7300	60	Transfers to other funds	(2,140,000)	(2,340,000)	(9,968,653)	(7,628,653)
Total other financing sources (uses)			10,000	(190,000)	(7,178,120)	(6,988,120)
Net change in fund balances			(1,736,474)	(3,597,366)	2,915,802	6,513,168
Fund balances - beginning of year			30,356,030	30,356,030	30,356,030	-
<b>FUND BALANCES - END OF YEAR</b>			<b>\$ 28,619,556</b>	<b>\$ 26,758,664</b>	<b>\$ 33,271,832</b>	<b>\$ 6,513,168</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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,151,403	\$ 5,151,403	\$ 5,162,328	\$ 10,925
Intergovernmental	111,000	111,000	96,931	(14,069)
Fees of office	600,000	600,000	650,573	50,573
Miscellaneous	318,750	125,000	269,779	144,779
Total revenues	6,181,153	5,987,403	6,179,611	192,208
<b>EXPENDITURES</b>				
Highways and streets				
Precinct #1:				
Salaries and benefits	524,178	524,178	493,068	31,110
Supplies	8,500	8,500	7,610	890
Fuel	50,000	59,121	59,121	-
Uniforms	1,800	1,800	1,309	491
Communications	2,600	2,600	2,212	388
Travel	2,500	2,500	497	2,003
Registration fees	1,000	1,000	60	940
Repairs and maintenance	41,000	38,860	34,210	4,650
Lease expenditures	500	415	183	232
Equipment	-	1,102	1,100	2
Road improvements	5,000	5,100	3,928	1,172
Total Precinct #1	637,078	645,176	603,298	41,878
Precinct #2:				
Salaries and benefits	476,579	481,386	481,385	1
Supplies	7,200	9,149	9,148	1
Fuel	45,000	50,732	50,732	-
Uniforms	1,300	1,605	1,605	-
Communications	3,000	2,413	2,413	-
Travel	3,000	1,895	1,895	-
Registration fees	700	250	250	-
Repairs and maintenance	16,800	24,749	24,740	9
Lease expenditures	1,300	1,372	329	1,043
Contract services	1,000	-	-	-
Equipment	-	2,330	2,330	-
Road improvements	5,000	54	-	54
Total Precinct #2	\$ 560,879	\$ 575,935	\$ 574,827	\$ 1,108

# 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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Precinct #3:				
Salaries and benefits	\$ 528,422	\$ 466,510	\$ 436,022	\$ 30,488
Supplies	22,000	23,833	23,012	821
Fuel	55,000	83,743	83,743	-
Uniforms	1,000	1,071	1,071	-
Communications	8,000	7,744	6,736	1,008
Travel	2,000	2,745	2,738	7
Registration fees	1,000	756	375	381
Repairs and maintenance	57,000	69,054	69,054	-
Dues and subscriptions	300	218	184	34
Equipment	-	9,959	9,959	-
Road improvements	5,000	23,192	19,413	3,779
Total Precinct #3	679,722	688,825	652,307	36,518
Precinct #4:				
Salaries and benefits	645,083	584,479	535,031	49,448
Supplies	18,000	22,791	20,958	1,833
Fuel	65,000	114,256	105,851	8,405
Uniforms	1,500	1,300	1,139	161
Communications	3,000	4,000	3,294	706
Travel	2,000	2,219	2,218	1
Registration fees	800	581	485	96
Repairs and maintenance	51,000	64,808	57,866	6,942
Lease expenditures	2,000	8,319	5,045	3,274
Contract services	3,000	10,000	9,480	520
Equipment	-	3,617	3,617	-
Road improvements	5,000	75,760	75,760	-
Total Precinct #4	\$ 796,383	\$ 892,130	\$ 820,744	\$ 71,386

**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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General:				
Employee insurance	\$ 518,000	\$ 513,002	\$ 424,258	\$ 88,744
Lateral roads #1	10,250	10,250	10,250	-
Lateral roads #2	10,250	10,250	8,399	1,851
Lateral roads #3	10,250	3,537	-	3,537
Lateral roads #4	10,250	10,250	10,150	100
Road improvements	1,690,000	1,155,649	467,755	687,894
Contract services	120,000	121,753	71,753	50,000
Total general	2,369,000	1,824,691	992,565	832,126
Total highways and streets	5,043,062	4,626,757	3,643,741	983,016
Capital Outlay:				
General	1,105,337	273,095	5,114	(267,981)
Precinct #1	-	119,700	119,700	-
Precinct #2	-	119,700	35,970	(83,730)
Precinct #3	-	555,770	555,770	-
Precinct #4	-	374,341	356,492	(17,849)
Total capital outlay	1,105,337	1,442,606	1,073,046	(369,560)
Debt Service:				
Principal	-	-	2,374	(2,374)
Interest and other charges	-	-	16	(16)
Total debt service	-	-	2,390	(2,390)
Total expenditures	6,148,399	6,069,363	4,719,177	1,350,186
Deficiency of revenues over expenditures	32,754	(81,960)	1,460,434	1,542,394
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	-
Issuance of lease liabilities	-	-	5,114	5,114
Total other financing sources (uses)	-	-	5,114	5,114
Net change in fund balance	32,754	(81,960)	1,465,548	1,547,508
Fund balances - beginning of year	900,247	900,247	900,247	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 933,001</b>	<b>\$ 818,287</b>	<b>\$ 2,365,795</b>	<b>\$ 1,547,508</b>

## Pecos County, Texas

### Notes to the 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, 2022.
- 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, 2022

	<b>Special Revenue Funds</b>	<b>Capital Projects Fund</b>	<b>Total Nonmajor Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,354,064	\$ 7,756	\$ 5,361,820
Receivables (net of allowances for uncollectibles)			
Other	390,501	-	390,501
<b>TOTAL ASSETS</b>	<b>\$ 5,744,565</b>	<b>\$ 7,756</b>	<b>\$ 5,752,321</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 217,257	\$ -	\$ 217,257
Due to other funds	20,000	-	20,000
Unearned revenue	3,527,320	-	3,527,320
<b>Total liabilities</b>	<b>3,764,577</b>	<b>-</b>	<b>3,764,577</b>
<b>FUND BALANCES</b>			
Restricted			
Federal and state grants	1,714,111	-	1,714,111
Legislation	265,877	-	265,877
Assigned			
Capital projects funds	-	7,756	7,756
<b>Total fund balances</b>	<b>1,979,988</b>	<b>7,756</b>	<b>1,987,744</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 5,744,565</b>	<b>\$ 7,756</b>	<b>\$ 5,752,321</b>

## Pecos County, Texas

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2022

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
<b>REVENUES</b>			
Intergovernmental	\$ 1,824,489	\$ -	\$ 1,824,489
Fines and forfeitures	94,644	-	94,644
Charges for services	662,043	-	662,043
Interest	12,958	-	12,958
Other	11,018	-	11,018
	<hr/>	<hr/>	<hr/>
Total revenues	2,605,152		2,605,152
<b>EXPENDITURES</b>			
Judicial	131,241	-	131,241
Corrections	2,060,393	-	2,060,393
Health and welfare	344,064	-	344,064
Public service	229,540	-	229,540
Capital outlay	5,736	-	5,736
Debt service:			
Principal	2,002	-	2,002
Interest	19	-	19
	<hr/>	<hr/>	<hr/>
Total expenditures	2,772,995	-	2,772,995
Excess of expenditures (over) under revenues	(167,843)	-	(167,843)
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of lease liabilities	5,736	-	5,736
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	5,736	-	5,736
Net change in fund balances	(162,107)	-	(162,107)
Fund balances - beginning of year	2,142,095	7,756	2,149,851
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES, end of year</b>	<u>\$ 1,979,988</u>	<u>\$ 7,756</u>	<u>\$ 1,987,744</u>



**Pecos County, Texas**  
Special Revenue Funds  
Combining Balance Sheet  
December 31, 2022

	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	\$ 31,717	\$ 37,083	\$ 28,364	\$ 204,233	\$ 26,026
Receivables, net of allowance					
Other	45	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 31,762</b>	<b>\$ 37,083</b>	<b>\$ 28,364</b>	<b>\$ 204,233</b>	<b>\$ 26,026</b>
<b>LIABILITIES</b>					
Accounts payable	\$ -	\$ -	\$ 2,879	\$ 2,126	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	-	-	2,879	2,126	-
<b>FUND BALANCES</b>					
Restricted:					
Federal and state grants	-	37,083	25,485	-	-
Legislation	31,762	-	-	202,107	26,026
Total fund balances	31,762	37,083	25,485	202,107	26,026
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 31,762</b>	<b>\$ 37,083</b>	<b>\$ 28,364</b>	<b>\$ 204,233</b>	<b>\$ 26,026</b>

267	268	270	280	281	282	283	284
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
\$ 147,721	\$ 12,955	\$ 41,881	\$ 83,192	\$ 408,578	\$ 20,715	\$ 32,141	\$ 34,581
-	-	-	10	-	30,875	3	120
<u>\$ 147,721</u>	<u>\$ 12,955</u>	<u>\$ 41,881</u>	<u>\$ 83,202</u>	<u>\$ 408,578</u>	<u>\$ 51,590</u>	<u>\$ 32,144</u>	<u>\$ 34,701</u>
\$ 396	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
147,325	12,955	41,881	83,202	408,578	51,590	32,144	34,701
-	-	-	-	-	-	-	-
<u>147,325</u>	<u>12,955</u>	<u>41,881</u>	<u>83,202</u>	<u>408,578</u>	<u>51,590</u>	<u>32,144</u>	<u>34,701</u>
<u>\$ 147,721</u>	<u>\$ 12,955</u>	<u>\$ 41,881</u>	<u>\$ 83,202</u>	<u>\$ 408,578</u>	<u>\$ 51,590</u>	<u>\$ 32,144</u>	<u>\$ 34,701</u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Balance Sheet – Continued  
December 31, 2022

	285	286	287	288	340
	JP Technology Fund	County Clerk Archival Fund	County Clerk Vital Statistics Fund	Specialty Court Fund	District Clerk Records Management and Prevention
<b>ASSETS</b>					
Cash	\$ 47,113	\$ 158,090	\$ 15,355	\$ 3,733	\$ 5,380
Receivables, net of allowance					
Other	-	-	-	90	-
<b>TOTAL ASSETS</b>	<b>\$ 47,113</b>	<b>\$ 158,090</b>	<b>\$ 15,355</b>	<b>\$ 3,823</b>	<b>\$ 5,380</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,200	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Total liabilities	1,200	-	-	-	-
<b>FUND BALANCES</b>					
Restricted:					
Federal and state grants	45,913	158,090	15,355	3,823	5,380
Legislation	-	-	-	-	-
Total fund balances	45,913	158,090	15,355	3,823	5,380
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 47,113</b>	<b>\$ 158,090</b>	<b>\$ 15,355</b>	<b>\$ 3,823</b>	<b>\$ 5,380</b>

370	427	428	429	431	432	433	440
Courthouse Security Fund	JRAC Grant 2021/2022	OPSG 2021	Texas J Regional Advisory Council Fund	Border Security III Fund	Operation Linebacker Fund	Stonegarden 15/BP Fund	BPU Contract #2537908 Fund
\$ 9,184	\$ -	\$ (31,754)	\$ (15,570)	\$ (151,712)	\$ 662,890	\$ (51,647)	\$ (53,320)
183	-	36,088	15,570.00	154,538	17,190	60,843	53,320
<u>\$ 9,367</u>	<u>\$ -</u>	<u>\$ 4,334</u>	<u>\$ -</u>	<u>\$ 2,826</u>	<u>\$ 680,080</u>	<u>\$ 9,196</u>	<u>\$ -</u>
\$ -	\$ -	\$ 4,334	\$ -	\$ 2,826	\$ 10,080	\$ 9,196	\$ -
20,000	-	-	-	-	-	-	-
-	-	-	-	-	670,000	-	-
20,000	-	4,334	-	2,826	680,080	9,196	-
(10,633)	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>(10,633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,367</u>	<u>\$ -</u>	<u>\$ 4,334</u>	<u>\$ -</u>	<u>\$ 2,826</u>	<u>\$ 680,080</u>	<u>\$ 9,196</u>	<u>\$ -</u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Balance Sheet – Continued  
December 31, 2022

	442	446	448	500	505
	Stonegarden 14/BP Fund	US Treasury Covid Funds	LBSP/16 Fund	County Attorney Hot Check Fund	County Attorney Pre-Trial Intervention Fund
<b>ASSETS</b>					
Cash	\$ (16,814)	\$ 2,857,320	\$ -	\$ 7,248	\$ 317,939
Receivables, net of allowance					
Other	16,814	-	-	-	4,398
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 2,857,320</b>	<b>\$ -</b>	<b>\$ 7,248</b>	<b>\$ 322,337</b>
<b>LIABILITIES</b>					
Accounts payable	-	\$ -	\$ -	\$ 1,650	\$ 3,640
Due to other funds	-	-	-	-	-
Unearned revenue	-	2,857,320	-	-	-
Total liabilities	-	2,857,320	-	1,650	3,640
<b>FUND BALANCES</b>					
Restricted:					
Federal and state grants	-	-	-	-	318,697
Legislation	-	-	-	5,598	-
Total fund balances	-	-	-	5,598	318,697
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ -</b>	<b>\$ 2,857,320</b>	<b>\$ -</b>	<b>\$ 7,248</b>	<b>\$ 322,337</b>

510	511	530	540	560	561	
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
\$ 95,533	\$ 728	\$ 25,554	\$ 322,119	\$ 37,124	\$ 384	\$ 5,354,064
414	-	-	-	-	-	390,501
<u>\$ 95,947</u>	<u>\$ 728</u>	<u>\$ 25,554</u>	<u>\$ 322,119</u>	<u>\$ 37,124</u>	<u>\$ 384</u>	<u>\$ 5,744,565</u>
\$ -	\$ -	\$ -	\$ 178,930	\$ -	\$ -	\$ 217,257
-	-	-	-	-	-	20,000
-	-	-	-	-	-	3,527,320
-	-	-	178,930	-	-	3,764,577
95,947	728	25,554	143,189	37,124	-	1,714,111
-	-	-	-	-	384	265,877
<u>95,947</u>	<u>728</u>	<u>25,554</u>	<u>143,189</u>	<u>37,124</u>	<u>384</u>	<u>1,979,988</u>
<u>\$ 95,947</u>	<u>\$ 728</u>	<u>\$ 25,554</u>	<u>\$ 322,119</u>	<u>\$ 37,124</u>	<u>\$ 384</u>	<u>\$ 5,744,565</u>

**Pecos County, Texas**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance  
For the Year Ended December 31, 2022

	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>					
Intergovernmental	\$ -	\$ -	\$ 68,933	\$ 177,783	\$ 83,811
Fines and forfeitures	-	-	-	-	-
Charges for services	854	-	-	400,446	-
Interest	-	620	-	4,974	-
Other	-	-	-	11,018	-
Total revenues	854	620	68,933	594,221	83,811
<b>EXPENDITURES</b>					
Judicial	-	-	-	-	-
Corrections	-	1,719	80,968	622,125	75,010
Health and welfare	-	-	-	-	-
Public service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
Total expenditures	-	1,719	80,968	622,125	75,010
Excess (deficiency) of revenues over (under) expenditures	854	(1,099)	(12,035)	(27,904)	8,801
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of lease liabilities	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	854	(1,099)	(12,035)	(27,904)	8,801
Fund balances - beginning of year	30,908	38,182	37,520	230,011	17,225
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 31,762</b>	<b>\$ 37,083</b>	<b>\$ 25,485</b>	<b>\$ 202,107</b>	<b>\$ 26,026</b>

267	268	270	280	281	282	283	284
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
\$ 348,861	\$ 31,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	2,250	1,193	39,305	53,273	318	2,079
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
348,861	31,816	2,250	1,193	39,305	53,273	318	2,079
-	-	-	-	-	64,523	-	-
293,162	27,174	-	-	94,064	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
293,162	27,174	-	-	94,064	64,523	-	-
55,699	4,642	2,250	1,193	(54,759)	(11,250)	318	2,079
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
55,699	4,642	2,250	1,193	(54,759)	(11,250)	318	2,079
91,626	8,313	39,631	82,009	463,337	62,840	31,826	32,622
\$ 147,325	\$ 12,955	\$ 41,881	\$ 83,202	\$ 408,578	\$ 51,590	\$ 32,144	\$ 34,701



**Pecos County, Texas**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance – Continued  
For the Year Ended December 31, 2022

	285	286	287	288	340
	JP Technology Fund	County Clerk Archival Fund	County Clerk Vital Statistics Fund	Specialty Court Fund	District Clerk Records Management and Prevention
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Charges for services	871	40,656	1,092	1,945	5,380
Interest	-	-	-	-	-
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	871	40,656	1,092	1,945	5,380
<b>EXPENDITURES</b>					
Judicial	-	-	-	-	-
Corrections	5,039	322,000	-	-	-
Health and welfare	-	-	-	-	-
Public service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	5,039	322,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(4,168)	(281,344)	1,092	1,945	5,380
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of lease liabilities	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(4,168)	(281,344)	1,092	1,945	5,380
Fund balances - beginning of year	50,081	439,434	14,263	1,878	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 45,913</b>	<b>\$ 158,090</b>	<b>\$ 15,355</b>	<b>\$ 3,823</b>	<b>\$ 5,380</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

370	427	428	429	431	432	433	440
Courthouse Security Fund	JRAC Grant 2021/2022	OPSG 2021	Texas J Regional Advisory Council Grant	Border Security III Fund	Operation Linebacker Fund	Stonegarden 15/BP Fund	BPU Contract #2537908 Fund
\$ -	\$ 62,715	\$ 63,404	\$ 15,570	\$ 215,302	\$ 63,330	\$ 66,047	\$ 292,403
-	-	-	-	-	-	-	-
12,883	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
12,883	62,715	63,404	15,570	215,302	63,330	66,047	292,403
-	-	-	-	-	-	-	-
3,531	-	63,404	15,570	-	63,330	-	292,403
-	62,715	-	-	215,302	-	66,047	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,531	62,715	63,404	15,570	215,302	63,330	66,047	292,403
9,352	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,352	-	-	-	-	-	-	-
(19,985)	-	-	-	-	-	-	-
\$ (10,633)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Pecos County, Texas**  
Special Revenue Funds  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance – Continued  
For the Year Ended December 31, 2022

	442	446	448	500	505
	Local Border Security LBSP - 13 Fund	US Treasury Covid Funds	LBSP/16 Fund	County Attorney Hot Check Fund	County Attorney Pre-Trial Intervention Fund
<b>REVENUES</b>					
Intergovernmental	\$ 100,894	\$ 216,112	\$ 13,427	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Charges for services	-	-	-	520	98,903
Interest	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>100,894</b>	<b>216,112</b>	<b>13,427</b>	<b>520</b>	<b>98,903</b>
<b>EXPENDITURES</b>					
Judicial	-	-	-	3,054	53,728
Corrections	100,894	-	-	-	-
Health and welfare	-	-	-	-	-
Public service	-	216,112	13,428	-	-
Capital outlay	-	-	-	-	5,736
Debt service:					
Principal	-	-	-	-	2,002
Interest and other charges	-	-	-	-	19
<b>Total expenditures</b>	<b>100,894</b>	<b>216,112</b>	<b>13,428</b>	<b>3,054</b>	<b>61,485</b>
Excess (deficiency) of revenues over (under) expenditures	-	-	(1)	(2,534)	37,418
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of lease liabilities	-	-	-	-	5,736
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,736</b>
Net change in fund balances	-	-	(1)	(2,534)	43,154
Fund balances - beginning of year	-	-	1	8,132	275,543
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,598</b>	<b>\$ 318,697</b>

510	511	530	540	560	561	
Sheriff's	Forfeiture	83rd District	83rd District	112th District	112th District	Total
Discretionary	Shared	Attorney	Attorney	Attorney	Attorney	
Fund	Revenue	Hot	Drug	Discretionary	Hot Check	
Fund	Fund	Check	Forfeiture	Fund	Fund	
Funds	Funds	Funds	Funds	Funds	Funds	
\$ 4,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,824,489
42,000	-	-	49,644	3,000	-	94,644
-	-	-	-	-	75	662,043
-	-	434	6,294	636	-	12,958
-	-	-	-	-	-	11,018
46,081	-	434	55,938	3,636	75	2,605,152
-	-	-	9,936	-	-	131,241
-	-	-	-	-	-	2,060,393
-	-	-	-	-	-	344,064
-	-	-	-	-	-	229,540
-	-	-	-	-	-	5,736
-	-	-	-	-	-	2,002
-	-	-	-	-	-	19
-	-	-	9,936	-	-	2,772,995
46,081	-	434	46,002	3,636	75	(167,843)
-	-	-	-	-	-	5,736
-	-	-	-	-	-	5,736
46,081	-	434	46,002	3,636	75	(162,107)
49,866	728	25,120	97,187	33,488	309	2,142,095
\$ 95,947	\$ 728	\$ 25,554	\$ 143,189	\$ 37,124	\$ 384	\$ 1,979,988

**Pecos County, Texas**  
 Fiduciary Funds – Custodial Funds  
 Combining Statement of Net Position  
 December 31, 2022

	Pecos County Golf Course	Bond Fund	Permian Basin Adult Probation	Juvenile Probation	District Clerk Fee Account	District Clerk Trust Fund	Tax Assessor Collector	Edward Petsch Arts Fund
<b>ASSETS</b>								
Cash	\$ 13,499	\$ 66,983	\$ 104,112	\$ 45	\$ 7,760	\$ 384,478	\$ 4,442,950	\$ 218,765
<b>TOTAL ASSETS</b>	<b>13,499</b>	<b>66,983</b>	<b>104,112</b>	<b>45</b>	<b>7,760</b>	<b>384,478</b>	<b>4,442,950</b>	<b>218,765</b>
<b>LIABILITIES</b>								
Accounts payable	-	-	12,682	-	-	-	-	-
Due to other governments	-	-	59,860	-	-	-	-	-
Due to beneficiaries	-	-	44,252	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>116,794</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>								
Individuals, organizations, and other governments	13,499	66,983	(12,682)	45	7,760	384,478	4,442,950	218,765
<b>TOTAL NET POSITION</b>	<b>\$ 13,499</b>	<b>\$ 66,983</b>	<b>\$ (12,682)</b>	<b>\$ 45</b>	<b>\$ 7,760</b>	<b>\$ 384,478</b>	<b>\$ 4,442,950</b>	<b>\$ 218,765</b>

Sheriff Bond Account	Jail Commissary Account	Trish King Bond Account	County Clerk	Precint # 3 (Iraan Brave Bank)	County Clerk Trust	Justice of the Peace #6	Justice of the Peace #3	County Clerk Registry	Sheffield Water	Total
\$ 49,724	\$ 6,641	\$ 82,670	\$ 6,470	\$ 875	\$ 123,565	\$ 903	\$ 750	\$ 702	\$ 2,561	\$ 5,513,453
49,724	6,641	82,670	6,470	875	123,565	903	750	702	2,561	5,513,453
-	-	-	-	-	-	-	-	-	-	12,682
-	-	-	-	-	-	-	-	-	-	59,860
-	-	-	-	-	-	-	-	-	-	44,252
-	-	-	-	-	-	-	-	-	-	116,794
49,724	6,641	82,670	6,470	875	123,565	903	750	702	2,561	5,396,659
\$ 49,724	\$ 6,641	\$ 82,670	\$ 6,470	\$ 875	\$ 123,565	\$ 903	\$ 750	\$ 702	\$ 2,561	\$ 5,396,659

# Pecos County, Texas

## Fiduciary Funds – Custodial Funds

### Combining Statement of Revenues, Expenses and Changes in Net Position

December 31, 2022

	Pecos County Golf Course	Bond Fund	Permian Basin Adult Probation	Juvenile Probation	District Clerk Fee Account	District Clerk Trust Fund	Tax Assessor Collector	Edward Petsch Arts Fund
<b>ADDITIONS</b>								
Interest	\$ 120	\$ -	\$ 1,960	\$ 4	\$ 150	\$ 104	\$ 24,636	\$ 3,517
Fees for governments	190,776	-	759,084	902	156,090	-	99,432,519	-
Fees for beneficiaries	-	-	53,428	-	-	78,228	-	-
Held for others	-	-	-	3,094	-	-	-	-
Donation	-	-	-	-	-	-	-	212
Held for beneficiaries	-	-	-	-	-	-	-	-
Total additions	190,896	-	814,472	4,000	156,240	78,332	99,457,155	3,729
<b>DEDUCTIONS</b>								
Payments to governments	190,197	-	762,921	857	162,845	-	98,191,374	-
Payments to beneficiaries	-	-	64,233	3,283	-	86,435	-	-
Promotion of arts	-	-	-	-	-	-	-	-
Operation expense	-	-	-	-	-	-	-	890
Equipment	-	-	-	-	-	-	-	-
Total deductions	190,197	-	827,154	4,140	162,845	86,435	98,191,374	890
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	699	-	(12,682)	(140)	(6,605)	(8,103)	1,265,781	2,839
<b>NET POSITION - BEGINNING OF YEAR</b>	12,800	66,983	-	185	14,365	392,581	3,177,169	215,926
<b>NET POSITION - END OF YEAR</b>	\$ 13,499	\$ 66,983	\$ (12,682)	\$ 45	\$ 7,760	\$ 384,478	\$ 4,442,950	\$ 218,765

Sheriff Bond Account	Jail Commissary Account	Trish King Bond Account	County Clerk	Precinct # 3 (Iraan Brave Bank)	County Clerk Trust	Justice of the Peace #6	Justice of the Peace #3	County Clerk Registry	Sheffield Water	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,491
-	-	-	33,758	102,671	-	84,945	44,140	-	114,659	100,919,544
17,866	77,448	-	-	-	4,050	-	-	702	-	231,722
-	-	-	-	-	-	-	-	-	-	3,094
-	-	-	-	-	-	-	-	-	-	212
-	-	37,846	-	-	-	-	-	-	-	37,846
17,866	77,448	37,846	33,758	102,671	4,050	84,945	44,140	702	114,659	101,222,909
-	-	-	34,602	102,180	-	85,853	43,390	-	112,098	99,686,317
12,950	86,393	29,114	-	-	61,784	-	-	-	-	344,192
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	890
-	-	-	-	-	-	-	-	-	-	-
12,950	86,393	29,114	34,602	102,180	61,784	85,853	43,390	-	112,098	100,031,399
4,916	(8,945)	8,732	(844)	491	(57,734)	(908)	750	702	2,561	1,190,760
44,808	15,586	73,938	7,314	384	181,299	1,811	-	-	-	4,205,149
\$ 49,724	\$ 6,641	\$ 82,670	\$ 6,470	\$ 875	\$ 123,565	\$ 903	\$ 750	\$ 702	\$ 2,561	\$ 5,396,659



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# Internal Control and Compliance

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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pecos County, Texas (the County), as of and for the fiscal year ended December 31, 2022, 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 27, 2024. Our report includes a reference to other auditors who audited the financial statements of the 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 and other matters that are reported on separately by those auditors. The financial statements of Pecos County Memorial Hospital were not audited in accordance with *Government Auditing Standards*.

**Report on 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) as a basis for designing 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 this limitation during our audit, we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

### **Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County'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.

Austin, Texas  
September 27, 2024



**Independent Auditor's Report on Compliance  
for the Major State Program and  
Report on Internal Control over Compliance in Accordance with the  
State of Texas Uniform Grant Management Standards**

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

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited Pecos County, Texas (the County)'s compliance with the types of compliance requirements identified as subject to audit in the State of Texas Uniform Grant Management Standards (UGMS) that could have a direct and material effect on the County's major state program for the year ended December 31, 2022. The County's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended December 31, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of UGMS. Our responsibilities under those standards and UGMS are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's state programs.

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

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of the major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with UGMS but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas  
September 27, 2024



**Pecos County, Texas**  
 Schedule of Expenditures of Federal and State Awards  
 For the Fiscal Year Ended December 31, 2022

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Grant Identifying Number	Total Grant Expenditures
<b>FEDERAL AWARDS</b>			
<b>UNITED STATES DEPARTMENT OF TREASURY</b>			
Direct Programs			
COVID 19 Coronavirus State & Local Fiscal Recovery Funds (SLFRF)	21.027	ARP-TX-21-055	\$ 216,112
Victims Coord Coronavirus State Recovery	21.027	2021-CS-21027	<u>15,570</u>
<b>TOTAL UNITED STATES DEPARTMENT OF TREASURY</b>			231,682
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)</b>			
Passed Through Operation Stonegarden			
Homeland Security Grant Program	97.067	3209405 OPSCG20	13,428
Homeland Security Grant Program	97.067	3209406 OPSCG21	<u>63,404</u>
Total Passed Through Operation Stonegarden			<u>76,832</u>
<b>TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)</b>			<u>76,832</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>308,514</u></u>
<b>STATE AWARDS</b>			
<b>TEXAS J REGIONAL ADVISORY COUNCIL</b>			
Texas J Regional Advisory Council Grant		FY 2021-2022	62,715
Texas J Regional Advisory Council Grant		FY 2022-2023	<u>66,047</u>
<b>TOTAL TEXAS J REGIONAL ADVISORY COUNCIL</b>			128,762
<b>TEXAS OFFICE OF THE GOVERNOR</b>			
Border Prosecution Unit Program		4374701	100,894
Border Prosecution Unit Program		2537910	292,403
Operation Lone Star		4386301	<u>63,330</u>
<b>TOTAL TEXAS OFFICE OF THE GOVERNOR</b>			456,627
<b>TEXAS DEPARTMENT OF TRANSPORTATION</b>			
County Transportation Infrastructure Fund Grant Program		CTIF-02-186	<u>194,952</u>
<b>TOTAL TEXAS DEPARTMENT OF TRANSPORTATION</b>			<u>194,952</u>
<b>TOTAL EXPENDITURES OF STATE AWARDS</b>			<u>780,341</u>
<b>TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS</b>			<u><u>\$ 1,088,855</u></u>

## **Pecos County, Texas**

Notes to the Schedule of Expenditures of Federal and State Awards  
For the Fiscal Year Ended December 31, 2022

### **Note 1. General**

The accompanying schedule of expenditures of federal and state awards presents the activity of all applicable federal and state awards of Pecos County, Texas (the County). The County's reporting entity is defined in Note 1 to the County's financial statements. Federal and state awards received directly from federal and state agencies as well as federal and state awards passed through other government agencies are included in the respective schedule.

### **Note 2. Basis of Accounting**

The accompanying schedule of expenditures of federal and state awards is presented using the modified accrual basis of accounting. Expenditures are recognized when the related fund liability is incurred. Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as deferred revenue until earned.

### **Note 3. Relationship to Federal Financial Reports**

Grant expenditure reports as of December 31, 2022, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

### **Note 4. Indirect Cost Rate**

The County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Pecos County, Texas**  
 Schedule of Findings and Questioned Costs  
 For the Fiscal Year Ended December 31, 2022

**I. Summary of the Auditor's Results**

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:  
 Material weakness(es) identified?        Yes   X   No

Significant deficiencies identified that are  
 not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial  
 statements noted?        Yes   X   No

State Awards

Internal control over major programs:  
 · Material weakness(es) identified?        Yes   X   No  
 · Significant deficiencies identified that  
 are not considered to be material weakness(es)?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are  
 required to be reported in accordance  
 with the State of Texas Single Audit Circular        Yes   X   No

Identification of major programs:

Federal Assistance Listing Number(s)

N/A - State

Name of Program or Cluster

Border Prosecution Unit Program

Dollar threshold used to distinguish  
 between type A and type B programs:

State  
 \$ 300,000

Auditee qualified as low-risk auditee? State

       Yes   X   No

**Pecos County, Texas**

Schedule of Findings and Questioned Costs - Continued  
For the Fiscal Year Ended December 31, 2022

**II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with *Generally Accepted Government Auditing Standards***

None

**III. Findings and Questioned Costs for State Awards**

None

**IV. Schedule of Prior Audit Findings and Questioned Costs**

None