

Pecos County, Texas

Annual Financial Report

For the Year Ended December 31, 2023

Pecos County, Texas
Annual Financial Report
For the Year Ended December 31, 2023
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Financial Section

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Independent Auditor's Report

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

Report on the 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, 2023, 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, 2023, 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, 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 our opinion, insofar as it relates to the amounts included for 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

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2023, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Transfer of Government Operations

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2023, the Pecos County Memorial Hospital operations became a separate reporting entity from the County. This transfer of operations from the County to the newly formed Pecos County Memorial Hospital District (the District) was effective July 1, 2023 and recorded by the County in accordance with Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 Texas Grant Management Standards (TxGMS) 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 GAAS. 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2025 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
August 21, 2025

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, 2023. 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 were greater than its liabilities and deferred inflows at the close of the most recent year by \$26,680,387 (*net position*). A deficit of \$16,666,046 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 \$33,643,030 a decrease of \$3,982,341 in comparison with the prior year. Approximately 65.0% of this total amount, \$21,866,141, 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 \$21,866,141 or 64% percent of total general fund expenditures.
- During the current year subscriptions payable were recorded for \$960,983 as part of GASB 96 implementation.
- Effective July 1, 2023, the Pecos County Memorial Hospital, an enterprise fund, became a separate reporting entity from the County. As a result, only six months of activity for these operations are recorded under the County in fiscal year 2023.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

The County maintains three governmental fund types. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund 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 80 through 85.

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 is presented as an enterprise fund and a major fund of the County. Effective July 1, 2023, the Pecos County Memorial Hospital was no longer part of the County. The treatment for this transfer of operations to the newly formed Pecos County Memorial Hospital District is included in the basic financial statements and notes to the financial statements. 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 35 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 90 through 105.

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 \$26,680,387 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 25% 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	
	2022	2023	2022	2023	2022	2023
Current and other assets	\$ 84,835,947	\$ 74,287,444	\$ 4,958,748	\$ -	\$ 89,794,695	\$ 74,287,444
Capital assets	26,026,416	35,753,573	15,347,438	-	41,373,854	35,753,573
Total assets	110,862,363	110,041,017	20,306,186	-	131,168,549	110,041,017
Total deferred outflows of resources	8,073,769	5,277,804	6,183,412	-	14,257,181	5,277,804
Long-term liabilities outstanding	32,104,104	40,659,320	25,835,187	-	57,939,291	40,659,320
Other liabilities	40,657,800	38,956,188	4,858,192	-	45,515,992	38,956,188
Total liabilities	72,761,904	79,615,508	30,693,379	-	103,455,283	79,615,508
Total deferred inflows of resources	21,050,098	9,022,926	16,957,470	-	38,007,568	9,022,926
Net position:						
Net investment in capital assets	25,441,023	33,230,018	14,452,726	-	39,893,749	33,230,018
Restricted	11,572,055	10,116,415	-	-	11,572,055	10,116,415
Unrestricted	(11,888,948)	(16,666,046)	(35,613,977)	-	(47,502,925)	(16,666,046)
Total net position (deficit)	\$ 25,124,130	\$ 26,680,387	\$ (21,161,251)	\$ -	\$ 3,962,879	\$ 26,680,387

A significant portion of the County's net position, \$10,116,415, 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 \$16,666,046.

Governmental and Business-Type Activities

Governmental activities increased the County's net position by \$1,556,257 and business-type activities increased the County's net position by \$21,161,251 due to the Pecos County Memorial Hospital no longer being part of the County. Key elements of these changes are as follows:

Pecos County, Texas Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Revenues						
Program revenues:						
Charges for services	\$ 4,411,890	\$ 4,386,284	\$ 21,960,049	\$ 10,510,179	\$ 26,371,939	\$ 14,896,463
Operating grants and contributions	2,244,497	5,614,140	505,561	-	2,750,058	5,614,140
Capital grants and contributions	-	-	61,115	185,300	61,115	185,300
General revenues:						
Property taxes	32,081,765	33,643,591	-	-	32,081,765	33,643,591
Alcoholic beverage taxes	32,422	35,274	-	-	32,422	35,274
Investment earnings	747,245	2,658,379	31,046	34,453	778,291	2,692,832
Payment in lieu of taxes	1,116,813	2,408,864	-	-	1,116,813	2,408,864
Proceeds from settlement	1,588,874	5,657	-	-	1,588,874	5,657
Proceeds from sales of assets	14,271	-	-	-	14,271	-
Other	358,652	271,518	-	-	358,652	271,518
Gain (loss) on disposal of government operations	-	(2,706,893)	-	17,168,647	-	14,461,754
Total revenues	42,596,429	46,316,814	22,557,771	27,898,579	65,154,200	74,215,393
Expenses						
General government	8,130,538	11,448,434	-	-	8,130,538	11,448,434
Judicial	2,157,671	2,593,302	-	-	2,157,671	2,593,302
Financial administration	1,668,315	1,511,269	-	-	1,668,315	1,511,269
Public facilities	1,123,152	749,318	-	-	1,123,152	749,318
Public safety	6,347,617	8,908,686	-	-	6,347,617	8,908,686
Public service	1,209,896	1,031,678	-	-	1,209,896	1,031,678
Health and welfare	2,377,740	2,866,592	-	-	2,377,740	2,866,592
Culture and recreation	1,821,477	2,682,274	-	-	1,821,477	2,682,274
Highways and streets	2,116,776	3,663,139	-	-	2,116,776	3,663,139
Conservation	313,129	139,393	-	-	313,129	139,393
Airport	25,087	67,510	-	-	25,087	67,510
Pecos County Memorial Hospital	-	-	29,555,764	15,836,290	29,555,764	15,836,290
Total expenses	27,291,398	35,661,595	29,555,764	15,836,290	56,847,162	51,497,885
Change in net position before transfers	15,305,031	10,655,219	(6,997,993)	12,062,289	8,307,038	22,717,508
Transfers	(7,628,653)	(9,098,962)	7,628,653	9,098,962	-	-
Change in net position	7,676,378	1,556,257	630,660	21,161,251	8,307,038	22,717,508
Net position - beginning of year	17,447,752	25,124,130	(21,791,911)	(21,161,251)	(4,344,159)	3,962,879
Net position, ending	\$ 25,124,130	\$ 26,680,387	\$ (21,161,251)	\$ -	\$ 3,962,879	\$ 26,680,387

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 \$33,643,030, a decrease of \$3,982,341 in comparison with the prior year. Approximately 65.0% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been either restricted or assigned for various purposes.

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 \$21,866,141, while total fund balance was \$29,606,794.

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 health self-insurance plan at the end of the year was \$619,290. The change in unrestricted net position for the fund was a decrease of \$1,174,626. Pecos Memorial Hospital had no fund balance at the end of the year due to the transfer/disposal of these operations during the year as discussed in the notes to the financial statements.

General Fund Budgetary Highlights

A deficit amended budget was approved for fiscal year 2023 in the amount of \$10,609,329 as compared to the original budget which planned for a deficit of \$2,282,487.

Final budgeted revenues had no change from original budgeted revenues. Actual revenues for 2023 were \$2,758,876 more than final budgeted revenues. This variance is attributed to primarily to an unforeseen increase in interest rates during the budget process.

The original budgeted expenditures differ from the final budgeted expenditures by \$8,026,842, which is attributed primarily to voters passing a hospital district for the County Hospital. The County elected to provide additional funding to the hospital until they were able to tax and fund themselves. The actual expenditures for 2023 were \$12,002,867 less than the final amended budget. This variance is attributed to unexpected improvement and equipment funds.

This resulted in a net decrease in the general fund balance for the year of \$3,665,038 after accounting for other financing sources as detailed on page 24 of this report.

Capital Asset and Long-Term Liabilities

Capital Assets: The County's investment in capital assets for its governmental and business type activities as of December 31, 2023, amounts to \$35,753,573 (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 and amortization)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Land	\$ 1,392,891	\$ 2,893,565	\$ 85,649	\$ -	\$ 1,478,540	\$ 2,893,565
Buildings	11,339,756	12,426,014	12,183,837	-	23,523,593	12,426,014
Improvements - other	4,666,833	6,531,170	51,136	-	4,717,969	6,531,170
Machinery and equipment	6,010,810	7,847,239	1,337,272	-	7,348,082	7,847,239
Construction in progress	1,280,770	3,918,203	-	-	1,280,770	3,918,203
Infrastructure	613,150	574,290	-	-	613,150	574,290
Right to use asset - leases	722,206	606,185	843,429	-	1,565,635	606,185
Right to use asset - subscriptions	-	956,907	-	-	-	956,907
Capitalized interest	-	-	846,115	-	846,115	-
Net capital assets	\$ 26,026,416	\$ 35,753,573	\$ 15,347,438	\$ -	\$ 41,373,854	\$ 35,753,573

Additional information on the County's capital assets can be found in Note 6 on pages 51 through 52 of this report.

Long-term liabilities: At the end of the current year, the County had no bonded debt outstanding. At the end of the year, the County had \$440,421 in leases payable and \$960,983 in subscriptions payable. The County's long-term liabilities are comprised as follows:

	Governmental Activities	
	2022	2023
Leases payable	\$ 585,393	\$ 440,421
Subscriptions payable	-	960,983
Compensated absences	1,345,201	1,470,765
Net pension liability	-	5,220,901
Other post-employment benefits liability	31,758,459	32,566,250
Total governmental activities	\$ 33,689,053	\$ 40,659,320

	Business-type Activities	
	2022	2023
Leases payable	\$ 894,711	\$ -
Compensated absences	1,185,494	-
Other post-employment benefits liability	25,371,900	-
Total business-type activities	\$ 27,452,105	\$ -

Additional information on Pecos County's long-term liabilities can be found in Notes 8 through 12 and 15.

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, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 23,277,485	\$ -	\$ 23,277,485
Investments	19,524,540	-	19,524,540
Receivables, net	31,112,678	-	31,112,678
Other assets	372,741	-	372,741
Capital assets, net	35,753,573	-	35,753,573
Total assets	110,041,017	-	110,041,017
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow of resources - pension	2,649,654	-	2,649,654
Deferred outflow of resources - OPEB	2,628,150	-	2,628,150
Total deferred outflows of resources	5,277,804	-	5,277,804
LIABILITIES			
Accounts payable and other current liabilities	3,071,923	-	3,071,923
Due to other governments	180,036	-	180,036
Estimated health claims payable	535,849	-	535,849
Unearned revenue	35,168,380	-	35,168,380
Noncurrent liabilities:			
Due within one year	1,048,853	-	1,048,853
Due in more than one year	1,823,316	-	1,823,316
Net pension liability	5,220,901	-	5,220,901
Other post-employment benefits liability	32,566,250	-	32,566,250
Total liabilities	79,615,508	-	79,615,508
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow of resources - pension	116,306	-	116,306
Deferred inflow of resources - OPEB	8,906,620	-	8,906,620
Total deferred inflows of resources	9,022,926	-	9,022,926
NET POSITION			
Net investment in capital assets	33,230,018	-	33,230,018
Restricted for:			
Airport	6,087,935	-	6,087,935
Road and bridge	2,001,676	-	2,001,676
Federal and state grants	438,698	-	438,698
Legislation	1,588,106	-	1,588,106
Unrestricted	(16,666,046)	-	(16,666,046)
TOTAL NET POSITION	\$ 26,680,387	\$ -	\$ 26,680,387

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, 2023

<u>Function/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
PRIMARY GOVERNMENT		
Governmental activities:		
General government	\$ 11,448,434	\$ 565,749
Judicial	2,593,302	700,474
Financial administration	1,511,269	270,889
Public facilities	749,318	596,201
Public safety	8,908,686	391,128
Public service	1,031,678	1,606
Health and welfare	2,866,592	975,974
Culture and recreation	2,682,274	198,687
Highways and streets	3,663,139	675,568
Conservation	139,393	-
Airport	67,510	10,008
Total governmental activities	35,661,595	4,386,284
Business-type activities:		
Pecos County Memorial Hospital	15,836,290	10,510,179
Total business-type activities	15,836,290	10,510,179
TOTAL PRIMARY GOVERNMENT	\$ 51,497,885	\$ 14,896,463

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
\$ 794,469	\$ -	\$ (10,088,216)	\$ -	\$ (10,088,216)
-	-	(1,892,828)	-	(1,892,828)
-	-	(1,240,380)	-	(1,240,380)
-	-	(153,117)	-	(153,117)
3,692,961	-	(4,824,597)	-	(4,824,597)
967,912	-	(62,160)	-	(62,160)
89,963	-	(1,800,655)	-	(1,800,655)
68,744	-	(2,414,843)	-	(2,414,843)
91	-	(2,987,480)	-	(2,987,480)
-	-	(139,393)	-	(139,393)
-	-	(57,502)	-	(57,502)
5,614,140	-	(25,661,171)	-	(25,661,171)
-	185,300	-	(5,140,811)	(5,140,811)
-	185,300	-	(5,140,811)	(5,140,811)
<u>\$ 5,614,140</u>	<u>\$ 185,300</u>	<u>(25,661,171)</u>	<u>(5,140,811)</u>	<u>(30,801,982)</u>
General revenues:				
Property taxes		33,643,591	-	33,643,591
Alcoholic beverage taxes		35,274	-	35,274
Unrestricted investment earnings		2,658,379	34,453	2,692,832
Payment in lieu of property taxes		2,408,864	-	2,408,864
Proceeds from settlement		5,657	-	5,657
Miscellaneous revenue		271,518	-	271,518
Transfers		(9,098,962)	9,098,962	-
Gain (loss) on disposal of government operations		(2,706,893)	17,168,647	14,461,754
Total general revenues and transfers		<u>27,217,428</u>	<u>26,302,062</u>	<u>53,519,490</u>
Change in net position		1,556,257	21,161,251	22,717,508
Net position - beginning of year		<u>25,124,130</u>	<u>(21,161,251)</u>	<u>3,962,879</u>
NET POSITION - END OF YEAR		<u>\$ 26,680,387</u>	<u>\$ -</u>	<u>\$ 26,680,387</u>

Pecos County, Texas

Balance Sheet – Governmental Funds

December 31, 2023

	General
ASSETS	
Cash and cash equivalents	\$ 14,935,115
Investments	19,524,540
Receivables, net	
Property taxes	22,856,105
Other	2,538,109
Due from other funds	2,229,952
Due from vendors	139,896
Other current assets	95,460
TOTAL ASSETS	\$ 62,319,177
LIABILITIES	
Accounts payable	\$ 1,626,367
Due to other funds	716,184
Due to other governments	180,036
Unearned revenue	27,882,280
Total liabilities	30,404,867
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property tax	359,836
Unavailable revenue - fines and forfeitures	1,641,402
Unavailable revenue - other revenues	306,278
Total deferred inflows of resources	2,307,516
FUND BALANCE	
Restricted:	
Airport use	6,087,935
Road and bridge	-
Federal and state grants	-
Legislation	-
Assigned:	
Repairs from insurance proceeds	181,953
Compensated absences	1,470,765
Capital projects funds	-
Unassigned	21,866,141
Total fund balances	29,606,794
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	\$ 62,319,177

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
\$ 3,919,788	\$ 4,324,910	\$ 23,179,813
-	-	19,524,540
4,116,204	-	26,972,309
-	1,225,112	3,763,221
6,590	114,920	2,351,462
-	-	139,896
-	-	95,460
<u>\$ 8,042,582</u>	<u>\$ 5,664,942</u>	<u>\$ 76,026,701</u>
\$ 860,234	\$ 339,676	\$ 2,826,277
-	1,185,278	1,901,462
-	-	180,036
5,180,672	2,105,428	35,168,380
<u>6,040,906</u>	<u>3,630,382</u>	<u>40,076,155</u>
-	-	359,836
-	-	1,641,402
-	-	306,278
<u>-</u>	<u>-</u>	<u>2,307,516</u>
-	-	6,087,935
2,001,676	-	2,001,676
-	438,698	438,698
-	1,588,106	1,588,106
-	-	181,953
-	-	1,470,765
-	7,756	7,756
-	-	21,866,141
<u>2,001,676</u>	<u>2,034,560</u>	<u>33,643,030</u>
<u>\$ 8,042,582</u>	<u>\$ 5,664,942</u>	<u>\$ 76,026,701</u>

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Pecos County, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUND	\$ 33,643,030
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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.	35,753,573
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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.

Internal service fund net position	(619,290)
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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.	2,307,516
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Some 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	\$ (5,220,901)	
Other post-employment benefits liability	(32,566,250)	
Deferred outflow of resources - pension	2,649,654	
Deferred inflow of resources - pension	(116,306)	
Deferred outflow of resources - OPEB	2,628,150	
Deferred inflow of resources - OPEB	(8,906,620)	(41,532,273)

Long-term liabilities, including lease liabilities, subscription liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(2,872,169)
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TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 26,680,387
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Pecos County, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2023

	General
REVENUES	
Taxes	\$ 29,873,895
Alcoholic beverage taxes	35,274
Fines and forfeitures	887
Intergovernmental	794,560
Charges for services	2,781,639
Payment in lieu of taxes	2,408,864
Royalties	136
Interest	2,596,424
Proceeds from settlement	5,657
Other	157,758
Total revenues	38,655,094
EXPENDITURES	
General government	8,520,351
Judicial	2,394,297
Financial administration	1,473,125
Law enforcement	2,550,674
Corrections	1,461,531
Health and welfare	4,288,359
Fire protection	2,104,661
Culture and recreation	5,609,741
Libraries	572,449
Building maintenance	483,980
Utilities	720,223
Conservation	138,900
Public service	796,975
Airport	1,476,585
Highways and streets	-
Capital outlay	1,196,908
Debt service principal	378,895
Debt service interest and fiscal charges	25,026
Total expenditures	34,192,680
Excess (deficiency) of revenues over expenditures	4,462,414
OTHER FINANCING SOURCES (USES)	
Sale of assets	74,602
Issuance of subscription liabilities	1,196,908
Transfers from other funds	1,422,331
Transfers to other funds	(10,821,293)
Total other financing (uses) sources	(8,127,452)
Net change in fund balances	(3,665,038)
Fund balances - beginning of year	33,271,832
FUND BALANCES - END OF YEAR	\$ 29,606,794

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
\$ 3,738,922	\$ -	\$ 33,612,817
-	-	35,274
-	2,003	2,890
108,816	4,710,764	5,614,140
675,568	673,387	4,130,594
-	-	2,408,864
-	-	136
-	32,661	2,629,085
-	-	5,657
106,972	3,762	268,492
4,630,278	5,422,577	48,707,949
-	93,860	8,614,211
-	95,269	2,489,566
-	-	1,473,125
-	161,998	2,712,672
-	2,721,763	4,183,294
-	1,429,833	5,718,192
-	-	2,104,661
-	-	5,609,741
-	-	572,449
-	-	483,980
-	-	720,223
-	-	138,900
-	871,017	1,667,992
-	-	1,476,585
3,742,554	-	3,742,554
1,251,843	-	2,448,751
-	2,002	380,897
-	19	25,045
4,994,397	5,375,761	44,562,838
(364,119)	46,816	4,145,111
-	-	74,602
-	-	1,196,908
-	26,445	1,448,776
-	(26,445)	(10,847,738)
-	-	(8,127,452)
(364,119)	46,816	(3,982,341)
2,365,795	1,987,744	37,625,371
\$ 2,001,676	\$ 2,034,560	\$ 33,643,030

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, 2023

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	\$ (3,982,341)
-------------------------------------------------------------	-----------------------

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.	9,727,157
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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.	222,507
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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.)	286,464
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Leases and subscriptions 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.	(816,011)
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Loss on disposal of government operations due to the derecognition of internal balances previously reported for amounts due from enterprise fund	(2,706,893)
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Internal service funds are used by management to charge the costs of self-insurance in individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(1,174,626)</u>
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CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ <u>1,556,257</u>
---------------------------------------------------------	----------------------------

Pecos County, Texas
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-Type Activities	Governmental Activities
	Pecos County Memorial Hospital Fund	Internal Service Fund
ASSETS		
Cash and investments	\$ -	\$ 97,672
Due from general fund	-	300,000
Due from other governments	-	237,252
Other assets	-	277,281
	<hr/>	<hr/>
Total assets	-	912,205
	<hr/>	<hr/>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 912,205
	<hr/>	<hr/>
LIABILITIES		
Accounts payable and accrued expenses	\$ -	\$ 245,646
Due to other funds	-	750,000
Estimated health claims payable	-	535,849
	<hr/>	<hr/>
Total liabilities	-	1,531,495
	<hr/>	<hr/>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	\$ -	\$ 1,531,495
	<hr/>	<hr/>
NET POSITION		
Unrestricted	-	(619,290)
	<hr/>	<hr/>
TOTAL NET POSITION	\$ -	\$ (619,290)
	<hr/>	<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, 2023

	Business -Type Activities	Governmental Activities
	Pecos County Memorial Hospital Fund	Internal Service Fund
OPERATING REVENUES		
Net patient service revenue	\$ 10,171,226	\$ -
Other revenue	338,953	-
Charges for service	-	7,173,235
Total operating revenues	10,510,179	7,173,235
OPERATING EXPENSES		
Operating expenses	15,110,685	-
Depreciation	705,450	-
Claims	-	7,499,852
Administration - health	-	1,135,816
Administration - dental	-	24,382
Administration - life	-	17,105
Total operating expenses	15,816,135	8,677,155
Operating loss	(5,305,956)	(1,503,920)
NON-OPERATING REVENUES (EXPENSES)		
Interest earned on investments	34,453	29,294
Interest expense	(20,155)	-
Total nonoperating (expenses) revenues	14,298	29,294
Loss before capital contributions and transfers	(5,291,658)	(1,474,626)
Capital grants and contributions	185,300	-
Transfers in	9,098,962	300,000
Total transfers	9,098,962	300,000
SPECIAL ITEMS		
Gain on disposal of government operations	14,461,754	-
Total special items	14,461,754	-
Change in net position	18,454,358	(1,174,626)
Net position - beginning of year	(18,454,358)	555,336
NET POSITION, END OF YEAR	\$ -	\$ (619,290)
Reconciliation to government-wide statements of net assets:		
Change in net position	18,454,358	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund.	2,706,893	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES	\$ 21,161,251	

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, 2024

	Business-Type Activities	Governmental Activities
	Pecos County Memorial Hospital Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from patients and third-party payers	\$ 10,810,752	\$ -
Other receipts and payments from operations, net	727,765	-
Receipts from participants	-	6,860,852
Operating expenses	(15,151,286)	(7,964,089)
	<u>(3,612,769)</u>	<u>(1,103,237)</u>
Net cash used in operating activities	(3,612,769)	(1,103,237)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	34,453	29,294
Cash transfer with disposal of government operations	(6,089,678)	-
	<u>(6,055,225)</u>	<u>29,294</u>
Net cash provided by investing activities	(6,055,225)	29,294
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants and contributions	185,300	-
Principal payments of long-term debt and notes payable	(115,855)	-
Interest payments on long-term debt and notes payable	(20,155)	-
Purchase of capital assets	(406,652)	-
	<u>(357,362)</u>	<u>-</u>
Net cash used in capital and related financing activities	(357,362)	-
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	9,098,962	300,000
	<u>9,098,962</u>	<u>300,000</u>
Net cash provided by noncapital financing activities	9,098,962	300,000
Net change in cash and investments	(926,394)	(773,943)
Cash and investments at beginning of year	926,394	871,615
CASH AND INVESTMENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ 97,672</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, 2023

	Business-Type Activities	Governmental Activities
	Pecos County Memorial Hospital Fund	Internal Service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	\$ (5,305,956)	\$ (1,503,920)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	705,450	-
Provision for bad debt	1,873,944	-
Decreases (increases) to assets and deferred outflow:		
Accounts receivable	(1,256,283)	264,898
Estimated third-party payor settlements	315,348	-
Other receivables	73,464	-
Due from other funds	-	(300,000)
Other assets	(136,172)	(277,281)
Net pension asset	2,695,897	-
Deferred outflows of resources	703,635	-
Increases and (decreases) to liabilities and deferred inflow:		
Accounts payable and accrued expenses	(148,048)	41,329
Due to other funds	(1,695)	750,000
Unearned revenue	-	(9,968)
Estimated third-party payor settlements	109,142	-
Pension liability	4,187,184	-
Other post employment benefit obligation	597,139	-
Health claims payable	-	(68,295)
Deferred inflows of resources	(8,025,818)	-
NET CASH USED IN OPERATING ACTIVITIES	\$ (3,612,769)	\$ (1,103,237)

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, 2023

	<u>Custodial Funds</u>
ASSETS	
Cash	<u>\$ 7,737,937</u>
TOTAL ASSETS	7,737,937
LIABILITIES	
Accounts payable	5,217
Due to other governments	101,926
Due to beneficiaries	<u>9,651</u>
TOTAL LIABILITIES	116,794
NET POSITION	
Individuals, organizations, and other governments	<u>7,621,143</u>
TOTAL NET POSITION	<u><u>\$ 7,621,143</u></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

For the Year Ended December 31, 2023

	<u>Custodial Funds</u>
ADDITIONS	
Interest	\$ 128,523
Fees for other governments	114,284,388
Fees for beneficiaries	2,246,191
Held for others	435
Donation	2,840
Held for beneficiaries	<u>33,488</u>
Total additions	116,695,865
DEDUCTIONS	
Payments to governments	113,674,623
Payments to beneficiaries	792,407
Operating expense	<u>4,352</u>
Total deductions	<u>114,471,382</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	2,224,483
NET POSITION - BEGINNING OF YEAR	<u>5,396,660</u>
NET POSITION - END OF YEAR	<u><u>\$ 7,621,143</u></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, 2023
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Pecos County, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. General Statement

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

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

B. Financial Reporting Entity

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

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

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

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

Pecos County, Texas

Notes to the Financial Statements

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

For the year ended December 31, 2023, the County had no blended or discretely presented component units.

Pecos County Memorial Hospital (the Hospital) is operated under a Board of Directors, which was appointed by the elected county commissioners prior to 2023. In December 2022, the residents of Pecos County, Texas, elected a proposal for a stand-alone hospital district. Effective July 1, 2023, the Hospital became the Pecos County Memorial Hospital District (the "District"), which is stand-alone entity with taxing authority and has a publicly elected board of directors. As a result, the Hospital would no longer need to be reported as part of the County and this change is reported as a transfer of government operations under GASB 69. See Note 1U for additional information.

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. The County did not report any capital grants in 2023. 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.

Pecos County, Texas

Notes to the Financial Statements

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.

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

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

Separate financial statements for the Hospital may be obtained by contacting the Pecos County Memorial Hospital, now operating as the newly formed Pecos County Memorial Hospital District.

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 11 for additional discussion of the County's self-insurance plan.

The services provided by the County's health self-insurance plan were provided both to the County and the Hospital through year end. Although the Hospital was effectively an external business during 2023, the services still predominantly benefited internal governmental functions. Thus, it is still appropriate for this internal service fund to be included within governmental activities in the government-wide financial statements.

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.

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, 2023, 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, 2023 for the general fund was \$0.45 per \$100 valuation. The tax rate for the road and bridges fund was \$0.088 per \$100 valuation. The total tax rate for all purposes was \$0.538 per \$100 valuation.

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, equipment, and right-to-use assets are reported in the governmental activities column in the government-wide financial statements. All capital assets, other than right-to-use asset, 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 or amortized 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 assets	shorter of term or useful life	

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, 2023 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 Federal Aviation Administration (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.

Pecos County, Texas

Notes to the Financial Statements

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

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 2023, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

P. Pensions

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

Q. Other Postemployment Benefits (OPEB)

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

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

Pecos County, Texas

Notes to the Financial Statements

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.

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 liabilities on the statement of net position.

S. Subscription-Based Information Technology Arrangements (SBITAs)

The County has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The County recognizes a subscription liability, reported with long-term liabilities, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements.

At the commencement of a SBITA, the County initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Pecos County, Texas

Notes to the Financial Statements

Key estimates and judgments related to SBITAs include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The County uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the County is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

T. Implementation of New Accounting Standard

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. 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 standard for SBITAs is based on the standards established in Statement No. 87, *Leases*, as amended. See Note 6 for right-of-use subscription assets and Note 15 for SBITA liabilities.

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 effective date of GASB 100 is for fiscal years beginning after June 15, 2023, however, the County implemented this standard early and applied the standard during fiscal year 2023.

U. Transfer of Operations

The Pecos County Memorial Hospital (the "Hospital") balances and activity has historically been reported by the County under Business-Type Activities as an enterprise fund. Following fiscal year 2023 budgeting discussions during the Summer of 2022, the Hospital requested increases in funding that would not have been sustainable for the County with current tax restraints. As a result, the Hospital made the case to the taxpayers of Pecos County that in order to keep service at the then current levels, it would have to become a stand-alone district. On December 10, 2022, the residents of Pecos County, Texas, elected a proposal for a stand-alone hospital district. Effective July 1, 2023, this transition was completed, and Pecos County Memorial Hospital District (the "District") became a stand-alone entity with taxing authority.

Pecos County, Texas
Notes to the Financial Statements

On June 30, 2023 the County transferred the assets and liabilities of the Hospital to the new District, which is reported as a transfer of government operations in the basic financial statements and related notes to the financial statements. The County recognized a gain of \$14.5 million on the disposal of the Hospital operations as a special item. The results of the Hospital's operations and cash flows through June 30, 2023 are reported in the proprietary statements of revenues, expenses and changes in fund net position and cash flows.

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 lease liabilities, subscription liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.” The detail of this (\$2,872,169) difference is as follows:

Leases payable	\$ (440,421)
Subscriptions payable	(960,983)
Compensated absences	<u>(1,470,765)</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	<u><u>\$ (2,872,169)</u></u>

Another element of that reconciliation explains that “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.” The detail of this \$2,307,516 difference is as follows:

Unavailable revenue - fines and forfeitures and other	\$ 1,947,680
Unavailable revenue - property tax	<u>359,836</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	<u><u>\$ 2,307,516</u></u>

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

Pecos County, Texas

Notes to the Financial Statements

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 details of this \$9,727,157 difference are as follows:

Capital additions	\$ 12,421,794
Disposal of capital assets	(590,588)
Depreciation expense	(2,553,702)
Disposed accumulated depreciation	<u>449,653</u>
Net adjustment to increase net change in fund balances- total governmental funds to arrive at change in net position of governmental activities.	<u>\$ 9,727,157</u>

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 details of this \$222,507 difference are as follows:

Net change in compensated absences	\$ (125,564)
Net change in deferred outflows/inflows	9,231,207
Net change in pension liability	(8,075,345)
Net change in other post-employment benefits liability	<u>(807,791)</u>
Net adjustment to increase net change in fund balances total governmental funds to arrive at change in net position of governmental activities	<u>\$ 222,507</u>

Another element of that reconciliation states that “leases and subscriptions 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.” The details of this (\$816,011) difference are as follows:

Lease payments	\$ 144,972
Issuance of subscriptions payable	(1,196,908)
Subscription payments	<u>235,925</u>
Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position of governmental activities	<u>\$ (816,011)</u>

Pecos County, Texas

Notes to the Financial Statements

Note 3. Stewardship, Compliance and Accountability

Deficit Fund Equity

All of the County's major funds held positive fund equity at December 31, 2023. The County held positive fund equity for all special revenue funds as of December 31, 2023, except for the Courthouse Security Fund. In addition, the internal service fund and one custodial fund, Permian Basin Adult Probation, also had negative net position balances.

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.

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.

Pecos County, Texas
Notes to the Financial Statements

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.

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.

Investments owned by the County at December 31, 2023 are shown below:

	Fair Value	Credit Risk
DWS Government Cash Institutional Shares	\$ 19,524,540	AAAm – S & P
Total	<u>\$ 19,524,540</u>	

Pecos County, Texas

Notes to the Financial Statements

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.

DWS Government Cash Institutional Shares are measured at net asset value and are exempt for fair value reporting.

At year-end, the carrying amount of the County's cash and cash equivalents was \$30,917,750 (\$23,179,813 in governmental activities and \$7,737,937 in fiduciary funds). The bank balances totaled \$30,794,866 of which \$4,173,606 was covered by Federal Depository Insurance Corporation (FDIC) and \$32,590,761 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, 2023, 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, 2023, 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 that were rated AAA, AAAm, 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.

Pecos County, Texas

Notes to the Financial Statements

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	Internal Service Funds	Total
Receivables:					
Property taxes	\$ 24,929,956	\$ 4,523,036	\$ -	\$ -	\$ 29,452,992
Other	11,668,178	-	1,225,112	237,252	13,130,542
Due from vendors	139,896	-	-	-	139,896
Gross receivables	36,738,030	4,523,036	1,225,112	237,252	42,723,430
Less: allowance for uncollectibles	(11,203,920)	(406,832)	-	-	(11,610,752)
Net total receivables	\$ 25,534,110	\$ 4,116,204	\$ 1,225,112	\$ 237,252	\$ 31,112,678

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. These funds also 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 unearned revenue and unavailable revenue reported in the governmental funds were as follows:

Property taxes - unearned	\$ 33,062,952
Grants - unearned	2,105,428
Property taxes - unavailable	359,836
Fines and forfeitures - unavailable	1,641,402
Other revenues - unavailable	306,278
Total	\$ 37,475,896

Pecos County, Texas

Notes to the Financial Statements

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance 12/31/2022	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2023
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 1,392,891	\$ 1,500,674	\$ -	\$ 2,893,565
Construction-in-progress	1,280,770	2,637,433	-	3,918,203
Total capital assets, not being depreciated or amortized	2,673,661	4,138,107	-	6,811,768
Capital assets, being depreciated or amortized:				
Buildings	21,391,340	1,520,000	-	22,911,340
Improvements other than buildings	10,786,365	2,423,711	(152,392)	13,057,684
Machinery and equipment	24,141,184	3,143,068	(438,196)	26,846,056
Right to use asset - leases	852,168	-	-	852,168
Right to use asset - subscriptions	-	1,196,908	-	1,196,908
Infrastructure	1,843,396	-	-	1,843,396
Total capital assets, being depreciated or amortized	59,014,453	8,283,687	(590,588)	66,707,552
Less accumulated depreciation and amortization for:				
Buildings	(10,051,584)	(433,742)	-	(10,485,326)
Improvements other than buildings	(6,119,532)	(424,387)	17,405	(6,526,514)
Machinery and equipment	(18,130,374)	(1,300,691)	432,248	(18,998,817)
Right to use asset - leases	(129,962)	(116,021)	-	(245,983)
Right to use asset - subscriptions	-	(240,001)	-	(240,001)
Infrastructure	(1,230,246)	(38,860)	-	(1,269,106)
Total accumulated depreciation and amortization	(35,661,698)	(2,553,702)	449,653	(37,765,747)
Total capital assets being depreciated and amortized, net	23,352,755	5,729,985	(140,935)	28,941,805
Governmental activities capital assets, net	\$ 26,026,416	\$ 9,868,092	\$ (140,935)	\$ 35,753,573
Business-type Activities:				
Capital assets, not being depreciated or amortized:				
Land	\$ 85,649	\$ -	\$ -	\$ (85,649)
Construction-in-progress	-	182,453	-	(182,453)
Total capital assets, not being depreciated or amortized	85,649	182,453	-	(268,102)
Capital assets, being depreciated or amortized:				
Land improvements	735,721	-	-	(735,721)
Buildings and improvements	29,422,331	-	-	(29,422,331)
Equipment	15,867,329	224,199	-	(16,091,528)
Right to use asset - leases	1,512,261	-	-	(1,512,261)
Capitalized interest	1,746,954	-	-	(1,746,954)
Total capital assets, being depreciated or amortized	49,284,596	224,199	-	(49,508,795)
Less accumulated depreciation and amortization for:				
Land improvements	(684,585)	(2,083)	-	686,668
Buildings and improvements	(17,238,494)	(496,216)	-	17,734,710
Equipment	(14,530,057)	(54,464)	-	14,584,521
Right to use asset - leases	(668,832)	(118,227)	-	787,059
Capitalized interest	(900,839)	(34,460)	-	935,299
Total accumulated depreciation and amortization	(34,022,807)	(705,450)	-	34,728,257
Total capital assets being depreciated and amortized, net	15,261,789	(481,251)	-	(14,780,538)
Business-type activities capital assets, net	\$ 15,347,438	\$ (298,798)	\$ -	\$ (15,048,640)

Pecos County, Texas

Notes to the Financial Statements

Primary Government

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

Governmental activities:

General government	\$ 931,402
Judicial	62,395
Financial administration	240,001
Public safety	808,230
Health and welfare	27,603
Culture and recreation	339,903
Highway and streets	48,907
Conservation	1,750
Airport	93,511

Total depreciation and amortization expense – governmental activities

\$ 2,553,702

Business-type activities:

Pecos County Memorial Hospital	\$ 705,450
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Total depreciation and amortization expense – business-type activities

\$ 705,450

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, 2023:

Fund	Receivable	Payable
General fund	\$ 2,229,952	\$ 716,184
Internal service fund	300,000	750,000
Road and bridge	6,590	-
Nonmajor governmental funds:		
Courthouse security fund	-	10,000
Texas J regional advisory council fund	-	126,084
Border security III fund	-	986,301
Federal Victims of Crime Act fund	-	16,610
Local border security - LBSP - 14 fund	-	20,407
High intensity drug trafficking area fund	-	25,876
US treasury covid funds	114,920	-
Total nonmajor governmental funds	114,920	1,185,278
Total all funds	\$ 2,651,462	\$ 2,651,462

Pecos County, Texas
Notes to the Financial Statements

Note 8. Long-Term Liabilities

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

	Balance 12/31/2022	Additions	Retirements	Balance 12/31/2023	Amount Due within one year
Governmental Activities:					
Leases payable	\$ 585,393	\$ -	\$ (144,972)	\$ 440,421	\$ 82,406
Compensated absences	1,345,201	598,907	(473,343)	1,470,765	735,383
Subscriptions payable	-	1,196,908	(235,925)	960,983	231,064
Net pension liability	-	5,220,901	-	5,220,901	-
Other post-employment benefits liability	31,758,459	807,791	-	32,566,250	-
Total governmental activities	\$ 33,689,053	\$ 7,824,507	\$ (854,240)	\$ 40,659,320	\$ 1,048,853

	Balance 12/31/2022	Additions	Retirements	Transfer out of Government Operations	Balance 12/31/2023	Amount Due within one year
Business-type Activities:						
Leases payable	\$ 894,711	\$ -	\$ (115,855)	\$ (778,856)	\$ -	\$ -
Compensated absences	1,185,494	531,427	(592,747)	(1,124,174)	-	-
Net pension liability	-	4,187,184	-	(4,187,184)	-	-
Other post-employment benefits liability	25,371,900	597,139	-	(25,969,039)	-	-
Total business-type activities	\$ 27,452,105	\$ 5,315,750	\$ (708,602)	\$ (32,059,253)	\$ -	\$ -

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. As of December 31, 2023, the County reported right-to-use lease assets of \$852,168 and accumulated amortization of \$245,983, which are recorded in capital assets on the statement of net position.

The leases payables are reported with other long-term liabilities on the statement of net position. In the fiscal year 2023, the County decreased these payables by \$144,972. The ending balance of these lease liabilities at December 31, 2023 was \$440,421.

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	\$ 467,889	0.26%-4.00%	4-5	\$ 159,526
Communications towers	293,528	1.85%	39	280,895
Total governmental activities				\$ 440,421

Pecos County, Texas

Notes to the Financial Statements

Principal and interest requirements to maturity for the lease payable as of December 31, 2023 are as follows:

Total Year End Requirements	Governmental Activities		
	Principal	Interest	Total
2024	\$ 82,406	\$ 7,183	\$ 89,589
2025	74,950	6,108	81,058
2026	14,108	5,145	19,253
2027	4,278	4,983	9,261
2028	4,357	4,904	9,261
Thereafter	260,322	92,419	352,741
	<u>\$ 440,421</u>	<u>\$ 120,742</u>	<u>\$ 561,163</u>

Note 10. Compensated Absences

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, 2023 the value of accumulated vacation, compensatory benefits and sick time amounted to \$1,470,765 which is a net increase of \$125,564 from the prior year. The estimated amount that is current is \$735,383.

Note 11. Healthcare Coverage

During the year ended December 31, 2023, 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, 2023, to \$140,000 for any individual participant.

Estimates of claims payable and of claims incurred but not reported at December 31, 2023, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

Pecos County, Texas

Notes to the Financial Statements

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

	Year ended December 31, 2023	Year ended December 31, 2022
Unpaid claims, beginning of year	\$ 604,144	\$ 562,086
Incurred claims, (including IBNR)	8,489,946	5,918,889
Claim payments	(8,558,241)	(5,876,831)
Unpaid claims, end of year	\$ 535,849	\$ 604,144

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 & 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 approximately 850 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.

Pecos County, Texas
Notes to the Financial Statements

Employees covered by benefits as of December 31, 2022 include:

Retirees or beneficiaries currently receiving benefits	301
Inactive employees entitled to but not yet receiving benefits	545
Active employees	402
Total	<u><u>1,248</u></u>

The employee count listed above included both County and Hospital employees as of December 31, 2022 as the Hospital was previously considered a part of the County.

Contributions

The County 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 10.94%, which was equal to the actuarially determined rate for the year 2023.

The deposit rate payable by the employee members for calendar year 2022 and 2023 is the rate of 7.00% as adopted by the governing body of the employer. The employee deposit rate and the employer contribution rate may be changed by the governing body of the employer within the options available in the TCDRS Act.

Net Pension Liability

The County's net pension liability was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line amortization over expected working life
Asset Valuation Method	
Smoothing period	5 Years
Recognition method	Non-asymptotic
Corridor	None
Inflation	2.50%
Salary Increase	1.70%
Investment Rate of Return	7.60%
Payroll Growth	3.00%

Pecos County, Texas

Notes to the Financial Statements

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 the Pub-2010 General Retirees Amount-Weighted Mortality Table for Males and 120% of the Pub-2010 General 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 the Pub-2010 Disabled Retirees Amount-Weighted Mortality Table for Males and 125% of the Pub-2010 Disabled Retirees Amount-Weighted Mortality Table for Females, both projected with 100% of the MP-2021 Ultimate Scale after 2010.

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, 2022 valuation were based on the results of an actuarial experience study for the years 2017-2020, except where required by GASB 68.

The long-term expected rate of return on Plan investments was determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation.

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%	4.95%
Global Equities	2.50%	4.95%
International Equities-Developed	5.00%	4.95%
International Equities-Emerging	6.00%	4.95%
Investment-grade Bonds	3.00%	2.40%
Strategic Credit	9.00%	3.39%
Direct Lending	16.00%	6.95%
Distressed Debt	4.00%	7.60%
REIT Equities	2.00%	4.15%
Master Limited Partnerships	2.00%	5.30%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.95%
Hedge Funds	6.00%	2.90%
Cash Equivalents	2.00%	0.20%
Total	100.0%	

Pecos County, Texas

Notes to the Financial Statements

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.

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, 2021	\$ 116,434,419	\$ 121,984,760	\$ (5,550,341)
Changes for the year: ⁽⁴⁾			
Service cost	1,605,334	-	1,605,334
Interest on total pension liability ⁽¹⁾	4,888,223	-	4,888,223
Effect of economic/demographic gains or losses	26,759	-	26,759
Refund of contributions	(200,153)	(200,153)	-
Benefit payments	(2,835,377)	(2,835,377)	-
Employer contributions	-	1,528,296	(1,528,296)
Member contributions	-	894,487	(894,487)
Net investment income	-	(3,889,228)	3,889,228
Administrative expenses	-	(36,728)	36,728
Other ⁽²⁾	-	(51,856)	51,856
Net changes	3,484,786	(4,590,559)	8,075,345
Adjustment due to disposal of government operations ⁽³⁾	(56,554,219)	(59,250,116)	2,695,897
Balances at December 31, 2022	\$ 63,364,986	\$ 58,144,085	\$ 5,220,901

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

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

(3) As a result of the disposal of government activities related to the Hospital, the Hospital's portion of pension activity and ending pension liability is excluded.

(4) Pension liability changes for the year provided by actuary incorporated both County and Hospital data combined. In order to report County-specific changes, total changes were multiplied by an estimated 55%, which represents contributions made for and on behalf of County employees as a percentage of total contributions made during fiscal year ended December 31, 2023.

Pecos County, Texas

Notes to the Financial Statements

Discount Rate Sensitivity Analysis

The following presents the net pension liability of the County as of December 31, 2022, 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. The sensitivity analysis provided by the actuary was inclusive of the pension liability attributable to the Hospital as of December 31, 2022, therefore, the amounts presented below are estimates based on the County's percentage of total ending pension liability, which was approximately 57%.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 72,997,843	\$ 63,364,986	\$ 55,367,296
Fiduciary net pension	58,144,085	58,144,085	58,144,085
Net pension liability / (asset)	\$ 14,853,758	\$ 5,220,901	\$ (2,776,789)

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

For the year ended December 31, 2023, the County recognized pension expense of \$1,677,949 related to the December 31, 2022 valuation. At December 31, 2023, 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	\$ 54,854	\$ 17,839
Change of assumptions	61,452	-
Net difference between projected and actual investment earnings	-	1,191,632
Contributions subsequent to the measurement date	-	1,440,183
Total	\$ 116,306	\$ 2,649,654

Pecos County, Texas

Notes to the Financial Statements

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of \$1,440,183 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e. recognized in the County's financial statements December 31, 2024). Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2024	\$ (878,950)
2025	(23,289)
2026	200,382
2027	1,795,022
Total	\$ 1,093,165

As with the other disclosures related to pension included in this note 12A, the previous two tables were derived from the County's actuary report and adjusted for the change in reporting entity to reflect only the County's portion of each respective balance and therefore excluding the Hospital's portion.

B. Texas County & 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.

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	256
Inactive employee entitled to but no yet receiving benefits	147
Active employees	402
Total	805

The employee count listed above included both County and Hospital employees as of December 31, 2022 as the Hospital was previously considered a part of the County.

Pecos County, Texas

Notes to the Financial Statements

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 0.16% and 0.13% for calendar years 2022 and 2023. The County's contributions to the TCDRS GTL plan for the year ended December 31, 2023 were \$31,036.

Total TCDRS OPEB Liability

The County's total TCDRS OPEB liability (TOL) was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

The discount rate used to measure the TCDRS OPEB liability was 3.72% and was based on the 20 year Bond GO Index published by bondbuyer.com as of December 31, 2022.

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 the Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table for Males and 120% of the 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 the Pub-2010 Disabled Retirees Amount-Weighted Mortality Table for Males and 125% of the 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, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2020, except where required to be different by GASB 75.

Changes in the TCDRS OPEB Liability

Balance at December 31, 2021	\$	1,557,180
Changes for the year: ⁽¹⁾		
Service cost		25,619
Interest on total OPEB liability		17,961
Effect of assumptions changes or inputs		(234,554)
Effect of economic/demographic experience		15,208
Benefit payments		(20,393)
Net changes		(196,159)
Adjustment due to disposal of government operations ⁽²⁾		(789,542)
Balance as of December 31, 2022	\$	571,479

(1) OPEB liability changes for the year provided by actuary incorporated both County and Hospital data combined. In order to report County-specific changes, total changes were multiplied by an estimated 55%, which represents contributions made for and on behalf of County employees as a percentage of total contributions made during fiscal year ended December 31, 2023.

(2) As a result of the transfer out of government activities related to the Hospital, the Hospital's portion of OPEB activity and ending OPEB liability is excluded.

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 3.72%, 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 (2.72%) or 1 percentage-point higher (4.72%) than the current rate. The sensitivity analysis provided by the actuary was inclusive of the TCDRS OPEB liability attributable to the Hospital as of December 31, 2022, therefore, the amounts presented below are estimates based on the County's percentage of total ending TCDRS OPEB liability, which was approximately 48%.

	1% Decrease in Discount Rate (2.72%)	Discount Rate (3.72%)	1% Increase in Discount Rate (4.72%)
Total TCDRS OPEB Liability	\$ 682,898	\$ 571,479	\$ 485,135

Pecos County, Texas
Notes to the Financial Statements

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

For the year ended December 31, 2023 the County recognized TCDRS OPEB expense of \$38,217. At December 31, 2023, 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	\$ 96,149	\$ 198,349
Net difference between expected and actual experience	14,202	7,179
Contributions subsequent to the measurement date	17,070	-
Total	<u>\$ 127,421</u>	<u>\$ 205,528</u>

The \$17,070 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, 2024. 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,	
2024	\$ (9,276)
2025	1,836
2026	(43,869)
2027	(43,868)
	<u>\$ (95,177)</u>

As with the other disclosures related to the TCDRS OPEB included in this note 12B, the previous two tables were derived from the County's actuary report and adjusted for the change in reporting entity to reflect only the County's portion of each respective balance and therefore excluding the Hospital's portion.

C. 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, 2023, 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, 2023, the County contributed approximately \$1,621,552 in direct subsidy contributions.

Benefits provided

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

The following tables provides a summary of the number of participants in the Plan as of December 31, 2023:

	Employees
Retired plan members	79
Active plan members	43
Total	122

The employee count listed above included both County and Hospital employees as of December 31, 2022, which was the valuation date used for measurement year ended December 31, 2023, and the Hospital was previously considered a part of the County.

Pecos County, Texas

Notes to the Financial Statements

Total Plan OPEB Liability

The County's Plan OPEB liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2022 and rolled forward to December 31, 2023.

Actuarial Methods and Assumptions

The Plan OPEB liability as of December 31, 2023 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 assumption 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, 2023	\$ 55,573,179
Changes for the year: ⁽¹⁾	
Service cost	825,430
Interest cost	1,346,515
Benefit payments	<u>(1,167,995)</u>
Net changes	1,003,950
Adjustment due to disposal of government operations ⁽²⁾	<u>(24,582,358)</u>
Balance as of December 31, 2023	<u><u>\$ 31,994,771</u></u>

(1) OPEB liability changes for the year provided by actuary incorporated both County and Hospital data combined. In order to report County-specific changes, total changes were multiplied by an estimated 56%, which represents contributions made for and on behalf of County employees as a percentage of total contributions made during fiscal year ended December 31, 2023.

(2) As a result of the transfer out of government activities related to the Hospital, the Hospital's portion of OPEB activity and ending OPEB liability is excluded.

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	\$ 37,152,457	\$ 31,994,771	\$ 27,850,767

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	\$ 27,313,847	\$ 31,994,771	\$ 37,940,638

The sensitivity analyses provided by the actuary was inclusive of the Plan OPEB liability attributable to the Hospital as of December 31, 2023, therefore, the amounts presented in the two previous tables are estimates based on the County's percentage of total ending Plan OPEB liability, which was approximately 56%.

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

For the year ended December 31, 2023, the County recognized Plan OPEB income of \$10,102. At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 438,976	\$ 1,563,800
Change of assumptions	2,061,753	7,137,292
Total	<u>\$ 2,500,729</u>	<u>\$ 8,701,092</u>

Pecos County, Texas

Notes to the Financial Statements

Deferred outflows and inflows of resources related to the Plan OPEB will be recognized as OPEB expense as follows:

Year Ended December 31,	
2024	\$ (2,191,211)
2025	(2,366,169)
2026	<u>(1,642,983)</u>
	<u>\$ (6,200,363)</u>

As with the other disclosures related to the Plan OPEB included in this note 12C, the previous two tables were derived from the County's actuary report and adjusted for the change in reporting entity to reflect only the County's portion of each respective balance and therefore excluding the Hospital's portion.

Combined Totals for the Retiree Healthcare Plan and Group Term Life Plan

The combined totals for the two OPEB plans are as follows:

	Retiree Healthcare Plan	Group Term Life Plan	Total
OPEB liability	31,994,771	571,479	32,566,250
Deferred inflows	8,701,092	205,528	8,906,620

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.

Note 14. Tax Abatements

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with fifteen entities as of December 31, 2023:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Construction of wind power project	100%	\$ 761,383
Development of various solar power projects	84%	5,838,946
Development and operation of ancillary electric services facility and data center	100%	305,756
Construction of a data center	100%	468,557
Construction of a data computation and distribution facility	100%	<u>81,113</u>
		<u>\$ 7,455,755</u>

Pecos County, Texas

Notes to the Financial Statements

Some of the agreements described include provisions where the entities make annual payments in lieu of taxes abated. As of December 31, 2023 payments in lieu of taxes amounted to \$2,408,864 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.

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 15. Subscription-Based Information Technology Arrangements (SBITAs) Liabilities

The County has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The County is required to make yearly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The SBITA rates, term and ending subscription liability are as follows:

<u>Governmental activities</u>	<u>Liability at Commencement</u>	<u>Interest Rate</u>	<u>Subscription Term Years</u>	<u>Balance at Year End</u>
Software subscriptions	\$ 1,196,908	2.58%	4-6	\$ 960,983
Total governmental activities				<u><u>\$ 960,983</u></u>

The future principal and interest SBITA payments as of fiscal year end are as follows:

<u>Total Year End Requirements</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 231,064	\$ 22,885	\$ 253,949
2025	237,080	16,868	253,948
2026	243,253	10,695	253,948
2027	249,586	4,362	253,948
	<u><u>\$ 960,983</u></u>	<u><u>\$ 54,810</u></u>	<u><u>\$ 1,015,793</u></u>

The total value of the subscription assets as of the end of the current fiscal year was \$1,196,908 and had accumulated amortization of \$240,001.

Pecos County, Texas

Notes to the Financial Statements

Note 16. New Pronouncements

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.

Note 17. Subsequent Events

The County has evaluated subsequent events that occurred after December 31, 2023, through August 21, 2025, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Required Supplemental Information

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, 2023

	2022	2021	2020
TOTAL PENSION LIABILITY			
Service cost	\$ 1,605,334	\$ 2,912,754	\$ 2,729,086
Interest (on the total pension liability)	4,888,223	8,441,373	8,052,460
Effect of plan changes	-	435,209	-
Effect of assumption changes or inputs	-	(334,334)	6,420,478
Effect of economic/demographic (gains) or losses	26,759	(298,439)	(447,989)
Benefit payments/refunds of contributions	(3,035,530)	(5,656,601)	(4,911,541)
Net change in total pension liability	3,484,786	5,499,962	11,842,494
Adjustment due to disposal of government operations ⁽¹⁾	(56,554,219)	-	-
Total pension liability - beginning	116,434,419	110,934,457	99,091,963
TOTAL PENSION LIABILITY - ENDING (a)	\$ 63,364,986	\$ 116,434,419	\$ 110,934,457
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 1,528,296	\$ 2,558,441	\$ 2,434,898
Contributions - employee	894,487	1,611,979	1,581,103
Investment income net of investment expenses	(3,889,228)	22,110,659	9,590,221
Benefit payments/refunds of contributions	(3,035,530)	(5,656,601)	(4,911,541)
Administrative expense	(36,728)	(65,995)	(74,226)
Other	(51,856)	(14,169)	(30,485)
Net change in plan fiduciary net position	(4,590,559)	20,544,314	8,589,970
Adjustment due to disposal of government operations ⁽¹⁾	(59,250,116)	-	-
Plan fiduciary net position - beginning	121,984,760	101,440,446	92,850,476
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 58,144,085	\$ 121,984,760	\$ 101,440,446
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 5,220,901	\$ (5,550,341)	\$ 9,494,011
Plan fiduciary net position as a percentage of total pension liability	91.76%	104.77%	91.44%
Covered payroll	\$ 12,282,183	\$ 23,028,276	\$ 22,587,181
Net pension liability as a percentage of covered payroll	42.51%	-24.10%	42.03%

Notes to Schedule:

As of December 31 - Measurement date

Only nine 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."

⁽¹⁾ The 2022 column reflects only the County's portion of pension activity and ending net pension liability. As a result of the disposal of government activities related to the Hospital, the Hospital's portion of pension activity and ending net pension liability

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,853,714	\$ 2,761,370	\$ 2,795,292	\$ 2,982,099	\$ 2,973,703	\$ 2,780,990
7,619,004	7,122,503	6,589,054	6,096,181	5,759,225	5,343,058
-	623,229	575,901	-	(511,212)	-
-	-	451,947	-	927,974	-
(307,179)	(225,677)	116,053	(641,945)	(1,264,530)	47,248
<u>(4,476,141)</u>	<u>(4,020,971)</u>	<u>(3,800,398)</u>	<u>(3,573,519)</u>	<u>(3,478,337)</u>	<u>(3,191,714)</u>
5,689,398	6,260,454	6,727,849	4,862,816	4,406,823	4,979,582
-	-	-	-	-	-
<u>93,402,565</u>	<u>87,142,111</u>	<u>80,414,262</u>	<u>75,551,446</u>	<u>71,144,623</u>	<u>66,165,041</u>
<u>\$ 99,091,963</u>	<u>\$ 93,402,565</u>	<u>\$ 87,142,111</u>	<u>\$ 80,414,262</u>	<u>\$ 75,551,446</u>	<u>\$ 71,144,623</u>
\$ 2,362,363	\$ 2,340,070	\$ 2,044,633	\$ 2,027,782	\$ 2,169,495	\$ 2,159,972
1,590,052	1,602,787	1,517,325	1,533,028	1,615,580	1,574,247
13,182,072	(1,527,241)	10,470,307	4,942,678	(109,580)	4,215,709
(4,476,141)	(4,020,971)	(3,800,398)	(3,573,519)	(3,478,338)	(3,191,714)
(70,756)	(64,471)	(54,487)	(53,803)	(48,039)	(49,507)
<u>(4,715)</u>	<u>5,903</u>	<u>(3,709)</u>	<u>19,186</u>	<u>104,409</u>	<u>(14,286)</u>
12,582,875	(1,663,923)	10,173,671	4,895,352	253,527	4,694,421
-	-	-	-	-	-
<u>80,267,601</u>	<u>81,931,524</u>	<u>71,757,853</u>	<u>66,862,501</u>	<u>66,608,973</u>	<u>61,914,552</u>
<u>\$ 92,850,476</u>	<u>\$ 80,267,601</u>	<u>\$ 81,931,524</u>	<u>\$ 71,757,853</u>	<u>\$ 66,862,500</u>	<u>\$ 66,608,973</u>
\$ 6,241,487	\$ 13,134,964	\$ 5,210,587	\$ 8,656,409	\$ 8,688,946	\$ 4,535,650
93.70%	85.94%	94.02%	89.24%	88.50%	93.62%
\$ 22,715,031	\$ 22,896,963	\$ 21,636,323	\$ 21,898,298	\$ 23,079,720	\$ 22,466,129
27.48%	57.37%	24.08%	39.53%	37.65%	20.19%

Pecos County, Texas

Texas County District Retirement System Schedule of Employer Contributions December 31, 2023

	2022 ⁽¹⁾	Year Ended December 31,		
		2021	2020	2019
Actuarially determined contribution	\$ 1,473,862	\$ 2,558,441	\$ 2,434,898	\$ 2,362,363
Contributions in relation to the actuarially determined contribution	(1,473,862)	(2,558,441)	(2,434,898)	(2,362,363)
CONTRIBUTION DEFICIENCY (EXCESS)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,282,183	\$ 23,028,276	\$ 22,587,181	\$ 22,715,031
Contributions as a percentage of covered payroll	12.0%	11.1%	10.8%	10.4%

⁽¹⁾ Prior to 2022, the County reported both the County's and the Hospital's contributions. As a result of the transfer out of government activities related to the Hospital, the Hospital's portion of contributions is excluded.

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17.8 years (based on contribution rate calculated 12/31/2022 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 investment expenses, including inflation
Retirement age	
Mortality	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. 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.
	2022: New investment return and inflation 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
	2022: Employer contributions reflect that a 1% flat COLA was adopted.

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

Ten years of data is presented in accordance with GASB 68.

		Year Ended December 31,			
2018	2017	2016	2015	2014	2013
\$ 2,340,070 (2,340,070)	\$ 2,044,633 (2,044,633)	\$ 2,027,782 (2,027,782)	\$ 2,169,494 (2,169,494)	\$ 2,156,748 (2,159,972)	\$ 1,987,873 (1,987,873)
\$ -	\$ -	\$ -	\$ -	\$ (3,224)	\$ -
\$ 22,896,963	\$ 21,636,323	\$ 21,898,298	\$ 23,079,720	\$ 22,466,129	\$ 20,881,018
10.2%	9.5%	9.3%	9.4%	9.6%	9.5%

Pecos County, Texas

County Retiree Health Plan Schedule of Changes in Net Plan OPEB Liability and Related Ratios For the Year Ended December 31, 2023

	2023	2022	2021
TOTAL PLAN OPEB LIABILITY			
Service cost	\$ 825,430	\$ 2,862,281	\$ 2,862,281
Interest on total plan OPEB liability	1,346,515	1,610,806	1,556,961
Effect of net differences between expected and actual experience	-	1,375,493	-
Effect of assumptions changes or inputs	-	(22,364,151)	-
Benefit payments	(1,167,995)	(2,060,802)	(1,697,954)
Net change in total plan OPEB liability	1,003,950	(18,576,373)	2,721,288
Adjustment due to disposal of government operations ⁽¹⁾	(24,582,358)	-	-
Total plan OPEB liability - beginning of year	55,573,179	74,149,552	71,428,264
Total plan OPEB liability - end of year	<u>\$ 31,994,771</u>	<u>\$ 55,573,179</u>	<u>\$ 74,149,552</u>
Covered employee payroll	\$ 6,378,587	\$ 11,390,334	\$ 11,997,011
Net plan OPEB liability as a percentage of covered payroll	501.60%	487.90%	618.07%

Notes to Schedule:

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

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

⁽¹⁾ The 2022 column reflects only the County's portion of OPEB activity and ending OPEB liability. As a result of the disposal of government activities related to the Hospital, the Hospital's portion of OPEB activity and ending OPEB liability is excluded.

<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 2,591,666	\$ 2,591,666	\$ 2,489,593
2,716,980	2,571,963	2,429,849
(10,339,804)	-	-
13,632,259	-	-
<u>(1,697,954)</u>	<u>(1,555,319)</u>	<u>(1,555,319)</u>
6,903,147	3,608,310	3,364,123
-	-	-
<u>64,525,117</u>	<u>60,916,807</u>	<u>57,552,684</u>
<u>\$ 71,428,264</u>	<u>\$ 64,525,117</u>	<u>\$ 60,916,807</u>
\$ 11,997,011	\$ 14,198,916	\$ 14,198,916
595.38%	454.44%	429.02%

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, 2023

	2022	2021	2020
TOTAL TCDRS OPEB LIABILITY			
Service cost	\$ 25,619	\$ 46,106	\$ 42,130
Interest on total TCDRS OPEB liability ⁽¹⁾	17,961	32,365	35,617
Effect of assumption changes or inputs ⁽²⁾	(234,554)	32,178	168,878
Effect of economic/demographic (gains) or losses	15,208	(16,649)	9,250
Benefit payments	(20,393)	(34,542)	(31,622)
Net change in total TCDRS OPEB liability	(196,159)	59,458	224,253
Adjustment due to disposal of government operations ⁽³⁾	(789,542)	-	-
Total TCDRS OPEB liability - beginning of year	1,557,180	1,497,722	1,273,469
Total TCDRS OPEB liability - end of year	\$ 571,479	\$ 1,557,180	\$ 1,497,722
Covered employee payroll	\$ 12,282,183	\$ 23,028,276	\$ 22,587,181
Net TCDRS OPEB liability as a percentage of covered payroll	4.65%	6.76%	6.63%

Notes to Schedule:

Benefit changes. There were no changes of benefit terms that affected measurement of the 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 based on the January 1, 2013 - December 31, 2016 Investigation of Experience.

⁽³⁾ The 2022 column reflects only the County's portion of OPEB activity and ending OPEB liability. As a result of the disposal of government activities related to the Hospital, the Hospital's portion of OPEB activity and ending OPEB liability is excluded.

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.

<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 28,608	\$ 33,009	\$ 31,405
40,441	36,868	37,335
273,539	(116,785)	46,039
(11,957)	(4,458)	(3,371)
<u>(29,530)</u>	<u>(29,766)</u>	<u>(28,127)</u>
301,101	(81,132)	83,281
-	-	-
<u>972,368</u>	<u>1,053,500</u>	<u>970,219</u>
<u>\$ 1,273,469</u>	<u>\$ 972,368</u>	<u>\$ 1,053,500</u>
\$ 22,715,031	\$ 22,896,963	\$ 21,636,323
5.61%	4.25%	4.87%

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, 2023

Budget			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
REVENUES						
7100	50	Taxes	\$ 29,823,866	\$ 29,823,866	\$ 29,873,895	\$ 50,029
7100	51	ABC Tax	20,000	20,000	35,274	15,274
7100	53	Fines and forfeitures	200	200	887	687
7100	52	Intergovernmental	579,742	579,742	794,560	214,818
7100	55	Charges for services	2,624,750	2,624,750	2,781,639	156,889
7100	82	Payment in lieu of taxes	2,459,060	2,459,060	2,408,864	(50,196)
7100	81	Royalties	10,000	10,000	136	(9,864)
7100	83	Proceeds from settlement	-	-	5,657	5,657
7100	54	Interest	314,500	314,500	2,596,424	2,281,924
7100	80	Other	64,100	64,100	157,758	93,658
Total revenues			35,896,218	35,896,218	38,655,094	2,758,876
EXPENDITURES						
Current:						
General government						
7230	400	Office of the County Judge	230,073	235,820	232,304	3,516
7230	403	Office of the County Clerk	419,928	436,546	413,042	23,504
7230	405	Veterans' Administration	57,125	57,125	40,977	16,148
7230	401	Commissioners' Court	420,400	414,653	333,727	80,926
7230	409	Nondepartmental	11,785,584	10,093,967	7,500,301	2,593,666
Total general government			12,913,110	11,238,111	8,520,351	2,717,760
Judicial:						
7242	450	Office of the District Clerk	326,273	326,272	323,087	3,185
7242	426	County Court at Law	56,900	56,900	43,807	13,093
7242	435	83rd District Court	190,246	267,534	265,948	1,586
7242	436	112th District Court	246,149	285,624	285,619	5
7242	437	Office of the 83rd District Attorney	303,710	303,711	293,641	10,070
7242	438	Office of the 112th District Attorney	317,216	317,216	230,288	86,928
7242	451	Justice of the Peace #1	245,648	245,972	233,132	12,840
7242	453	Justice of the Peace #3	121,887	122,181	115,056	7,125
7242	454	Justice of the Peace #4	72,664	72,664	69,234	3,430
7242	456	Justice of the Peace #6	137,285	137,285	131,512	5,773
7242	475	Office of the County Attorney	458,002	458,002	402,973	55,029
7242	465	County Law Library	1,500	1,500	-	1,500
Total judicial			2,477,480	2,594,861	2,394,297	200,564
Financial Administration:						
7247	495	Office of the County Auditor	488,739	488,739	454,120	34,619
7247	497	Office of the County Treasurer	159,709	160,009	157,707	2,302
7247	499	Office of the Tax Assessor Collector	516,442	499,822	468,416	31,406
7247	503	Data processing	704,600	704,600	392,882	311,718
Total financial administration			1,869,490	1,853,170	1,473,125	380,045

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, 2023

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Law enforcement:						
7238	551	Constable Precinct #1	29,732	29,732	29,099	633
7238	553	Constable Precinct #3	32,873	39,158	36,835	2,323
7238	554	Constable Precinct #4	29,732	29,732	-	29,732
7238	556	Constable Precinct #6	30,751	30,751	30,098	653
7238	561	Public Safety Department	21,000	21,000	13,254	7,746
7238	560	Office of the Sheriff	2,538,937	2,578,665	2,441,388	137,277
Total law enforcement			2,683,025	2,729,038	2,550,674	178,364
Corrections:						
7245	512	Correctional facility	1,242,219	1,294,287	1,206,608	87,679
7245	570	Adult probation	49,665	54,229	54,125	104
7245	572	Juvenile probation	283,572	283,572	200,798	82,774
Total corrections			1,575,456	1,632,088	1,461,531	170,557
Health and welfare:						
7235	632	Sanitation department	88,300	88,300	73,814	14,486
7235	540	EMS	3,074,981	3,235,992	3,148,019	87,973
7235	640	Social services	130,000	130,000	128,532	1,468
7235	630	Health - Memorial Hospital	5,362,848	9,733,698	617,291	9,116,407
7235	631	Emergency Management/Homeland Security	127,456	331,909	320,703	11,206
Total health and welfare			8,783,585	13,519,899	4,288,359	9,231,540
7237		Fire protection	465,980	2,130,990	2,104,661	26,329
Culture and recreation:						
7233	660	Recreation	142,000	131,916	122,353	9,563
7233	659	Fort Stockton Golf Course	740,785	977,979	889,105	88,874
7233	658	Iraan Golf Course	314,246	538,090	526,283	11,807
7233	661	Park #1	315,969	852,884	821,174	31,710
7233	662	Park #2	608,426	796,604	794,117	2,487
7233	663	Park #3	414,358	1,906,811	1,840,112	66,699
7233	664	Park #4	344,239	626,186	585,768	40,418
7233	696	Historical Commission	35,955	35,955	30,829	5,126
Total culture and recreation			2,915,978	5,866,425	5,609,741	256,684

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, 2023

			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
Libraries:						
7249	650	Fort Stockton library	373,471	373,471	361,547	11,924
7249	651	Imperial library	64,956	64,956	64,132	824
7249	652	Iraan library	119,682	119,682	118,319	1,363
7249	653	Coyanosa library	40,283	40,283	28,451	11,832
Total libraries			598,392	598,392	572,449	25,943
7248		Building maintenance	489,009	489,009	483,980	5,029
7240		Utilities	800,000	800,000	720,223	79,777
7239		Conservation	186,113	186,114	138,900	47,214
Public service:						
7246	490	Elections	113,755	124,053	96,066	27,987
7246	590	Pecos County Water	232,561	291,077	254,952	36,125
7246	595	Pecos County Sewer	137,754	222,181	214,833	7,348
7246	695	Miscellaneous	360,722	322,915	231,124	91,791
Total public service			844,792	960,226	796,975	163,251
7250		Airport	1,566,295	1,597,224	1,476,585	120,639
7290		Capital outlay	-	-	1,196,908	(1,196,908)
7271		Debt service	-	-	403,921	(403,921)
Total expenditures			38,168,705	46,195,547	34,192,680	12,002,867
Excess of revenues over expenditures			(2,272,487)	(10,299,329)	4,462,414	14,761,743
OTHER FINANCING SOURCES (USES)						
7300 00		Sale of assets	(10,000)	(10,000)	74,602	84,602
7300	10	Issuance of subscription liabilities	-	-	1,196,908	1,196,908
7300	50	Transfers from other funds	2,280,000	2,422,331	1,422,331	(1,000,000)
7300	60	Transfers to other funds	(2,280,000)	(2,722,331)	(10,821,293)	(8,098,962)
Total other financing sources (uses)			(10,000)	(310,000)	(8,127,452)	(7,817,452)
Net change in fund balances			(2,282,487)	(10,609,329)	(3,665,038)	6,944,291
Fund balances - beginning of year			33,271,832	33,271,832	33,271,832	-
FUND BALANCES - END OF YEAR			\$ 30,989,345	\$ 22,662,503	\$ 29,606,794	\$ 6,944,291

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,725,834	\$ 3,725,834	\$ 3,738,922	\$ 13,088
Intergovernmental	91,000	91,000	108,816	17,816
Fees of office	703,500	703,500	675,568	(27,932)
Miscellaneous	100,000	100,000	106,972	6,972
Total revenues	4,620,334	4,620,334	4,630,278	9,944
EXPENDITURES				
Highways and streets				
Precinct #1:				
Salaries and benefits	536,818	532,300	473,406	58,894
Supplies	9,000	9,000	8,150	850
Fuel	65,000	77,518	77,518	-
Uniforms	1,800	1,800	1,155	645
Communications	2,600	2,600	2,177	423
Travel	2,500	2,500	754	1,746
Registration fees	1,000	1,000	440	560
Repairs and maintenance	51,500	67,508	65,878	1,630
Lease expenditures	1,000	1,000	252	748
Equipment	-	617	617	-
Road improvements	5,000	-	-	-
Total Precinct #1	676,218	695,843	630,347	65,496
Precinct #2:				
Salaries and benefits	492,688	491,978	442,081	49,897
Supplies	8,200	9,160	8,996	164
Fuel	50,000	40,362	38,413	1,949
Uniforms	1,300	1,085	1,085	-
Communications	3,000	3,000	2,537	463
Travel	3,000	1,498	1,498	-
Registration fees	700	250	250	-
Repairs and maintenance	18,800	32,732	32,535	197
Lease expenditures	1,300	1,395	350	1,045
Contract services	1,000	140	140	-
Equipment	-	3,388	3,388	-
Road improvements	5,000	-	-	-
Total Precinct #2	584,988	584,988	531,273	53,715

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Precinct #3:				
Salaries and benefits	538,424	479,695	424,894	54,801
Supplies	29,000	33,492	32,528	964
Fuel	60,000	75,966	75,966	-
Uniforms	1,000	900	810	90
Communications	8,000	8,000	5,623	2,377
Travel	2,500	2,300	1,629	671
Registration fees	1,000	1,000	455	545
Repairs and maintenance	47,000	57,654	57,293	361
Lease expenditures	-	1,547	1,514	33
Dues and subscriptions	300	192	114	78
Equipment	-	12,127	11,131	996
Road improvements	5,000	82,431	81,450	981
Total Precinct #3	692,224	755,304	693,407	61,897
Precinct #4:				
Salaries and benefits	755,398	732,991	625,072	107,919
Supplies	21,200	15,534	13,038	2,496
Fuel	80,000	126,824	126,823	1
Uniforms	1,750	2,750	2,543	207
Communications	3,500	3,500	2,478	1,022
Travel	3,000	3,000	1,264	1,736
Registration fees	1,000	1,000	350	650
Repairs and maintenance	63,000	69,513	66,439	3,074
Lease expenditures	2,000	2,000	520	1,480
Contract services	3,000	3,000	1,289	1,711
Equipment	-	2,407	2,407	-
Road improvements	5,000	73,426	72,097	1,329
Total Precinct #4	938,848	1,035,945	914,320	121,625

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General:				
Employee insurance	536,500	530,263	472,757	57,506
Lateral roads #1	10,250	10,250	10,250	-
Lateral roads #2	10,250	10,250	10,223	27
Lateral roads #3	10,250	10,250	10,250	-
Lateral roads #4	10,250	10,250	6,201	4,049
Road improvements	701,500	681,804	288,850	392,954
Contract services	180,000	186,238	174,676	11,562
Total general	1,459,000	1,439,305	973,207	466,098
Total highways and streets	4,351,278	4,511,385	3,742,554	768,831
Capital Outlay:				
General	881,965	69,623	1,714	67,909
Precinct #1	-	566,448	566,448	-
Precinct #2	-	220,468	220,468	-
Precinct #3	-	74,419	74,419	-
Precinct #4	-	388,794	388,794	-
Total capital outlay	881,965	1,319,752	1,251,843	67,909
Total expenditures	5,233,243	5,831,137	4,994,397	836,740
Deficiency of revenues over expenditures	(612,909)	(1,210,803)	(364,119)	846,684
Net change in fund balance	(612,909)	(1,210,803)	(364,119)	846,684
Fund balances - beginning of year	2,365,795	2,365,795	2,365,795	-
FUND BALANCES - END OF YEAR	\$ 1,752,886	\$ 1,154,992	\$ 2,001,676	\$ 846,684

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Pecos County, Texas

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

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

- A. In the event the Commissioners' Court increases property taxes three percent or less, no public hearing is required. If the Court increases taxes more than three but less than eight percent, then a public hearing is required prior to final adoption. If the Court increases taxes more than eight percent, a public hearing is required and taxes are subject to a rollback petition and election.
- B. Public hearings are conducted at the Pecos County Courthouse to obtain taxpayer comments.
- C. Prior to January 1, the budget is legally enacted through adoption of an order by the Commissioners' Court.
- D. Budgeted amounts may be transferred between line items of the budget within the same fund. Any amendments which alter the line items or total expenditures of any department must be approved by the Commissioners' Court. There must be an emergency condition existing in order for the Court to increase the total budget.
- E. Budgets for the various funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).
- F. Expenditures in excess of appropriations are required by state statutes to be reported down to the departmental level.
- G. The budgeted amounts presented in these statements are as originally adopted, or as amended by, the Commissioners' Court during the year ended December 31, 2023.
- 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, 2023

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 4,317,154	\$ 7,756	\$ 4,324,910
Receivables, net of allowance			
Other	1,225,112	-	1,225,112
Due from other funds	114,920	-	114,920
TOTAL ASSETS	\$ 5,657,186	\$ 7,756	\$ 5,664,942
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 339,676	\$ -	\$ 339,676
Due to other funds	1,185,278	-	1,185,278
Unearned revenue	2,105,428	-	2,105,428
Total liabilities	3,630,382	-	3,630,382
FUND BALANCES			
Restricted			
Federal and state grants	438,698	-	438,698
Legislation	1,588,106	-	1,588,106
Assigned			
Capital projects funds	-	7,756	7,756
Total fund balances	2,026,804	7,756	2,034,560
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,657,186	\$ 7,756	\$ 5,664,942

Pecos County, Texas

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
REVENUES			
Fines and forfeitures	\$ 2,003	\$ -	\$ 2,003
Intergovernmental	4,710,764	-	4,710,764
Charges for services	673,387	-	673,387
Interest	32,661	-	32,661
Other	3,762	-	3,762
Total revenues	5,422,577	-	5,422,577
EXPENDITURES			
General government	93,860	-	93,860
Judicial	95,269	-	95,269
Law enforcement	161,998	-	161,998
Corrections	2,721,763	-	2,721,763
Health and welfare	1,429,833	-	1,429,833
Public service	871,017	-	871,017
Debt Service:			
Principal	2,002	-	2,002
Interest and other charges	19	-	19
Total expenditures	5,375,761	-	5,375,761
Excess of expenditures over revenues	46,816	-	46,816
OTHER FINANCING SOURCES (USES)			
Transfers in	26,445	-	26,445
Transfers (out)	(26,445)	-	(26,445)
Total other financing sources (uses)	-	-	-
Net change in fund balances	46,816	-	46,816
Fund balances - beginning of year	1,979,988	7,756	1,987,744
FUND BALANCES, end of year	\$ 2,026,804	\$ 7,756	\$ 2,034,560

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet
December 31, 2023

	250	251	255 256	257	265	266
	Juvenile Probation Fees	Title IV-E Fund	Juvenile Probation TJPC A-R	TJPC Salary Adjustment	Basic Supervision	Community Corrections Program
ASSETS						
Cash and cash equivalents	\$ 32,267	\$ 37,189	\$ 39,843	\$ 4,901	\$ 221,587	\$ 18,765
Receivables, net of allowance						
Other	30	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	\$ 32,297	\$ 37,189	\$ 39,843	\$ 4,901	\$ 221,587	\$ 18,765
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ 850	\$ -	\$ 5,553	\$ 957
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	850	-	5,553	957
FUND BALANCES						
Restricted:						
Federal and state grants	-	37,189	38,993	4,901	216,034	17,808
Legislation	32,297	-	-	-	-	-
Total fund balances	32,297	37,189	38,993	4,901	216,034	17,808
TOTAL LIABILITIES AND FUND BALANCE	\$ 32,297	\$ 37,189	\$ 39,843	\$ 4,901	\$ 221,587	\$ 18,765

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
\$ 119,593	\$ 6,140	\$ 41,881	\$ 83,757	\$ 445,836	\$ 73,896	\$ 32,245	\$ 36,643
-	-	-	26	-	-	-	94
-	-	-	-	-	-	-	-
<u>\$ 119,593</u>	<u>\$ 6,140</u>	<u>\$ 41,881</u>	<u>\$ 83,783</u>	<u>\$ 445,836</u>	<u>\$ 73,896</u>	<u>\$ 32,245</u>	<u>\$ 36,737</u>
\$ 643	\$ 1,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
643	1,318	-	-	-	-	-	-
118,950	4,822	-	-	-	-	-	-
-	-	41,881	83,783	445,836	73,896	32,245	36,737
118,950	4,822	41,881	83,783	445,836	73,896	32,245	36,737
<u>\$ 119,593</u>	<u>\$ 6,140</u>	<u>\$ 41,881</u>	<u>\$ 83,783</u>	<u>\$ 445,836</u>	<u>\$ 73,896</u>	<u>\$ 32,245</u>	<u>\$ 36,737</u>

Pecos County, Texas

Special Revenue Funds

Combining Balance Sheet – Continued

December 31, 2023

	285	286	287	288	340	370
	JP Technology Fund	County Clerk Archival Fund	County Clerk Vital Statistics Fund	Specialty Court Fund	District Clerk Records Management and Prevention	Courthouse Security Fund
ASSETS						
Cash	\$ 33,808	\$ 101,583	\$ 16,513	\$ 4,952	\$ 11,941	\$ 7,091
Receivables, net of allowance						
Other	-	-	-	67	-	274
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 33,808</u>	<u>\$ 101,583</u>	<u>\$ 16,513</u>	<u>\$ 5,019</u>	<u>\$ 11,941</u>	<u>\$ 7,365</u>
LIABILITIES						
Accounts payable	\$ 1,030	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	10,000
Unearned revenue	-	-	-	-	-	-
Total liabilities	1,030	-	-	-	-	10,000
FUND BALANCES						
Restricted:						
Federal and state grants	-	-	-	-	-	-
Legislation	32,778	101,583	16,513	5,019	11,941	(2,635)
Total fund balances	32,778	101,583	16,513	5,019	11,941	(2,635)
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 33,808</u>	<u>\$ 101,583</u>	<u>\$ 16,513</u>	<u>\$ 5,019</u>	<u>\$ 11,941</u>	<u>\$ 7,365</u>

410	428	429	430	431	432	433	435
Law Enforcement Grant Fund	OPSG 2021	Texas J Regional Advisory Council Fund	Texas J Regional Advisory Council Fund	Border Security III Fund	Operation Linebacker Fund	Stonegarden 15/BP Fund	Local Border Security LBSP- 14 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	126,085	986,302	-	-	25,436
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,085</u>	<u>\$ 986,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,436</u>
\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 5,029
-	-	-	126,084	986,301	-	-	20,407
-	-	-	-	-	-	-	-
-	-	-	126,084	986,301	-	-	25,436
-	-	-	-	-	-	-	-
-	-	-	1	1	-	-	-
-	-	-	1	1	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,085</u>	<u>\$ 986,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,436</u>

Pecos County, Texas

Special Revenue Funds

Combining Balance Sheet – Continued

December 31, 2023

	436	440	442	443	446	500
	Federal Victims of Crime Act Fund	BPU Contract #2537908 Fund	Stonegarden 14/BP Fund	High Intensity Drug Trafficking Area Fund	US Treasury Covid Funds	County Attorney Hot Check Fund
ASSETS						
Cash	\$ -	\$ -	\$ -	\$ -	\$ 1,990,508	\$ 6,107
Receivables, net of allowance						
Other	16,610	-	-	44,514	-	-
Due from other funds	-	-	-	-	114,920	-
TOTAL ASSETS	\$ 16,610	\$ -	\$ -	\$ 44,514	\$ 2,105,428	\$ 6,107
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 18,637	\$ -	\$ 1,156
Due to other funds	16,610	-	-	25,876	-	-
Unearned revenue	-	-	-	-	2,105,428	-
Total liabilities	16,610	-	-	44,513	2,105,428	1,156
FUND BALANCES						
Restricted:						
Federal and state grants	-	-	-	1	-	-
Legislation	-	-	-	-	-	4,951
Total fund balances	-	-	-	1	-	4,951
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,610	\$ -	\$ -	\$ 44,514	\$ 2,105,428	\$ 6,107

505 County Attorney Pre-Trial Intervention Fund	510 Sheriff Discretionary Fund	511 Forfeiture Shared Revenue Fund	530 83rd District Attorney Hot Check Funds	540 83rd District Attorney Drug Forfeiture Fund	560 112th District Attorney Discretionary Fund	561 112th District Attorney Hot Check Fund	Total
\$ 338,136	\$ 98,641	\$ 728	\$ 26,805	\$ 446,469	\$ 38,945	\$ 384	\$ 4,317,154
25,674	-	-	-	-	-	-	1,225,112
-	-	-	-	-	-	-	114,920
<u>\$ 363,810</u>	<u>\$ 98,641</u>	<u>\$ 728</u>	<u>\$ 26,805</u>	<u>\$ 446,469</u>	<u>\$ 38,945</u>	<u>\$ 384</u>	<u>\$ 5,657,186</u>
\$ 3,256	\$ -	\$ -	\$ -	\$ 301,247	\$ -	\$ -	\$ 339,676
-	-	-	-	-	-	-	1,185,278
-	-	-	-	-	-	-	2,105,428
3,256	-	-	-	301,247	-	-	3,630,382
-	-	-	-	-	-	-	438,698
360,554	98,641	728	26,805	145,222	38,945	384	1,588,106
360,554	98,641	728	26,805	145,222	38,945	384	2,026,804
<u>\$ 363,810</u>	<u>\$ 98,641</u>	<u>\$ 728</u>	<u>\$ 26,805</u>	<u>\$ 446,469</u>	<u>\$ 38,945</u>	<u>\$ 384</u>	<u>\$ 5,657,186</u>

Pecos County, Texas

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

For the Year Ended December 31, 2023

	250	251	255 256	257	265	266
	Juvenile Probation Fees	Title IV-E Fund	Juvenile Probation TJPC A-R	TJPC Salary Adjustment	Basic Supervision	Community Corrections Program
REVENUES						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	138,769	7,340	236,888	80,161
Charges for services	535	-	-	-	428,849	-
Interest	-	1,770	-	-	15,173	-
Other	-	-	-	-	3,762	-
Total revenues	535	1,770	138,769	7,340	684,672	80,161
EXPENDITURES						
General administration	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Corrections	-	1,664	125,261	2,439	644,300	91,836
Health and welfare	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	-	1,664	125,261	2,439	644,300	91,836
Excess (deficiency) of revenues over (under) expenditures	535	106	13,508	4,901	40,372	(11,675)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	3,457
Transfers (out)	-	-	-	-	(26,445)	-
Total other financing sources (uses)	-	-	-	-	(26,445)	3,457
Net change in fund balances	535	106	13,508	4,901	13,927	(8,218)
Fund balances - beginning of year	31,762	37,083	25,485	-	202,107	26,026
FUND BALANCES - END OF YEAR	\$ 32,297	\$ 37,189	\$ 38,993	\$ 4,901	\$ 216,034	\$ 17,808

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
196,593	26,703	-	-	-	-	-	-
-	-	-	581	37,258	35,341	101	2,036
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
196,593	26,703	-	581	37,258	35,341	101	2,036
-	-	-	-	-	-	-	-
-	-	-	-	-	13,035	-	-
-	-	-	-	-	-	-	-
246,705	36,087	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
246,705	36,087	-	-	-	13,035	-	-
(50,112)	(9,384)	-	581	37,258	22,306	101	2,036
21,737	1,251	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,737	1,251	-	-	-	-	-	-
(28,375)	(8,133)	-	581	37,258	22,306	101	2,036
147,325	12,955	41,881	83,202	408,578	51,590	32,144	34,701
\$ 118,950	\$ 4,822	\$ 41,881	\$ 83,783	\$ 445,836	\$ 73,896	\$ 32,245	\$ 36,737

Pecos County, Texas

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Continued

For the Year Ended December 31, 2023

	285	286	287	288	340	370
	JP Technology Fund	County Clerk Archival Fund	County Clerk Vital Statistics Fund	Specialty Court Fund	District Clerk Records Management and Prevention	Courthouse Security Fund
REVENUES						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	371	37,353	1,158	1,196	6,561	9,198
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	371	37,353	1,158	1,196	6,561	9,198
EXPENDITURES						
General administration	-	93,860	-	-	-	-
Judicial	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Corrections	13,506	-	-	-	-	1,200
Health and welfare	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	13,506	93,860	-	-	-	1,200
Excess (deficiency) of revenues over (under) expenditures	(13,135)	(56,507)	1,158	1,196	6,561	7,998
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(13,135)	(56,507)	1,158	1,196	6,561	7,998
Fund balances - beginning of year	45,913	158,090	15,355	3,823	5,380	(10,633)
FUND BALANCES - END OF YEAR	\$ 32,778	\$ 101,583	\$ 16,513	\$ 5,019	\$ 11,941	\$ (2,635)

410	428	429	430	431	432	433	435
Law Enforcement Grant Fund	OPSG 2021	Texas J Regional Advisory Council Grant	Texas J Regional Advisory Council Grant	Border Security III Fund	Operation Linebacker Fund	Stonegarden 15/BP Fund	Local Border Security LBSP- 14 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
161,998	97,664	89,963	168,813	1,407,924	953,970	21,910	58,002
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
161,998	97,664	89,963	168,813	1,407,924	953,970	21,910	58,002
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
161,998	-	-	-	-	-	-	-
-	97,664	89,963	168,812	-	953,970	-	-
-	-	-	-	1,407,923	-	21,910	-
-	-	-	-	-	-	-	58,002
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
161,998	97,664	89,963	168,812	1,407,923	953,970	21,910	58,002
-	-	-	1	1	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1	1	-	-	-
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ 1	\$ 1	\$ -	\$ -	\$ -

Pecos County, Texas

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Continued

For the Year Ended December 31, 2023

	436	440	442	443	446	500
	Federal Victims of Crime Act Fund	BPU Contract #2537908 Fund	Stonegarden 14/BP Fund	High Intensity Drug Trafficking Area Fund	US Treasury Covid Funds	County Attorney Hot Check Fund
REVENUES						
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	16,610	181,293	67,063	44,514	751,892	-
Charges for services	-	-	-	-	-	385
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	16,610	181,293	67,063	44,514	751,892	385
EXPENDITURES						
General administration	-	-	-	-	-	-
Judicial	-	-	-	-	-	1,032
Law enforcement	-	-	-	-	-	-
Corrections	-	181,293	67,063	-	-	-
Health and welfare	-	-	-	-	-	-
Public service	16,610	-	-	44,513	751,892	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	16,610	181,293	67,063	44,513	751,892	1,032
Excess (deficiency) of revenues over (under) expenditures	-	-	-	1	-	(647)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	-	-	-	1	-	(647)
Fund balances - beginning of year	-	-	-	-	-	5,598
FUND BALANCES - END OF YEAR	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 4,951

505 County Attorney Pre-Trial Intervention Fund	510 Sheriff's Discretionary Fund	511 Forfeiture Shared Revenue Fund	530 83rd District Attorney Hot Check Funds	540 83rd District Attorney Drug Forfeiture Funds	560 112th District Attorney Discretionary Fund	561 112th District Attorney Hot Check Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,003	\$ -	\$ -	\$ 2,003
-	2,694	-	-	-	-	-	4,710,764
112,464	-	-	-	-	-	-	673,387
-	-	-	1,251	12,646	1,821	-	32,661
-	-	-	-	-	-	-	3,762
112,464	2,694	-	1,251	14,649	1,821	-	5,422,577
-	-	-	-	-	-	-	93,860
68,586	-	-	-	12,616	-	-	95,269
-	-	-	-	-	-	-	161,998
-	-	-	-	-	-	-	2,721,763
-	-	-	-	-	-	-	1,429,833
-	-	-	-	-	-	-	871,017
2,002	-	-	-	-	-	-	2,002
19	-	-	-	-	-	-	19
70,607	-	-	-	12,616	-	-	5,375,761
41,857	2,694	-	1,251	2,033	1,821	-	46,816
-	-	-	-	-	-	-	26,445
-	-	-	-	-	-	-	(26,445)
-	-	-	-	-	-	-	-
41,857	2,694	-	1,251	2,033	1,821	-	46,816
318,697	95,947	728	25,554	143,189	37,124	384	1,979,988
\$ 360,554	\$ 98,641	\$ 728	\$ 26,805	\$ 145,222	\$ 38,945	\$ 384	\$ 2,026,804

Pecos County, Texas

Fiduciary Funds – Custodial Funds

Combining Statement of Fiduciary Net Position

December 31, 2023

	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
ASSETS								
Cash	\$ 17,385	\$ 66,983	\$ 111,577	\$ 271	\$ 19,393	\$ 1,857,913	\$ 5,149,787	\$ 227,912
TOTAL ASSETS	<u>17,385</u>	<u>66,983</u>	<u>111,577</u>	<u>271</u>	<u>19,393</u>	<u>1,857,913</u>	<u>5,149,787</u>	<u>227,912</u>
LIABILITIES								
Accounts payable	-	-	5,217	-	-	-	-	-
Due to other governments	-	-	101,926	-	-	-	-	-
Due to beneficiaries	-	-	9,651	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>116,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION								
Individuals, organizations, and other governments	17,385	66,983	(5,217)	271	19,393	1,857,913	5,149,787	227,912
TOTAL NET POSITION	<u>\$ 17,385</u>	<u>\$ 66,983</u>	<u>\$ (5,217)</u>	<u>\$ 271</u>	<u>\$ 19,393</u>	<u>\$ 1,857,913</u>	<u>\$ 5,149,787</u>	<u>\$ 227,912</u>

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
\$ 53,708	\$ 6,624	\$ 93,898	\$ 7,749	\$ -	\$ 123,566	\$ 1,169	\$ -	\$ 2	\$ -	\$ 7,737,937
53,708	6,624	93,898	7,749	-	123,566	1,169	-	2	-	7,737,937
-	-	-	-	-	-	-	-	-	-	5,217
-	-	-	-	-	-	-	-	-	-	101,926
-	-	-	-	-	-	-	-	-	-	9,651
-	-	-	-	-	-	-	-	-	-	116,794
53,708	6,624	93,898	7,749	-	123,566	1,169	-	2	-	7,621,143
\$ 53,708	\$ 6,624	\$ 93,898	\$ 7,749	\$ -	\$ 123,566	\$ 1,169	\$ -	\$ 2	\$ -	\$ 7,621,143

Pecos County, Texas

Fiduciary Funds – Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2023

	Pecos County Golf Course	Bond Fund	Permian Basin Adult Probation	Juvenile Probation	District Clerk Fee Account	District Clerk Trust Fund	Tax Assessor Collector	Edward Pelsch Arts Fund
ADDITIONS								
Interest	\$ 503	\$ -	\$ 5,965	\$ 4	\$ 585	\$ 421	\$ 110,386	\$ 10,659
Fees for governments	153,071	-	774,888	690	191,302	-	112,829,587	-
Fees for beneficiaries	-	-	73,375	-	-	2,089,295	-	-
Held for others	-	-	-	435	-	-	-	-
Donation	-	-	-	-	-	-	-	2,840
Held for beneficiaries	-	-	-	-	-	-	-	-
Total additions	153,574	-	854,228	1,129	191,887	2,089,716	112,939,973	13,499
DEDUCTIONS								
Payments to governments	149,688	-	773,501	553	180,254	-	112,233,136	-
Payments to beneficiaries	-	-	73,262	350	-	616,281	-	-
Operating expense	-	-	-	-	-	-	-	4,352
Total deductions	149,688	-	846,763	903	180,254	616,281	112,233,136	4,352
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	3,886	-	7,465	226	11,633	1,473,435	706,837	9,147
NET POSITION - BEGINNING OF YEAR	13,499	66,983	(12,682)	45	7,760	384,478	4,442,950	218,765
NET POSITION - END OF YEAR	\$ 17,385	\$ 66,983	\$ (5,217)	\$ 271	\$ 19,393	\$ 1,857,913	\$ 5,149,787	\$ 227,912

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 128,523
-	-	-	36,716	39,379	-	52,462	121,383	-	84,910	114,284,388
22,982	50,283	-	-	-	-	-	-	10,256	-	2,246,191
-	-	-	-	-	-	-	-	-	-	435
-	-	-	-	-	-	-	-	-	-	2,840
-	-	33,488	-	-	-	-	-	-	-	33,488
22,982	50,283	33,488	36,716	39,379	-	52,462	121,383	10,256	84,910	116,695,865
-	-	-	35,437	40,254	-	52,196	122,133	-	87,471	113,674,623
18,998	50,300	22,260	-	-	-	-	-	10,956	-	792,407
-	-	-	-	-	-	-	-	-	-	4,352
18,998	50,300	22,260	35,437	40,254	-	52,196	122,133	10,956	87,471	114,471,382
3,984	(17)	11,228	1,279	(875)	-	266	(750)	(700)	(2,561)	2,224,483
49,724	6,641	82,670	6,470	875	123,566	903	750	702	2,561	5,396,660
\$ 53,708	\$ 6,624	\$ 93,898	\$ 7,749	\$ -	\$ 123,566	\$ 1,169	\$ -	\$ 2	\$ -	\$ 7,621,143

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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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 21, 2025. Our report includes a reference to other auditors who audited the financial statements of the Pecos County Memorial Hospital, 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.

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 material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
August 21, 2025

**Independent Auditor's Report on Compliance
for Each Major Federal and State Program and
Report on Internal Control over Compliance Required by the
Uniform Guidance and Texas Grant Management Standards**

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and 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 U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the Texas Grant Management Standards (TxGMS) that could have a direct and material effect on each of the County's major federal and state programs for the year ended December 31, 2023. The County's major federal and state programs are 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 each of its major federal and state programs for the year ended December 31, 2023.

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*); the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and TxGMS. Our responsibilities under those standards, Uniform Guidance and TxGMS 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 each major federal and 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 federal and state programs.

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*, Uniform Guidance and TxGMS 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 each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance and TxGMS, 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 Uniform Guidance and TXGMS, 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 federal or 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 federal or 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 federal or 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 Uniform Guidance and TxGMS. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
August 21, 2025

Pecos County, Texas

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended December 31, 2023

Federal or State Grantor/ Pass-through/ Grantor Program Title	Federal Assistance Listing Number	Grant Identifying Number	Total Grant Expenditures
FEDERAL AWARDS			
<u>United States Department of Homeland Security</u>			
Passed Through Texas Office of the Governor			
Homeland Security Grant Program	97.067	3209 405 OPSG22	\$ 58,002
Homeland Security Grant Program	97.067	3209 406 OPSG21	97,663
Total ALN 97.067			155,665
Total United States Department of Homeland Security			155,665
<u>United States Department of the Treasury</u>			
Direct Program			
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP-TX-21-055	751,892
Passed Through Texas Office of the Governor			
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2021-CS-21027	89,963
Total ALN 21.027			841,855
Total United States Department of the Treasury			841,855
<u>United States Department of Justice</u>			
Passed Through Texas Office of the Governor			
VA - Victims of Crime Act Formula Grant Program	16.575	4440202	16,610
Total United States Department of Justice			16,610
TOTAL EXPENDITURES OF FEDERAL AWARDS			1,014,130
STATE AWARDS			
<u>Texas J Regional Advisory Council</u>			
Texas J Regional Advisory Council Grant		FY 2022-2023	21,910
Texas J Regional Advisory Council Grant		FY 2023-2024	44,514
Total Texas J Regional Advisory Council			66,424
<u>Texas Office of the Governor</u>			
Border Prosecution Unit Program		2537911	168,813
Border Prosecution Unit Program		2537910	181,293
Border Prosecution Unit Program		HB9	67,063
Operation Lone Star		4386301	953,970
Body Worn Camera (BWC) Program		BWC23	161,998
Total Texas Office of the Governor			1,533,137
<u>Texas Department of Transportation</u>			
County Transportation Infrastructure Fund Grant Program		CTIF-02-186	1,267,132
Total Texas Department of Transportation			1,267,132
TOTAL EXPENDITURES OF STATE AWARDS			2,866,693
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			\$ 3,880,823

Pecos County, Texas

Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended December 31, 2023

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, 2023, 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, 2023

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

Federal 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 Section 200.516(a) of Uniform Guidance?

_____ Yes X No

Identification of major programs:

Federal Assistance Listing Number(s)

21.027

Name of Program or Cluster

Covid 19 - Coronavirus State and Local Fiscal Recovery Funds

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ 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 Section 510(a) of the State of Texas Single Audit Circular?

_____ Yes X No

Identification of major programs:

Grant Number(s)

CTIF-02-186

Name of Program or Cluster

Texas Department of Transportation
County Transportation Infrastructure Fund Grant Program

4386301

Texas Office of the Governor - Operation Lone Star

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

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Pecos County, Texas

Schedule of Findings and Questioned Costs - Continued

For the Fiscal Year Ended December 31, 2023

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 Federal or State Awards

None

IV. Schedule of Prior Audit Findings and Questioned Costs

None