

Pecos County, Texas

Annual Financial Report
For the Year Ended December 31, 2024



Pecos County, Texas
 Annual Financial Report
 For the Year Ended December 31, 2024
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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, each major fund, and the aggregate remaining fund information of Pecos County, Texas (the County), as of and for the year ended December 31, 2024, 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, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2024, 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.

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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2026 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
May 1, 2026

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, 2024. We encourage readers to consider the information presented here in conjunction with the County's financial statements, which begin on page 15.

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 \$16,311,213 (*net position*). A deficit of \$38,128,622 is reported for unrestricted net position.
- As of the close of the current year, the County's governmental funds reported combined ending fund balances of \$37,227,440 a increase of \$3,584,410 in comparison with the prior year. Approximately 61.3% of this total amount, \$22,822,114, is unassigned and available for spending at the government's discretion.
- At the end of the current year, unassigned fund balance for the general fund was \$22,822,114 or 63% percent of total general fund expenditures.
- During the current year compensated absences payable were recorded for \$1,722,585 as part of GASB 101 implementation.

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).

The government wide financial statements can be found on pages 15 through 17 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, internal service 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 18 through 24 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 74 through 79.

Internal Service Funds: The 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.

Internal Service funds provide the same type of information as the government-wide financial statements, only in more detail. The basic internal service fund financial statements can be found on pages 25 through 28 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 29 and 30 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 33 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 84 through 101.

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 \$16,311,213 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 156% 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**

| | Total Governmental Activities | |
|-----------------------------------------|-------------------------------|----------------------|
| | 2023 | 2024 |
| Current and other assets | \$ 74,287,444 | \$ 80,594,750 |
| Capital assets | 35,753,573 | 44,163,610 |
| Total assets | 110,041,017 | 124,758,360 |
| Total deferred outflows of resources | 5,277,804 | 13,600,067 |
| Long-term liabilities outstanding | 40,659,320 | 67,310,609 |
| Other liabilities | 38,956,188 | 42,643,146 |
| Total liabilities | 79,615,508 | 109,953,755 |
| Total deferred inflows of resources | 9,022,926 | 12,093,459 |
| Net position: | | |
| Net investment in capital assets | 33,230,018 | 41,764,850 |
| Restricted | 10,116,415 | 12,674,985 |
| Unrestricted | (16,666,046) | (38,128,622) |
| Total net position (deficit) | \$ 26,680,387 | \$ 16,311,213 |

A significant portion of the County's net position, \$12,674,985, 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 \$38,128,622.

Governmental and Business-Type Activities

Governmental activities decreased the County's net position by \$10,369,174 and business-type activities decreased the County's net position by \$0 due to the Pecos County Memorial Hospital no longer being part of the County as of July 1, 2023. Key elements of these changes are as follows:

Pecos County, Texas Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------------------------------|-------------------------|----------------------|--------------------------|-------------|--------------------------|----------------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,386,284 | \$ 4,128,058 | \$ 10,510,179 | \$ - | \$ 14,896,463 | \$ 4,128,058 |
| Operating grants and contributions | 5,614,140 | 7,527,110 | - | - | 5,614,140 | 7,527,110 |
| Capital grants and contributions | - | - | 185,300 | - | 185,300 | - |
| General revenues: | | | | | | |
| Property taxes | 33,643,591 | 33,965,616 | - | - | 33,643,591 | 33,965,616 |
| Alcoholic beverage taxes | 35,274 | 32,087 | - | - | 35,274 | 32,087 |
| Investment earnings | 2,658,379 | 2,754,169 | 34,453 | - | 2,692,832 | 2,754,169 |
| Payment in lieu of taxes | 2,408,864 | 1,927,773 | - | - | 2,408,864 | 1,927,773 |
| Proceeds from settlement | 5,657 | 6,142 | - | - | 5,657 | 6,142 |
| Proceeds from sales of assets | - | - | - | - | - | - |
| Other | 271,518 | 130,621 | - | - | 271,518 | 130,621 |
| Gain (loss) on disposal of government operations | (2,706,893) | - | 17,168,647 | - | 14,461,754 | - |
| Total revenues | 46,316,814 | 50,471,576 | 27,898,579 | - | 74,215,393 | 50,471,576 |
| Expenses | | | | | | |
| General government | 11,448,434 | 14,359,079 | - | - | 11,448,434 | 14,359,079 |
| Judicial | 2,593,302 | 5,766,469 | - | - | 2,593,302 | 5,766,469 |
| Financial administration | 1,511,269 | 3,147,547 | - | - | 1,511,269 | 3,147,547 |
| Public facilities | 749,318 | 1,895,719 | - | - | 749,318 | 1,895,719 |
| Public safety | 8,908,686 | 13,760,245 | - | - | 8,908,686 | 13,760,245 |
| Public service | 1,031,678 | 232,765 | - | - | 1,031,678 | 232,765 |
| Health and welfare | 2,866,592 | 9,650,614 | - | - | 2,866,592 | 9,650,614 |
| Culture and recreation | 2,682,274 | 5,285,463 | - | - | 2,682,274 | 5,285,463 |
| Highways and streets | 3,663,139 | 6,095,553 | - | - | 3,663,139 | 6,095,553 |
| Conservation | 139,393 | 467,764 | - | - | 139,393 | 467,764 |
| Airport | 67,510 | 108,164 | - | - | 67,510 | 108,164 |
| Pecos County Memorial Hospital | - | - | 15,836,290 | - | 15,836,290 | - |
| Total expenses | 35,661,595 | 60,840,750 | 15,836,290 | - | 51,497,885 | 60,840,750 |
| Change in net position before transfers | 10,655,219 | (10,369,174) | 12,062,289 | - | 22,717,508 | (10,369,174) |
| Transfers | (9,098,962) | - | 9,098,962 | - | - | - |
| Change in net position | 1,556,257 | (10,369,174) | 21,161,251 | - | 22,717,508 | (10,369,174) |
| Net position - beginning of year | 25,124,130 | 26,680,387 | (21,161,251) | - | 3,962,879 | 26,680,387 |
| Net position, ending | \$ 26,680,387 | \$ 16,311,213 | \$ - | \$ - | \$ 26,680,387 | \$ 16,311,213 |

Financial Analysis of the Governments Funds

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

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

As of the end of the current year, the County's governmental funds reported combined ending fund balances of \$37,227,440, an increase of \$3,584,410 in comparison with the prior year. Approximately 61.3% 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 \$22,822,114, while total fund balance was \$30,905,650.

Road and Bridge Fund. This fund is used to account for funds restricted for use in improving County highways and lateral streets and roadways. At the end of the current year fund balance of the Road and Bridge was \$4,090,636, an increase of \$2,088,960 from prior year.

Internal Service Funds: Unrestricted fund deficit of the County's health self-insurance plan at the end of the year was \$1,586,323. The change in unrestricted net position for the fund was a decrease of \$967,033.

General Fund Budgetary Highlights

A deficit amended budget was approved for fiscal year 2024 in the amount of \$3,430,442 as compared to the original budget which planned for a positive change in fund balance of \$333,660.

Final budgeted revenues had no change from original budgeted revenues. Actual revenues for 2024 were \$1,244,982 more than final budgeted revenues. This variance is attributed to primarily to an unforeseen increase in interest rates and strong collection of property taxes during the budget process.

The original budgeted expenditures differ from the final budgeted expenditures by \$3,764,101, primarily due to additions in the health and welfare department for the new EMS building and in culture and recreation for the Fort Stockton golf course renovation. The actual expenditures for 2024 were \$2,810,256 less than the final amended budget. This variance was primarily driven by underspending within general and governmental activities.

This resulted in a net increase in the general fund balance for the year of \$1,298,856 after accounting for other financing sources as detailed on page 22 of this report.

Capital Asset and Long-Term Liabilities

Capital Assets: The County's investment in capital assets for its governmental type activities as of December 31, 2024, amounts to \$44,163,610 (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)

| | Total Governmental Activities | |
|------------------------------------|-------------------------------|----------------------|
| | 2023 | 2024 |
| Land | \$ 2,893,565 | \$ 3,262,357 |
| Buildings | 12,426,014 | 16,425,711 |
| Improvements - other | 6,531,170 | 11,132,690 |
| Machinery and equipment | 7,847,239 | 10,134,433 |
| Construction in progress | 3,918,203 | 647,350 |
| Infrastructure | 574,290 | 535,323 |
| Right to use asset - leases | 606,185 | 1,308,840 |
| Right to use asset - subscriptions | 956,907 | 716,906 |
| Net capital assets | \$ 35,753,573 | \$ 44,163,610 |

Additional information on the County's capital assets can be found in Note 6 on pages 47 through 48 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 an increase of \$822,446 in leases payable, and \$251,821 in compensated absences, and had decrease of \$231,064 in subscriptions payable. The County's long-term liabilities are comprised as follows:

| | Governmental Activities | |
|------------------------------------------|-------------------------|----------------------|
| | 2023 | 2024 |
| Leases payable | \$ 440,421 | \$ 1,262,866 |
| Subscriptions payable | 960,983 | 729,919 |
| Compensated absences | 1,470,765 | 1,722,586 |
| Net pension liability | 5,220,901 | 8,117,766 |
| Other post-employment benefits liability | 32,566,250 | 55,477,472 |
| Total governmental activities | \$ 40,659,320 | \$ 67,310,609 |

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 has been relatively stable. We continue to have ups and downs in valuations with changes in oil and gas prices. The County added a full time Economic Development Coordinator starting January 2025 to continue working on diversifying the tax base and bring in other industry. Wind, solar and data mining companies continue to be interested in operating in Pecos County. 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, 2024

| | <u>Primary Government</u> |
|------------------------------------------------|------------------------------------|
| | <u>Governmental Activities</u> |
| ASSETS | |
| Cash and cash equivalents | \$ 24,016,456 |
| Investments | 22,085,239 |
| Receivables, net | 34,090,044 |
| Other assets | 403,011 |
| Capital assets, net | 44,163,610 |
| | <hr/> |
| Total assets | 124,758,360 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflow of resources - pension | 2,606,914 |
| Deferred outflow of resources - OPEB | 10,993,153 |
| | <hr/> |
| Total deferred outflows of resources | 13,600,067 |
| LIABILITIES | |
| Accounts payable and other current liabilities | 2,895,946 |
| Due to other governments | 447,843 |
| Estimated health claims payable | 371,393 |
| Unearned revenue | 38,927,964 |
| Noncurrent liabilities: | |
| Due within one year | 1,406,376 |
| Due in more than one year | 2,308,995 |
| Net pension liability | 8,117,766 |
| Other post-employment benefits liability | 55,477,472 |
| | <hr/> |
| Total liabilities | 109,953,755 |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflow of resources - pension | 1,103,259 |
| Deferred inflow of resources - OPEB | 10,990,200 |
| | <hr/> |
| Total deferred inflows of resources | 12,093,459 |
| NET POSITION | |
| Net investment in capital assets | 41,764,850 |
| Restricted for: | |
| Airport | 6,360,951 |
| Road and bridge | 4,090,636 |
| Federal and state grants | 541,056 |
| Legislation | 1,682,342 |
| Unrestricted | (38,128,622) |
| | <hr/> |
| TOTAL NET POSITION | <u>\$ 16,311,213</u> |

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, 2024

| <u>Function/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> |
|---------------------------------|----------------------|---------------------------------|
| PRIMARY GOVERNMENT | | |
| Governmental activities: | | |
| General government | \$ 14,359,079 | \$ 222,305 |
| Judicial | 5,766,469 | 530,064 |
| Financial administration | 3,147,547 | 516,836 |
| Public facilities | 1,895,719 | 724,728 |
| Public safety | 13,760,245 | 161,981 |
| Public service | 232,765 | 2,519 |
| Health and welfare | 9,650,614 | 1,052,955 |
| Culture and recreation | 5,285,463 | 242,383 |
| Highways and streets | 6,095,553 | 664,279 |
| Conservation | 467,764 | - |
| Airport | 108,164 | 10,008 |
| Total governmental activities | <u>60,840,750</u> | <u>4,128,058</u> |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 60,840,750</u> | <u>\$ 4,128,058</u> |

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 | Total |
| \$ 660,635 | \$ - | \$ (13,476,139) | \$ (13,476,139) |
| - | - | (5,236,405) | (5,236,405) |
| - | - | (2,630,711) | (2,630,711) |
| - | - | (1,170,991) | (1,170,991) |
| 4,851,213 | - | (8,747,051) | (8,747,051) |
| 1,473,665 | - | 1,243,419 | 1,243,419 |
| 467,120 | - | (8,130,539) | (8,130,539) |
| 74,477 | - | (4,968,603) | (4,968,603) |
| - | - | (5,431,274) | (5,431,274) |
| - | - | (467,764) | (467,764) |
| - | - | (98,156) | (98,156) |
| <u>7,527,110</u> | <u>-</u> | <u>(49,185,582)</u> | <u>(49,185,582)</u> |
| <u>\$ 7,527,110</u> | <u>\$ -</u> | <u>(49,185,582)</u> | <u>(49,185,582)</u> |
| General revenues: | | | |
| Property taxes | | 33,965,616 | 33,965,616 |
| Alcoholic beverage taxes | | 32,087 | 32,087 |
| Unrestricted investment earnings | | 2,754,169 | 2,754,169 |
| Payment in lieu of property taxes | | 1,927,773 | 1,927,773 |
| Proceeds from settlement | | 6,142 | 6,142 |
| Miscellaneous revenue | | 130,621 | 130,621 |
| Total general revenues and transfers | | <u>38,816,408</u> | <u>38,816,408</u> |
| Change in net position | | (10,369,174) | (10,369,174) |
| Net position - beginning of year | | <u>26,680,387</u> | <u>26,680,387</u> |
| NET POSITION - END OF YEAR | | <u>\$ 16,311,213</u> | <u>\$ 16,311,213</u> |

Pecos County, Texas

Balance Sheet – Governmental Funds

December 31, 2024

| | <u>General</u> |
|-------------------------------------------------------------|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 14,437,215 |
| Investments | 22,085,239 |
| Receivables, net | |
| Property taxes | 25,713,193 |
| Other | 2,501,152 |
| Due from other funds | 2,748,792 |
| Due from vendors | 180,738 |
| Other current assets | 127,124 |
| TOTAL ASSETS | <u>\$ 67,793,453</u> |
| LIABILITIES | |
| Accounts payable | \$ 1,732,520 |
| Due to other funds | 394,108 |
| Due to other governments | 447,843 |
| Unearned revenue | 32,002,845 |
| Total liabilities | <u>34,577,316</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Unavailable revenue - property tax | 453,013 |
| Unavailable revenue - fines and forfeitures | 1,563,196 |
| Unavailable revenue - other revenues | 294,278 |
| Total deferred inflows of resources | <u>2,310,487</u> |
| FUND BALANCE | |
| Restricted: | |
| Airport use | 6,360,951 |
| Road and bridge | - |
| Federal and state grants | - |
| Legislation | - |
| Assigned: | |
| Compensated absences | 1,722,585 |
| Capital projects funds | - |
| Unassigned | 22,822,114 |
| Total fund balances | <u>30,905,650</u> |
| TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES | <u>\$ 67,793,453</u> |

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

| Road and Bridge Special Revenue | Other Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------|--------------------------------------------|--------------------------------|
| \$ 5,593,153 | \$ 3,912,018 | \$ 23,942,386 |
| - | - | 22,085,239 |
| 4,438,446 | - | 30,151,639 |
| 32 | 1,186,483 | 3,687,667 |
| - | 98,482 | 2,847,274 |
| - | - | 180,738 |
| - | - | 127,124 |
| <u>\$ 10,031,631</u> | <u>\$ 5,196,983</u> | <u>\$ 83,022,067</u> |
| \$ 246,944 | \$ 581,595 | \$ 2,561,059 |
| 4,670 | 1,148,496 | 1,547,274 |
| - | - | 447,843 |
| 5,689,381 | 1,235,738 | 38,927,964 |
| 5,940,995 | 2,965,829 | 43,484,140 |
| - | - | 453,013 |
| - | - | 1,563,196 |
| - | - | 294,278 |
| - | - | 2,310,487 |
| - | - | 6,360,951 |
| 4,090,636 | - | 4,090,636 |
| - | 541,056 | 541,056 |
| - | 1,682,342 | 1,682,342 |
| - | - | 1,722,585 |
| - | 7,756 | 7,756 |
| - | - | 22,822,114 |
| <u>4,090,636</u> | <u>2,231,154</u> | <u>37,227,440</u> |
| <u>\$ 10,031,631</u> | <u>\$ 5,196,983</u> | <u>\$ 83,022,067</u> |

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Pecos County, Texas

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position December 31, 2024

TOTAL FUND BALANCE - GOVERNMENTAL FUND \$ 37,227,440

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. 44,163,610

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 (1,586,323)

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. 2,310,487

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 | \$ | (8,117,766) | |
| Other post-employment benefits liability | | (55,477,472) | |
| Deferred outflow of resources - pension | | 2,606,914 | |
| Deferred inflow of resources - pension | | (1,103,259) | |
| Deferred outflow of resources - OPEB | | 10,993,153 | |
| Deferred inflow of resources - OPEB | | (10,990,200) | (62,088,630) |

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. (3,715,371)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ 16,311,213

Pecos County, Texas

Statement of Revenues, Expenses and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2024

| | <u>General</u> |
|---------------------------------------------------|----------------------|
| REVENUES | |
| Taxes | \$ 28,281,995 |
| Alcoholic beverage taxes | 32,087 |
| Fines and forfeitures | 976 |
| Intergovernmental | 660,635 |
| Charges for services | 2,861,244 |
| Payment in lieu of taxes | 1,927,773 |
| Royalties | 1,444 |
| Interest | 2,695,596 |
| Proceeds from settlement | 6,142 |
| Other | 123,156 |
| | <hr/> |
| Total revenues | 36,591,048 |
| EXPENDITURES | |
| General government | 8,564,395 |
| Judicial | 2,601,102 |
| Financial administration | 1,959,924 |
| Law enforcement | 3,093,954 |
| Corrections | 1,820,932 |
| Health and welfare | 4,697,367 |
| Fire protection | 1,722,160 |
| Culture and recreation | 7,716,396 |
| Libraries | 642,188 |
| Building maintenance | 745,334 |
| Utilities | 777,473 |
| Conservation | 153,354 |
| Public service | 987,587 |
| Airport | 47,748 |
| Highways and streets | - |
| Capital outlay | - |
| Debt service principal | 393,979 |
| Debt service interest and fiscal charges | 34,858 |
| | <hr/> |
| Total expenditures | 35,958,751 |
| | <hr/> |
| Excess (deficiency) of revenues over expenditures | 632,297 |
| OTHER FINANCING SOURCES (USES) | |
| Sale of assets | 15,980 |
| Issuance of lease liabilities | 650,579 |
| Transfers from other funds | 4,556,551 |
| Transfers to other funds | (4,556,551) |
| | <hr/> |
| Total other financing (uses) sources | 666,559 |
| | <hr/> |
| Net change in fund balances | 1,298,856 |
| Fund balances - beginning of year | 29,606,794 |
| | <hr/> |
| FUND BALANCES - END OF YEAR | <u>\$ 30,905,650</u> |

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

| Road and Bridge Special Revenue | Other Nonmajor Governmental Funds | Total Governmental Funds |
|------------------------------------------------|----------------------------------------------|-----------------------------------------|
| \$ 5,590,444 | \$ - | \$ 33,872,439 |
| - | - | 32,087 |
| - | 1,923 | 2,899 |
| 114,531 | 6,751,944 | 7,527,110 |
| 664,279 | 692,741 | 4,218,264 |
| - | - | 1,927,773 |
| - | - | 1,444 |
| - | 39,327 | 2,734,923 |
| - | - | 6,142 |
| 64 | 3,058 | 126,278 |
| <u>6,369,318</u> | <u>7,488,993</u> | <u>50,449,359</u> |
| - | - | 8,564,395 |
| - | 122,923 | 2,724,025 |
| - | - | 1,959,924 |
| - | 643,242 | 3,737,196 |
| - | 2,092,411 | 3,913,343 |
| - | 3,307,154 | 8,004,521 |
| - | - | 1,722,160 |
| - | - | 7,716,396 |
| - | - | 642,188 |
| - | - | 745,334 |
| - | - | 777,473 |
| - | - | 153,354 |
| - | 967,036 | 1,954,623 |
| - | - | 47,748 |
| 3,377,321 | - | 3,377,321 |
| 903,037 | 494,349 | 1,397,386 |
| - | 159,568 | 553,547 |
| - | 65 | 34,923 |
| <u>4,280,358</u> | <u>7,786,748</u> | <u>48,025,857</u> |
| 2,088,960 | (297,755) | 2,423,502 |
| - | - | 15,980 |
| - | 494,349 | 1,144,928 |
| - | 24,654 | 4,581,205 |
| - | (24,654) | (4,581,205) |
| <u>-</u> | <u>494,349</u> | <u>1,160,908</u> |
| 2,088,960 | 196,594 | 3,584,410 |
| <u>2,001,676</u> | <u>2,034,560</u> | <u>33,643,030</u> |
| <u>\$ 4,090,636</u> | <u>\$ 2,231,154</u> | <u>\$ 37,227,440</u> |

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, 2024

| | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND | \$ 3,584,410 |
| 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. | 8,410,037 |
| 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. | (20,808,178) |
| 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.) | 2,972 |
| 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. | (591,382) |
| 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>(967,033)</u> |
| CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES | <u>\$ (10,369,174)</u> |

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

Pecos County, Texas
Statement of Net Position
Proprietary Funds
December 31, 2024

| | Governmental Activities |
|------------------------------------------------------------|--------------------------------------|
| | Internal Service Fund |
| ASSETS | |
| Cash and investments | \$ 74,070 |
| Due from other governments | 70,000 |
| Other assets | 275,887 |
| | <hr/> |
| Total assets | 419,957 |
| | <hr/> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 419,957 |
| | <hr/> <hr/> |
| LIABILITIES | |
| Accounts payable and accrued expenses | \$ 334,887 |
| Due to other funds | 1,300,000 |
| Estimated health claims payable | 371,393 |
| | <hr/> |
| Total liabilities | 2,006,280 |
| | <hr/> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | \$ 2,006,280 |
| | <hr/> <hr/> |
| NET POSITION | |
| Unrestricted | (1,586,323) |
| | <hr/> |
| TOTAL NET POSITION | \$ (1,586,323) |
| | <hr/> <hr/> |

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

Pecos County, Texas

Statement of Revenues, Expenses and Changes in
Fund Net Position - Proprietary Funds
For the Year Ended December 31, 2024

| | Governmental Activities |
|-------------------------------------------------|--------------------------------------|
| | Internal Service Fund |
| OPERATING REVENUES | |
| Charges for service | 5,002,481 |
| Total operating revenues | 5,002,481 |
| OPERATING EXPENSES | |
| Claims | 4,905,184 |
| Administration - health | 1,060,642 |
| Administration - dental | 12,484 |
| Administration - life | 10,450 |
| Total operating expenses | 5,988,760 |
| Operating loss | (986,279) |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest earned on investments | 19,246 |
| Total nonoperating (expenses) revenues | 19,246 |
| Loss before capital contributions and transfers | (967,033) |
| Change in net position | (967,033) |
| Net position - beginning of year | (619,290) |
| NET POSITION, END OF YEAR | \$ (1,586,323) |

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

| | Governmental Activities |
|-------------------------------------------------|--------------------------------------|
| | Internal Service Fund |
| | <hr/> |
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from participants | \$ 5,471,127 |
| Operating expenses | (5,513,975) |
| | <hr/> |
| Net cash used in operating activities | (42,848) |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest on investments | 19,246 |
| | <hr/> |
| Net cash provided by investing activities | 19,246 |
| | <hr/> |
| Net change in cash and investments | (23,602) |
| | <hr/> |
| Cash and investments at beginning of year | 97,672 |
| | <hr/> |
| CASH AND INVESTMENTS AT END OF YEAR | \$ 74,070 |
| | <hr/> <hr/> |

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, 2024

| | Governmental Activities |
|---------------------------------------------------------------------------------------|--------------------------------------|
| | Internal Service Fund |
| RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES: | |
| Operating loss | \$ (986,279) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Decreases (increases) to assets and deferred outflow: | |
| Accounts receivable | 167,252 |
| Due from other funds | 300,000 |
| Other assets | 1,394 |
| Increases and (decreases) to liabilities and deferred inflow: | |
| Accounts payable and accrued expenses | 89,241 |
| Due to other funds | 550,000 |
| Estimated health claims payable | (164,456) |
| NET CASH USED IN OPERATING ACTIVITIES | \$ (42,848) |

Pecos County, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2024

| | <u>Custodial Funds</u> |
|------------------------------------------------------|------------------------|
| ASSETS | |
| Cash | \$ 9,561,865 |
| TOTAL ASSETS | 9,561,865 |
| LIABILITIES | |
| Accounts payable | 6,356 |
| Due to other governments | 72,422 |
| Due to beneficiaries | 38,016 |
| TOTAL LIABILITIES | 116,794 |
| NET POSITION | |
| Individuals, organizations, and other governments | 9,445,071 |
| TOTAL NET POSITION | <u>\$ 9,445,071</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, 2024

| | <u>Custodial Funds</u> |
|--------------------------------------------------------------|------------------------|
| ADDITIONS | |
| Interest | \$ 143,989 |
| Fees for other governments | 148,027,146 |
| Fees for beneficiaries | 530,421 |
| Held for others | 1,569 |
| Held for beneficiaries | 44,849 |
| | <hr/> |
| Total additions | 148,747,975 |
| DEDUCTIONS | |
| Payments to governments | 145,207,788 |
| Payments to beneficiaries | 1,715,410 |
| Operating expense | 850 |
| | <hr/> |
| Total deductions | 146,924,048 |
| | <hr/> |
| NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION | 1,823,927 |
| | <hr/> |
| NET POSITION - BEGINNING OF YEAR | 7,621,144 |
| | <hr/> |
| NET POSITION - END OF YEAR | <u>\$ 9,445,071</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, 2024
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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, 2024, the County had no blended or discretely presented component units.

C. Government-Wide and Fund Financial Statements

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

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

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

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

Program revenues are: 1) charges to customers who purchase, use, or directly benefit from services provided by a function and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function, and 3) grants and contributions restricted to capital requirements of a function. The County did not report any capital grants in 2024. Items such as taxes, investment earnings, and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function.

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

Pecos County, Texas

Notes to the Financial Statements

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

The fund level statements for proprietary funds contain 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.

Proprietary Funds

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 County's health self-insurance plan continued to provide services through year-end, and those services primarily benefited the County's 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.

Pecos County, Texas

Notes to the 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.

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.

Pecos County, Texas

Notes to the Financial Statements

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.

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, 2024, 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, 2024 for the general fund was \$0.56 per \$100 valuation. The tax rate for the road and bridges fund was \$0.11 per \$100 valuation. The total tax rate for all purposes was \$0.67 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".

Pecos County, Texas

Notes to the Financial Statements

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.

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.

Pecos County, Texas

Notes to the Financial Statements

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, 2024 the County had \$0 nonspendable fund balance.

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.

Pecos County, Texas

Notes to the Financial Statements

M. Net Position

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

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

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 2024, 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.

Pecos County, Texas

Notes to the Financial Statements

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*.

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.

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.

Pecos County, Texas

Notes to the Financial Statements

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. 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 requirement of this statement is effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the County's fiscal year 2024 financial statements with no restatement to net position.

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 (\$3,715,371) difference is as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Leases payable | \$ (1,262,867) |
| Subscriptions payable | (729,919) |
| Compensated absences | <u>(1,722,585)</u> |
| Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities | <u><u>\$ (3,715,371)</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 \$2,310,487 difference is as follows:

| | |
|-------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Unavailable revenue - fines and forfeitures and other | \$ 1,857,474 |
| Unavailable revenue - property tax | <u>453,013</u> |
| Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities | <u><u>\$ 2,310,487</u></u> |

Pecos County, Texas

Notes to the Financial Statements

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.

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 \$8,410,037 difference are as follows:

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Capital additions | \$ 15,423,420 |
| Disposal of capital assets | (4,601,359) |
| Depreciation expense | (2,598,344) |
| Disposed accumulated depreciation | <u>186,320</u> |
| Net adjustment to increase net change in fund balances- total governmental funds to arrive at change in net position of governmental activities. | <u>\$ 8,410,037</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 \$20,808,178 difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| Net change in compensated absences | \$ (251,820) |
| Net change in deferred outflows/inflows | 5,251,729 |
| Net change in pension liability | (2,896,865) |
| Net change in other post-employment benefits liability | <u>(22,911,222)</u> |
| Net adjustment to increase net change in fund balances total governmental funds to arrive at change in net position of governmental activities | <u>\$ (20,808,178)</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 \$591,382 difference are as follows:

| | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|
| Issuance of Lease Payable | \$ (1,144,929) |
| Lease payments | 322,483 |
| Subscription payments | <u>231,064</u> |
| Net adjustment to decrease net change in fund balances total governmental funds to arrive at change in net position of governmental activities | <u>\$ (591,382)</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, 2024. The County held positive fund equity for all special revenue funds as of December 31, 2024, 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.

A. Investment Policies

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

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

Pecos County, Texas

Notes to the Financial Statements

Objectives

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

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

Investments owned by the County at December 31, 2024 are shown below:

| | Fair Value | Credit Risk |
|------------------------------------------|----------------------|----------------|
| DWS Government Cash Institutional Shares | \$ 22,085,239 | AAAm – S & P |
| Total | \$ 22,085,239 | |

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.

Pecos County, Texas

Notes to the Financial Statements

At year-end, the carrying amount of the County's cash and cash equivalents was \$33,504,251 (\$23,942,386 in governmental activities and \$9,561,865 in fiduciary funds). The bank balances totaled \$32,085,985 of which \$750,000 was covered by Federal Depository Insurance Corporation (FDIC) and \$32,813,260 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, 2024, 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, 2024, 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.

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 | \$ 28,175,915 | \$ 4,897,102 | \$ - | \$ - | \$ 33,073,017 |
| Other | 12,237,219 | 32 | 1,186,483 | 70,000 | 13,493,734 |
| Due from vendors | 180,738 | - | - | - | 180,738 |
| Gross receivables | 40,593,872 | 4,897,134 | 1,186,483 | 70,000 | 46,747,489 |
| Less: allowance for uncollectibles | (12,198,789) | (458,656) | - | - | (12,657,445) |
| Net total receivables | \$ 28,395,083 | \$ 4,438,478 | \$ 1,186,483 | \$ 70,000 | \$ 34,090,044 |

Pecos County, Texas
Notes to the Financial Statements

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 | \$ 37,692,226 |
| Grants - unearned | 1,235,738 |
| Property taxes - unavailable | 453,013 |
| Fines and forfeitures - unavailable | 1,563,196 |
| Other revenues - unavailable | 294,278 |
| Total | \$ 41,238,451 |

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

| | Balance 12/31/2023 | Additions/ Completions | Retirements/ Adjustments | Balance 12/31/2024 |
|-----------------------------------------------------------|-----------------------|---------------------------|-----------------------------|-----------------------|
| Governmental Activities: | | | | |
| Capital assets, not being depreciated or amortized: | | | | |
| Land | \$ 2,893,565 | \$ 368,792 | \$ - | \$ 3,262,357 |
| Construction-in-progress | 3,918,203 | 1,144,186 | (4,415,039) | 647,350 |
| Total capital assets, not being depreciated or amortized | 6,811,768 | 1,512,978 | (4,415,039) | 3,909,707 |
| Capital assets, being depreciated or amortized: | | | | |
| Buildings | 22,911,340 | 4,425,102 | - | 27,336,442 |
| Improvements other than buildings | 13,057,684 | 5,026,064 | - | 18,083,748 |
| Machinery and equipment | 26,846,056 | 3,540,055 | (186,320) | 30,199,791 |
| Right to use asset - leases | 852,168 | 919,221 | - | 1,771,389 |
| 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 | 66,707,552 | 13,910,442 | (186,320) | 80,431,674 |
| Less accumulated depreciation and amortization for: | | | | |
| Buildings | (10,485,326) | (425,405) | - | (10,910,731) |
| Improvements other than buildings | (6,526,514) | (424,544) | - | (6,951,058) |
| Machinery and equipment | (18,998,817) | (1,252,861) | 186,320 | (20,065,358) |
| Right to use asset - leases | (245,983) | (216,566) | - | (462,549) |
| Right to use asset - subscriptions | (240,001) | (240,001) | - | (480,002) |
| Infrastructure | (1,269,106) | (38,967) | - | (1,308,073) |
| Total accumulated depreciation and amortization | (37,765,747) | (2,598,344) | 186,320 | (40,177,771) |
| Total capital assets being depreciated and amortized, net | 28,941,805 | 11,312,098 | - | 40,253,903 |
| Governmental activities capital assets, net | \$ 35,753,573 | \$ 12,825,076 | \$ (4,415,039) | \$ 44,163,610 |

Pecos County, Texas
Notes to the Financial Statements

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

| | |
|------------------------------------------------------------------------------|---------------------|
| Governmental activities: | |
| General government | \$ 955,836 |
| Judicial | 53,689 |
| Financial administration | 240,001 |
| Public safety | 801,449 |
| Health and welfare | 23,757 |
| Culture and recreation | 406,664 |
| Highway and streets | 32,055 |
| Conservation | 1,753 |
| Airport | 83,140 |
| | <hr/> |
| Total depreciation and amortization expense – governmental activities | \$ 2,598,344 |
| | <hr/> <hr/> |

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, 2024:

| Fund | Receivable | Payable |
|------------------------------------------------|---------------------|---------------------|
| <hr/> | <hr/> | <hr/> |
| General fund | \$ 2,748,792 | \$ 394,108 |
| Internal service fund | - | 1,300,000 |
| Road and bridge | - | 4,670 |
| Nonmajor governmental funds: | | |
| Courthouse security fund | - | 10,000 |
| Texas J regional advisory council fund | - | 102,650 |
| Border security III fund | - | 984,258 |
| Texas J Regional Advisory Council - 24/25 fund | - | 33,479 |
| Operation Stonegarden - OPSG - 23 fund | - | 16,328 |
| Local border security - LBSP - 16 fund | - | 1,781 |
| US treasury covid funds | 98,482 | - |
| | <hr/> | <hr/> |
| Total nonmajor governmental funds | 98,482 | 1,148,496 |
| | <hr/> | <hr/> |
| Total all funds | \$ 2,847,274 | \$ 2,847,274 |
| | <hr/> <hr/> | <hr/> <hr/> |

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 12/31/2023 | Additions | Retirements | Balance 12/31/2024 | Amount Due within one year |
|---------------------------------------------|-----------------------|----------------------|---------------------|-----------------------|----------------------------------|
| Governmental Activities: | | | | | |
| Leases payable | \$ 440,421 | \$ 1,144,929 | \$ (322,483) | \$ 1,262,867 | \$ 308,003 |
| Compensated absences | 1,470,765 | 528,067 | (276,247) | 1,722,585 | 861,293 |
| Subscriptions payable | 960,983 | - | (231,064) | 729,919 | 237,080 |
| Net pension liability | 5,220,901 | 2,896,865 | - | 8,117,766 | - |
| Other post-employment benefits liability | 32,566,250 | 22,911,222 | - | 55,477,472 | - |
| Total governmental activities | \$ 40,659,320 | \$ 27,481,083 | \$ (829,794) | \$ 67,310,609 | \$ 1,406,376 |

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, 2024, the County reported right-to-use lease assets of \$1,771,389 and accumulated amortization of \$462,549, 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 2024, the County decreased these payables by \$322,483. The ending balance of these lease liabilities at December 31, 2024 was \$1,262,867.

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 | \$ 1,477,860 | 0.38%-4.00% | 2-5 | \$ 985,590 |
| Communications towers | 293,528 | 1.85% | 39 | 277,277 |
| Total governmental activities | | | | \$ 1,262,867 |

Pecos County, Texas
Notes to the Financial Statements

Principal and interest requirements to maturity for the lease payable as of December 31, 2024 are as follows:

| Total Year End Requirements | Governmental Activities | | |
|-----------------------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 308,003 | \$ 21,388 | \$ 329,391 |
| 2026 | 247,603 | 19,982 | 267,585 |
| 2027 | 243,622 | 13,972 | 257,594 |
| 2028 | 191,237 | 8,805 | 200,042 |
| 2029 | 8,231 | 4,853 | 13,084 |
| Thereafter | 264,171 | 87,596 | 351,767 |
| | <u>\$ 1,262,867</u> | <u>\$ 156,596</u> | <u>\$ 1,419,463</u> |

Note 10. Compensated Absences

The Pecos County personnel policy allows the accrual of vacation, compensatory time, and sick pay benefits for all employees other than elected officials. The policy allows all employees to accumulate a range of 120 to 160 hours of vacation per year depending on the number of years of service, and to carry their vacation balance forward to the next fiscal year in an amount not to exceed 120 to 160 hours, respectively. Employees may also accrue compensatory time at 100%. Unused compensatory time and vacation leave time is paid upon termination. The amount of sick leave paid is dependent on the number of years of service. In accordance with the County's personnel policy, employees with at least 10 but fewer than 20 years of continuous service are eligible to receive payment for one-half of their accrued sick leave, and employees with 20 or more years of continuous service are eligible to receive payment for all accrued sick leave, subject to forfeiture if the employee is discharged or does not work the required notice period. Employees hired on or after January 2, 2017, are eligible for one-half of accrued sick leave up to \$2,500 after 10 but fewer than 20 years of service, and full payment up to \$5,000 after 20 or more years of service, with the same forfeiture provisions. At December 31, 2024 the value of accumulated vacation, compensatory benefits and sick time amounted to \$1,722,585 that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences. The estimated current portion of liability amount is \$861,293.

Note 11. Healthcare Coverage

During the year ended December 31, 2024, employees of Pecos County, Texas were covered by a self-funded health insurance plan (the Plan). The County contributes \$1,333.34 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, 2024, to \$140,000 for any individual participant.

Pecos County, Texas

Notes to the Financial Statements

Estimates of claims payable and of claims incurred but not reported at December 31, 2024, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due.

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

| | Year ended December 31, 2024 | Year ended December 31, 2023 |
|-----------------------------------|---------------------------------|---------------------------------|
| Unpaid claims, beginning of year | \$ 535,849 | \$ 604,144 |
| Incurred claims, (including IBNR) | 5,698,672 | 8,489,946 |
| Claim payments | (5,863,128) | (8,558,241) |
| Unpaid claims, end of year | \$ 371,393 | \$ 535,849 |

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, 2023 include:

| | |
|---------------------------------------------------------------|-------|
| Retirees or beneficiaries currently receiving benefits | 320 |
| Inactive employees entitled to but not yet receiving benefits | 702 |
| Active employees | 292 |
| Total | 1,314 |

The employee count listed above included only County's employees as of December 31, 2024 as this year Hospital is no longer 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 15.13%, which was equal to the actuarially determined rate for the year 2024.

The deposit rate payable by the employee members for calendar year 2023 and 2024 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, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|----------------------------------------------------------|
| Valuation Date | December 31, 2023 |
| 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, 2023 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% | 4.75% |
| Global Equities | 2.50% | 4.75% |
| International Equities-Developed | 5.00% | 4.75% |
| International Equities-Emerging | 6.00% | 4.75% |
| Investment-grade Bonds | 3.00% | 2.35% |
| Strategic Credit | 9.00% | 3.65% |
| Direct Lending | 16.00% | 7.25% |
| Distressed Debt | 4.00% | 6.90% |
| REIT Equities | 2.00% | 4.10% |
| Master Limited Partnerships | 2.00% | 5.20% |
| Private Real Estate Partnerships | 6.00% | 5.70% |
| Private Equity | 25.00% | 7.75% |
| Hedge Funds | 6.00% | 3.25% |
| Cash Equivalents | 2.00% | 0.60% |
| 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, 2022 | \$ 122,754,167 | \$ 113,659,664 | \$ 9,094,503 |
| Changes for the year: | | | |
| Service cost | 2,820,548 | - | 2,820,548 |
| Interest on total pension liability ⁽¹⁾ | 9,317,539 | - | 9,317,539 |
| Effect of plan changes ⁽²⁾ | 5,197,978 | - | 5,197,978 |
| Effect of economic/demographic gains or losses | (1,654,888) | - | (1,654,888) |
| Refund of contributions | (404,435) | (404,435) | - |
| Benefit payments | (5,657,596) | (5,657,596) | - |
| Employer contributions | - | 2,611,808 | (2,611,808) |
| Member contributions | - | 1,680,678 | (1,680,678) |
| Net investment income | - | 12,473,803 | (12,473,803) |
| Administrative expenses | - | (64,882) | 64,882 |
| Other ⁽³⁾ | - | (43,493) | 43,493 |
| Net changes | 9,619,146 | 10,595,883 | (976,737) |
| Balances at December 31, 2023 | \$ 132,373,313 | \$ 124,255,547 | \$ 8,117,766 |

(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.

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, 2023, 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 excluded the portion of the pension liability attributable to the Hospital as of December 31, 2023, therefore, the amounts presented below are estimates based on the County's percentage of total ending pension liability, which was approximately 100%.

| | 1% Decrease in Discount Rate (6.60%) | Discount Rate (7.60%) | 1% Increase in Discount Rate (8.60%) |
|----------------------------------------|--------------------------------------------|--------------------------|--------------------------------------------|
| Total pension liability | \$ 150,654,395 | \$ 132,373,313 | \$ 117,325,757 |
| Fiduciary net pension | 124,255,547 | 124,255,547 | 124,255,547 |
| Net pension liability / (asset) | \$ 26,398,848 | \$ 8,117,766 | \$ (6,929,790) |

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

For the year ended December 31, 2024, the County recognized pension expense of \$4,268,909 related to the December 31, 2023 valuation. At December 31, 2024, 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 | \$ 1,103,259 | \$ 16,176 |
| Change of assumptions | - | - |
| Net difference between projected and actual investment earnings | - | 435,728 |
| Contributions subsequent to the measurement date | - | 2,155,010 |
| Total | \$ 1,103,259 | \$ 2,606,914 |

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 \$2,155,010 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 (i.e. recognized in the County's financial statements December 31, 2025). Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended December 31: | Pension Expense Amount |
|-------------------------|---------------------------|
| 2024 | \$ (1,375,009) |
| 2025 | (969,378) |
| 2026 | 2,474,175 |
| 2027 | (781,143) |
| 2028 | - |
| Total | \$ (651,355) |

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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|------------------------------------------------------------------|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 271 |
| Inactive employee entitled to but no yet receiving benefits | 228 |
| Active employees | <u>292</u> |
| Total | <u>791</u> |

The employee count listed above included only County's employees as of December 31, 2024, as the Hospital District is no longer 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 0.13% and 0.13% for calendar years 2023 and 2024. The County's contributions to the TCDRS GTL plan for the year ended December 31, 2024 were \$20,140.

Total TCDRS OPEB Liability

The County's total TCDRS OPEB liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TCDRS OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 3.26% and was based on the 20 year Bond GO Index published by bondbuyer.com as of December 31, 2023.

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, 2023 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, 2022 | \$ | 1,200,527 |
| Changes for the year: ⁽¹⁾ | | |
| Service cost | | 27,832 |
| Interest on total OPEB liability | | 45,123 |
| Effect of assumptions changes or inputs | | 110,231 |
| Effect of economic/demographic experience | | 33,238 |
| Benefit payments | | (31,036) |
| | | <hr/> |
| Net changes | | 185,388 |
| | | <hr/> |
| Balance as of December 31, 2023 | \$ | <u>1,385,915</u> |

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

(2) No plan changes valued.

(3) Reflects change in discount rate.

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 3.26%, 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 (2.26%) or 1 percentage-point higher (4.26%) than the current rate. The sensitivity analysis provided by the actuary excluded the portion of the pension liability attributable to the Hospital as of December 31, 2023, therefore, the amounts presented below are estimates based on the County's percentage of total ending pension liability, which was approximately 100%.

| | 1% Decrease in Discount Rate (2.26%) | Discount Rate (3.26%) | 1% Increase in Discount Rate (4.26%) |
|----------------------------|--------------------------------------------|--------------------------|--------------------------------------------|
| | <hr/> | <hr/> | <hr/> |
| Total TCDRS OPEB Liability | \$ 1,680,453 | \$ 1,385,915 | \$ 1,162,469 |

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, 2024 the County recognized TCDRS OPEB expense of \$59,862. At December 31, 2024, 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 | \$ 179,265 | \$ 255,877 |
| Net difference between expected and actual experience | 46,139 | 6,155 |
| Contributions subsequent to the measurement date | 20,140 | - |
| Total | <u>\$ 245,544</u> | <u>\$ 262,032</u> |

The \$20,140 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, 2025. 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 | \$ 27,250 |
| 2025 | (55,851) |
| 2026 | (55,848) |
| 2027 | 23,912 |
| 2028 | 23,909 |
| | <u>\$ (36,628)</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.

Pecos County, Texas

Notes to the Financial Statements

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, 2024, 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, 2024, the County contributed approximately \$3,091,116 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, 2024:

| | <u>Employees</u> |
|----------------------|-------------------|
| Retired plan members | 81 |
| Active plan members | <u>26</u> |
| Total | <u><u>107</u></u> |

The employee count listed above included only County's employees as of December 31, 2023, which was the valuation date used for measurement year ended December 31, 2024.

Total Plan OPEB Liability

The County's Plan OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of December 31, 2023 and rolled forward to December 31, 2024.

Actuarial Methods and Assumptions

The Plan OPEB liability as of December 31, 2024 was determined using the following actuarial assumptions:

| | |
|------------------------|-------|
| Inflation | 2.50% |
| Discount rate | 4.28% |
| Health care cost trend | 4.50% |
| Salary scale | 3.50% |

Pecos County, Texas

Notes to the Financial Statements

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, 2024 | \$ | 31,994,771 |
| Changes for the year: | | |
| Service cost | | 825,430 |
| Interest cost | | 1,357,477 |
| Effect of plan changes | | 11,628,324 |
| Effect of net differences between expected and actual experience | | 10,723,613 |
| Effect of assumptions changes or inputs | | 210,389 |
| Benefit payments | | <u>(2,648,447)</u> |
| Net changes | | <u>22,096,786</u> |
| Balance as of December 31, 2024 | \$ | <u>54,091,557</u> |

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

The following presents the Plan OPEB liability of the County calculated using the discount rate of 4.28%, 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 (3.28%) or 1 percentage-point higher (5.28%) than the current rate:

| | 1% Decrease in Discount Rate (3.28%) | Discount Rate (4.28%) | 1% Increase in Discount Rate (5.28%) |
|---------------------------|--------------------------------------------|--------------------------|--------------------------------------------|
| Total Plan OPEB Liability | \$ 61,924,448 | \$ 54,091,557 | \$ 47,728,591 |

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

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

| | 1% Decrease in Trend Rate (3.50%) | Trend Rate (4.50%) | 1% Increase in Trend Rate (5.50%) |
|---------------------------|-----------------------------------------|-----------------------|-----------------------------------------|
| Total Plan OPEB Liability | \$ 47,215,405 | \$ 54,091,557 | \$ 62,598,992 |

The sensitivity analysis provided by the actuary excluded the portion of the pension liability attributable to the Hospital as of December 31, 2024, therefore, the amounts presented below are estimates based on the County's percentage of total ending pension liability, which was approximately 100%.

Pecos County, Texas

Notes to the Financial Statements

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

For the year ended December 31, 2024, the County recognized Plan OPEB expense of \$14,254,530. At December 31, 2024, 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 |
|-------------------------------------------------------------|-----------------------------------|----------------------------------|
| | <u> </u> | <u> </u> |
| Differences between expected and actual economic experience | \$ 6,939,338 | \$ 2,792,500 |
| Change of assumptions | 3,808,271 | 7,935,668 |
| | <u> </u> | <u> </u> |
| Total | <u>\$ 10,747,609</u> | <u>\$ 10,728,168</u> |

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

| <u>Year Ended December 31,</u> | |
|--------------------------------|-----------------------------|
| 2025 | \$ 443,299 |
| 2026 | (423,858) |
| | <u> </u> |
| | <u>\$ 19,441</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 |
|-------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| OPEB liability | 54,091,557 | 1,385,915 | 55,477,472 |
| Deferred inflows | 10,728,168 | 262,032 | 10,990,200 |
| Deferred outflows | 10,747,609 | 245,544 | 10,993,153 |

Note 13. Contingent Liabilities

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

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

Pecos County, Texas
Notes to the Financial Statements

Note 14. 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, 2024:

| Purpose | Percentage of Taxes Abated during the Fiscal Year | Amount of Taxes Abated during the Fiscal Year |
|-----------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------------|
| Construction of wind power project | 100% | \$ 878,082 |
| Development of various solar power projects | 84% | 6,206,283 |
| Development and operation of ancillary electric services facility and data center | 100% | 334,520 |
| Construction of a data center | 100% | 529,813 |
| Construction of a data computation and distribution facility | 100% | 167,500 |
| | | \$ 8,116,198 |

Some of the agreements described include provisions where the entities make annual payments in lieu of taxes abated. As of December 31, 2024 payments in lieu of taxes amounted to \$1,927,773 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:

| Governmental activities | Liability at Commencement | Interest Rate | Subscription Term Years | Balance at Year End |
|--------------------------------------|---------------------------|---------------|-------------------------|---------------------|
| Software subscriptions | \$ 960,983 | 2.58% | 4-6 | \$ 729,919 |
| Total governmental activities | | | | \$ 729,919 |

Pecos County, Texas
Notes to the Financial Statements

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

| Total Year End Requirements | Governmental Activities | | |
|-----------------------------------|-------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2025 | \$ 237,080 | \$ 16,868 | \$ 253,948 |
| 2026 | 243,253 | 10,695 | 253,948 |
| 2027 | 249,586 | 4,362 | 253,948 |
| | <u>\$ 729,919</u> | <u>\$ 31,925</u> | <u>\$ 761,844</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 \$480,002.

Note 16. Recent Accounting Pronouncements

GASB Statement No. 102, Certain Risk Disclosures (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 will be implemented in the County's fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

GASB Statement No. 103, Financial Reporting Model Improvements (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the County's fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, Disclosure of Certain Capital Assets (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the County's fiscal year 2026 financial statements and the impact has not yet been determined.

Note 17. Subsequent Events

The County has evaluated subsequent events that occurred after December 31, 2024, through May 1, 2026, 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, 2024

| | <u>2023</u> | <u>2022⁽¹⁾</u> | <u>2021</u> |
|------------------------------------------------------------------------|-----------------------|---------------------------|-----------------------|
| TOTAL PENSION LIABILITY | | | |
| Service Cost | \$ 2,820,548 | \$ 2,911,315 | \$ 2,912,754 |
| Interest (on the total pension liability) | 9,317,539 | 8,864,916 | 8,441,373 |
| Effect of plan changes | 5,197,978 | - | 435,209 |
| Effect of assumption changes or inputs | - | - | (334,334) |
| Effect of economic/demographic (gains) or losses | (1,654,888) | 48,528 | (298,439) |
| Benefit payments/refunds of contributions | <u>(6,062,031)</u> | <u>(5,505,010)</u> | <u>(5,656,602)</u> |
| Net change in total pension liability | 9,619,146 | 6,319,749 | 5,499,961 |
| Total pension liability - beginning | <u>122,754,167</u> | <u>116,434,418</u> | <u>110,934,457</u> |
| TOTAL PENSION LIABILITY - ENDING (a) | <u>\$ 132,373,313</u> | <u>\$ 122,754,167</u> | <u>\$ 116,434,418</u> |
| PLAN FIDUCIARY NET POSITION | | | |
| Contributions - employer | \$ 2,611,808 | \$ 2,771,604 | \$ 2,558,441 |
| Contributions - employee | 1,680,678 | 1,622,175 | 1,611,979 |
| Investment income net of investment expenses | 12,473,803 | (7,053,213) | 22,110,659 |
| Benefit payments/refunds of contributions | (6,062,031) | (5,505,010) | (5,656,602) |
| Administrative expense | (64,882) | (66,607) | (65,995) |
| Other | <u>(43,493)</u> | <u>(94,043)</u> | <u>(14,169)</u> |
| Net change in plan fiduciary net position | 10,595,883 | (8,325,094) | 20,544,313 |
| Plan fiduciary net position - beginning | <u>113,659,664</u> | <u>121,984,758</u> | <u>101,440,445</u> |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | <u>\$ 124,255,547</u> | <u>\$ 113,659,664</u> | <u>\$ 121,984,758</u> |
| NET PENSION LIABILITY - ENDING (a)-(b) | <u>\$ 8,117,766</u> | <u>\$ 9,094,503</u> | <u>\$ (5,550,340)</u> |
| Plan fiduciary net position as a percentage of total pension liability | 93.87% | 92.59% | 104.77% |
| Covered payroll | \$ 23,873,928 | \$ 23,173,930 | \$ 23,028,276 |
| Net pension liability as a percentage of covered payroll | 34.00% | 39.24% | -24.10% |

Notes to Schedule:

As of December 31 - Measurement date

Only ten 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 amounts presented for 2022 in this schedule differ from the 2022 amounts reported in the County's FY 2023 Annual Financial Report. In the FY 2023 AFR, the County excluded the Hospital's proportionate share of pension activity and net pension liability due to the disposal of the Hospital. For purposes of the FY 2023 GASB 68 actuarial schedules, the prior-year (2022) amounts were restated by the plan's actuary to reflect 100% of the County's proportionate share, as the Hospital is no longer a participating employer. Accordingly, the 2022 column presented in this schedule reflects the restated actuarial amounts and will not tie to the previously published FY 2023 AFR.

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, 2024

| <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 2,729,086 | \$ 2,853,714 | \$ 2,761,370 | \$ 2,795,292 | \$ 2,982,099 | \$ 2,973,703 | \$ 2,780,990 |
| 8,052,460 | 7,619,004 | 7,122,503 | 6,589,054 | 6,096,181 | 5,759,225 | 5,343,058 |
| - | - | 623,229 | 575,901 | - | (511,212) | - |
| 6,420,478 | - | - | 451,947 | - | 927,974 | - |
| (447,989) | (307,179) | (225,677) | 116,053 | (641,945) | (1,264,530) | 47,248 |
| <u>(4,911,541)</u> | <u>(4,476,141)</u> | <u>(4,020,971)</u> | <u>(3,800,398)</u> | <u>(3,573,519)</u> | <u>(3,478,338)</u> | <u>(3,191,714)</u> |
| 11,842,494 | 5,689,398 | 6,260,454 | 6,727,849 | 4,862,816 | 4,406,822 | 4,979,582 |
| <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>71,144,624</u> | <u>66,165,041</u> |
| <u>\$ 110,934,457</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> |
| | | | | | | |
| \$ 2,434,898 | \$ 2,362,363 | \$ 2,340,070 | \$ 2,044,633 | \$ 2,027,782 | \$ 2,169,495 | \$ 2,159,972 |
| 1,581,103 | 1,590,052 | 1,602,787 | 1,517,325 | 1,533,028 | 1,615,580 | 1,574,247 |
| 9,590,221 | 13,182,072 | (1,527,241) | 10,470,307 | 4,942,678 | (109,580) | 4,215,709 |
| (4,911,541) | (4,476,141) | (4,020,971) | (3,800,398) | (3,573,519) | (3,478,338) | (3,191,714) |
| (74,226) | (70,756) | (64,471) | (54,487) | (53,803) | (48,039) | (49,507) |
| <u>(30,485)</u> | <u>(4,715)</u> | <u>5,903</u> | <u>(3,709)</u> | <u>19,186</u> | <u>104,409</u> | <u>(14,286)</u> |
| 8,589,970 | 12,582,875 | (1,663,923) | 10,173,671 | 4,895,352 | 253,527 | 4,694,421 |
| <u>92,850,475</u> | <u>80,267,600</u> | <u>81,931,523</u> | <u>71,757,852</u> | <u>66,862,500</u> | <u>66,608,973</u> | <u>61,914,552</u> |
| <u>\$ 101,440,445</u> | <u>\$ 92,850,475</u> | <u>\$ 80,267,600</u> | <u>\$ 81,931,523</u> | <u>\$ 71,757,852</u> | <u>\$ 66,862,500</u> | <u>\$ 66,608,973</u> |
| | | | | | | |
| \$ 9,494,012 | \$ 6,241,488 | \$ 13,134,965 | \$ 5,210,588 | \$ 8,656,410 | \$ 8,688,946 | \$ 4,535,650 |
| | | | | | | |
| 91.44% | 93.70% | 85.94% | 94.02% | 89.24% | 88.50% | 93.62% |
| \$ 22,587,181 | \$ 22,715,031 | \$ 22,896,963 | \$ 21,636,323 | \$ 21,898,298 | \$ 23,079,720 | \$ 22,466,129 |
| | | | | | | |
| 42.03% | 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, 2024

| | Year Ended December 31, | | | |
|----------------------------------------------------------------------|--------------------------------|----------------------------|--------------------|--------------------|
| | 2023 | 2022 ⁽¹⁾ | 2021 | 2020 |
| Actuarially determined contribution | \$ 2,611,808 | \$ 2,771,604 | \$ 2,558,441 | \$ 2,434,898 |
| Contributions in relation to the actuarially determined contribution | <u>(2,611,808)</u> | <u>(2,771,604)</u> | <u>(2,558,441)</u> | <u>(2,434,898)</u> |
| CONTRIBUTION DEFICIENCY (EXCESS) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 23,873,928 | \$ 23,173,930 | \$ 23,028,276 | \$ 22,587,181 |
| Contributions as a percentage of covered payroll | 10.9% | 12.0% | 11.1% | 10.8% |

⁽¹⁾ The amounts presented for 2022 in this schedule differ from the 2022 amounts reported in the County's FY 2023 Annual Financial Report. In the FY 2023 AFR, the County excluded the Hospital's proportionate share of pension-related contributions due to the disposal of the Hospital. For purposes of the FY 2023 TCDRS Schedule of Employer Contributions, the plan's actuary restated the prior-year (2022) amounts to reflect 100% of the County's employer contributions, as the Hospital is no longer a participating employer. Accordingly, the 2022 column presented in this schedule reflects the restated actuarial amounts and will not tie to the previously published FY 2023 AFR.

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 (Dec. 31, 2021 valuation for 2023 contributions):

| | |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial cost method | Entry Age (level percentage of pay) |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 17.1 years (based on contribution rate calculated 12/31/2023 valuation) |
| Asset valuation method | 5-year smoothed market |
| Inflation | 2.50% |
| Salary increases | Varies by age and service. 4.7% average over career including inflation. |
| Investment rate of return | 7.50%, net of administrative and investment expenses, including inflation |
| Retirement age | Members who are eligible for service retirement are assumed to commence receiving benefit |
| Mortality | 135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. |

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*

2015: New inflation, mortality, and other assumptions were reflected.
2017: New mortality assumptions were reflected.

2019: New inflation, mortality and other assumptions were reflected.
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.
2023: No changes in plan provisions were reflected in the schedule.

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

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

| Year Ended December 31, | | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 2,362,363 | \$ 2,340,070 | \$ 2,044,633 | \$ 2,027,782 | \$ 2,169,494 | \$ 2,156,748 |
| <u>(2,362,363)</u> | <u>(2,340,070)</u> | <u>(2,044,633)</u> | <u>(2,027,782)</u> | <u>(2,169,494)</u> | <u>(2,159,972)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,224)</u> |
| \$ 22,715,031 | \$ 22,896,963 | \$ 21,636,323 | \$ 21,898,298 | \$ 23,079,720 | \$ 22,466,129 |
| 10.4% | 10.2% | 9.5% | 9.3% | 9.4% | 9.6% |

Pecos County, Texas

County Retiree Health Plan Schedule of Changes in Net Plan OPEB Liability and Related Ratios For the Year Ended December 31, 2024

| | <u>2024</u> | <u>2023⁽¹⁾</u> | <u>2022</u> |
|------------------------------------------------------------------|----------------------|---------------------------|----------------------|
| TOTAL PLAN OPEB LIABILITY | | | |
| Service cost | \$ 825,430 | \$ 825,430 | \$ 2,862,281 |
| Interest on total plan OPEB liability | 1,357,477 | 1,346,515 | 1,610,806 |
| Plan Amendments | 11,628,324 | (24,582,358) | - |
| Effect of net differences between expected and actual experience | 10,723,613 | - | 1,375,493 |
| Effect of assumptions changes or inputs | 210,389 | - | (22,364,151) |
| Benefit payments | <u>(2,648,447)</u> | <u>(1,167,995)</u> | <u>(2,060,802)</u> |
| Net change in total plan OPEB liability | 22,096,786 | (23,578,408) | (18,576,373) |
| Total plan OPEB liability - beginning of year | <u>31,994,771</u> | <u>55,573,179</u> | <u>74,149,552</u> |
| Total plan OPEB liability - end of year | <u>\$ 54,091,557</u> | <u>\$ 31,994,771</u> | <u>\$ 55,573,179</u> |
| Covered employee payroll | \$ 6,379,187 | \$ 6,378,587 | \$ 11,390,334 |
| Net plan OPEB liability as a percentage of covered payroll | 847.94% | 501.60% | 487.90% |

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, 2018 of the net plan OPEB liability and will ultimately contain information for 10 years.

⁽¹⁾ The 2023 amounts presented in this schedule differ from the 2023 amounts reported in the County's FY 2023 Annual Financial Report. In the FY 2023 AFR, the County excluded the Hospital's proportionate share of OPEB activity and net OPEB liability related to the TCDRS Supplemental Death Benefits Fund due to the disposal of the Hospital. For the FY 2024 actuarial valuation, the plan's actuary restated the prior-year (2023) amounts to reflect 100% of the County's proportionate share, as the Hospital is no longer a participating employer. As a result, the 2023 amounts presented in this schedule will not agree to the previously issued FY 2023 AFR.

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----|--------------------|----------------------|----------------------|----------------------|
| \$ | 2,862,281 | \$ 2,591,666 | \$ 2,591,666 | \$ 2,489,593 |
| | 1,556,961 | 2,716,980 | 2,571,963 | 2,429,849 |
| | - | - | - | - |
| | - | (10,339,804) | - | - |
| | - | 13,632,259 | - | - |
| | <u>(1,697,954)</u> | <u>(1,697,954)</u> | <u>(1,555,319)</u> | <u>(1,555,319)</u> |
| | 2,721,288 | 6,903,147 | 3,608,310 | 3,364,123 |
| | <u>71,428,264</u> | <u>64,525,117</u> | <u>60,916,807</u> | <u>57,552,684</u> |
| \$ | <u>74,149,552</u> | <u>\$ 71,428,264</u> | <u>\$ 64,525,117</u> | <u>\$ 60,916,807</u> |
| \$ | 14,198,916 | \$ 11,997,011 | \$ 14,198,916 | \$ 14,198,916 |
| | 522.22% | 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, 2024

| | <u>2023</u> | <u>2022⁽³⁾</u> | <u>2021</u> |
|-------------------------------------------------------------|---------------------|---------------------------|---------------------|
| TOTAL TCDRS OPEB LIABILITY | | | |
| Service cost | \$ 27,832 | \$ 46,580 | \$ 46,106 |
| Interest on total TCDRS OPEB liability (1) | 45,123 | 32,657 | 32,365 |
| Effect of assumption changes or inputs (2) | 110,231 | (426,463) | 32,178 |
| Effect of economic/demographic (gains) or losses | 33,238 | 27,651 | (16,649) |
| Benefit payments | <u>(31,036)</u> | <u>(37,078)</u> | <u>(34,542)</u> |
| Net change in total TCDRS OPEB liability | 185,388 | (356,653) | 59,458 |
| Total TCDRS OPEB liability - beginning of year | <u>1,200,527</u> | <u>1,557,180</u> | <u>1,497,722</u> |
| Total TCDRS OPEB liability - end of year | <u>\$ 1,385,915</u> | <u>\$ 1,200,527</u> | <u>\$ 1,557,180</u> |
| Covered employee payroll | \$ 23,873,928 | \$ 23,173,930 | \$ 23,028,276 |
| Net TCDRS OPEB liability as a percentage of covered payroll | 5.81% | 5.18% | 6.76% |

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 amounts presented in this schedule differ from the 2022 amounts reported in the County's FY 2023 Annual Financial Report. In the FY 2023 AFR, the County excluded the Hospital's portion of OPEB activity and net OPEB liability due to the disposal of the Hospital. For the FY 2023 actuarial valuation, the prior-year (2022) amounts were restated by the actuary to reflect 100% of the County's OPEB activity and liability, as the Hospital is no longer a participating employer. Accordingly, the 2022 amounts presented herein will not agree to the previously issued FY 2023 AFR.

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>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---------------------|---------------------|-------------------|---------------------|
| \$ 42,130 | \$ 28,608 | \$ 33,009 | \$ 31,405 |
| 35,617 | 40,441 | 36,868 | 37,335 |
| 168,878 | 273,539 | (116,785) | 46,039 |
| 9,250 | (11,957) | (4,458) | (3,371) |
| <u>(31,622)</u> | <u>(29,530)</u> | <u>(29,766)</u> | <u>(28,127)</u> |
| 224,253 | 301,101 | (81,132) | 83,281 |
| <u>1,273,469</u> | <u>972,368</u> | <u>1,053,500</u> | <u>970,219</u> |
| <u>\$ 1,497,722</u> | <u>\$ 1,273,469</u> | <u>\$ 972,368</u> | <u>\$ 1,053,500</u> |
| \$ 22,587,181 | \$ 22,715,031 | \$ 22,896,963 | \$ 21,636,323 |
| 6.63% | 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, 2024

| Budget | | | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--------------------------------|-----|---------------------------------------|------------------|---------------|-------------------|-----------------------------------------------------------|
| | | | Original | Final | | |
| REVENUES | | | | | | |
| 7100 | 50 | Taxes | \$ 28,035,335 | \$ 28,035,335 | \$ 28,281,995 | \$ 246,660 |
| 7100 | 51 | ABC Tax | 25,000 | 25,000 | 32,087 | 7,087 |
| 7100 | 53 | Fines and forfeitures | 600 | 600 | 976 | 376 |
| 7100 | 52 | Intergovernmental | 601,000 | 601,000 | 660,635 | 59,635 |
| 7100 | 55 | Charges for services | 2,749,000 | 2,749,000 | 2,861,244 | 112,244 |
| 7100 | 82 | Payment in lieu of taxes | 1,791,931 | 1,791,931 | 1,927,773 | 135,842 |
| 7100 | 81 | Royalties | 6,000 | 6,000 | 1,444 | (4,556) |
| 7100 | 83 | Proceeds from settlement | - | - | 6,142 | 6,142 |
| 7100 | 54 | Interest | 2,066,000 | 2,066,000 | 2,695,596 | 629,596 |
| 7100 | 80 | Other | 71,200 | 71,200 | 123,156 | 51,956 |
| Total revenues | | | 35,346,066 | 35,346,066 | 36,591,048 | 1,244,982 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| 7230 | 400 | Office of the County Judge | 248,451 | 258,010 | 255,954 | 2,056 |
| 7230 | 403 | Office of the County Clerk | 409,359 | 406,256 | 377,384 | 28,872 |
| 7230 | 405 | Veterans' Administration | 65,492 | 64,814 | 63,279 | 1,535 |
| 7230 | 401 | Commissioners' Court | 578,550 | 769,111 | 553,608 | 215,503 |
| 7230 | 409 | Nondepartmental | 12,913,058 | 8,144,266 | 7,314,170 | 830,096 |
| Total general government | | | 14,214,910 | 9,642,458 | 8,564,395 | 1,078,063 |
| Judicial: | | | | | | |
| 7242 | 450 | Office of the District Clerk | 357,999 | 354,165 | 351,531 | 2,634 |
| 7242 | 426 | County Court at Law | 56,900 | 56,900 | 42,718 | 14,182 |
| 7242 | 435 | 83rd District Court | 260,906 | 442,611 | 442,515 | 96 |
| 7242 | 436 | 112th District Court | 286,088 | 284,249 | 228,360 | 55,889 |
| 7242 | 437 | Office of the 83rd District Attorney | 328,039 | 323,274 | 322,679 | 595 |
| 7242 | 438 | Office of the 112th District Attorney | 355,211 | 275,211 | 138,007 | 137,204 |
| 7242 | 451 | Justice of the Peace #1 | 290,098 | 287,098 | 243,104 | 43,994 |
| 7242 | 453 | Justice of the Peace #3 | 135,837 | 133,889 | 125,757 | 8,132 |
| 7242 | 454 | Justice of the Peace #4 | 79,179 | 79,179 | 78,263 | 916 |
| 7242 | 456 | Justice of the Peace #6 | 140,998 | 156,117 | 151,242 | 4,875 |
| 7242 | 475 | Office of the County Attorney | 499,495 | 499,495 | 476,926 | 22,569 |
| 7242 | 465 | County Law Library | 1,500 | 1,500 | - | 1,500 |
| Total judicial | | | 2,792,250 | 2,893,687 | 2,601,102 | 292,585 |
| Financial Administration: | | | | | | |
| 7247 | 495 | Office of the County Auditor | 528,409 | 525,109 | 482,594 | 42,515 |
| 7247 | 497 | Office of the County Treasurer | 176,433 | 174,682 | 171,268 | 3,414 |
| 7247 | 499 | Office of the Tax Assessor Collector | 522,403 | 515,984 | 506,765 | 9,219 |
| 7247 | 503 | Data processing | 1,039,600 | 1,150,625 | 799,297 | 351,328 |
| Total financial administration | | | 2,266,845 | 2,366,400 | 1,959,924 | 406,476 |

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, 2024

| | | | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|------------------------------|-----|----------------------------------------|-------------------------|--------------|---------------------------|---------------------------------------------------------------------|
| | | | <u>Original</u> | <u>Final</u> | | |
| Law enforcement: | | | | | | |
| 7238 | 551 | Constable Precinct #1 | 32,653 | 32,653 | 31,940 | 713 |
| 7238 | 553 | Constable Precinct #3 | 43,238 | 43,238 | 37,040 | 6,198 |
| 7238 | 554 | Constable Precinct #4 | 32,653 | 31,934 | - | 31,934 |
| 7238 | 556 | Constable Precinct #6 | 33,783 | 33,783 | 33,052 | 731 |
| 7238 | 561 | Public Safety Department | 2,500 | 1,158 | 1,158 | - |
| 7238 | 560 | Office of the Sheriff | 2,838,701 | 3,109,921 | 2,990,764 | 119,157 |
| Total law enforcement | | | 2,983,528 | 3,252,687 | 3,093,954 | 158,733 |
| Corrections: | | | | | | |
| 7245 | 512 | Correctional facility | 1,479,013 | 1,479,013 | 1,367,398 | 111,615 |
| 7245 | 570 | Adult probation | 55,958 | 54,258 | 54,162 | 96 |
| 7245 | 572 | Juvenile probation | 284,981 | 473,255 | 399,372 | 73,883 |
| Total corrections | | | 1,819,952 | 2,006,526 | 1,820,932 | 185,594 |
| Health and welfare: | | | | | | |
| 7235 | 632 | Sanitation department | 82,313 | 81,563 | 79,335 | 2,228 |
| 7235 | 540 | EMS | 3,390,603 | 4,074,410 | 3,724,142 | 350,268 |
| 7235 | 640 | Social services | 130,000 | 130,000 | 104,712 | 25,288 |
| 7235 | 630 | Health - Memorial Hospital | 100,000 | 100,000 | - | 100,000 |
| 7235 | 631 | Emergency Management/Homeland Security | 135,186 | 800,086 | 789,178 | 10,908 |
| Total health and welfare | | | 3,838,102 | 5,186,059 | 4,697,367 | 488,692 |
| 7237 | | Fire protection | 474,980 | 1,744,086 | 1,722,160 | 21,926 |
| Culture and recreation: | | | | | | |
| 7233 | 660 | Recreation | 142,000 | 142,000 | 131,766 | 10,234 |
| 7233 | 659 | Fort Stockton Golf Course | 831,404 | 4,849,276 | 4,793,677 | 55,599 |
| 7233 | 658 | Iraan Golf Course | 388,769 | 458,382 | 391,775 | 66,607 |
| 7233 | 661 | Park #1 | 349,258 | 482,266 | 440,821 | 41,445 |
| 7233 | 662 | Park #2 | 676,748 | 861,536 | 838,918 | 22,618 |
| 7233 | 663 | Park #3 | 455,453 | 643,819 | 597,122 | 46,697 |
| 7233 | 664 | Park #4 | 374,535 | 498,128 | 483,157 | 14,971 |
| 7233 | 696 | Historical Commission | 40,437 | 47,039 | 39,160 | 7,879 |
| Total culture and recreation | | | 3,258,604 | 7,982,447 | 7,716,396 | 266,051 |

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, 2024

| | | | Budgeted Amounts | | Actual | Variance with |
|------|-----|---------------------------------------|-------------------------|----------------------|----------------------|-----------------------|
| | | | Original | Final | Amounts | Final Budget - |
| | | | | | | Positive |
| | | | | | | (Negative) |
| | | Libraries: | | | | |
| 7249 | 650 | Fort Stockton library | 420,898 | 418,898 | 396,942 | 21,956 |
| 7249 | 651 | Imperial library | 75,097 | 75,097 | 70,881 | 4,216 |
| 7249 | 652 | Iraan library | 128,951 | 127,022 | 126,932 | 90 |
| 7249 | 653 | Coyanosa library | 49,369 | 49,369 | 47,433 | 1,936 |
| | | Total libraries | 674,315 | 670,386 | 642,188 | 28,198 |
| 7248 | | Building maintenance | 534,258 | 746,870 | 745,334 | 1,536 |
| 7240 | | Utilities | 860,000 | 860,000 | 777,473 | 82,527 |
| 7239 | | Conservation | 203,884 | 202,884 | 153,354 | 49,530 |
| | | Public service: | | | | |
| 7246 | 490 | Elections | 280,883 | 278,344 | 235,132 | 43,212 |
| 7246 | 590 | Pecos County Water | 303,530 | 374,703 | 347,865 | 26,838 |
| 7246 | 595 | Pecos County Sewer | 142,348 | 204,953 | 183,241 | 21,712 |
| 7246 | 695 | Miscellaneous | 266,222 | 266,222 | 221,349 | 44,873 |
| | | Total public service | 992,983 | 1,124,222 | 987,587 | 136,635 |
| 7250 | | Airport | 90,295 | 90,295 | 47,748 | 42,547 |
| 7271 | | Debt service | - | - | 428,837 | (428,837) |
| | | Total expenditures | 35,004,906 | 38,769,007 | 35,958,751 | 2,810,256 |
| | | Excess of revenues over expenditures | 341,160 | (3,422,942) | 632,297 | 4,055,239 |
| | | OTHER FINANCING SOURCES (USES) | | | | |
| 7300 | 00 | Sale of assets | (7,500) | (7,500) | 15,980 | 23,480 |
| 7300 | 10 | Issuance of lease liabilities | - | - | 650,579 | 650,579 |
| 7300 | 50 | Transfers from other funds | 4,450,000 | 4,631,551 | 4,556,551 | (75,000) |
| 7300 | 60 | Transfers to other funds | (4,450,000) | (4,631,551) | (4,556,551) | 75,000 |
| | | Total other financing sources (uses) | (7,500) | (7,500) | 666,559 | 674,059 |
| | | Net change in fund balances | 333,660 | (3,430,442) | 1,298,856 | 4,729,298 |
| | | Fund balances - beginning of year | 29,606,794 | 29,606,794 | 29,606,794 | - |
| | | FUND BALANCES - END OF YEAR | \$ 29,940,454 | \$ 26,176,352 | \$ 30,905,650 | \$ 4,729,298 |

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, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|-------------------------|------------------|--------------|-------------------|-----------------------------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | \$ 5,482,465 | \$ 5,482,465 | \$ 5,590,444 | \$ 107,979 |
| Intergovernmental | 100,000 | 100,000 | 114,531 | 14,531 |
| Fees of office | 665,000 | 665,000 | 664,279 | (721) |
| Miscellaneous | - | - | 64 | 64 |
| Total revenues | 6,247,465 | 6,247,465 | 6,369,318 | 121,853 |
| EXPENDITURES | | | | |
| Highways and streets | | | | |
| Precinct #1: | | | | |
| Salaries and benefits | 593,313 | 588,563 | 280,175 | 308,388 |
| Supplies | 9,000 | 10,925 | 6,305 | 4,620 |
| Fuel | 65,000 | 62,000 | 62,000 | - |
| Uniforms | 1,800 | 1,800 | 1,791 | 9 |
| Communications | 2,600 | 2,600 | 1,397 | 1,203 |
| Travel | 2,500 | 2,890 | 2,889 | 1 |
| Registration fees | 1,000 | 610 | 350 | 260 |
| Repairs and maintenance | 55,915 | 70,473 | 63,976 | 6,497 |
| Lease expenditures | 1,000 | 1,000 | 381 | 619 |
| Contract services | - | 150 | 149 | 1 |
| Equipment | - | 4,950 | 4,950 | - |
| Road improvements | 5,000 | - | - | - |
| Total Precinct #1 | 737,128 | 745,961 | 424,363 | 321,598 |
| Precinct #2: | | | | |
| Salaries and benefits | 540,188 | 528,966 | 269,983 | 258,983 |
| Supplies | 8,200 | 10,460 | 10,336 | 124 |
| Fuel | 50,000 | 38,387 | 37,643 | 744 |
| Uniforms | 1,300 | 1,126 | 1,126 | - |
| Communications | 3,000 | 3,300 | 332 | 2,968 |
| Travel | 3,000 | 2,197 | 2,197 | - |
| Registration fees | 700 | 315 | 315 | - |
| Repairs and maintenance | 19,300 | 49,468 | 48,622 | 846 |
| Lease expenditures | 1,300 | 1,475 | 429 | 1,046 |
| Contract services | 1,000 | - | - | - |
| Equipment | - | 20,791 | 20,754 | 37 |
| Road improvements | 5,000 | 400 | - | 400 |
| Total Precinct #2 | 632,988 | 656,885 | 391,737 | 265,148 |

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, 2024

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget - Positive (Negative)</u> |
|-------------------------|-------------------------|--------------|---------------------------|---------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Precinct #3: | | | | |
| Salaries and benefits | 593,547 | 567,642 | 290,006 | 277,636 |
| Supplies | 29,000 | 34,010 | 32,250 | 1,760 |
| Fuel | 75,000 | 75,019 | 75,019 | - |
| Uniforms | 1,000 | 1,851 | 1,851 | - |
| Communications | 8,000 | 8,000 | 2,365 | 5,635 |
| Travel | 2,500 | 2,500 | 2,430 | 70 |
| Registration fees | 1,000 | 265 | 265 | - |
| Repairs and maintenance | 47,000 | 101,778 | 97,735 | 4,043 |
| Lease expenditures | 1,500 | 2,000 | 1,818 | 182 |
| Dues and subscriptions | 300 | 300 | 202 | 98 |
| Equipment | - | 9,777 | 9,512 | 265 |
| Road improvements | 5,000 | - | - | - |
| Total Precinct #3 | 763,847 | 803,142 | 513,453 | 289,689 |
| Precinct #4: | | | | |
| Salaries and benefits | 710,105 | 707,105 | 354,985 | 352,120 |
| Supplies | 21,200 | 18,262 | 18,240 | 22 |
| Fuel | 95,000 | 145,401 | 145,400 | 1 |
| Uniforms | 1,750 | 2,115 | 2,115 | - |
| Communications | 3,500 | 3,500 | - | 3,500 |
| Travel | 3,000 | 3,000 | 808 | 2,192 |
| Registration fees | 1,000 | 392 | 215 | 177 |
| Repairs and maintenance | 63,000 | 61,879 | 60,599 | 1,280 |
| Lease expenditures | 2,000 | 2,000 | 1,908 | 92 |
| Contract services | 3,000 | 5,332 | 3,268 | 2,064 |
| Equipment | - | 2,622 | 2,622 | - |
| Road improvements | 5,000 | 168,105 | 166,779 | 1,326 |
| Total Precinct #4 | 908,555 | 1,119,713 | 756,939 | 362,774 |

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, 2024

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|------------------------------------------|---------------------|---------------------|---------------------|-----------------------------------------------------------|
| | Original | Final | | |
| General: | | | | |
| Employee insurance | 555,000 | 555,000 | 495,214 | 59,786 |
| Lateral roads #1 | 10,250 | 10,250 | 8,329 | 1,921 |
| Lateral roads #2 | 10,250 | 10,250 | 2,089 | 8,161 |
| Lateral roads #3 | 10,250 | 10,250 | 3,409 | 6,841 |
| Lateral roads #4 | 10,250 | 10,250 | 6,651 | 3,599 |
| Road improvements | 919,886 | 749,223 | 650,586 | 98,637 |
| Contract services | 245,000 | 245,000 | 124,551 | 120,449 |
| Total general | 1,760,886 | 1,590,223 | 1,290,829 | 299,394 |
| Total highways and streets | 4,803,404 | 4,915,925 | 3,377,321 | 1,538,603 |
| Capital Outlay: | | | | |
| General | 1,027,734 | 323,279 | 17,345 | 305,934 |
| Precinct #1 | - | 450,276 | 446,143 | 4,133 |
| Precinct #2 | - | 282,651 | 266,344 | 16,307 |
| Precinct #3 | - | 9,180 | 9,180 | - |
| Precinct #4 | - | 164,072 | 164,025 | 47 |
| Total capital outlay | 1,027,734 | 1,229,459 | 903,037 | 326,422 |
| Total expenditures | 5,831,138 | 6,145,383 | 4,280,358 | 1,865,025 |
| Deficiency of revenues over expenditures | 416,327 | 102,082 | 2,088,960 | 1,986,877 |
| Net change in fund balance | 416,327 | 102,082 | 2,088,960 | 1,986,877 |
| Fund balances - beginning of year | 2,001,676 | 2,001,676 | 2,001,676 | - |
| FUND BALANCES - END OF YEAR | \$ 2,418,003 | \$ 2,103,758 | \$ 4,090,636 | \$ 1,986,877 |

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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, 2024.
- 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, 2024

| | Special Revenue Funds | Capital Projects Fund | Total Nonmajor Funds |
|--------------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,904,262 | \$ 7,756 | \$ 3,912,018 |
| Receivables, net of allowance | | | |
| Other | 1,186,483 | - | 1,186,483 |
| Due from other funds | 98,482 | - | 98,482 |
| TOTAL ASSETS | \$ 5,189,227 | \$ 7,756 | \$ 5,196,983 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 581,595 | \$ - | \$ 581,595 |
| Due to other funds | 1,148,496 | - | 1,148,496 |
| Unearned revenue | 1,235,738 | - | 1,235,738 |
| Total liabilities | 2,965,829 | - | 2,965,829 |
| FUND BALANCES | | | |
| Restricted | | | |
| Federal and state grants | 541,056 | - | 541,056 |
| Legislation | 1,682,342 | - | 1,682,342 |
| Assigned | | | |
| Capital projects funds | - | 7,756 | 7,756 |
| Total fund balances | 2,223,398 | 7,756 | 2,231,154 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 5,189,227 | \$ 7,756 | \$ 5,196,983 |

Pecos County, Texas

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2024

| | Special Revenue Funds | Capital Projects Fund | Total Nonmajor Funds |
|-----------------------------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| REVENUES | | | |
| Fines and forfeitures | \$ 1,923 | \$ - | \$ 1,923 |
| Intergovernmental | 6,751,944 | - | 6,751,944 |
| Charges for services | 692,741 | - | 692,741 |
| Interest | 39,327 | - | 39,327 |
| Other | 3,058 | - | 3,058 |
| Total revenues | 7,488,993 | - | 7,488,993 |
| EXPENDITURES | | | |
| Judicial | 122,923 | - | 122,923 |
| Law enforcement | 643,242 | - | 643,242 |
| Corrections | 2,092,411 | - | 2,092,411 |
| Health and welfare | 3,307,154 | - | 3,307,154 |
| Public service | 967,036 | - | 967,036 |
| Capital outlay | 494,349 | - | 494,349 |
| Debt Service: | | | |
| Principal | 159,568 | - | 159,568 |
| Interest and other charges | 65 | - | 65 |
| Total expenditures | 7,786,748 | - | 7,786,748 |
| Excess of expenditures over revenues | (297,755) | - | (297,755) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 24,654 | - | 24,654 |
| Transfers (out) | (24,654) | - | (24,654) |
| Issuance of Lease Liabilities | 494,349 | - | 494,349 |
| Total other financing sources (uses) | 494,349 | - | 494,349 |
| Net change in fund balances | 196,594 | - | 196,594 |
| Fund balances - beginning of year | 2,026,804 | 7,756 | 2,034,560 |
| FUND BALANCES, end of year | \$ 2,223,398 | \$ 7,756 | \$ 2,231,154 |

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet
December 31, 2024

| | 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 | \$ 32,297 | \$ 37,230 | \$ 24,087 | \$ 10,033 | \$ 268,694 | \$ 29,333 |
| Receivables, net of allowance | | | | | | |
| Other | - | - | - | - | - | - |
| Due from other funds | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 32,297 | \$ 37,230 | \$ 24,087 | \$ 10,033 | \$ 268,694 | \$ 29,333 |
| LIABILITIES | | | | | | |
| Accounts payable | - | - | 1,250 | - | 1,608 | - |
| Due to other funds | - | - | - | - | - | - |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | - | - | 1,250 | - | 1,608 | - |
| FUND BALANCES | | | | | | |
| Restricted: | | | | | | |
| Federal and state grants | - | 37,230 | 22,837 | 10,033 | 267,086 | 29,333 |
| Legislation | 32,297 | - | - | - | - | - |
| Total fund balances | 32,297 | 37,230 | 22,837 | 10,033 | 267,086 | 29,333 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 32,297 | \$ 37,230 | \$ 24,087 | \$ 10,033 | \$ 268,694 | \$ 29,333 |

| 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 |
| \$ 167,502 | \$ 8,081 | \$ 41,881 | \$ 84,460 | \$ 480,442 | \$ 63,875 | \$ 32,289 | \$ 38,442 |
| - | - | - | 10 | - | 5,988 | 30 | 106 |
| - | - | - | - | - | - | - | - |
| <u>\$ 167,502</u> | <u>\$ 8,081</u> | <u>\$ 41,881</u> | <u>\$ 84,470</u> | <u>\$ 480,442</u> | <u>\$ 69,863</u> | <u>\$ 32,319</u> | <u>\$ 38,548</u> |
| \$ 1,045 | \$ - | \$ - | \$ - | \$ - | \$ 410 | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,045 | - | - | - | - | 410 | - | - |
| 166,457 | 8,081 | - | - | - | - | - | - |
| - | - | 41,881 | 84,470 | 480,442 | 69,453 | 32,319 | 38,548 |
| <u>166,457</u> | <u>8,081</u> | <u>41,881</u> | <u>84,470</u> | <u>480,442</u> | <u>69,453</u> | <u>32,319</u> | <u>38,548</u> |
| <u>\$ 167,502</u> | <u>\$ 8,081</u> | <u>\$ 41,881</u> | <u>\$ 84,470</u> | <u>\$ 480,442</u> | <u>\$ 69,863</u> | <u>\$ 32,319</u> | <u>\$ 38,548</u> |

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet – Continued
December 31, 2024

| | 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 and cash equivalents | \$ 19,889 | \$ 136,389 | \$ 17,661 | \$ 5,809 | \$ 17,734 | \$ 10,625 |
| Receivables, net of allowance | | | | | | |
| Other | - | - | - | 67 | - | 435 |
| Due from other funds | - | - | - | - | - | - |
| TOTAL ASSETS | \$ 19,889 | \$ 136,389 | \$ 17,661 | \$ 5,876 | \$ 17,734 | \$ 11,060 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Due to other funds | - | - | - | - | - | 10,000 |
| Unearned revenue | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | 10,000 |
| FUND BALANCES | | | | | | |
| Restricted: | | | | | | |
| Federal and state grants | - | - | - | - | - | - |
| Legislation | 19,889 | 136,389 | 17,661 | 5,876 | 17,734 | 1,060 |
| Total fund balances | 19,889 | 136,389 | 17,661 | 5,876 | 17,734 | 1,060 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 19,889 | \$ 136,389 | \$ 17,661 | \$ 5,876 | \$ 17,734 | \$ 11,060 |

| 409 BG-Rifle Resistant Body Armor Grant | 412 R.I.E.S.A. Program Grant IA0000000316/ SB.22 | 413 R.I.E.S.A. Program Grant IA0000000463/ SB.22 | 414 R.I.E.S.A. Program Grant IA0000000446/ SO | 415 JRAC Grant 2024/2025 | 427 JRAC Grant 2021/2022 | 428 OPSG 2021 | 430 Border Prosecution Grant |
|--------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------|--------------------------------|--------------------------------|------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | 40,327 | - | - | 102,649 |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 40,327</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 102,649</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 6,848 | \$ - | \$ - | - |
| - | - | - | - | 33,479 | - | - | 102,650 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 40,327 | - | - | 102,650 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | (1) |
| - | - | - | - | - | - | - | (1) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 40,327</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 102,649</u> |

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet – Continued
December 31, 2024

| | 431 | 435 | 436 | 437 | 443 | 446 |
|-------------------------------------------|---------------------|-------------|--------------------------------------------|------------------|-------------|----------------------------|
| | TIF Grant | OPSG 2022 | Federal Victims of Crime Act Fund | OPSG 2023 | JRAC | US Treasury Covid Funds |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,543,231 |
| Receivables, net of allowance | | | | | | |
| Other | 1,004,994 | - | - | 25,698 | - | - |
| Due from other funds | - | - | - | - | - | 98,482 |
| TOTAL ASSETS | \$ 1,004,994 | \$ - | \$ - | \$ 25,698 | \$ - | \$ 1,641,713 |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 20,737 | \$ - | \$ - | \$ 9,371 | \$ - | \$ 405,975 |
| Due to other funds | 984,258 | - | - | 16,328 | - | - |
| Unearned revenue | - | - | - | - | - | 1,235,738 |
| Total liabilities | 1,004,995 | - | - | 25,699 | - | 1,641,713 |
| FUND BALANCES | | | | | | |
| Restricted: | | | | | | |
| Federal and state grants | - | - | - | (1) | - | - |
| Legislation | (1) | - | - | - | - | - |
| Total fund balances | (1) | - | - | (1) | - | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 1,004,994 | \$ - | \$ - | \$ 25,698 | \$ - | \$ 1,641,713 |

| 448 | 500 | 505 | 510 | 511 | 530 | 540 | 560 | 561 | |
|-----------------------------|-----------------------------------------|---------------------------------------------------------|----------------------------------|-----------------------------------------|----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|---------------------|
| Iraan River Park Fund | County Attorney Hot Check Fund | County Attorney Pre-Trial Intervention Fund | Sheriff Discretionary Fund | Forfeiture Shared Revenue Fund | 83rd District Attorney Hot Check Funds | 83rd District Attorney Drug Forfeiture Fund | 112th District Attorney Discretionary Fund | 112th District Attorney Hot Check Fund | Total |
| \$ - | \$ 9,487 | \$ 371,613 | \$ 103,665 | \$ 80 | \$ 28,108 | \$ 280,103 | \$ 40,838 | \$ 384 | \$ 3,904,262 |
| 1,781 | - | 3,071 | 1,327 | - | - | - | - | - | 1,186,483 |
| - | - | - | - | - | - | - | - | - | 98,482 |
| <u>\$ 1,781</u> | <u>\$ 9,487</u> | <u>\$ 374,684</u> | <u>\$ 104,992</u> | <u>\$ 80</u> | <u>\$ 28,108</u> | <u>\$ 280,103</u> | <u>\$ 40,838</u> | <u>\$ 384</u> | <u>\$ 5,189,227</u> |
| \$ - | \$ 5,677 | \$ 1,559 | \$ - | \$ - | \$ - | \$ 127,115 | \$ - | \$ - | \$ 581,595 |
| 1,781 | - | - | - | - | - | - | - | - | 1,148,496 |
| - | - | - | - | - | - | - | - | - | 1,235,738 |
| <u>1,781</u> | <u>5,677</u> | <u>1,559</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>127,115</u> | <u>-</u> | <u>-</u> | <u>2,965,829</u> |
| - | - | - | - | - | - | - | - | - | 541,056 |
| - | 3,810 | 373,125 | 104,992 | 80 | 28,108 | 152,988 | 40,838 | 384 | 1,682,342 |
| - | 3,810 | 373,125 | 104,992 | 80 | 28,108 | 152,988 | 40,838 | 384 | 2,223,398 |
| <u>\$ 1,781</u> | <u>\$ 9,487</u> | <u>\$ 374,684</u> | <u>\$ 104,992</u> | <u>\$ 80</u> | <u>\$ 28,108</u> | <u>\$ 280,103</u> | <u>\$ 40,838</u> | <u>\$ 384</u> | <u>\$ 5,189,227</u> |

Pecos County, Texas
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2024

| | 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 | - | - | 149,426 | 14,990 | 361,683 | 79,298 |
| Charges for services | - | - | - | - | 481,401 | - |
| Interest | - | 1,763 | - | - | 17,823 | - |
| Other | - | - | - | - | 3,058 | - |
| Total revenues | - | 1,763 | 149,426 | 14,990 | 863,965 | 79,298 |
| EXPENDITURES | | | | | | |
| Judicial | - | - | - | - | - | - |
| Law enforcement | - | - | - | - | - | - |
| Corrections | - | 1,722 | 165,582 | 9,858 | 788,259 | 76,907 |
| Health and welfare | - | - | - | - | - | - |
| Public service | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - |
| Total expenditures | - | 1,722 | 165,582 | 9,858 | 788,259 | 76,907 |
| Excess (deficiency) of revenues over (under) expenditures | - | 41 | (16,156) | 5,132 | 75,706 | 2,391 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | 9,134 |
| Transfers (out) | - | - | - | - | (24,654) | - |
| Issuance of Lease Liabilities | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | (24,654) | 9,134 |
| Net change in fund balances | - | 41 | (16,156) | 5,132 | 51,052 | 11,525 |
| Fund balances - beginning of year | 32,297 | 37,189 | 38,993 | 4,901 | 216,034 | 17,808 |
| FUND BALANCES - END OF YEAR | \$ 32,297 | \$ 37,230 | \$ 22,837 | \$ 10,033 | \$ 267,086 | \$ 29,333 |

| 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 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 320,794 | 29,885 | - | - | - | - | - | - |
| - | - | - | 687 | 34,606 | 32,917 | 74 | 1,811 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 320,794 | 29,885 | - | 687 | 34,606 | 32,917 | 74 | 1,811 |
| - | - | - | - | - | 37,360 | - | - |
| - | - | - | - | - | - | - | - |
| 286,195 | 29,238 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 286,195 | 29,238 | - | - | - | 37,360 | - | - |
| 34,599 | 647 | - | 687 | 34,606 | (4,443) | 74 | 1,811 |
| 12,908 | 2,612 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 12,908 | 2,612 | - | - | - | - | - | - |
| 47,507 | 3,259 | - | 687 | 34,606 | (4,443) | 74 | 1,811 |
| 118,950 | 4,822 | 41,881 | 83,783 | 445,836 | 73,896 | 32,245 | 36,737 |
| \$ 166,457 | \$ 8,081 | \$ 41,881 | \$ 84,470 | \$ 480,442 | \$ 69,453 | \$ 32,319 | \$ 38,548 |

Pecos County, Texas

Special Revenue Funds

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

For the Year Ended December 31, 2024

| | 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 | 415 | 34,806 | 1,148 | 857 | 7,293 | 6,384 |
| Interest | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | 415 | 34,806 | 1,148 | 857 | 7,293 | 6,384 |
| EXPENDITURES | | | | | | |
| Judicial | - | - | - | - | - | - |
| Law enforcement | - | - | - | - | - | - |
| Corrections | 13,304 | - | - | - | 1,500 | 2,689 |
| Health and welfare | - | - | - | - | - | - |
| Public service | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - |
| Total expenditures | 13,304 | - | - | - | 1,500 | 2,689 |
| Excess (deficiency) of revenues over (under) expenditures | (12,889) | 34,806 | 1,148 | 857 | 5,793 | 3,695 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - |
| Issuance of Lease Liabilities | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | (12,889) | 34,806 | 1,148 | 857 | 5,793 | 3,695 |
| Fund balances - beginning of year | 32,778 | 101,583 | 16,513 | 5,019 | 11,941 | (2,635) |
| FUND BALANCES - END OF YEAR | \$ 19,889 | \$ 136,389 | \$ 17,661 | \$ 5,876 | \$ 17,734 | \$ 1,060 |

| 409 BG-Rifle Resistant Body Armor Grant | 412 R.L.E.S.A. Program Grant IA0000000316/ SB.22 | 413 R.L.E.S.A. Program Grant IA0000000463/ SB.22 | 414 R.L.E.S.A. Program Grant IA0000000446/ SO | 415 JRAC Grant 2024/2025 | 427 JRAC Grant 2021/2022 | 428 OPSG 2021 | 430 Border Prosecution Grant |
|--------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------------------------------|--------------------------------|--------------------------------|------------------|---------------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 60,419 | 175,000 | 175,000 | 350,000 | 40,327 | 467,120 | 74,048 | 574,462 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 60,419 | 175,000 | 175,000 | 350,000 | 40,327 | 467,120 | 74,048 | 574,462 |
| - | - | - | - | - | - | - | - |
| 60,419 | 175,000 | 175,000 | 192,496 | 40,327 | - | - | - |
| - | - | - | - | - | - | 74,048 | 574,464 |
| - | - | - | - | - | 467,120 | - | - |
| - | - | - | 489,332 | - | - | - | - |
| - | - | - | 157,504 | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 60,419 | 175,000 | 175,000 | 839,332 | 40,327 | 467,120 | 74,048 | 574,464 |
| - | - | - | (489,332) | - | - | - | (2) |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | 489,332 | - | - | - | - |
| - | - | - | 489,332 | - | - | - | - |
| - | - | - | - | - | - | - | (2) |
| - | - | - | - | - | - | - | 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, 2024

| | 431 | 435 | 436 | 437 | 443 | 446 |
|--------------------------------------------------------------|---------------|-------------|--------------------------------------------|---------------|-------------|----------------------------|
| | TIF Grant | OPSG 2022 | Federal Victims of Crime Act Fund | OPSG 2023 | JRAC | US Treasury Covid Funds |
| REVENUES | | | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 2,840,032 | 33,761 | 49,737 | 50,897 | 25,083 | 869,690 |
| Charges for services | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | 2,840,032 | 33,761 | 49,737 | 50,897 | 25,083 | 869,690 |
| EXPENDITURES | | | | | | |
| Judicial | - | - | - | - | - | - |
| Law enforcement | - | - | - | - | - | - |
| Corrections | - | 17,747 | - | 50,898 | - | - |
| Health and welfare | 2,840,034 | - | - | - | - | - |
| Public service | - | 16,014 | 49,737 | - | 25,084 | 869,690 |
| Capital outlay | - | - | - | - | - | - |
| Debt Service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and other charges | - | - | - | - | - | - |
| Total expenditures | 2,840,034 | 33,761 | 49,737 | 50,898 | 25,084 | 869,690 |
| Excess (deficiency) of revenues over (under) expenditures | (2) | - | - | (1) | (1) | - |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers (out) | - | - | - | - | - | - |
| Issuance of Lease Liabilities | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | (2) | - | - | (1) | (1) | - |
| Fund balances - beginning of year | 1 | - | - | - | 1 | - |
| FUND BALANCES - END OF YEAR | \$ (1) | \$ - | \$ - | \$ (1) | \$ - | \$ - |

| 448 | 500 | 505 | 510 | 511 | 530 | 540 | 560 | 561 | |
|-----------------------------|-----------------------------------------|---------------------------------------------------------|------------------------------------|-----------------------------------------|----------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|--------------|
| Iraan River Park Fund | County Attorney Hot Check Fund | County Attorney Pre-Trial Intervention Fund | Sheriff's Discretionary Fund | Forfeiture Shared Revenue Fund | 83rd District Attorney Hot Check Funds | 83rd District Attorney Drug Forfeiture Funds | 112th District Attorney Discretionary Fund | 112th District Attorney Hot Check Fund | Total |
| \$ - | \$ - | \$ - | \$ 1,922 | \$ 1 | \$ - | \$ - | \$ - | \$ - | \$ 1,923 |
| 5,862 | - | - | 4,430 | - | - | - | - | - | 6,751,944 |
| - | 810 | 89,532 | - | - | - | - | - | - | 692,741 |
| - | - | - | - | - | 1,303 | 16,545 | 1,893 | - | 39,327 |
| - | - | - | - | - | - | - | - | - | 3,058 |
| 5,862 | 810 | 89,532 | 6,352 | 1.00 | 1,303 | 16,545 | 1,893 | - | 7,488,993 |
| - | 1,951 | 74,832 | 1 | - | - | 8,779 | - | - | 122,923 |
| - | - | - | - | - | - | - | - | - | 643,242 |
| - | - | - | - | - | - | - | - | - | 2,092,411 |
| - | - | - | - | - | - | - | - | - | 3,307,154 |
| 5,862 | - | - | - | 649 | - | - | - | - | 967,036 |
| - | - | 5,017 | - | - | - | - | - | - | 494,349 |
| - | - | 2,064 | - | - | - | - | - | - | 159,568 |
| - | - | 65 | - | - | - | - | - | - | 65 |
| 5,862 | 1,951 | 81,978 | 1 | 649 | - | 8,779 | - | - | 7,786,748 |
| - | (1,141) | 7,554 | 6,351 | (648.00) | 1,303 | 7,766 | 1,893 | - | (297,755) |
| - | - | - | - | - | - | - | - | - | 24,654 |
| - | - | - | - | - | - | - | - | - | (24,654) |
| - | - | 5,017 | - | - | - | - | - | - | 494,349 |
| - | - | 5,017 | - | - | - | - | - | - | 494,349 |
| - | (1,141) | 12,571 | 6,351 | (648) | 1,303 | 7,766 | 1,893 | - | 196,594 |
| - | 4,951 | 360,554 | 98,641 | 728 | 26,805 | 145,222 | 38,945 | 384 | 2,026,804 |
| \$ - | \$ 3,810 | \$ 373,125 | \$ 104,992 | \$ 80 | \$ 28,108 | \$ 152,988 | \$ 40,838 | \$ 384 | \$ 2,223,398 |

Pecos County, Texas

Fiduciary Funds – Custodial Funds

Combining Statement of Fiduciary Net Position

December 31, 2024

| | <u>Pecos County Golf Course</u> | <u>Bond Fund</u> | <u>Permian Basin Adult Probation</u> | <u>Juvenile Probation</u> | <u>District Clerk Fee Account</u> | <u>District Clerk Trust Fund</u> | <u>Tax Assessor Collector</u> | <u>Edward Petsch Arts Fund</u> |
|------------------------------------------------------|-------------------------------------|------------------|----------------------------------------------|-------------------------------|---------------------------------------|--------------------------------------|-----------------------------------|----------------------------------------|
| ASSETS | | | | | | | | |
| Cash | \$ 14,361 | \$ 66,983 | \$ 110,438 | \$ 55 | \$ 56,289 | \$ 681,815 | \$ 8,124,155 | \$ 238,262 |
| TOTAL ASSETS | <u>14,361</u> | <u>66,983</u> | <u>110,438</u> | <u>55</u> | <u>56,289</u> | <u>681,815</u> | <u>8,124,155</u> | <u>238,262</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | - | - | 6,356 | - | - | - | - | - |
| Due to other governments | - | - | 72,422 | - | - | - | - | - |
| Due to beneficiaries | - | - | 38,016 | - | - | - | - | - |
| 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 | 14,361 | 66,983 | (6,356) | 55 | 56,289 | 681,815 | 8,124,155 | 238,262 |
| TOTAL NET POSITION | <u>\$ 14,361</u> | <u>\$ 66,983</u> | <u>\$ (6,356)</u> | <u>\$ 55</u> | <u>\$ 56,289</u> | <u>\$ 681,815</u> | <u>\$ 8,124,155</u> | <u>\$ 238,262</u> |

| Sheriff Bond Account | Jail Commissary Account | County Clerk 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 |
|----------------------|-------------------------|---------------------------|-----------------|---------------------------------|--------------------|--------------------------|--------------------------|-----------------------|-----------------|---------------------|
| \$ 65,608 | \$ 15,796 | \$ 111,373 | \$ 8,464 | \$ - | \$ 61,783 | \$ 559 | \$ 2,975 | \$ 2 | \$ 2,947 | \$ 9,561,865 |
| <u>65,608</u> | <u>15,796</u> | <u>111,373</u> | <u>8,464</u> | <u>-</u> | <u>61,783</u> | <u>559</u> | <u>2,975</u> | <u>2</u> | <u>2,947</u> | <u>9,561,865</u> |
| - | - | - | - | - | - | - | - | - | - | 6,356 |
| - | - | - | - | - | - | - | - | - | - | 72,422 |
| - | - | - | - | - | - | - | - | - | - | 38,016 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>116,794</u> |
| <u>65,608</u> | <u>15,796</u> | <u>111,373</u> | <u>8,464</u> | <u>-</u> | <u>61,783</u> | <u>559</u> | <u>2,975</u> | <u>2</u> | <u>2,947</u> | <u>9,445,071</u> |
| <u>\$ 65,608</u> | <u>\$ 15,796</u> | <u>\$ 111,373</u> | <u>\$ 8,464</u> | <u>\$ -</u> | <u>\$ 61,783</u> | <u>\$ 559</u> | <u>\$ 2,975</u> | <u>\$ 2</u> | <u>\$ 2,947</u> | <u>\$ 9,445,071</u> |

Pecos County, Texas

Fiduciary Funds – Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended December 31, 2024

| | 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 |
|--------------------------------------------------------------|-----------------------------|-----------|-------------------------------------|-----------------------|-------------------------------|------------------------------|---------------------------|-------------------------------|
| ADDITIONS | | | | | | | | |
| Interest | \$ 593 | \$ - | \$ 5,903 | \$ 2 | \$ 893 | \$ 277 | \$ 125,122 | \$ 11,199 |
| Fees for governments | 167,734 | - | 832,254 | - | 230,744 | - | 146,525,816 | - |
| Fees for beneficiaries | - | - | 71,462 | - | - | 347,985 | - | - |
| Held for others | - | - | - | 1,569 | - | - | - | - |
| Held for beneficiaries | - | - | - | - | - | - | - | - |
| Total additions | 168,327 | - | 909,619 | 1,571 | 231,637 | 348,262 | 146,650,938 | 11,199 |
| DEDUCTIONS | | | | | | | | |
| Payments to governments | 171,351 | - | 838,739 | 33 | 194,741 | - | 143,676,570 | - |
| Payments to beneficiaries | - | - | 72,019 | 1,754 | - | 1,524,360 | - | - |
| Operating expense | - | - | - | - | - | - | - | 850 |
| Total deductions | 171,351 | - | 910,758 | 1,787 | 194,741 | 1,524,360 | 143,676,570 | 850 |
| NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION | (3,024) | - | (1,139) | (216) | 36,896 | (1,176,098) | 2,974,368 | 10,349 |
| NET POSITION - BEGINNING OF YEAR | 17,385 | 66,983 | (5,217) | 271 | 19,393 | 1,857,913 | 5,149,787 | 227,912 |
| NET POSITION - END OF YEAR | \$ 14,361 | \$ 66,983 | \$ (6,356) | \$ 55 | \$ 56,289 | \$ 681,815 | \$ 8,124,155 | \$ 238,262 |

| Sheriff Bond Account | Jail Commissary Account | County Clerk 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 |
|----------------------|-------------------------|---------------------------|--------------|---------------------------------|--------------------|--------------------------|--------------------------|-----------------------|-----------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 143,989 |
| - | - | - | 34,892 | 60,977 | - | 19,616 | 65,897 | - | 89,216 | 148,027,146 |
| 36,185 | 74,789 | - | - | - | - | - | - | - | - | 530,421 |
| - | - | - | - | - | - | - | - | - | - | 1,569 |
| - | - | 44,849 | - | - | - | - | - | - | - | 44,849 |
| 36,185 | 74,789 | 44,849 | 34,892 | 60,977 | - | 19,616 | 65,897 | - | 89,216 | 148,747,975 |
| - | - | - | 34,177 | 60,977 | 61,783 | 20,226 | 62,922 | - | 86,269 | 145,207,788 |
| 24,285 | 65,618 | 27,374 | - | - | - | - | - | - | - | 1,715,410 |
| - | - | - | - | - | - | - | - | - | - | 850 |
| 24,285 | 65,618 | 27,374 | 34,177 | 60,977 | 61,783 | 20,226 | 62,922 | - | 86,269 | 146,924,048 |
| 11,900 | 9,172 | 17,475 | 715 | - | (61,783) | (610) | 2,975 | - | 2,947 | 1,823,927 |
| 53,708 | 6,624 | 93,898 | 7,749 | - | 123,566 | 1,169 | - | 2 | - | 7,621,144 |
| \$ 65,608 | \$ 15,796 | \$ 111,373 | \$ 8,464 | \$ - | \$ 61,783 | \$ 559 | \$ 2,975 | \$ 2 | \$ 2,947 | \$ 9,445,071 |

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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, 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, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 1, 2026.

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*.

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

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
May 1, 2026

**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, 2024. 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, 2024.

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
May 1, 2026

Pecos County, Texas

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended December 31, 2024

| 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 | 3209408 | \$ 50,897 |
| Homeland Security Grant Program | 97.067 | 3209 405 OPSG22 | 33,761 |
| Homeland Security Grant Program | 97.067 | 3209 406 OPSG21 | 74,048 |
| Total ALN 97.067 | | | 158,706 |
| Total United States Department of Homeland Security | | | 158,706 |
| <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 | 869,690 |
| Total ALN 21.027 | | | 869,690 |
| Total United States Department of the Treasury | | | 869,690 |
| <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 | 49,737 |
| Total United States Department of Justice | | | 49,737 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | 1,078,133 |
| STATE AWARDS | | | |
| <u>Texas J Regional Advisory Council</u> | | | |
| Texas J Regional Advisory Council Grant | | FY 2024-2025 | 40,327 |
| Texas J Regional Advisory Council Grant | | FY 2023-2024 | 25,083 |
| Total Texas J Regional Advisory Council | | | 65,410 |
| <u>Texas Office of the Governor</u> | | | |
| Border Prosecution Unit Program | | 2537911 | 574,462 |
| Operation Lone Star | | 4386302 | 467,120 |
| Body Armor Grant | | 4769901 | 60,419 |
| Rural Law Enf Sal Adj - CA | | IA-0000000316 | 175,000 |
| Rural Law Enf Sal Adj - 83rd | | IA-0000000463 | 175,000 |
| Rural Law Enf - SO - Equip | | IA-0000000446 | 350,000 |
| Texas Parks and Wildlife-Iraan Park | | CA-0006075 | 5,862 |
| Total Texas Office of the Governor | | | 1,807,864 |
| <u>Texas Department of Transportation</u> | | | |
| County Transportation Infrastructure Fund Grant Program | | CTIF-02-186 | 2,556,029 |
| Total Texas Department of Transportation | | | 2,556,029 |
| TOTAL EXPENDITURES OF STATE AWARDS | | | 4,429,303 |
| TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS | | | \$ 5,507,436 |

Pecos County, Texas

Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended December 31, 2024

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 and state 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 and State Financial Reports

Grant expenditure reports as of December 31, 2024, 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, 2024

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

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, 2024

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