Pecos County, Texas

Annual Financial Report
For the Year Ended December 31, 2025

Pecos County, Texas

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For the Year Ended December 31, 2025
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Financial Section

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400 W. 6th, Suite 3200
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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, 2025, 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, 2025, 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 November 9, 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
November 9, 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, 2025. 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 $27,965,525 (*net position*). A deficit of $32,229,381 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 $42,913,833 an increase of $5,686,393 in comparison with the prior year. Approximately 64% of this total amount, $27,431,308, 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 $27,431,308 or 78% percent of total general fund expenditures.

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 $27,965,525 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 67% 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	
	2024	2025
Current and other assets	$ 80,594,750	$ 86,039,927
Capital assets	44,163,610	48,159,218
Total assets	124,758,360	134,199,145
Total deferred outflows of resources	13,600,067	5,012,658
Long-term liabilities outstanding	67,310,609	64,476,323
Other liabilities	42,643,146	41,406,096
Total liabilities	109,953,755	105,882,419
Total deferred inflows of resources	12,093,459	5,363,859
Net position:		
Net investment in capital assets	41,764,850	46,577,217
Restricted	12,674,985	13,617,689
Unrestricted	(38,128,622)	(32,229,381)
Total net position (deficit)	$ 16,311,213	$ 27,965,525

A significant portion of the County's net position, $13,617,689, 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 $32,229,381.

Governmental and Business-Type Activities

Governmental activities increased the County's net position by $11,654,312. Key elements of these changes are as follows:

Pecos County, Texas
Changes in Net Position

	Governmental Activities	
	2024	2025
Revenues		
Program revenues:		
Charges for services	$ 4,128,058	$ 3,970,089
Operating grants and contributions	7,527,110	4,602,879
General revenues:		
Property taxes	33,965,616	39,758,818
Alcoholic beverage taxes	32,087	28,627
Investment earnings	2,754,169	2,512,454
Payment in lieu of taxes	1,927,773	2,024,801
Proceeds from settlement	6,142	500
Proceeds from sales of assets	-	(11,788)
Other	130,621	208,450
Total revenues	50,471,576	53,094,830
Expenses		
General government	14,359,079	11,913,335
Judicial	5,766,469	3,147,880
Financial administration	3,147,547	1,750,965
Public facilities	1,895,719	1,380,839
Public safety	13,760,245	10,192,848
Public service	232,765	2,245,950
Adult probation	71,368	3,838
Health and welfare	9,650,614	2,659,941
Culture and recreation	5,285,463	3,679,620
Highways and streets	6,095,553	4,066,467
Conservation	467,764	173,258
Airport	108,164	225,577
Total expenses	60,840,750	41,440,518
Change in net position	(10,369,174)	11,654,312
Net position - beginning of year	26,680,387	16,311,213
Net position, ending	$ 16,311,213	$ 27,965,525

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 $42,913,833, an increase of $5,686,393 in comparison with the prior year. Approximately 64% 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 $27,431,308, while total fund balance was $35,884,336.

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 $4,859,084, an increase of $768,448 from prior year.

Internal Service Funds: Unrestricted fund deficit of the County's health self-insurance plan at the end of the year was $(682,561). The change in unrestricted net position for the fund was an increase of $903,762.

General Fund Budgetary Highlights

A surplus amended budget was approved for fiscal year 2025 in the amount of $2,709,047 as compared to the original budget which planned for a surplus change in fund balance of $5,569,123.

Final budgeted revenues had no change from original budgeted revenues. Actual revenues for 2025 were $632,519 less than final budgeted revenues. This variance is attributed to a decrease in collections across every revenue category compared to revenues estimated during the budget process.

The original budgeted expenditures differ from the final budgeted expenditures by $1,330,080, primarily due to additions in the health and welfare department for renovations at the EMS buildings and in culture and recreation for the Fort Stockton golf course irrigation repairs. The actual expenditures for 2025 were $2,715,178 less than the final amended budget. This variance was primarily driven by underspending within general and governmental activities, with a significant portion coming from unfinished capital projects to be completed in 2026.

This resulted in a net increase in the general fund balance for the year of $4,978,686 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, 2025, amounts to $48,159,218 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, leases, subscriptions, infrastructure, construction in progress, and other improvements.

Pecos County, Texas
Capital Assets
(Net of depreciation and amortization)

	Total Governmental Activities	
	2024	2025
Land	$ 3,262,357	$ 3,262,357
Buildings	16,425,711	18,672,880
Improvements - other	11,132,690	11,010,718
Machinery and equipment	10,134,433	10,351,128
Construction in progress	647,350	2,795,479
Infrastructure	535,323	516,416
Right to use asset - leases	1,308,840	1,073,335
Right to use asset - subscriptions	716,906	476,905
Net capital assets	$ 44,163,610	$ 48,159,218

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 a decrease of $492,618 in leases payable, and $237,079 in subscriptions payable, and had an increase of $134,495 in compensated absences. The County's long-term liabilities are comprised as follows:

	Governmental Activities	
	2024	2025
Leases payable	$ 1,262,866	$ 770,249
Subscriptions payable	729,919	492,840
Compensated absences	1,722,586	1,857,080
Net pension liability	8,117,766	5,541,384
Other post-employment benefits liability	55,477,472	55,814,770
Total governmental activities	$ 67,310,609	$ 64,476,323

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, but laws passed regarding oil and gas valuations have continued to be a factor in future planning, with the court placing emphasis on keeping a healthy fund balance to order to maintain services to taxpayers in years that the tax base decreases. The County added a full-time Economic Development Coordinator starting January 2025 to continue working on diversifying the tax base and attract other industries. 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.

Basic Financial Statements

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Pecos County, Texas
Statement of Net Position
December 31, 2025

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 20,002,534
Investments	31,265,868
Receivables, net	34,771,525
Capital assets, net	48,159,218
Total assets	134,199,145
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflow of resources - pension	2,446,390
Deferred outflow of resources - OPEB	2,566,268
Total deferred outflows of resources	5,012,658
LIABILITIES	
Accounts payable and other current liabilities	2,654,686
Due to other governments	656,027
Estimated health claims payable	512,106
Unearned revenue	37,583,277
Noncurrent liabilities:	
Due within one year	1,352,080
Due in more than one year	1,768,089
Net pension liability	5,541,384
Other post-employment benefits liability	55,814,770
Total liabilities	105,882,419
DEFERRED INFLOWS OF RESOURCES	
Deferred inflow of resources - pension	1,904,000
Deferred inflow of resources - OPEB	3,459,859
Total deferred inflows of resources	5,363,859
NET POSITION	
Net investment in capital assets	46,577,217
Restricted for:	
Airport	6,595,948
Road and bridge	4,859,084
Federal and state grants	537,887
Legislation	1,624,770
Unrestricted	(32,229,381)
TOTAL NET POSITION	$ 27,965,525

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, 2025

Function/Programs	Expenses	Charges for Services
PRIMARY GOVERNMENT		
Governmental activities:		
General government	$ 11,913,335	$ 317,914
Judicial	3,147,880	460,336
Financial administration	1,750,965	509,003
Public facilities	1,380,839	646,173
Public safety	10,192,848	145,852
Public service	2,245,950	2,233
Adult probation	3,838	-
Health and welfare	2,659,941	908,946
Culture and recreation	3,679,620	238,111
Highways and streets	4,066,467	731,513
Conservation	173,258	-
Airport	225,577	10,008
Total governmental activities	41,440,518	3,970,089
TOTAL PRIMARY GOVERNMENT	$ 41,440,518	$ 3,970,089

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	Total Governmental Activities
	$ 541,172	$ -	$ (11,054,249)
	-	-	(2,687,544)
	-	-	(1,241,962)
	-	-	(734,666)
	2,343,890	-	(7,703,106)
	1,626,599	-	(617,118)
	-	-	(3,838)
	16,467	-	(1,734,528)
	74,751	-	(3,366,758)
	-	-	(3,334,954)
	-	-	(173,258)
	-	-	(215,569)
	4,602,879	-	(32,867,550)
	$ 4,602,879	$ -	(32,867,550)
General revenues:			
Property taxes			39,758,818
Alcoholic beverage taxes			28,627
Unrestricted investment earnings			2,512,454
Payment in lieu of property taxes			2,024,801
Proceeds from settlement			500
Loss from disposal of assets			(11,788)
Miscellaneous revenue			208,450
Total general revenues and transfers			44,521,862
Change in net position			11,654,312
Net position - beginning of year			16,311,213
NET POSITION - END OF YEAR			$ 27,965,525

Pecos County, Texas
Balance Sheet – Governmental Funds
December 31, 2025

	General
ASSETS	
Cash and cash equivalents	$ 10,810,002
Investments	31,265,868
Receivables, net	
Property taxes	26,489,861
Other	2,462,013
Due from other funds	522,971
Due from vendors	83,593
TOTAL ASSETS	$ 71,634,308
LIABILITIES	
Accounts payable	$ 1,738,444
Due to other funds	2,794
Due to other governments	656,027
Unearned revenue	30,950,148
Total liabilities	33,347,413
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property tax	545,681
Unavailable revenue - fines and forfeitures	1,559,450
Unavailable revenue - other revenues	297,428
Total deferred inflows of resources	2,402,559
FUND BALANCE	
Restricted:	
Airport use	6,595,948
Road and bridge	-
Federal and state grants	-
Legislation	-
Assigned:	
Compensated absences	1,857,080
Capital projects funds	-
Unassigned	27,431,308
Total fund balances	35,884,336
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCES	$ 71,634,308

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
$ 6,560,857	$ 2,328,812	$ 19,699,671
-	-	31,265,868
5,402,682	-	31,892,543
-	259,383	2,721,396
97,654	7,680	628,305
-	-	83,593
$ 12,061,193	$ 2,595,875	$ 86,291,376
$ 576,660	$ 188,271	$ 2,503,375
-	229,511	232,305
-	-	656,027
6,625,449	7,680	37,583,277
7,202,109	425,462	40,974,984
-	-	545,681
-	-	1,559,450
-	-	297,428
-	-	2,402,559
-	-	6,595,948
4,859,084	-	4,859,084
-	537,887	537,887
-	1,624,770	1,624,770
-	-	1,857,080
-	7,756	7,756
-	-	27,431,308
4,859,084	2,170,413	42,913,833
$ 12,061,193	$ 2,595,875	$ 86,291,376

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Pecos County, Texas
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of
Net Position
December 31, 2025

TOTAL FUND BALANCE - GOVERNMENTAL FUND		$ 42,913,833
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.		48,159,218
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		(682,561)
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.		2,402,559
Some deferred outflows of resources, liabilities and deferred inflows of resources will not be recognized in the current period and therefore are not reported in the fund financial statements.		
Net pension liability	$ (5,541,384)	
Other post-employment benefits liability	(55,814,770)	
Deferred outflow of resources - pension	2,446,390	
Deferred inflow of resources - pension	(1,904,000)	
Deferred outflow of resources - OPEB	2,566,268	
Deferred inflow of resources - OPEB	(3,459,859)	(61,707,355)
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.		(3,120,169)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 27,965,525

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

Pecos County, Texas

Statement of Revenues, Expenses and
Changes in Fund Balances – Governmental Funds
For the Year Ended December 31, 2025

	General
REVENUES	
Taxes	$ 33,472,017
Alcoholic beverage taxes	28,627
Fines and forfeitures	895
Intergovernmental	541,172
Charges for services	2,606,001
Payment in lieu of taxes	2,024,801
Royalties	1,497
Interest	2,470,355
Proceeds from settlement	500
Other	199,088
Total revenues	41,344,953
EXPENDITURES	
General government	8,621,805
Judicial	2,820,120
Financial administration	2,066,637
Law enforcement	3,173,280
Corrections	1,749,769
Health and welfare	4,884,437
Fire protection	1,232,125
Culture and recreation	6,723,291
Libraries	678,296
Building maintenance	563,553
Utilities	768,070
Conservation	164,893
Public service	962,803
Airport	116,706
Highways and streets	-
Capital outlay	-
Debt service principal	458,034
Debt service interest and fiscal charges	31,932
Total expenditures	35,015,751
Excess (deficiency) of revenues over expenditures	6,329,202
OTHER FINANCING SOURCES (USES)	
Sale of assets	66,848
Proceeds from capital lease	-
Issuance of lease liabilities	58,631
Transfers from other funds	1,427,856
Transfers to other funds	(2,903,851)
Total other financing (uses) sources	(1,350,516)
Net change in fund balances	4,978,686
Fund balances - beginning of year	30,905,650
FUND BALANCES - END OF YEAR	$ 35,884,336

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
$ 6,194,131	$ -	$ 39,666,148
-	-	28,627
-	1,038	1,933
114,759	3,946,948	4,602,879
731,513	633,171	3,970,685
-	-	2,024,801
-	-	1,497
-	29,093	2,499,448
-	-	500
2	5,930	205,020
7,040,405	4,616,180	53,001,538
-	11,279	8,633,084
-	197,138	3,017,258
-	-	2,066,637
-	386,878	3,560,158
-	2,372,143	4,121,912
-	-	4,884,437
-	-	1,232,125
-	-	6,723,291
-	-	678,296
-	-	563,553
-	-	768,070
-	-	164,893
-	1,364,781	2,327,584
-	-	116,706
5,088,455	-	5,088,455
1,209,711	-	1,209,711
-	324,761	782,795
-	19,941	51,873
6,298,166	4,676,921	45,990,838
742,239	(60,741)	7,010,700
-	-	66,848
4,214	-	4,214
-	-	58,631
21,995	32,021	1,481,872
-	(32,021)	(2,935,872)
26,209	-	(1,324,307)
768,448	(60,741)	5,686,393
4,090,636	2,231,154	37,227,440
$ 4,859,084	$ 2,170,413	$ 42,913,833

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, 2025

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$	5,686,393
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.		3,995,608
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.		246,780
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.)		92,072
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.		729,697
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.		903,762
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$	11,654,312

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

Pecos County, Texas
Statement of Net Position
Proprietary Funds
December 31, 2025

	Governmental Activities Internal Service Fund
ASSETS	
Cash and investments	$ 302,863
Accounts receivable	73,993
Total assets	376,856
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 376,856
LIABILITIES	
Accounts payable and accrued expenses	$ 151,311
Due to other funds	396,000
Estimated health claims payable	512,106
Total liabilities	1,059,417
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$ 1,059,417
NET POSITION (DEFICIT)	
Unrestricted	$ (682,561)
TOTAL NET POSITION (DEFICIT)	$ (682,561)

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, 2025

	Governmental Activities
	Internal Service Fund
OPERATING REVENUES	
Charges for service	$ 5,458,921
Total operating revenues	5,458,921
OPERATING EXPENSES	
Claims	5,220,699
Administration - health	769,935
Administration - dental	19,561
Administration - life	11,970
Total operating expenses	6,022,165
Operating loss	(563,244)
NON-OPERATING REVENUES (EXPENSES)	
Interest earned on investments	13,006
Total nonoperating (expenses) revenues	13,006
Loss before capital contributions and transfers	(550,238)
Change in net position	903,762
Net position (deficit) - beginning of year	(1,586,323)
NET POSITION (DEFICIT), END OF YEAR	$ (682,561)

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, 2025

	Governmental Activities
	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from participants	$ 5,730,815
Operating expenses	(6,969,028)
Net cash used in operating activities	(1,238,213)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	13,006
Net cash provided by investing activities	13,006
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers in	1,454,000
Net cash provided by noncapital financing activities	1,454,000
Net change in cash and investments	228,793
Cash and investments at beginning of year	74,070
CASH AND INVESTMENTS AT END OF YEAR	$ 302,863

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, 2025

	Governmental Activities Internal Service Fund
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$ (563,244)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decreases (increases) to assets and deferred outflow:	
Accounts receivable	(3,993)
Other assets	275,887
Increases and (decreases) to liabilities and deferred inflow:	
Accounts payable and accrued expenses	(183,576)
Due to other funds	(904,000)
Estimated health claims payable	140,713
NET CASH USED IN OPERATING ACTIVITIES	$ (1,238,213)

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

Pecos County, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Custodial Funds
ASSETS	
Cash	$ 4,420,078
TOTAL ASSETS	4,420,078
LIABILITIES	
Accounts payable	45,606
Due to other governments	63,424
Due to beneficiaries	7,764
TOTAL LIABILITIES	116,794
NET POSITION	
Individuals, organizations, and other governments	4,303,284
TOTAL NET POSITION	$ 4,303,284

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, 2025

	Custodial Funds
ADDITIONS	
Interest	$ 113,934
Fees for other governments	139,028,711
Fees for beneficiaries	852,009
Held for others	791
Held for beneficiaries	43,054
Total additions	140,038,499
DEDUCTIONS	
Payments to governments	144,695,688
Payments to beneficiaries	413,361
Operating expense	71,237
Total deductions	145,180,286
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(5,141,787)
NET POSITION - BEGINNING OF YEAR	9,445,071
NET POSITION - END OF YEAR	$ 4,303,284

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, 2025
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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.

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, 2025, 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 2025. 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.

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.

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.

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

Transactions resulting in non-operating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities, and include most 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, 2025, 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 $0.80 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, 2025 for the general fund was $0.59 per $100 valuation. The tax rate for the road and bridges fund was $0.13 per $100 valuation. The total tax rate for all purposes was $0.72 per $100 valuation.

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

H. Interfund Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

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

I. Inventories

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

J. Capital Assets

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

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, fines and forfeitures, and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. Fund Balance

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

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

1. **Nonspendable Fund Balance:**
   Includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual requirements. Examples include inventories, long-term receivables, endowment principal, and/or prepaid/deferred items. At December 31, 2025 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.

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 2025, the County purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

P. Pensions

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

Q. Other Postemployment Benefits (OPEB)

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

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

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 non-cancellable 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.

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 non-cancellable 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. 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.

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 ($3,120,169) difference is as follows:

Leases payable	$	(770,249)
Subscriptions payable		(492,840)
Compensated absences		(1,857,080)
Net adjustment to reduce fund balance – total governmental funds to arrive at net position – governmental activities	$	(3,120,169)

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 $2,402,559 difference is as follows:

Unavailable revenue - fines and forfeitures and other revenue	$	1,856,878
Unavailable revenue - property tax		545,681
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	$	2,402,559

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 $3,995,608 difference are as follows:

Capital additions	$ 10,109,444
Disposal of capital assets	(719,431)
Depreciation expense	(5,921,981)
Disposed accumulated depreciation	527,576
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities.	$ 3,995,608

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 $246,780 difference are as follows:

Net change in compensated absences	$ (134,495)
Net change in deferred outflows/inflows	(1,857,809)
Net change in pension liability	2,576,382
Net change in other post-employment benefits liability	(337,298)
Net adjustment to reduce net change in fund balances total governmental funds to arrive at change in net position of governmental activities	$ 246,780

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 $729,697 difference are as follows:

Issuance of Lease Payable	$ (62,845)
Lease payments	555,463
Subscription payments	237,079
Net adjustment to increase net change in fund balances total governmental funds to arrive at change in net position of governmental activities	$ 729,697

Note 3. Stewardship, Compliance and Accountability

Deficit Fund Equity
All of the County's major funds held positive fund equity at December 31, 2025. The County held positive fund equity for all special revenue funds as of December 31, 2025. 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.

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 arbit*rage 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, 2025 are shown below:

	Value	Credit Risk
DWS Government Cash Institutional Shares	$ 31,265,868	AAAm – S & P
Total	$ 31,265,868	

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

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

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

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

At year-end, the carrying amount of the County's cash and cash equivalents was $24,422,612 ($20,002,534 in governmental activities and $4,420,078 in fiduciary funds). The bank balances totaled $7,886,672 of which $750,000 was covered by Federal Depository Insurance Corporation (FDIC) and $10,148,057 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, 2025, 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, 2025, 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 non-major 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	$ 29,180,091	$ 5,993,300	$ -	$ -	$ 35,173,391
Other	12,451,128	-	259,383	73,993	12,784,504
Due from vendors	83,593	-	-	-	83,593
Gross receivables	41,714,812	5,993,300	259,383	73,993	48,041,488
Less: allowance for uncollectibles	(12,679,345)	(590,618)	-	-	(13,269,963)
Net total receivables	$ 29,035,467	$ 5,402,682	$ 259,383	$ 73,993	$ 34,771,525

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	$ 37,575,597
Grants - unearned	7,680
Property taxes - unavailable	545,681
Fines and forfeitures - unavailable	1,559,450
Other revenues - unavailable	297,428
Total	$ 39,985,836

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance 12/31/2024	Additions/ Completions	Retirements/ Adjustments	Balance 12/31/2025
Governmental Activities:				
Capital assets, not being depreciated or amortized:				
Land	$ 3,262,357	$ -	$ -	$ 3,262,357
Construction-in-progress	647,350	2,277,328	(129,199)	2,795,479
Total capital assets, not being depreciated or amortized	3,909,707	2,277,328	(129,199)	6,057,836
Capital assets, being depreciated or amortized:				
Buildings	27,336,442	2,959,560	-	30,296,002
Improvements other than buildings	18,083,748	1,049,484	-	19,133,232
Machinery and equipment	30,199,791	3,740,228	(590,232)	33,349,787
Right to use asset - leases	1,771,389	62,844	-	1,834,233
Right to use asset - subscriptions	1,196,908	-	-	1,196,908
Infrastructure	1,843,396	20,000	-	1,863,396
Total capital assets, being depreciated or amortized	80,431,674	7,832,116	(590,232)	87,673,558
Less accumulated depreciation and amortization for:				
Buildings	(10,910,731)	(712,391)	-	(11,623,122)
Improvements other than buildings	(6,951,058)	(1,171,456)	-	(8,122,514)
Machinery and equipment	(20,065,358)	(3,460,877)	527,576	(22,998,659)
Right to use asset - leases	(462,549)	(298,349)	-	(760,898)
Right to use asset - subscriptions	(480,002)	(240,001)	-	(720,003)
Infrastructure	(1,308,073)	(38,907)	-	(1,346,980)
Total accumulated depreciation and amortization	(40,177,771)	(5,921,981)	527,576	(45,572,176)
Total capital assets being depreciated and amortized, net	40,253,903	1,910,135	(62,656)	42,101,382
Governmental activities capital assets, net	$ 44,163,610	$ 4,187,463	$ (191,855)	$ 48,159,218

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

Governmental activities:	
General government	$ 2,141,709
Judicial	94,054
Financial administration	240,001
Public safety	2,074,678
Health and welfare	23,329
Culture and recreation	1,042,045
Highway and streets	124,028
Conservation	1,749
Airport	180,388
Total depreciation and amortization expense – governmental activities	$ 5,921,981

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, 2025:

Fund	Receivable	Payable
General fund	$ 522,971	$ 2,794
Internal service fund	-	396,000
Road and bridge	97,654	-
Nonmajor governmental funds:		
Texas J regional advisory council fund	-	16,467
JRAC	-	53,484
Stonegarden 14/BP Fund	-	123,629
Local border security - LBSP - 14 fund	-	22,079
Local border security - LBSP - 16 fund	-	13,852
US treasury covid funds	7,680	-
Total nonmajor governmental funds	7,680	229,511
Total all funds	$ 628,305	$ 628,305

Note 8. Long-Term Liabilities

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

	Balance 12/31/2024	Additions	Retirements	Balance 12/31/2025	Amount Due within one year
Governmental Activities:					
Leases payable	$ 1,262,867	$ 62,845	$ (555,463)	$ 770,249	$ 180,287
Compensated absences	1,722,585	252,649	(118,154)	1,857,080	928,540
Subscriptions payable	729,919	-	(237,079)	492,840	243,253
Net pension liability	8,117,766	-	(2,576,382)	5,541,384	-
Other post-employment benefits liability	55,477,472	337,298	-	55,814,770	-
Total governmental activities	$ 67,310,609	$ 652,792	$ (3,487,078)	$ 64,476,323	$ 1,352,080

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, 2025, the County reported right-to-use lease assets of $1,834,233 and accumulated amortization of $760,898, 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 2025, the County decreased these payables by $492,618. The ending balance of these lease liabilities at December 31, 2025 was $770,249.

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	$ 497,182
Communications towers	293,528	1.85%	39	273,067
Total governmental activities				$ 770,249

Principal and interest requirements to maturity for the lease payable as of December 31, 2025 are as follows:

Total Year End Requirements	Governmental Activities		
	Principal	Interest	Total
2026	$ 180,287	$ 15,392	$ 195,679
2027	174,911	10,940	185,851
2028	120,952	7,348	128,300
2029	72,141	5,194	77,335
2030	12,196	4,817	17,013
Thereafter	209,762	82,854	292,616
	$ 770,249	$ 126,545	$ 896,794

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, 2025 the value of accumulated vacation, compensatory benefits and sick time amounted to $1,857,080 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 $928,540.

Note 11. Healthcare Coverage

During the year ended December 31, 2025, 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, 2025, to $140,000 for any individual participant.

Estimates of claims payable and of claims incurred but not reported at December 31, 2025, 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, 2025	Year ended December 31, 2024
Unpaid claims, beginning of year	$ 371,393	$ 535,849
Incurred claims, (including IBNR)	6,529,341	5,698,672
Claim payments	(6,388,628)	(5,863,128)
Unpaid claims, end of year	$ 512,106	$ 371,393

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 non-traditional defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, TX 78768-2034.

The plan provisions are adopted by the governing body of the employer, within the options available in the Texas state statutes governing TCDRS (TCDRS Act). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, or when the sum of their age and years of service equals 75 or more.

Members are vested after eight years of service but must leave their accumulated deposits in the plan to receive any employer-financed benefit. Members who withdraw their personal deposits in a lump sum are not entitled to any amounts contributed by their employer.

Benefits Provided
Benefit amounts are determined by the sum of the employee's deposits to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the employer within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute.

At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated deposits and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

Employees covered by benefits as of December 31, 2024 include:

Retirees or beneficiaries currently receiving benefits	331
Inactive employees entitled to but not yet receiving benefits	731
Active employees	243
Total	1,305

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 15.00%, which was equal to the actuarially determined rate for the year 2025.

The deposit rate payable by the employee members for calendar year 2024 and 2025 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, 2024, 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2024
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%

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, 2024 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	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities-Developed	6.00%	4.75%
International Equities-Emerging	0.00%	4.75%
Investment-grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
Total	100.0%	

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, 2023	$ 132,373,314	$ 124,255,547	$ 8,117,767
Changes for the year:			
Service cost	2,046,383	-	2,046,383
Interest on total pension liability [1]	9,972,412	-	9,972,412
Effect of plan changes [2]	773,936	-	773,936
Effect of economic/demographic gains or losses	177,943	-	177,943
Refund of contributions	(508,340)	(508,340)	-
Benefit payments	(6,018,661)	(6,018,661)	-
Employer contributions	-	2,155,009	(2,155,009)
Member contributions	-	1,007,013	(1,007,013)
Net investment income	-	12,594,641	(12,594,641)
Administrative expenses	-	(72,550)	72,550
Other [3]	-	(137,056)	137,056
Net changes	6,443,673	9,020,056	(2,576,383)
Balances at December 31, 2024	$ 138,816,987	$ 133,275,603	$ 5,541,384

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

(2) Reflects plan changes adopted effective in 2025.

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

Discount Rate Sensitivity Analysis
The following presents the net pension liability of the County as of December 31, 2024, calculated using the discount rate of 7.60%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.60%) or 1% higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	$ 157,768,208	$ 138,816,987	$ 123,188,939
Fiduciary net pension	133,275,603	133,275,603	133,275,603
Net pension liability / (asset)	$ 24,492,605	$ 5,541,384	$ (10,086,664)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
For the year ended December 31, 2025, the County recognized pension expense of $712,642 related to the December 31, 2024 valuation. At December 31, 2025, 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	$ 551,630	$ 118,628
Change of assumptions	-	-
Net difference between projected and actual investment earnings	1,352,370	-
Contributions subsequent to the measurement date	-	2,327,762
Total	$ 1,904,000	$ 2,446,390

Deferred outflows of resources related to the Plan resulting from contributions subsequent to the measurement date of $2,327,762 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2025 (i.e. recognized in the County's financial statements December 31, 2026). 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
2025	$ (1,566,977)
2026	1,876,576
2027	(1,438,056)
2028	(656,915)
Total	$ (1,785,372)

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, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	280
Inactive employee entitled to but no yet receiving benefits	245
Active employees	243
Total	768

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 0.14% and 0.22% for calendar years 2024 and 2025. The County's contributions to the TCDRS GTL plan for the year ended December 31, 2025 were $33,847.

Total TCDRS OPEB Liability
The County's total TCDRS OPEB liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions
The TCDRS OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

The discount rate used to measure the TCDRS OPEB liability was 4.08% and was based on the 20-year Bond GO Index published by bondbuyer.com as of December 31, 2024.

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.

The actuarial assumptions used in the December 31, 2024 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, 2023	$	1,385,915
Changes for the year: [1]		
Service cost		27,653
Interest on total OPEB liability		45,757
Effect of assumptions changes or inputs		(195,720)
Effect of economic/demographic experience		14,146
Benefit payments		(20,140)
Net changes		(128,304)
Balance as of December 31, 2024	$	1,257,611

(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 4.08%, 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 (3.08%) or 1 percentage-point higher (5.08%) than the current rate.

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
Total TCDRS OPEB Liability	$ 1,502,438	$ 1,257,611	$ 1,069,120

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

For the year ended December 31, 2025 the County recognized TCDRS OPEB expense of $36,550. At December 31, 2025, 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	$ 73,487	$ 333,684
Net difference between expected and actual experience	45,007	-
Contributions subsequent to the measurement date	33,847	-
Total	$ 152,341	$ 333,684

The $33,847 recognized 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,	
2025	$ (86,113)
2026	(86,110)
2027	(6,350)
2028	(6,353)
2029	(30,264)
	$ (215,190)

C. Postemployment Healthcare Benefits

Plan Description

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

Funding Policy

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

At December 31, 2025, 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, 2025, the County contributed approximately $2,029,786 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, 2025:

	Employees
Retired plan members	81
Active plan members	26
Total	107

The employee count listed above included only County's employees as of December 31, 2024, which was the valuation date used for measurement year ended December 31, 2025.

Total Plan OPEB Liability
The County's Plan OPEB liability was measured as of December 31, 2025 and was determined by an actuarial valuation as of December 31, 2024 and rolled forward to December 31, 2025.

Actuarial Methods and Assumptions
The Plan OPEB liability as of December 31, 2025 was determined using the following actuarial assumptions:

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

The mortality assumption were based on the RPH-2014 Total Table with Projection MP-2021. The termination and retirement rates were based on assumptions used in the current actuarial valuations prepared for the TCDRS plans covering local governments.

Changes in the Plan OPEB Liability

Balance at January 1, 2025	$	54,091,557
Changes for the year:		
Service cost		820,490
Interest cost		2,293,559
Benefit payments		(2,648,447)
Net changes		465,602
Balance as of December 31, 2025	$	54,557,159

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	$ 62,457,473	$ 54,557,159	$ 48,139,423

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	$ 47,621,819	$ 54,557,159	$ 63,137,823

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended December 31, 2025, the County recognized Plan OPEB expense of $3,244,925. At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to the Plan OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 2,371,178	$ -
Change of assumptions	42,749	3,126,175
Total	$ 2,413,927	$ 3,126,175

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

Year Ended December 31,	
2026	$ (712,248)
	$ (712,248)

Deferred outflows and inflows of resources related to the Plan OPEB for the year ended December 31, 2025 are inclusive of changes to the reported balance as of December 31, 2024 as a result of revisions to the deferred outflows and inflows of resources portion of the actuary report that were not known until after issuance of the 2024 financial statements. The net impact of these changes was not deemed material.

Combined Totals for the Retiree Healthcare Plan and Group Term Life Plan
The combined totals for the two OPEB plans are as follows:

	Retiree Healthcare Plan	Group Term Life Plan	Total
OPEB liability	54,557,159	1,257,611	55,814,770
Deferred inflows	3,126,175	333,684	3,459,859
Deferred outflows	2,413,927	152,341	2,566,268

Note 13. Contingent Liabilities

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

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

Note 14. Tax Abatements

The County negotiates property tax abatement agreements on an individual basis. The County has tax abatement agreements with fifteen entities as of December 31, 2025:

Purpose	Percentage of Taxes Abated during the Fiscal Year	Amount of Taxes Abated during the Fiscal Year
Construction of wind power project	100%	$ 716,592
Development of various solar power projects	84%	3,585,062
Development and operation of ancillary electric services facility and data center	100%	118,542
Development of solar photovoltic generation facility	100%	2,216,577
Construction of a data center	100%	531,082
Construction of a data computation and distribution facility	100%	166,114
Construction of new electric battery storage facility	100%	4,088,410
		$ 11,422,379

Some of the agreements described include provisions where the entities make annual payments in lieu of taxes abated. As of December 31, 2025 payments in lieu of taxes amounted to $2,024,801 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	$ 492,840
Total governmental activities				$ 492,840

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

Total Year End Requirements	Governmental Activities		
	Principal	Interest	Total
2026	$ 243,253	$ 10,695	$ 253,948
2027	249,587	4,362	253,949
	$ 492,840	$ 15,057	$ 507,897

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 $720,003.

Note 16. Recent Accounting Pronouncements

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, 2025, through November 9, 2026, the date which the financial statements were available to be issued. During this period, the County's Commissioners Court committed $1.8 million for runway repairs for a damaged airport runway surface that the County will not be able to receive outside funding for until about 2031. Additionally, the Court awarded a $4,997,000 contract for the Iraan Community Center Project and also approved several tax abatement agreements for different projects which could have a significant future effect on the County's tax base and future tax revenues.

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, 2025

	2024	2023	2022 [1]
TOTAL PENSION LIABILITY			
Service Cost	$ 2,046,383	$ 2,820,548	$ 2,911,315
Interest (on the total pension liability)	9,972,412	9,317,540	8,864,916
Effect of plan changes	773,936	5,197,978	-
Effect of assumption changes or inputs	-	-	-
Effect of economic/demographic (gains) or losses	177,943	(1,654,888)	48,528
Benefit payments/refunds of contributions	(6,527,001)	(6,062,031)	(5,505,010)
Net change in total pension liability	6,443,673	9,619,147	6,319,749
Total pension liability - beginning	132,373,314	122,754,167	116,434,418
TOTAL PENSION LIABILITY - ENDING (a)	$ 138,816,987	$ 132,373,314	$ 122,754,167
PLAN FIDUCIARY NET POSITION			
Contributions - employer	$ 2,155,009	$ 2,611,808	$ 2,771,604
Contributions - employee	1,007,013	1,680,678	1,622,175
Investment income net of investment expenses	12,594,641	12,473,803	(7,053,213)
Benefit payments/refunds of contributions	(6,527,001)	(6,062,031)	(5,505,010)
Administrative expense	(72,550)	(64,882)	(66,607)
Other	(137,056)	(43,493)	(94,043)
Net change in plan fiduciary net position	9,020,056	10,595,883	(8,325,094)
Plan fiduciary net position - beginning	124,255,547	113,659,664	121,984,758
PLAN FIDUCIARY NET POSITION - ENDING (b)	$ 133,275,603	$ 124,255,547	$ 113,659,664
NET PENSION LIABILITY - ENDING (a)-(b)	$ 5,541,384	$ 8,117,767	$ 9,094,503
Plan fiduciary net position as a percentage of total pension liability	96.01%	93.87%	92.59%
Covered payroll	$ 14,385,906	$ 23,873,928	$ 23,173,930
Net pension liability as a percentage of covered payroll	38.52%	34.00%	39.24%

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.

2021	2020	2019	2018	2017	2016	2015
$ 2,912,754	$ 2,729,086	$ 2,853,714	$ 2,761,370	$ 2,795,292	$ 2,982,099	$ 2,973,703
8,441,373	8,052,460	7,619,004	7,122,503	6,589,054	6,096,181	5,759,225
435,209	-	-	623,229	575,901	-	(511,212)
(334,334)	6,420,478	-	-	451,947	-	927,974
(298,439)	(447,989)	(307,179)	(225,677)	116,053	(641,945)	(1,264,530)
(5,656,602)	(4,911,541)	(4,476,141)	(4,020,971)	(3,800,398)	(3,573,519)	(3,478,338)
5,499,961	11,842,494	5,689,398	6,260,454	6,727,849	4,862,816	4,406,822
110,934,457	99,091,963	93,402,565	87,142,111	80,414,262	75,551,446	71,144,624
$ 116,434,418	$ 110,934,457	$ 99,091,963	$ 93,402,565	$ 87,142,111	$ 80,414,262	$ 75,551,446
$ 2,558,441	$ 2,434,898	$ 2,362,363	$ 2,340,070	$ 2,044,633	$ 2,027,782	$ 2,169,495
1,611,979	1,581,103	1,590,052	1,602,787	1,517,325	1,533,028	1,615,580
22,110,659	9,590,221	13,182,072	(1,527,241)	10,470,307	4,942,678	(109,580)
(5,656,602)	(4,911,541)	(4,476,141)	(4,020,971)	(3,800,398)	(3,573,519)	(3,478,338)
(65,995)	(74,226)	(70,756)	(64,471)	(54,487)	(53,803)	(48,039)
(14,169)	(30,485)	(4,715)	5,903	(3,709)	19,186	104,409
20,544,313	8,589,970	12,582,875	(1,663,923)	10,173,671	4,895,352	253,527
101,440,445	92,850,475	80,267,600	81,931,523	71,757,852	66,862,500	66,608,973
$ 121,984,758	$ 101,440,445	$ 92,850,475	$ 80,267,600	$ 81,931,523	$ 71,757,852	$ 66,862,500
$ (5,550,340)	$ 9,494,012	$ 6,241,488	$ 13,134,965	$ 5,210,588	$ 8,656,410	$ 8,688,946
104.77%	91.44%	93.70%	85.94%	94.02%	89.24%	88.50%
$ 23,028,276	$ 22,587,181	$ 22,715,031	$ 22,896,963	$ 21,636,323	$ 21,898,298	$ 23,079,720
-24.10%	42.03%	27.48%	57.37%	24.08%	39.53%	37.65%

Pecos County, Texas
Texas County District Retirement System
Schedule of Employer Contributions
December 31, 2025

	Year Ended December 31,			
	2024	2023	2022 [1]	2021
Actuarially determined contribution	$ 2,155,009	$ 2,611,808	$ 2,771,604	$ 2,558,441
Contributions in relation to the actuarially determined contribution	(2,155,009)	(2,611,808)	(2,771,604)	(2,558,441)
CONTRIBUTION DEFICIENCY (EXCESS)	$ -	$ -	$ -	$ -
Covered payroll	$ 14,385,906	$ 23,873,928	$ 23,173,930	$ 23,028,276
Contributions as a percentage of covered payroll	15.0%	10.9%	12.0%	11.1%

[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, 2022 valuation for 2024 contributions):

Actuarial cost method	Entry Age (level percentage of pay)
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15.8 years (based on contribution rate calculated 12/31/2024 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	2015: New inflation, mortality, and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 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. 2024: Employer contributions reflect that a 1% flat COLA was adopted.

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

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

Year Ended December 31,					
2020	2019	2018	2017	2016	2015
$ 2,434,898	$ 2,362,363	$ 2,340,070	$ 2,044,633	$ 2,027,782	$ 2,169,494
(2,434,898)	(2,362,363)	(2,340,070)	(2,044,633)	(2,027,782)	(2,169,494)
$ -	$ -	$ -	$ -	$ -	$ -
$ 22,587,181	$ 22,715,031	$ 22,896,963	$ 21,636,323	$ 21,898,298	$ 23,079,720
10.8%	10.4%	10.2%	9.5%	9.3%	9.4%

Pecos County, Texas

County Retiree Health Plan Schedule of Changes in Net Plan OPEB Liability and Related Ratios
For the Year Ended December 31, 2025

	2025	2024	2023 [1]
TOTAL PLAN OPEB LIABILITY			
Service cost	$ 820,490	$ 825,430	$ 825,430
Interest on total plan OPEB liability	2,293,559	1,357,477	1,346,515
Plan Amendments	-	11,628,324	(24,582,358)
Effect of net differences between expected and actual experience	-	10,723,613	-
Effect of assumptions changes or inputs	-	210,389	-
Benefit payments	(2,648,447)	(2,648,447)	(1,167,995)
Net change in total plan OPEB liability	465,602	22,096,786	(23,578,408)
Total plan OPEB liability - beginning of year	54,091,557	31,994,771	55,573,179
Total plan OPEB liability - end of year	$ 54,557,159	$ 54,091,557	$ 31,994,771
Covered employee payroll	$ 6,379,187	$ 6,379,187	$ 6,378,587
Net plan OPEB liability as a percentage of covered payroll	855.24%	847.94%	501.60%

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.

2022	2021	2020	2019
$ 2,862,281	$ 2,862,281	$ 2,591,666	$ 2,591,666
1,610,806	1,556,961	2,716,980	2,571,963
-	-	-	-
1,375,493	-	(10,339,804)	-
(22,364,151)	-	13,632,259	-
(2,060,802)	(1,697,954)	(1,697,954)	(1,555,319)
(18,576,373)	2,721,288	6,903,147	3,608,310
74,149,552	71,428,264	64,525,117	60,916,807
$ 55,573,179	$ 74,149,552	$ 71,428,264	$ 64,525,117
$ 11,390,334	$ 11,997,011	$ 11,997,011	$ 14,198,916
487.90%	618.07%	595.38%	454.44%

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, 2025

	2024	2023	2022 [3]
TOTAL TCDRS OPEB LIABILITY			
Service cost	$ 27,653	$ 27,832	$ 46,580
Interest on total TCDRS OPEB liability (1)	45,757	45,123	32,657
Effect of assumption changes or inputs (2)	(195,720)	110,231	(426,463)
Effect of economic/demographic (gains) or losses	14,146	33,238	27,651
Benefit payments	(20,140)	(31,036)	(37,078)
Net change in total TCDRS OPEB liability	(128,304)	185,388	(356,653)
Total TCDRS OPEB liability - beginning of year	1,385,915	1,200,527	1,557,180
Total TCDRS OPEB liability - end of year	$ 1,257,611	$ 1,385,915	$ 1,200,527
Covered employee payroll	$ 14,385,906	$ 23,873,928	$ 23,173,930
Net TCDRS OPEB liability as a percentage of covered payroll	8.74%	5.81%	5.18%

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.

2021	2020	2019	2018
$ 46,106	$ 42,130	$ 28,608	$ 33,009
32,365	35,617	40,441	36,868
32,178	168,878	273,539	(116,785)
(16,649)	9,250	(11,957)	(4,458)
(34,542)	(31,622)	(29,530)	(29,766)
59,458	224,253	301,101	(81,132)
1,497,722	1,273,469	972,368	1,053,500
$ 1,557,180	$ 1,497,722	$ 1,273,469	$ 972,368
$ 23,028,276	$ 22,587,181	$ 22,715,031	$ 22,896,963
6.76%	6.63%	5.61%	4.25%

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, 2025

Budget			Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
			Original	Final		
		REVENUES				
7100	50	Taxes	$ 33,554,125	$ 33,554,125	$ 33,472,017	$ (82,108)
7100	51	ABC Tax	25,000	25,000	28,627	3,627
7100	53	Fines and forfeitures	550	550	895	345
7100	52	Intergovernmental	601,000	601,000	541,172	(59,828)
7100	55	Charges for services	2,498,850	2,498,850	2,606,001	107,151
7100	82	Payment in lieu of taxes	2,646,647	2,646,647	2,024,801	(621,846)
7100	81	Royalties	100	100	1,497	1,397
7100	83	Proceeds from settlement	-	-	500	500
7100	54	Interest	2,576,000	2,576,000	2,470,355	(105,645)
7100	80	Other	75,200	75,200	199,088	123,888
		Total revenues	41,977,472	41,977,472	41,344,953	(632,519)
		EXPENDITURES				
		Current:				
		General government				
7230	400	Office of the County Judge	264,260	280,464	276,082	4,382
7230	403	Office of the County Clerk	444,230	404,730	377,664	27,066
7230	405	Veterans' Administration	69,224	24,224	22,601	1,623
7230	401	Commissioners' Court	424,000	334,728	334,102	626
7230	409	Nondepartmental	13,318,428	8,897,397	7,492,001	1,405,396
7230	411	Pecos County EDC	-	120,300	119,355	945
		Total general government	14,520,142	10,061,843	8,621,805	1,440,038
		Judicial:				
7242	450	Office of the District Clerk	377,785	385,409	381,918	3,491
7242	426	County Court at Law	57,000	57,319	56,697	622
7242	435	83rd District Court	339,367	353,534	352,336	1,198
7242	436	112th District Court	304,273	304,273	263,937	40,336
7242	437	Office of the 83rd District Attorney	339,762	339,762	326,559	13,203
7242	438	Office of the 112th District Attorney	372,169	372,169	287,104	85,065
7242	451	Justice of the Peace #1	301,048	301,048	271,830	29,218
7242	453	Justice of the Peace #3	138,823	138,823	131,642	7,181
7242	454	Justice of the Peace #4	85,369	85,369	81,872	3,497
7242	456	Justice of the Peace #6	160,436	160,436	139,965	20,471
7242	475	Office of the County Attorney	526,260	526,260	526,260	-
7242	465	County Law Library	1,500	1,500	-	1,500
		Total judicial	3,003,792	3,025,903	2,820,120	205,783
		Financial Administration:				
7247	495	Office of the County Auditor	569,384	538,434	526,133	12,301
7247	497	Office of the County Treasurer	183,888	192,045	186,066	5,979
7247	499	Office of the Tax Assessor Collector	544,479	555,920	520,204	35,716
7247	503	Data processing	1,287,000	1,090,559	834,234	256,325
		Total financial administration	2,584,751	2,376,959	2,066,637	310,322

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, 2025

			Budgeted Amounts			Variance with Final Budget - Positive (Negative)
			Original	Final	Actual Amounts	
		Law enforcement:				
7238	551	Constable Precinct #1	34,505	34,505	33,716	789
7238	553	Constable Precinct #3	50,273	50,273	43,733	6,540
7238	554	Constable Precinct #4	34,206	106	-	106
7238	556	Constable Precinct #6	35,696	35,696	34,887	809
7238	561	Public Safety Department	1,250	1,250	1,039	211
7238	560	Office of the Sheriff	2,877,595	3,232,554	3,059,905	172,649
		Total law enforcement	3,033,525	3,354,384	3,173,280	181,104
		Corrections:				
7245	512	Correctional facility	1,665,774	1,665,774	1,461,353	204,421
7245	570	Adult probation	61,698	61,698	55,396	6,302
7245	572	Juvenile probation	281,681	281,681	233,020	48,661
		Total corrections	2,009,153	2,009,153	1,749,769	259,384
		Health and welfare:				
7235	632	Sanitation department	88,451	88,451	82,232	6,219
7235	540	EMS	3,502,525	4,697,157	4,439,267	257,890
7235	640	Social services	140,000	116,600	115,845	755
7235	630	Health - Memorial Hospital	100,000	-	-	-
7235	631	Emergency Management/Homeland Security	136,615	257,309	247,093	10,216
		Total health and welfare	3,967,591	5,159,517	4,884,437	275,080
7237		Fire protection	482,580	1,263,830	1,232,125	31,705
		Culture and recreation:				
7233	660	Recreation	142,000	134,592	131,649	2,943
7233	659	Fort Stockton Golf Course	816,060	1,361,908	1,290,409	71,499
7233	658	Iraan Golf Course	408,471	490,822	408,124	82,698
7233	661	Park #1	379,367	519,680	507,676	12,004
7233	662	Park #2	711,788	1,874,379	1,852,941	21,438
7233	663	Park #3	468,304	1,957,425	1,906,725	50,700
7233	664	Park #4	413,296	612,445	587,580	24,865
7233	696	Historical Commission	51,333	51,333	38,187	13,146
		Total culture and recreation	3,390,619	7,002,584	6,723,291	279,293

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, 2025

			Budgeted Amounts			Variance with Final Budget - Positive (Negative)
			Original	Final	Actual Amounts	
		Libraries:				
7249	650	Fort Stockton library	440,200	440,200	408,200	32,000
7249	651	Imperial library	77,612	84,902	80,767	4,135
7249	652	Iraan library	132,993	132,993	131,674	1,319
7249	653	Coyanosa library	67,713	67,713	57,655	10,058
		Total libraries	718,518	725,808	678,296	47,512
7248		Building maintenance	557,004	566,526	563,553	2,973
7240		Utilities	870,000	770,500	768,070	2,430
7239		Conservation	211,316	211,316	164,893	46,423
		Public service:				
7246	490	Elections	252,502	252,502	223,304	29,198
7246	590	Pecos County Water	332,546	381,611	337,867	43,744
7246	595	Pecos County Sewer	149,653	187,430	168,873	18,557
7246	695	Miscellaneous	251,862	244,454	232,759	11,695
		Total public service	986,563	1,065,997	962,803	103,194
7250		Airport	65,295	136,609	116,706	19,903
7271		Debt service	-	-	489,966	(489,966)
		Total expenditures	36,400,849	37,730,929	35,015,751	2,715,178
		Excess of revenues over expenditures	5,576,623	4,246,542	6,329,202	2,082,660
		OTHER FINANCING SOURCES (USES)				
7300	00	Sale of assets	(7,500)	(7,500)	66,848	74,348
7300	10	Issuance of lease liabilities	-	-	58,631	58,631
7300	50	Transfers from other funds	855,000	1,421,603	1,427,856	6,253
7300	60	Transfers to other funds	(855,000)	(2,951,598)	(2,903,851)	47,747
		Total other financing sources (uses)	(7,500)	(1,537,495)	(1,350,516)	186,979
		Net change in fund balances	5,569,123	2,709,047	4,978,686	2,269,639
		Fund balances - beginning of year	30,905,650	30,905,650	30,905,650	-
		FUND BALANCES - END OF YEAR	$ 36,474,773	$ 33,614,697	$ 35,884,336	$ 2,269,639

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	$ 6,235,722	$ 6,235,722	$ 6,194,131	$ (41,591)
Intergovernmental	100,000	100,000	114,759	14,759
Fees of office	665,000	665,000	731,513	66,513
Total revenues	7,000,722	7,000,722	7,040,405	39,683
EXPENDITURES				
Highways and streets				
Precinct #1:				
Salaries and benefits	622,640	625,640	616,099	9,541
Supplies	9,000	9,871	9,681	190
Fuel	75,000	73,385	71,944	1,441
Uniforms	1,800	1,800	1,446	354
Communications	1,200	1,200	798	402
Travel	3,000	1,503	1,503	(0)
Registration fees	1,000	1,000	490	510
Repairs and maintenance	70,915	64,232	52,594	11,638
Lease expenditures	1,000	550	254	296
Equipment	-	10,904	10,883	21.00
Road improvements	5,000	42,400	31,469.00	10,931
Total Precinct #1	790,555	832,485	797,161	35,324
Precinct #2:				
Salaries and benefits	576,634	579,805	574,950	4,855
Supplies	9,300	12,800	12,532	268
Fuel	50,000	55,386	54,233	1,153
Uniforms	1,500	995	995	-
Communications	600	600	500	100
Travel	3,000	1,428	1,428	-
Registration fees	700	215	215	-
Repairs and maintenance	23,300	35,528	34,498	1,030
Lease expenditures	1,500	1,540	1,199	341
Contract services	1,000	-	-	-
Equipment	-	5,447	5,087	360
Road improvements	5,000	-	-	-
Total Precinct #2	672,534	693,744	685,637	8,107

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Precinct #3:				
Salaries and benefits	629,758	604,682	599,653	5,029
Supplies	34,000	42,044	39,097	2,947
Fuel	75,000	69,465	67,639	1,826
Uniforms	2,000	1,846	1,433	413
Communications	2,100	2,254	2,058	196
Travel	2,500	3,665	3,537	128
Registration fees	1,000	1,000	627	373
Repairs and maintenance	76,000	124,038	104,716	19,322
Lease expenditures	1,500	1,953	1,767	186
Dues and subscriptions	300	345	345	-
Equipment	-	8,651	7,752	899
Road improvements	5,000	5,000	5,000	-
Total Precinct #3	829,158	864,943	833,624	31,319
Precinct #4:				
Salaries and benefits	769,829	767,029	745,136	21,893
Supplies	22,000	20,847	19,576	1,271
Fuel	130,000	121,023	101,374	19,649
Uniforms	2,750	1,835	1,512	323
Communications	600	600	-	600
Travel	3,000	3,000	979	2,021
Registration fees	750	150	85	65
Repairs and maintenance	71,000	72,593	66,192	6,401
Lease expenditures	3,000	3,000	1,946	1,054
Contract services	3,000	12,100	10,768	1,332
Equipment	-	17,728	16,727	1,001
Road improvements	5,000	42,246	42,246	0
Total Precinct #4	1,010,929	1,062,151	1,006,541	55,610

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, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General:				
Employee insurance	629,000	629,000	554,820	74,180
Lateral roads #1	10,250	10,250	10,074	176
Lateral roads #2	10,250	10,250	10,190	60
Lateral roads #3	10,250	10,250	10,250	-
Lateral roads #4	10,250	10,250	916	9,334
Road improvements	1,384,500	1,176,409	1,059,416	116,993
Contract services	245,000	241,784	119,826	121,958
Total general	2,299,500	2,088,193	1,765,492	322,701
Total highways and streets	5,602,676	5,541,517	5,088,455	453,062
Capital Outlay:				
General	1,052,143	334,501	336,050	(1,549)
Precinct #1	-	99,349	99,234	115
Precinct #2	-	51,366	51,366	(1)
Precinct #3	-	645,800	645,800	(0)
Precinct #4	-	77,262	77,261	1
Total capital outlay	1,052,143	1,208,278	1,209,711	(1,433)
Total expenditures	6,654,819	6,749,794	6,298,166	451,628
Deficiency of revenues over expenditures	345,903	250,928	742,239	491,311
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	4,214	(4,214)
Transfers from other funds	-	(21,995)	21,995	43,990
Total other financing sources (uses)	-	(21,995)	26,209	39,776
Net change in fund balance	345,903	228,933	768,448	531,087
Fund balances - beginning of year	4,090,636	4,090,636	4,090,636	-
FUND BALANCES - END OF YEAR	$ 4,436,539	$ 4,319,569	$ 4,859,084	$ 539,515

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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, 2025.

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, 2025

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	$ 2,321,056	$ 7,756	$ 2,328,812
Receivables, net of allowance			
Other	259,383	-	259,383
Due from other funds	7,680	-	7,680
TOTAL ASSETS	$ 2,588,119	$ 7,756	$ 2,595,875
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 188,271	$ -	$ 188,271
Due to other funds	229,511	-	229,511
Unearned revenue	7,680	-	7,680
Total liabilities	425,462	-	425,462
FUND BALANCES			
Restricted			
Federal and state grants	537,887	-	537,887
Legislation	1,624,770	-	1,624,770
Assigned			
Capital projects funds	-	7,756	7,756
Total fund balances	2,162,657	7,756	2,170,413
TOTAL LIABILITIES AND FUND BALANCES	$ 2,588,119	$ 7,756	$ 2,595,875

Pecos County, Texas
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds	Capital Projects Fund	Total Nonmajor Funds
REVENUES			
Fines and forfeitures	$ 1,038	$ -	$ 1,038
Intergovernmental	3,946,948	-	3,946,948
Charges for services	633,171	-	633,171
Interest	29,093	-	29,093
Other	5,930	-	5,930
Total revenues	4,616,180	-	4,616,180
EXPENDITURES			
Judicial	197,138	-	197,138
Law enforcement	386,878	-	386,878
Corrections	2,372,143	-	2,372,143
Public service	1,364,781	-	1,364,781
Principal	324,761	-	324,761
Interest and other charges	19,941	-	19,941
Total expenditures	4,676,921	-	4,676,921
Excess of expenditures over revenues	(60,741)	-	(60,741)
OTHER FINANCING SOURCES (USES)			
Transfers in	32,021	-	32,021
Transfers (out)	(32,021)	-	(32,021)
Total other financing sources (uses)	-	-	-
Net change in fund balances	(60,741)	-	(60,741)
Fund balances - beginning of year	2,223,398	7,756	2,231,154
FUND BALANCES, end of year	$ 2,162,657	$ 7,756	$ 2,170,413

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet
December 31, 2025

	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	$ 36,915	$ 34,117	$ 9,595	$ 425,310	$ 11,831
Receivables, net of allowance						
Other	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	$ 32,297	$ 36,915	$ 34,117	$ 9,595	$ 425,310	$ 11,831
LIABILITIES						
Accounts payable	$ -	$ -	$ 4,460	$ -	$ 50,871	$ -
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	-	-	4,460	-	50,871	-
FUND BALANCES						
Restricted:						
Federal and state grants	-	36,915	29,657	9,595	374,439	11,831
Legislation	32,297	-	-	-	-	-
Total fund balances	32,297	36,915	29,657	9,595	374,439	11,831
TOTAL LIABILITIES AND FUND BALANCE	$ 32,297	$ 36,915	$ 34,117	$ 9,595	$ 425,310	$ 11,831

267	268	270	280	281	282	283	284
Intensive Supervision	CSCD Pretrial Division	Adult Probation Fees	County Records Management	County Clerk Records Management	Election Services Contract Fund	Court Record Preservation Fund	District Court Record Technology Fund
$ 71,188	$ 4,762	$ 41,881	$ 84,602	$ 500,567	$ 79,512	$ 32,391	$ 40,430
-	-	-	4	-	8,090	-	230
-	-	-	-	-	-	-	-
$ 71,188	$ 4,762	$ 41,881	$ 84,606	$ 500,567	$ 87,602	$ 32,391	$ 40,660
$ 499	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
499	-	-	-	-	-	-	-
70,689	4,762	-	-	-	-	-	-
-	-	41,881	84,606	500,567	87,602	32,391	40,660
70,689	4,762	41,881	84,606	500,567	87,602	32,391	40,660
$ 71,188	$ 4,762	$ 41,881	$ 84,606	$ 500,567	$ 87,602	$ 32,391	$ 40,660

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet – Continued
December 31, 2025

	285 JP Technology Fund	286 County Clerk Archival Fund	287 County Clerk Vital Statistics Fund	288 Specialty Court Fund	340 District Clerk Records Management and Prevention	370 Courthouse Security Fund
ASSETS						
Cash and cash equivalents	$ 6,213	$ 162,703	$ 18,857	$ 7,065	$ 25,698	$ 5,882
Receivables, net of allowance						
Other	-	-	-	178	380	307
Due from other funds	-	-	-	-	-	-
TOTAL ASSETS	$ 6,213	$ 162,703	$ 18,857	$ 7,243	$ 26,078	$ 6,189
LIABILITIES						
Accounts payable	$ 2,050	$ -	$ -	$ -	$ -	$ -
Due to other funds	-	-	-	-	-	0
Unearned revenue	-	-	-	-	-	-
Total liabilities	2,050	-	-	-	-	-
FUND BALANCES						
Restricted:						
Federal and state grants	-	-	-	-	-	-
Legislation	4,163	162,703	18,857	7,243	26,078	6,189
Total fund balances	4,163	162,703	18,857	7,243	26,078	6,189
TOTAL LIABILITIES AND FUND BALANCE	$ 6,213	$ 162,703	$ 18,857	$ 7,243	$ 26,078	$ 6,189

414 R.L.E.S.A. Program Grant IA0000000446/ SO	415 JRAC Grant 2024/2025	416 R.L.E.S.A. Program Grant IA0000001203/ SB.83RDA	417 R.L.E.S.A. Program Grant IA0000001382-CO.ATTRNY	429 2026 Victim Coordination and Liaison Grant	430 Border Prosecution Grant #2537911	431 TIF Grant	433 Operation Lone Star Grant	435 OPSG 2024	437 OPSG 2023
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	16,467	-	-	-	39,963	-
-	-	-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ 16,467	$ -	$ -	$ -	$ 39,963	$ -
$ -	$ -	$ -	$ -	$ -	-	$ -	$ -	$ 17,885	$ -
-	-	-	-	16,467	-	-	-	22,079	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	16,467	-	-	-	39,964	-
-	-	-	-	-	-	-	-	(1)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(1)	-
$ -	$ -	$ -	$ -	$ 16,467	$ -	$ -	$ -	$ 39,963	$ -

Pecos County, Texas
Special Revenue Funds
Combining Balance Sheet – Continued
December 31, 2025

	442 Border Prosecution Grant #2537912	443 JRAC	446 US Treasury Covid Funds	448 Iraan River Park Fund	500 County Attorney Hot Check Fund	505 County Attorney Pre-Trial Intervention Fund
ASSETS						
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 6,067	$ 240,343
Receivables, net of allowance						
Other	124,711	54,084	-	13,852	-	969
Due from other funds	-	-	7,680	-	-	-
TOTAL ASSETS	$ 124,711	$ 54,084	$ 7,680	$ 13,852	$ 6,067	$ 241,312
LIABILITIES						
Accounts payable	$ 1,083	$ 600	$ -	$ -	$ 4,954	$ 1,833
Due to other funds	123,629	53,484	-	13,852	-	-
Unearned revenue	-	-	7,680	-	-	-
Total liabilities	124,712	54,084	7,680	13,852	4,954	1,833
FUND BALANCES						
Restricted:						
Federal and state grants	-	-	-	-	-	-
Legislation	(1)	-	-	-	1,113	239,479
Total fund balances	(1)	-	-	-	1,113	239,479
TOTAL LIABILITIES AND FUND BALANCE	$ 124,711	$ 54,084	$ 7,680	$ 13,852	$ 6,067	$ 241,312

510 Sheriff Discretionary Fund	511 Forfeiture Shared Revenue Fund	530 83rd District Attorney Hot Check Funds	540 83rd District Attorney Drug Forfeiture Fund	560 112th District Attorney Discretionary Fund	561 112th District Attorney Hot Check Fund	Total
$ 109,739	$ 79	$ 29,197	$ 261,010	$ 42,421	$ 384	$ 2,321,056
148	-	-	-	-	-	259,383
-	-	-	-	-	-	7,680
$ 109,887	$ 79	$ 29,197	$ 261,010	$ 42,421	$ 384	$ 2,588,119
$ -	$ -	$ -	$ 104,036	$ -	$ -	$ 188,271
-	-	-	-	-	-	229,511
-	-	-	-	-	-	7,680
-	-	-	104,036	-	-	425,462
-	-	-	-	-	-	537,887
109,887	79	29,197	156,974	42,421	384	1,624,770
109,887	79	29,197	156,974	42,421	384	2,162,657
$ 109,887	$ 79	$ 29,197	$ 261,010	$ 42,421	$ 384	$ 2,588,119

Pecos County, Texas
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Year Ended December 31, 2025

	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	-	-	178,250	14,990	345,805	75,663
Charges for services	-	-	-	-	463,846	-
Interest	-	1,407	-	-	16,067	-
Other	-	-	-	-	5,930	-
Total revenues	-	1,407	178,250	14,990	831,648	75,663
EXPENDITURES						
Judicial	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Corrections	-	1,722	171,430	15,428	692,274	91,311
Public service	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	-	1,722	171,430	15,428	692,274	91,311
Excess (deficiency) of revenues over (under) expenditures	-	(315)	6,820	(438)	139,374	(15,648)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	(1,854)
Transfers (out)	-	-	-	-	(32,021)	-
Total other financing sources (uses)	-	-	-	-	(32,021)	(1,854)
Net change in fund balances	-	(315)	6,820	(438)	107,353	(17,502)
Fund balances - beginning of year	32,297	37,230	22,837	10,033	267,086	29,333
FUND BALANCES - END OF YEAR	$ 32,297	$ 36,915	$ 29,657	$ 9,595	$ 374,439	$ 11,831

267	268	270	280	281	282	283	284
Intensive Supervision	CSCD Pretrial Division	Adult Probation Fees	County Records Management	County Clerk Records Management	Election Services Contract Fund	Court Record Preservation Fund	District Court Record Technology Fund
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
204,351	25,502	-	-	-	-	-	-
-	-	-	136	37,660	22,604	72	2,112
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
204,351	25,502	-	136	37,660	22,604	72	2,112
-	-	-	-	-	4,455	-	-
-	-	-	-	-	-	-	-
336,109	26,706	-	-	17,535	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
336,109	26,706	-	-	17,535	4,455	-	-
(131,758)	(1,204)	-	136	20,125	18,149	72	2,112
35,990	(2,115)	-	-	-	-	-	-
-	-	-	-	-	-	-	-
35,990	(2,115)	-	-	-	-	-	-
(95,768)	(3,319)	-	136	20,125	18,149	72	2,112
166,457	8,081	41,881	84,470	480,442	69,453	32,319	38,548
$ 70,689	$ 4,762	$ 41,881	$ 84,606	$ 500,567	$ 87,602	$ 32,391	$ 40,660

Pecos County, Texas
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Continued
For the Year Ended December 31, 2025

	285 JP Technology Fund	286 County Clerk Archival Fund	287 County Clerk Vital Statistics Fund	288 Specialty Court Fund	340 District Clerk Records Management and Prevention	370 Courthouse Security Fund
REVENUES						
Fines and forfeitures	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	446	37,593	1,196	1,367	8,344	6,779
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	446	37,593	1,196	1,367	8,344	6,779
EXPENDITURES						
Judicial	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Corrections	16,172	-	-	-	-	1,650
Public service	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	16,172	11,279	-	-	-	1,650
Excess (deficiency) of revenues over (under) expenditures	(15,726)	26,314	1,196	1,367	8,344	5,129
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(15,726)	26,314	1,196	1,367	8,344	5,129
Fund balances - beginning of year	19,889	136,389	17,661	5,876	17,734	1,060
FUND BALANCES - END OF YEAR	$ 4,163	$ 162,703	$ 18,857	$ 7,243	$ 26,078	$ 6,189

414 R.L.E.S.A. Program Grant IA0000000446/ SO	415 JRAC Grant 2024/2025	416 R.L.E.S.A. Program Grant IA0000001203/ SB.83RDA	417 R.L.E.S.A. Program Grant IA0000001382-CO.ATTRNY	429 2026 Victim Coordination and Liaison Grant	430 Border Prosecution Grant #2537911	431 TIF Grant	433 Operation Lone Star Grant	435 OPSG 2024	437 OPSG 2023
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
350,000	30,260	175,000	175,000	16,467	338,917	1	352,500	56,786	29,941
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
350,000	30,260	175,000	175,000	16,467	338,917	1	352,500	56,786	29,941
-	-	-	-	-	-	-	-	-	-
6,618	30,260	175,000	175,000	-	-	-	-	-	-
-	-	-	-	16,467	338,916	-	352,500	-	29,941
-	-	-	-	-	-	-	-	56,787	-
323,542	-	-	-	-	-	-	-	-	-
19,840	-	-	-	-	-	-	-	-	-
350,000	30,260	175,000	175,000	16,467	338,916	-	352,500	56,787	29,941
-	-	-	-	-	1	1	-	(1)	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1	1	-	(1)	-
-	-	-	-	-	(1)	(1)	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1)	$ -

Pecos County, Texas
Special Revenue Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – Continued
For the Year Ended December 31, 2025

	442 Border Prosecution Grant #2537912	443 JRAC	446 US Treasury Covid Funds	448 Iraan River Park Fund	500 County Attorney Hot Check Fund	505 County Attorney Pre-Trial Intervention Fund
REVENUES						
Fines and forfeitures	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	263,981	54,084	1,228,058	25,852	-	-
Charges for services	-	-	-	-	860	50,156
Interest	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	263,981	54,084	1,228,058	25,852	860	50,156
EXPENDITURES						
Judicial	-	-	-	-	3,557	182,482
Law enforcement	-	-	-	-	-	-
Corrections	263,982	-	-	-	-	-
Public service	-	54,083	1,228,058	25,852	-	-
Debt Service:						
Principal	-	-	-	-	-	1,219
Interest and other charges	-	-	-	-	-	101
Total expenditures	263,982	54,083	1,228,058	25,852	3,557	183,802
Excess (deficiency) of revenues over (under) expenditures	(1)	1	-	-	(2,697)	(133,646)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	(1)	1	-	-	(2,697)	(133,646)
Fund balances - beginning of year	-	(1)	-	-	3,810	373,125
FUND BALANCES - END OF YEAR	$ (1)	$ -	$ -	$ -	$ 1,113	$ 239,479

510 Sheriff's Discretionary Fund	511 Forfeiture Shared Revenue Fund	530 83rd District Attorney Hot Check Funds	540 83rd District Attorney Drug Forfeiture Funds	560 112th District Attorney Discretionary Fund	561 112th District Attorney Hot Check Fund	Total
$ -	$ -	$ -	$ 1,038	$ -	$ -	$ 1,038
5,540	-	-	-	-	-	3,946,948
-	-	-	-	-	-	633,171
-	-	1,089	8,947	1,583	-	29,093
-	-	-	-	-	-	5,930
5,540	-	1,089	9,985	1,583	-	4,616,180
645	-	-	5,999	-	-	197,138
-	-	-	-	-	-	386,878
-	-	-	-	-	-	2,372,143
-	1	-	-	-	-	1,364,781
-	-	-	-	-	-	324,761
-	-	-	-	-	-	19,941
645	1	-	5,999	-	-	4,676,921
4,895	(1.00)	1,089	3,986	1,583	-	(60,741)
-	-	-	-	-	-	32,021
-	-	-	-	-	-	(32,021)
-	-	-	-	-	-	-
4,895	(1)	1,089	3,986	1,583	-	(60,741)
104,992	80	28,108	152,988	40,838	384	2,223,398
$ 109,887	$ 79	$ 29,197	$ 156,974	$ 42,421	$ 384	$ 2,162,657

Pecos County, Texas

Fiduciary Funds – Custodial Funds
Combining Statement of Fiduciary Net Position
December 31, 2025

	Pecos County Golf Course	Bond Fund	Permian Basin Adult Probation	Juvenile Probation	District Clerk Fee Account	District Clerk Trust Fund	Tax Assessor Collector	Edward Petsch Arts Fund
ASSETS								
Cash	$ 33,406	$ -	$ 71,188	$ -	$ 24,795	$ 1,189,046	$ 2,598,711	$ 243,722
TOTAL ASSETS	33,406	-	71,188	-	24,795	1,189,046	2,598,711	243,722
LIABILITIES								
Accounts payable	-	-	45,606	-	-	-	-	-
Due to other governments	-	-	63,424	-	-	-	-	-
Due to beneficiaries	-	-	7,764	-	-	-	-	-
TOTAL LIABILITIES	-	-	116,794	-	-	-	-	-
NET POSITION								
Individuals, organizations, and other governments	33,406	-	(45,606)	-	24,795	1,189,046	2,598,711	243,722
TOTAL NET POSITION	$ 33,406	$ -	$ (45,606)	$ -	$ 24,795	$ 1,189,046	$ 2,598,711	$ 243,722

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
$ 64,508	$ 17,510	$ 100,060	$ 15,147	$ -	$ 61,783	$ -	$ -	$ 202	$ -	$ 4,420,078
64,508	17,510	100,060	15,147	-	61,783	-	-	202	-	4,420,078
-	-	-	-	-	-	-	-	-	-	45,606
-	-	-	-	-	-	-	-	-	-	63,424
-	-	-	-	-	-	-	-	-	-	7,764
-	-	-	-	-	-	-	-	-	-	116,794
64,508	17,510	100,060	15,147	-	61,783	-	-	202	-	4,303,284
$ 64,508	$ 17,510	$ 100,060	$ 15,147	$ -	$ 61,783	$ -	$ -	$ 202	$ -	$ 4,303,284

Pecos County, Texas

Fiduciary Funds – Custodial Funds
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2025

	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	$ 514	$ -	$ 3,711	$ 1	$ 916	$ 340	$ 97,895	$ 9,714
Fees for governments	163,536	-	910,321	-	277,208	-	137,363,690	-
Fees for beneficiaries	-	-	112,512	-	-	651,875	-	-
Held for others	-	-	-	591	-	-	-	-
Held for beneficiaries	-	-	-	-	-	-	-	-
Total additions	164,050	-	1,026,544	592	278,124	652,215	137,461,585	9,714
DEDUCTIONS								
Payments to governments	145,005	-	948,557	1	309,618	-	142,987,029	-
Payments to beneficiaries	-	-	117,237	646	-	144,984	-	-
Operating expense	-	66,983	-	-	-	-	-	4,254
Total deductions	145,005	66,983	1,065,794	647	309,618	144,984	142,987,029	4,254
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	19,045	(66,983)	(39,250)	(55)	(31,494)	507,231	(5,525,444)	5,460
NET POSITION - BEGINNING OF YEAR	14,361	66,983	(6,356)	55	56,289	681,815	8,124,155	238,262
NET POSITION - END OF YEAR	$ 33,406	$ -	$ (45,606)	$ -	$ 24,795	$ 1,189,046	$ 2,598,711	$ 243,722

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
$ 159	$ 604	$ -	$ -	$ 26	$ -	$ 13	$ 41	$ -	$ -	$ 113,934
-	8,356	-	48,532	61,112	-	21,051	63,815	-	111,090	139,028,711
17,705	69,917	-	-	-	-	-	-	-	-	852,009
-	-	-	-	-		-	-	200	-	791
-	-	43,054	-	-	-	-	-	-	-	43,054
17,864	78,877	43,054	48,532	61,138	-	21,064	63,856	200	111,090	140,038,499
-	-	-	41,849	61,138	-	21,623	66,831	-	114,037	144,695,688
18,964	77,163	54,367	-	-	-	-	-	-	-	413,361
-	-	-	-	-	-	-	-	-	-	71,237
18,964	77,163	54,367	41,849	61,138	-	21,623	66,831	-	114,037	145,180,286
(1,100)	1,714	(11,313)	6,683	-	-	(559)	(2,975)	200	(2,947)	(5,141,787)
65,608	15,796	111,373	8,464	-	61,783	559	2,975	2	2,947	9,445,071
$ 64,508	$ 17,510	$ 100,060	$ 15,147	$ -	$ 61,783	$ -	$ -	$ 202	$ -	$ 4,303,284

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Internal Control and Compliance

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400 W. 6th, Suite 3200
Austin, Texas 78701
512-609-1900

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, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 9, 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
November 9, 2026

400 W. 6th, Suite 3200
Austin, Texas 78701
512-609-1900

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, 2025. 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, 2025.

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
November 9 2026

Pecos County, Texas
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended December 31, 2025

Federal or State Grantor/ Pass-through/ Grantor Program Title	Federal Assistance Listing Number	Grant Identifying Number	Total Grant Expenditures
FEDERAL AWARDS			
United States Department of Homeland Security			
Passed Through Texas Office of the Governor			
Homeland Security Grant Program	97.067	3209409	$ 56,786
Homeland Security Grant Program	97.067	3209 405 OPSG23	29,941
Total ALN 97.067			86,727
Total United States Department of Homeland Security			86,727
United States Department of the Treasury			
Direct Program			
Covid 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARP-TX-21-055	1,228,058
Total United States Department of the Treasury			1,228,058
United States Department of Justice			
Passed Through Texas Office of the Attorney General			
Victim Coordinator and Liason Grant (VCLG)	11.446	C-02308	16,467
Total United States Department of Justice			16,467
United States Election Assistance Commission			
Passed Through the Office of the Texas Secretary of State			
Help America Vote Act (HAVA) Election Security Grant	90.404	TXHAVA-ES2025-186	8,667
Total United States Election Assistance Commission			8,667
TOTAL EXPENDITURES OF FEDERAL AWARDS			1,339,919
STATE AWARDS			
Texas J Regional Advisory Council			
Texas J Regional Advisory Council Grant		FY 2024-2025	70,586
Texas J Regional Advisory Council Grant		FY 2025-2026	54,084
Total Texas J Regional Advisory Council			124,670
Texas Office of the Governor			
Border Prosecution Unit Program		2537911	338,917
Border Prosecution Unit Program		2537912	263,981
Operation Lone Star		4386306	352,500
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	25,852
Total Texas Office of the Governor			1,681,250
TOTAL EXPENDITURES OF STATE AWARDS			1,805,920
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			$ 3,145,839

Pecos County, Texas
Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended December 31, 2025

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, 2025, 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 15% 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, 2025

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)	*Name of Program or Cluster*
21.027	Covid 19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
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)	*Name of Program or Cluster*
2537911	Border Prosecution Unit Program
2537912	Border Prosecution Unit Program

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as low-risk auditee?	____ Yes	X No

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