



**PECOS COUNTY APPRAISAL DISTRICT**

**MINUTES**

**February 13, 2020**

**CALL TO ORDER:** Meeting was called to order by  
Chairman Joe Shuster at 7:00 p.m.

**OATH OF OFFICE:** Oath of Office was administered to Tom Ezell,  
Tory Cox, Darren Hodges, Santiago Cantu, by  
Chief Appraiser Sam Calderon.

Absent were: Mike Ureta Jr. and De Ann  
Crawford.

**ESTABLISH QUORUM:** Present were: Joe Shuster, Margaret Holmes,  
Santiago Cantu, Darren Hodges and Tory Cox,  
Tom Ezell, Santa Acosta, Billy Espino

Absent were: De Ann Crawford, Raul Espino,  
Mike Ureta Jr.

Others in attendance were, Chief Appraiser Sam  
Calderon, Melba Salmon, Mayra Caballero,  
Alyssen Alfaro and Berenice Montejano.

**ELECTION OF OFFICERS:**

**Officers for 2020**

<b>Joe Shuster</b>	<b>Chairman</b>
<b>Darren Hodges</b>	<b>Vice Chairman</b>
<b>Santa Acosta</b>	<b>Secretary</b>

All officers were voted by acclamation.

**MINUTES:**

**Santiago Cantu made a motion to approve the minutes for November 18, 2019, seconded by Darren Hodges. Motion carried.**

**FINANCIAL STATEMENTS:**

**Billy Espino made a motion to approve the financial statements of November, December 2019, and January 2020 as presented, seconded by Margaret Holmes. Motion carried.**

**LINE ITEM TRANSFER:**

**Santiago Cantu made a motion to approve line item transfers to balance out 2019 as presented, seconded by Billy Espino. Motion carried.**

**PRESENTATION BY DISTRICT  
AUDITOR REGARDING 2017 &  
2018 FINANCIAL AUDIT:**

**Billy Espino made a motion to approve only 2017 financial audit as presented, seconded by Tory Cox. The 2018 audit will be presented on next month meeting.**

**CONSIDERATION OF AND  
POSSIBLE ACTION ON  
EXTENDING DEPOSITORY  
DEPOSITORY CONTRACT:**

**Billy Espino made a motion to extend depository contract for Pecos County State Bank for 2 years, June 2, 2020 to May 31, 2022. Seconded by Margaret Holmes. Motion carried.**

**CONSIDERATION OF POSSIBLE  
ACTION EXISTING CONTRACTS  
FOR 2020:**

**Billy Espino made a motion to approve ratifying existing contracts for 2020: Thos. Y Pickett & Co., BIS Consulting, Xerox, Gary Nunez-Consultant, and Pitney Bowes, seconded Tom Ezell. Motion carried.**

**CONSIDERATION OF AND POSSIBLE  
ACTION REGARDING CONTRACT  
FOR CAMA & COMPUTER LEASE  
WITH PRITCHARD & ABBOTT INC.**

**Santa Acosta made a motion to approve Pritchard & Abbott Inc., seconded by Billy Espino. Motion carried.**

**CONSIDERATION OF AND  
POSSIBLE ACTION REGARDING  
RETENTION OF AUDITOR.**

**Billy Espino made a motion to retain Auditor Coe Perry for the year 2020. Motion carried.**

**CHIEF APPRAISER REPORT:**

**Sam gave Chief Appraiser report on:**  
**(a) Chief Appraiser evaluation compiled results.**  
**(b) Appraisal Roll Supplements.**  
**(c) Update on 2019 Taxing Unit challenge.**

**PUBLIC COMMENTS:**

**NONE**

**ADJOURN:**

**Billy Espino made a motion to adjourn the meeting at 8:25 p.m. seconded by Tory Cox. Motion carried.**

Pecos County Appraisal District  
Monthly Budget Report  
January through February 2020

	TOTAL					
	Jan	February	Jan - Feb 20	Budget	Balance	% of Budget
Income			0.00			
Expense						
<b>100 Payroll Expenses</b>						
101 Chief Appraiser		7,500.00	15,000.00	90,000.00	-75,000.00	16.67%
103 Appraiser Alyssen R Alfaro		2,750.00	5,416.67	35,000.00	-29,583.33	15.48%
103 Appraiser Berenice Montejan		2,750.00	5,416.67	35,000.00	-29,583.33	15.48%
103 Deputy Chief Appraiser		5,250.00	10,500.00	63,000.00	-52,500.00	16.67%
103 Senior Appraiser		3,750.00	7,500.00	45,000.00	-37,500.00	16.67%
113 Group Insurance		6,458.35	12,916.70	77,500.00	-64,583.30	16.67%
117 Unemployment		77.50	227.34	4,000.00	-3,772.66	5.68%
118 Medicare Tax		318.98	635.58	3,886.00	-3,250.42	16.36%
119 Retirement		1,196.84	2,384.60	14,580.00	-12,195.40	16.36%
120 Longevity Pay		0.00	0.00	5,940.00	-5,940.00	0.00%
<b>Total 100 Payroll Expenses</b>		<b>30,051.67</b>	<b>59,997.56</b>	<b>373,906.00</b>	<b>-313,908.44</b>	<b>16.05%</b>
<b>200 Contract Services</b>						
202 Alarm Service		0.00	0.00	300.00	-300.00	0.00%
203 Audit Service		0.00	9,250.00	6,700.00	2,550.00	138.06%
204 Professional/Legal Services		729.00	1,511.34	40,000.00	-38,488.66	3.78%
205 Custodial Service		225.00	450.00	2,700.00	-2,250.00	16.67%
207 Appraisal Service		23,375.00	46,750.00	187,000.00	-140,250.00	25.00%
208 PCAD Website/Mapping		0.00	28,651.56	28,411.56	240.00	100.84%
209 Data Processing Lease		12,498.75	12,498.75	50,975.00	-38,476.25	24.52%
211 Copier Lease		145.73	432.57	2,200.00	-1,767.43	19.66%
212 Mailing Machine/Equip.		0.00	1,177.95	6,200.00	-5,022.05	19.00%
213 ISP		204.60	403.20	2,400.00	-1,996.80	16.80%
215 Telephone		319.51	719.51	5,500.00	-4,780.49	13.08%
217 Office Rent		500.00	1,000.00	6,000.00	-5,000.00	16.67%
218 MAP Consultant		0.00	0.00	8,000.00	-8,000.00	0.00%
<b>Total 200 Contract Services</b>		<b>37,997.59</b>	<b>102,844.88</b>	<b>346,386.56</b>	<b>-243,541.68</b>	<b>29.69%</b>
<b>300 Materials &amp; Supplies</b>						
301 General Supplies		640.21	2,091.91	8,000.00	-5,908.09	26.15%
303 Printing/envelopes/cards		0.00	0.00	5,000.00	-5,000.00	0.00%
305 Postage & Freight		0.00	0.00	10,000.00	-10,000.00	0.00%
<b>Total 300 Materials &amp; Supplies</b>		<b>640.21</b>	<b>2,091.91</b>	<b>23,000.00</b>	<b>-20,908.09</b>	<b>9.10%</b>
<b>400 Other Expenses</b>						
401 Director Exp.		271.60	271.60	1,500.00	-1,228.40	18.11%
403 In-Dist Staff Exp.		151.80	381.25	7,000.00	-6,618.75	5.45%
407 Out of Dist Staff		4,304.78	6,221.18	19,000.00	-12,778.82	32.74%
409 School Seminars Wrkshp Conf		225.00	1,725.00	5,000.00	-3,275.00	34.50%
415 Bonds, Notary & Surety		0.00	0.00	300.00	-300.00	0.00%
417 Registration Dues		45.00	45.00	2,500.00	-2,455.00	1.80%
419 Publication		120.00	120.00	1,200.00	-1,080.00	10.00%
422 Insurance & Officials Liab.		478.00	478.00	2,500.00	-2,022.00	19.12%
<b>Total 400 Other Expenses</b>		<b>5,596.18</b>	<b>9,242.03</b>	<b>39,000.00</b>	<b>-29,757.97</b>	<b>23.70%</b>

**Pecos County Appraisal District**  
**Monthly Budget Report**  
 January through February 2020

	TOTAL					
	Jan	February	Jan - Feb 20	Budget	Balance	% of Budget
<b>600 ARB Expense</b>						
<b>601 ARB Salaries</b>		0.00	0.00	3,000.00	-3,000.00	0.00%
<b>602 ARB Expense</b>		0.00	0.00	1,500.00	-1,500.00	0.00%
<b>603 ARB Training</b>		0.00	250.00	2,000.00	-1,750.00	12.50%
<b>Total 600 ARB Expense</b>		0.00	250.00	6,500.00	-6,250.00	3.85%
<b>Total Expense</b>		74,285.65	174,426.38	788,792.56	-614,366.18	22.11%
<b>Net Income</b>		<b>-74,285.65</b>	<b>-174,426.38</b>	<b>-788,792.56</b>	<b>614,366.18</b>	<b>22.11%</b>

12:06 PM  
03/11/20

## Pecos County Appraisal District Check Detail February 2020

Num	Date	Name	Memo	Item	Account	Paid Amount
			Direct Deposit		Payroll Liabilities	1.50
			Direct Deposit		Direct Deposit Liabili...	5,117.84
TOTAL						0.00
1608	02/07/2020		Transfer of F...		Time Open Account	
			Transfer of Fu...		Pecos County Appra...	-90,000.00
TOTAL						-90,000.00
15327	02/03/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-44.00
TOTAL						-44.00
15328	02/03/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-609.84
TOTAL						-609.84
15329	02/03/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-6,458.35
TOTAL						-6,458.35
15330	02/03/2020	Pecos County	#205 Custodi...		Pecos County Appr...	
725.00	02/03/2020		#205 Custodi...		205 Custodial Service	-225.00
			#205 Custodi...		217 Office Rent	-500.00
TOTAL						-725.00
15331	02/03/2020	A T & T	#215 Telepho...		Pecos County Appr...	
	02/03/2020		#215 Telepho...		215 Telephone	-319.51
TOTAL						-319.51
15332	02/03/2020	State Farm Insurance	#422 Policy 9...		Pecos County Appr...	
	02/03/2020		#422 Policy 9...		422 Insurance & Offi...	-478.00
TOTAL						-478.00
15333	02/03/2020	TDS	#213 ISP		Pecos County Appr...	
	02/03/2020		#213 ISP		213 ISP	-204.60
TOTAL						-204.60
15334	02/04/2020	Sam Calderon III	#403 Field w...		Pecos County Appr...	
	02/04/2020		#403 Field wo...		403 In-Dist Staff Exp.	-151.80
TOTAL						-151.80

**Pecos County Appraisal District**  
**Check Detail**  
**February 2020**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Item</u>	<u>Account</u>	<u>Paid Amount</u>
15335	02/07/2020	TAAD	#409 - USPA...		Pecos County Appr...	
	02/07/2020		#409 - USPA...		409 School Seminar...	-225.00
TOTAL						-225.00
15337	02/10/2020	EWA	#301 Monthly...		Pecos County Appr...	
	02/10/2020		#301 Monthly ...		301 General Supplies	-75.00
TOTAL						-75.00
15338	02/07/2020	Fort Stockton Pioneer	#419 Publica...		Pecos County Appr...	
	02/07/2020		#419 Publicati...		419 Publication	-120.00
TOTAL						-120.00
15339	02/07/2020	Office Depot, Inc.	#301 Office S...		Pecos County Appr...	
	02/07/2020		#301 Office S...		301 General Supplies	-565.21
TOTAL						-565.21
15340	02/12/2020	Pritchard & Abbott, Inc	#209 Per Co...		Pecos County Appr...	
	02/12/2020		#209 Per Con...		209 Data Processin...	-12,498.75
TOTAL						-12,498.75
15341	02/12/2020	TDLR	#417 License...		Pecos County Appr...	
	02/12/2020		#417 License ...		417 Registration Dues	-45.00
TOTAL						-45.00
15342	02/13/2020	Wal Mart	#401 BOD M...		Pecos County Appr...	
			#401 BOD Me...		401 Director Exp.	-45.90
TOTAL						-45.90
15343	02/13/2020	Steakhouse	#401 BOD m...		Pecos County Appr...	
			#401 BOD m...		401 Director Exp.	-225.70
TOTAL						-225.70
15344	02/13/2020	United States Treasury	VOID: 74-208...		Pecos County Appr...	
TOTAL						0.00
15345	02/13/2020	United States Treasury	VOID: 74-208...		Pecos County Appr...	
TOTAL						0.00
15346	02/13/2020	United States Treasury	VOID: 74-208...		Pecos County Appr...	
TOTAL						0.00

**Pecos County Appraisal District  
Check Detail  
February 2020**

Num	Date	Name	Memo	Item	Account	Paid Amount
15347	02/14/2020	Low Swinney Evans & James PL...	#204 Profess...		Pecos County Appr...	
	02/14/2020		#204 Professi...		204 Professional/Le...	-729.00
TOTAL						-729.00
15348	02/18/2020	Xerox Corporation	#211 Copier ...		Pecos County Appr...	
	02/18/2020		#211 Copier L...		211 Copier Lease	-145.73
TOTAL						-145.73
15349	02/18/2020	Thomas Y Pickett	#207 2nd Ins...		Pecos County Appr...	
	02/18/2020		#207 2nd Inst...		207 Appraisal Service	-23,375.00
TOTAL						-23,375.00
15350	02/18/2020	Renaissance Dallas Hotel	#407 Hotel fo...		Pecos County Appr...	
	02/18/2020		#407 Hotel for...		407 Out of Dist Staff	-1,048.58
TOTAL						-1,048.58
15351	02/18/2020	Renaissance Dallas Hotel	#407 Hotel fo...		Pecos County Appr...	
	02/18/2020		#407 Hotel for...		407 Out of Dist Staff	-1,048.58
TOTAL						-1,048.58
15352	02/18/2020	Renaissance Dallas Hotel	#407 Hotel fo...		Pecos County Appr...	
	02/18/2020		#407 Hotel for...		407 Out of Dist Staff	-1,048.58
TOTAL						-1,048.58
15353	02/18/2020	Mayra Caballero	#407 Per Die...		Pecos County Appr...	
	02/18/2020		#407 Per Die...		407 Out of Dist Staff	-293.96
TOTAL						-293.96
15354	02/18/2020	Melba Salmon	#407 Per Diem		Pecos County Appr...	
	02/18/2020		#407 Per Diem		407 Out of Dist Staff	-180.00
TOTAL						-180.00
15355	02/18/2020	Sam Calderon III	#407 Per Die...		Pecos County Appr...	
	02/18/2020		#407 Per Die...		407 Out of Dist Staff	-685.08
TOTAL						-685.08
15356	02/21/2020	Melissa B Calderon	P-7656-83-CV		Pecos County Appr...	
			P-7656-83-CV		Payroll Liabilities	-977.20
TOTAL						-977.20

**Pecos County Appraisal District  
Check Detail  
February 2020**

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Item</u>	<u>Account</u>	<u>Paid Amount</u>
15357	02/21/2020	TCDRS	494		Pecos County Appr...	
			494		Payroll Liabilities	-1,540.00
			494		Payroll Liabilities	-1,155.02
			494		Payroll Liabilities	-41.82
TOTAL						-2,736.84
15358	02/21/2020	United States Treasury	74-2086342		Pecos County Appr...	
			74-2086342		Payroll Liabilities	-2,078.00
			74-2086342		Payroll Liabilities	-318.98
			74-2086342		Payroll Liabilities	-318.98
TOTAL						-2,715.96

**Pecos County Appraisal District  
Monthly Budget Report  
January through March 2020**

Jar	TOTAL				
	March	Jan - Mar 20	Budget	Balance	% of Budget
Income		0.00			
Expense					
100 Payroll Expenses					
101 Chief Appraiser	7,500.00	22,500.00	90,000.00	-67,500.00	25.00%
103 Appraiser Alyszen R Alfaro	2,750.00	8,166.67	35,000.00	-26,833.33	23.33%
103 Appraiser Berenice Montejan	2,750.00	8,166.67	35,000.00	-26,833.33	23.33%
103 Deputy Chief Appraiser	5,250.00	15,750.00	63,000.00	-47,250.00	25.00%
103 Senior Appraiser	3,750.00	11,250.00	45,000.00	-33,750.00	25.00%
113 Group Insurance	6,458.35	19,375.05	77,500.00	-58,124.95	25.00%
117 Unemployment	26.00	253.34	4,000.00	-3,746.66	6.33%
118 Medicare Tax	319.02	954.60	3,886.00	-2,931.40	24.57%
119 Retirement	1,196.84	3,581.44	14,580.00	-10,998.56	24.56%
120 Longevity Pay	0.00	0.00	5,940.00	-5,940.00	0.00%
<b>Total 100 Payroll Expenses</b>	<b>30,000.21</b>	<b>89,997.77</b>	<b>373,906.00</b>	<b>-283,908.23</b>	<b>24.07%</b>
200 Contract Services					
202 Alarm Service	25.00	25.00	300.00	-275.00	8.33%
203 Audit Service	0.00	9,250.00	6,700.00	2,550.00	138.06%
204 Professional/Legal Services	7,138.09	8,649.43	40,000.00	-31,350.57	21.62%
205 Custodial Service	225.00	675.00	2,700.00	-2,025.00	25.00%
207 Appraisal Service	23,375.00	70,125.00	187,000.00	-116,875.00	37.50%
208 PCAD Website/Mapping	0.00	28,651.56	28,411.56	240.00	100.84%
209 Data Processing Lease	0.00	12,498.75	50,975.00	-38,476.25	24.52%
211 Copier Lease	157.47	590.04	2,200.00	-1,609.96	26.82%
212 Mailing Machine/Equip.	0.00	1,177.95	6,200.00	-5,022.05	19.00%
213 ISP	198.60	601.80	2,400.00	-1,798.20	25.08%
215 Telephone	328.63	1,048.14	5,500.00	-4,451.86	19.06%
217 Office Rent	500.00	1,500.00	6,000.00	-4,500.00	25.00%
218 MAP Consultant	0.00	0.00	8,000.00	-8,000.00	0.00%
<b>Total 200 Contract Services</b>	<b>31,947.79</b>	<b>134,792.67</b>	<b>346,386.56</b>	<b>-211,593.89</b>	<b>38.91%</b>
300 Materials & Supplies					
301 General Supplies	784.16	2,876.07	8,000.00	-5,123.93	35.95%
303 Printing/envelopes/cards	0.00	0.00	5,000.00	-5,000.00	0.00%
305 Postage & Freight	3,000.00	3,000.00	10,000.00	-7,000.00	30.00%
<b>Total 300 Materials &amp; Supplies</b>	<b>3,784.16</b>	<b>5,876.07</b>	<b>23,000.00</b>	<b>-17,123.93</b>	<b>25.55%</b>
400 Other Expenses					
401 Director Exp.	0.00	271.60	1,500.00	-1,228.40	18.11%
403 In-Dist Staff Exp.	0.00	381.25	7,000.00	-6,618.75	5.45%
407 Out of Dist Staff	511.92	6,733.10	19,000.00	-12,266.90	35.44%
409 School Seminars Wrkshp Conf	-275.00	1,450.00	5,000.00	-3,550.00	29.00%
415 Bonds, Notary & Surety	0.00	0.00	300.00	-300.00	0.00%
417 Registration Dues	0.00	45.00	2,500.00	-2,455.00	1.80%
419 Publication	329.00	449.00	1,200.00	-751.00	37.42%
422 Insurance & Officials Liab.	0.00	478.00	2,500.00	-2,022.00	19.12%
<b>Total 400 Other Expenses</b>	<b>565.92</b>	<b>9,807.95</b>	<b>39,000.00</b>	<b>-29,192.05</b>	<b>25.15%</b>
600 ARB Expense					
601 ARB Salaries	0.00	0.00	3,000.00	-3,000.00	0.00%
602 ARB Expense	0.00	0.00	1,500.00	-1,500.00	0.00%
603 ARB Training	0.00	250.00	2,000.00	-1,750.00	12.50%
<b>Total 600 ARB Expense</b>	<b>0.00</b>	<b>250.00</b>	<b>6,500.00</b>	<b>-6,250.00</b>	<b>3.85%</b>
<b>Total Expense</b>	<b>66,298.08</b>	<b>240,724.46</b>	<b>788,792.56</b>	<b>-548,068.10</b>	<b>30.52%</b>
<b>Net Income</b>	<b>-66,298.08</b>	<b>-240,724.46</b>	<b>-788,792.56</b>	<b>548,068.10</b>	<b>30.52%</b>

## Pecos County Appraisal District Check Detail March 2020

Num	Date	Name	Memo	Item	Account	Paid Amount
	03/23/2020	Intuit QB	#301 QB		Pecos County Appr...	
		Intuit QB	#301 QB		Accounts Payable	-10.83
<b>TOTAL</b>						-10.83
	03/30/2020	QuickBooks Payroll Service	Created by P...		Pecos County Appr...	
		QuickBooks Payroll Service	Created by P...		Direct Deposit Liabili...	-16,431.94
<b>TOTAL</b>						-16,431.94
DD085	03/31/2020	Alyssen R Alfaro	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Appraiser Alyss...	-2,750.00
			Direct Deposit		Payroll Liabilities	192.50
			Direct Deposit		119 Retirement	-5.23
			Direct Deposit		Payroll Liabilities	5.23
			Direct Deposit		119 Retirement	-144.38
			Direct Deposit		Payroll Liabilities	144.38
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	2.70
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		Payroll Liabilities	252.00
			Direct Deposit		118 Medicare Tax	-39.88
			Direct Deposit		Payroll Liabilities	39.88
			Direct Deposit		Payroll Liabilities	39.88
			Direct Deposit		117 Unemployment	-9.50
			Direct Deposit		Payroll Liabilities	9.50
			Direct Deposit		117 Unemployment	-2.75
			Direct Deposit		Payroll Liabilities	2.75
			Direct Deposit		Direct Deposit Liabili...	2,116.71
<b>TOTAL</b>						0.00
DD086	03/31/2020	Berenice Montejano	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Appraiser Beren...	-2,750.00
			Direct Deposit		Payroll Liabilities	192.50
			Direct Deposit		119 Retirement	-5.23
			Direct Deposit		Payroll Liabilities	5.23
			Direct Deposit		119 Retirement	-144.38
			Direct Deposit		Payroll Liabilities	144.38
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	0.70
			Direct Deposit		Payroll Liabilities	252.00
			Direct Deposit		118 Medicare Tax	-39.88
			Direct Deposit		Payroll Liabilities	39.88
			Direct Deposit		Payroll Liabilities	39.88
			Direct Deposit		117 Unemployment	-9.50
			Direct Deposit		Payroll Liabilities	9.50
			Direct Deposit		117 Unemployment	-2.75
			Direct Deposit		Payroll Liabilities	2.75
			Direct Deposit		Direct Deposit Liabili...	2,264.92
<b>TOTAL</b>						0.00

**Pecos County Appraisal District**  
**Check Detail**  
**March 2020**

Num	Date	Name	Memo	Item	Account	Paid Amount
DD087	03/31/2020	Mayra S Caballero	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Senior Appraiser	-3,750.00
			Direct Deposit		Payroll Liabilities	262.50
			Direct Deposit		119 Retirement	-7.13
			Direct Deposit		Payroll Liabilities	7.13
			Direct Deposit		119 Retirement	-196.88
			Direct Deposit		Payroll Liabilities	196.88
			Direct Deposit		Payroll Liabilities	171.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	14.60
			Direct Deposit		Payroll Liabilities	321.00
			Direct Deposit		118 Medicare Tax	-54.38
			Direct Deposit		Payroll Liabilities	54.38
			Direct Deposit		Payroll Liabilities	54.38
			Direct Deposit		117 Unemployment	-1.50
			Direct Deposit		Payroll Liabilities	1.50
			Direct Deposit		Direct Deposit Liabili...	2,926.31
TOTAL						0.00
DD088	03/31/2020	Melba G Salmon	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Deputy Chief A...	-5,250.00
			Direct Deposit		119 Retirement	-9.98
			Direct Deposit		Payroll Liabilities	9.98
			Direct Deposit		119 Retirement	-275.63
			Direct Deposit		Payroll Liabilities	275.63
			Direct Deposit		Payroll Liabilities	367.50
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	654.00
			Direct Deposit		118 Medicare Tax	-76.13
			Direct Deposit		Payroll Liabilities	76.13
			Direct Deposit		Payroll Liabilities	76.13
			Direct Deposit		Direct Deposit Liabili...	4,006.16
TOTAL						0.00
DD089	03/31/2020	Sam Calderon	Direct Deposit		Pecos County Appr...	
			Direct Deposit		101 Chief Appraiser	-7,500.00
			Direct Deposit		Payroll Liabilities	525.00
			Direct Deposit		119 Retirement	-14.25
			Direct Deposit		Payroll Liabilities	14.25
			Direct Deposit		119 Retirement	-393.75
			Direct Deposit		Payroll Liabilities	393.75
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	26.00
			Direct Deposit		Payroll Liabilities	977.20
			Direct Deposit		Payroll Liabilities	599.00
			Direct Deposit		118 Medicare Tax	-108.75
			Direct Deposit		Payroll Liabilities	108.75
			Direct Deposit		Payroll Liabilities	108.75
			Direct Deposit		Direct Deposit Liabili...	5,117.84
TOTAL						0.00

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**Pecos County Appraisal District  
Check Detail  
March 2020**

Num	Date	Name	Memo	Item	Account	Paid Amount
1609	03/03/2020		Transfer of F...		Time Open Account	
			Transfer of Fu...		Pecos County Appra...	-90,000.00
TOTAL						-90,000.00
15359	03/02/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-609.84
TOTAL						-609.84
15360	03/02/2020	Pecos County	#205 Custodi...		Pecos County Appr...	
	03/02/2020		#205 Custodi...		205 Custodial Service	-225.00
			#205 Custodi...		217 Office Rent	-500.00
TOTAL						-725.00
15361	03/02/2020	Pecos County	Health Insur...		Pecos County Appr...	
			Health Insura...		Payroll Liabilities	-6,458.35
TOTAL						-6,458.35
15362	03/02/2020	Pecos County	Other Insura...		Pecos County Appr...	
			Other Insuran...		Payroll Liabilities	-44.00
TOTAL						-44.00
15363	03/03/2020	A T & T	#215 Telepho...		Pecos County Appr...	
	03/03/2020		#215 Telepho...		215 Telephone	-328.63
TOTAL						-328.63
15364	03/03/2020	Fort Stockton Pioneer	#419 Publica...		Pecos County Appr...	
	03/03/2020		#419 Publicati...		419 Publication	-288.00
TOTAL						-288.00
15365	03/03/2020	TDS	#213 ISP Inte...		Pecos County Appr...	
	03/03/2020		#213 ISP Inte...		213 ISP	-198.60
TOTAL						-198.60
15366	03/03/2020	Thomas Y Pickett	#207 3rd Inst...		Pecos County Appr...	
	03/03/2020		#207 3rd Inst...		207 Appraisal Service	-23,375.00
TOTAL						-23,375.00
15367	03/04/2020	Armstrong & Armstrong P C	Professional ...		Pecos County Appr...	
	03/04/2020		Professional -...		204 Professional/Le...	-4,095.00
TOTAL						-4,095.00

**Pecos County Appraisal District**  
**Check Detail**  
**March 2020**

Num	Date	Name	Memo	Item	Account	Paid Amount
15368	03/06/2020	Melba Salmon	\$407 Reimbu...		Pecos County Appr...	
	03/06/2020		\$407 Reimbur...		407 Out of Dist Staff	-511.92
TOTAL						-511.92
15369	03/06/2020	Marshall & Swift/Boeckh, LLC	#301 Valuati...		Pecos County Appr...	
	03/06/2020		#301 Valuatio...		301 General Supplies	-709.16
TOTAL						-709.16
15370	03/06/2020	Variverge	#305 Postag...		Pecos County Appr...	
	03/06/2020		#303 Postage...		303 Printing/envelop...	-3,000.00
TOTAL						-3,000.00
15371	03/11/2020	EWA	#301 Monthly...		Pecos County Appr...	
	03/11/2020		#301 Monthly ...		301 General Supplies	-75.00
TOTAL						-75.00
15372	03/13/2020	Low Swinney Evans & James PL...	#204 Profess...		Pecos County Appr...	
	03/13/2020		#204 Professi...		204 Professional/Le...	-3,043.09
TOTAL						-3,043.09
15373	03/16/2020	Xerox Corporation	#211 Copier ...		Pecos County Appr...	
	03/16/2020		#211 Copier L...		211 Copier Lease	-157.47
TOTAL						-157.47
15374	03/30/2020	Fort Stockton Pioneer	#419 1-year ...		Pecos County Appr...	
	03/30/2020		#419 1-year S...		419 Publication	-41.00
TOTAL						-41.00
15375	03/19/2020	Southwest Security Alarms	#202 Alarm L...		Pecos County Appr...	
	03/19/2020		#202 Alarm L...		202 Alarm Service	-25.00
TOTAL						-25.00
15376	03/23/2020	Melissa B Calderon	P-7656-83-CV		Pecos County Appr...	
			P-7656-83-CV		Payroll Liabilities	-977.20
TOTAL						-977.20

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**Pecos County Appraisal District**  
**Check Detail**  
March 2020

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<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Item</u>	<u>Account</u>	<u>Paid Amount</u>
15377	03/23/2020	TCDRS	494		Pecos County Appr...	
			494		Payroll Liabilities	-1,540.00
			494		Payroll Liabilities	-1,155.02
			494		Payroll Liabilities	-41.82
TOTAL						-2,736.84
15378	03/23/2020	United States Treasury	74-2086342		Pecos County Appr...	
			74-2086342		Payroll Liabilities	-2,078.00
			74-2086342		Payroll Liabilities	-319.02
			74-2086342		Payroll Liabilities	-319.02
TOTAL						-2,716.04

## Pecos County Appraisal District Monthly Budget Report January through April 2020

	TOTAL				
	April	Jan - Apr 20	Budget	Balance	% of Budget
Income		0.00			
Expense					
<b>100 Payroll Expenses</b>					
101 Chief Appraiser	7,500.00	30,000.00	90,000.00	-60,000.00	33.33%
103 Appraiser Alyssen R Alfaro	2,750.00	10,916.67	35,000.00	-24,083.33	31.19%
103 Appraiser Berenice Montejan	2,750.00	10,916.67	35,000.00	-24,083.33	31.19%
103 Deputy Chief Appraiser	5,250.00	21,000.00	63,000.00	-42,000.00	33.33%
103 Senior Appraiser	3,750.00	15,000.00	45,000.00	-30,000.00	33.33%
113 Group Insurance	6,458.35	25,833.40	77,500.00	-51,666.60	33.33%
117 Unemployment	1,369.99	1,623.33	4,000.00	-2,376.67	40.58%
118 Medicare Tax	318.98	1,273.58	3,886.00	-2,612.42	32.77%
119 Retirement	1,196.84	4,778.28	14,580.00	-9,801.72	32.77%
120 Longevity Pay	0.00	0.00	5,940.00	-5,940.00	0.00%
<b>Total 100 Payroll Expenses</b>	31,344.16	121,341.93	373,906.00	-252,564.07	32.45%
<b>200 Contract Services</b>					
202 Alarm Service	25.00	50.00	300.00	-250.00	16.67%
203 Audit Service	0.00	9,250.00	6,700.00	2,550.00	138.06%
204 Professional/Legal Services	253.00	8,902.43	40,000.00	-31,097.57	22.26%
205 Custodial Service	225.00	900.00	2,700.00	-1,800.00	33.33%
207 Appraisal Service	23,375.00	93,500.00	187,000.00	-93,500.00	50.00%
208 PCAD Website/Mapping	0.00	28,651.56	28,411.56	240.00	100.84%
209 Data Processing Lease	12,498.75	24,997.50	50,975.00	-25,977.50	49.04%
211 Copier Lease	0.00	590.04	2,200.00	-1,609.96	26.82%
212 Mailing Machine/Equip.	1,177.95	2,355.90	6,200.00	-3,844.10	38.00%
213 ISP	198.60	800.40	2,400.00	-1,599.60	33.35%
215 Telephone	329.40	1,377.54	5,500.00	-4,122.46	25.05%
217 Office Rent	500.00	2,000.00	6,000.00	-4,000.00	33.33%
218 MAP Consultant	5,000.00	5,000.00	8,000.00	-3,000.00	62.50%
<b>Total 200 Contract Services</b>	43,582.70	178,375.37	346,386.56	-168,011.19	51.50%
<b>300 Materials &amp; Supplies</b>					
301 General Supplies	239.04	3,115.11	8,000.00	-4,884.89	38.94%
303 Printing/envelopes/cards	0.00	0.00	5,000.00	-5,000.00	0.00%
305 Postage & Freight	0.00	3,000.00	10,000.00	-7,000.00	30.00%
<b>Total 300 Materials &amp; Supplies</b>	239.04	6,115.11	23,000.00	-16,884.89	26.59%
<b>400 Other Expenses</b>					
401 Director Exp.	0.00	271.60	1,500.00	-1,228.40	18.11%
403 In-Dist Staff Exp.	232.30	613.55	7,000.00	-6,386.45	8.77%
407 Out of Dist Staff	0.00	6,733.10	19,000.00	-12,266.90	35.44%
409 School Seminars Wrkshp Conf	0.00	1,450.00	5,000.00	-3,550.00	29.00%
415 Bonds, Notary & Surety	0.00	0.00	300.00	-300.00	0.00%
417 Registration Dues	45.00	90.00	2,500.00	-2,410.00	3.60%
419 Publication	0.00	449.00	1,200.00	-751.00	37.42%
422 Insurance & Officials Liab.	0.00	478.00	2,500.00	-2,022.00	19.12%
<b>Total 400 Other Expenses</b>	277.30	10,085.25	39,000.00	-28,914.75	25.86%

**Pecos County Appraisal District**  
**Monthly Budget Report**  
 January through April 2020

	TOTAL				% of Budget
	April	Jan - Apr 20	Budget	Balance	
<b>600 ARB Expense</b>					
<b>601 ARB Salaries</b>	0.00	0.00	3,000.00	-3,000.00	0.00%
<b>602 ARB Expense</b>	0.00	0.00	1,500.00	-1,500.00	0.00%
<b>603 ARB Training</b>	0.00	250.00	2,000.00	-1,750.00	12.50%
<b>Total 600 ARB Expense</b>	0.00	250.00	6,500.00	-6,250.00	3.85%
<b>Total Expense</b>	75,443.20	316,167.66	788,792.56	-472,624.90	40.08%
<b>Net Income</b>	<b>-75,443.20</b>	<b>-316,167.66</b>	<b>-788,792.56</b>	<b>472,624.90</b>	<b>40.08%</b>

## Pecos County Appraisal District Check Detail April 2020

Num	Date	Name	Memo	Item	Account	Paid Amount
	04/22/2020	Intuit QB	#301 QB		Pecos County Appr...	
		Intuit QB	#301 QB		Accounts Payable	-10.83
TOTAL						-10.83
	04/29/2020	QuickBooks Payroll Service	Created by P...		Pecos County Appr...	
		QuickBooks Payroll Service	Created by P...		Direct Deposit Liabili...	-16,431.98
TOTAL						-16,431.98
DD090	04/30/2020	Alyssen R Alfaro	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Appraiser Alyss...	-2,750.00
			Direct Deposit		Payroll Liabilities	192.50
			Direct Deposit		119 Retirement	-5.23
			Direct Deposit		Payroll Liabilities	5.23
			Direct Deposit		119 Retirement	-144.38
			Direct Deposit		Payroll Liabilities	144.38
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	2.70
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		Payroll Liabilities	252.00
			Direct Deposit		118 Medicare Tax	-39.87
			Direct Deposit		Payroll Liabilities	39.87
			Direct Deposit		Payroll Liabilities	39.87
			Direct Deposit		117 Unemployment	-135.83
			Direct Deposit		Payroll Liabilities	135.83
			Direct Deposit		Direct Deposit Liabili...	2,116.72
TOTAL						0.00
DD091	04/30/2020	Berenice Montejano	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Appraiser Beren...	-2,750.00
			Direct Deposit		Payroll Liabilities	192.50
			Direct Deposit		119 Retirement	-5.23
			Direct Deposit		Payroll Liabilities	5.23
			Direct Deposit		119 Retirement	-144.38
			Direct Deposit		Payroll Liabilities	144.38
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	0.70
			Direct Deposit		Payroll Liabilities	252.00
			Direct Deposit		118 Medicare Tax	-39.87
			Direct Deposit		Payroll Liabilities	39.87
			Direct Deposit		Payroll Liabilities	39.87
			Direct Deposit		117 Unemployment	-135.83
			Direct Deposit		Payroll Liabilities	135.83
			Direct Deposit		Direct Deposit Liabili...	2,264.93
TOTAL						0.00

## Pecos County Appraisal District Check Detail April 2020

Num	Date	Name	Memo	Item	Account	Paid Amount
DD092	04/30/2020	Mayra S Caballero	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Senior Appraiser	-3,750.00
			Direct Deposit		Payroll Liabilities	262.50
			Direct Deposit		119 Retirement	-7.13
			Direct Deposit		Payroll Liabilities	7.13
			Direct Deposit		119 Retirement	-196.88
			Direct Deposit		Payroll Liabilities	196.88
			Direct Deposit		Payroll Liabilities	171.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	14.60
			Direct Deposit		Payroll Liabilities	321.00
			Direct Deposit		118 Medicare Tax	-54.37
			Direct Deposit		Payroll Liabilities	54.37
			Direct Deposit		Payroll Liabilities	54.37
			Direct Deposit		117 Unemployment	-135.00
			Direct Deposit		Payroll Liabilities	135.00
			Direct Deposit		Direct Deposit Liabili...	2,926.32
TOTAL						0.00
DD093	04/30/2020	Melba G Salmon	Direct Deposit		Pecos County Appr...	
			Direct Deposit		103 Deputy Chief A...	-5,250.00
			Direct Deposit		119 Retirement	-9.98
			Direct Deposit		Payroll Liabilities	9.98
			Direct Deposit		119 Retirement	-275.63
			Direct Deposit		Payroll Liabilities	275.63
			Direct Deposit		Payroll Liabilities	367.50
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	654.00
			Direct Deposit		118 Medicare Tax	-76.12
			Direct Deposit		Payroll Liabilities	76.12
			Direct Deposit		Payroll Liabilities	76.12
			Direct Deposit		117 Unemployment	-135.00
			Direct Deposit		Payroll Liabilities	135.00
			Direct Deposit		Direct Deposit Liabili...	4,006.17
TOTAL						0.00
DD094	04/30/2020	Sam Calderon	Direct Deposit		Pecos County Appr...	
			Direct Deposit		101 Chief Appraiser	-7,500.00
			Direct Deposit		Payroll Liabilities	525.00
			Direct Deposit		119 Retirement	-14.25
			Direct Deposit		Payroll Liabilities	14.25
			Direct Deposit		119 Retirement	-393.75
			Direct Deposit		Payroll Liabilities	393.75
			Direct Deposit		Payroll Liabilities	146.21
			Direct Deposit		113 Group Insurance	-1,291.67
			Direct Deposit		Payroll Liabilities	1,291.67
			Direct Deposit		Payroll Liabilities	26.00
			Direct Deposit		Payroll Liabilities	977.20
			Direct Deposit		Payroll Liabilities	599.00
			Direct Deposit		118 Medicare Tax	-108.75
			Direct Deposit		Payroll Liabilities	108.75
			Direct Deposit		Payroll Liabilities	108.75
			Direct Deposit		117 Unemployment	-135.00
			Direct Deposit		Payroll Liabilities	135.00
			Direct Deposit		Direct Deposit Liabili...	5,117.84
TOTAL						0.00

**Pecos County Appraisal District**  
**Check Detail**  
April 2020

Num	Date	Name	Memo	Item	Account	Paid Amount
1610	04/06/2020		Transfer of F...		Time Open Account	
			Transfer of Fu...		Pecos County Appra...	-70,000.00
TOTAL						-70,000.00
15379	04/01/2020	Pecos County	#205 Custodi...		Pecos County Appr...	
	04/01/2020		#205 Custodi...		205 Custodial Service	-225.00
			#205 Custodi...		217 Office Rent	-500.00
TOTAL						-725.00
15380	04/01/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-609.84
TOTAL						-609.84
15381	04/01/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-6,458.35
TOTAL						-6,458.35
15382	04/01/2020	Pecos County			Pecos County Appr...	
					Payroll Liabilities	-44.00
TOTAL						-44.00
15383	04/01/2020	A T & T	#215 Telepho...		Pecos County Appr...	
	04/01/2020		#215 Telepho...		215 Telephone	-329.40
TOTAL						-329.40
15384	04/01/2020	TDS	#213 ISP Inte...		Pecos County Appr...	
	04/01/2020		#213 ISP Inte...		213 ISP	-198.60
TOTAL						-198.60
15385	04/06/2020	EWA	#301 Monthl...		Pecos County Appr...	
	04/06/2020		#301 Monthly...		301 General Supplies	-75.00
TOTAL						-75.00
15386	04/06/2020	Southwest Security Alarms	#202 Montly I...		Pecos County Appr...	
	04/06/2020		#202 Montly I...		202 Alarm Service	-25.00
TOTAL						-25.00
15387	04/06/2020	Thomas Y Pickett	#207 4th Inst...		Pecos County Appr...	
	04/06/2020		#207 4th Inst...		207 Appraisal Service	-23,375.00
TOTAL						-23,375.00

**Pecos County Appraisal District**  
**Check Detail**  
**April 2020**

Num	Date	Name	Memo	Item	Account	Paid Amount
15388	04/07/2020	Gary Nunez	#218 Map Co...		Pecos County Appr...	
	04/07/2020		#218 Map Co...		218 MAP Consultant	-5,000.00
TOTAL						-5,000.00
15389	04/08/2020	Office Depot	#301 Office s...		Pecos County Appr...	
	04/08/2020		#301 Office s...		301 General Supplies	-164.04
TOTAL						-164.04
15390	04/08/2020	Pitney Bowes	#212 Lease ...		Pecos County Appr...	
	04/08/2020		#212 Lease M...		212 Mailing Machine...	-1,177.95
TOTAL						-1,177.95
15391	04/08/2020	Pritchard & Abbott, Inc	#209 Data Pr...		Pecos County Appr...	
	04/08/2020		#209 Data Pr...		209 Data Processin...	-12,498.75
TOTAL						-12,498.75
15392	04/14/2020	Low Swinney Evans & James PL...	#204 Profess...		Pecos County Appr...	
	04/14/2020		#204 Professi...		204 Professional/Le...	-253.00
TOTAL						-253.00
15393	04/14/2020	TDLR	#417 License...		Pecos County Appr...	
	04/14/2020		#417 License ...		417 Registration Dues	-45.00
TOTAL						-45.00
15394	04/23/2020	Alyssen Alfaro	#403 Mileage...		Pecos County Appr...	
	04/23/2020		#403 Mileage ...		403 In-Dist Staff Exp.	-232.30
TOTAL						-232.30
15395	04/27/2020	Melissa B Calderon	P-7656-83-CV		Pecos County Appr...	
			P-7656-83-CV		Payroll Liabilities	-977.20
TOTAL						-977.20
15396	04/27/2020	TCDRS	494		Pecos County Appr...	
			494		Payroll Liabilities	-1,540.00
			494		Payroll Liabilities	-1,155.02
			494		Payroll Liabilities	-41.82
TOTAL						-2,736.84

**Pecos County Appraisal District**  
**Check Detail**  
 April 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Item</u>	<u>Account</u>	<u>Paid Amount</u>
15397	04/27/2020	United States Treasury	74-2086342		Pecos County Appr...	
			74-2086342		Payroll Liabilities	-2,078.00
			74-2086342		Payroll Liabilities	-318.98
			74-2086342		Payroll Liabilities	-318.98
TOTAL						-2,715.96
15410	04/21/2020	TWC	Payroll Liabil...		Pecos County Appr...	
	04/21/2020		Payroll Liabil...		117 Unemployment	-693.33
TOTAL						-693.33

STATE OF TEXAS §

COUNTY OF PECOS §

**RESOLUTION PROPOSING AMENDMENT TO 2020  
BUDGET TO TRANSFER FUNDS**

WHEREAS, the Board of Directors (“Board”) of the Pecos County Appraisal District (“District”) has determined that the 2020 budget should be amended to allocate \$7,500.00 to Line # 203 for payment of auditing services, and

WHEREAS, section 6.06(c) of the Texas Tax Code requires the Secretary of the Board to deliver a written copy of any proposed amendment to the presiding officer of the governing body of each taxing unit participating in the District not later than the 30th day before the date the board acts on it,

NOW THEREFORE, BE IT RESOLVED, that the Board proposes to amend the 2020 budget by transferring \$7,500.00 as follows:

<b>Transfer from</b>	<b>Amount</b>	<b>Transfer to</b>
Time Open Acct. 16-0616-9	\$7,500.00	Regular Acct. 02-0355-3 Line # 203

BE IT FURTHER RESOLVED that the Secretary of the Board is hereby directed to deliver a written copy of this resolution proposing to amend the 2020 budget to the presiding officer of the governing body of each taxing unit participating in the District.

ADOPTED this 1st day of June, 2020.

\_\_\_\_\_  
Chairman, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors



Thomas Y. Pickett & Company  
PECOS COUNTY UPDATE

**TYP**

1

## *Pecos County Mineral Value Synopsis*

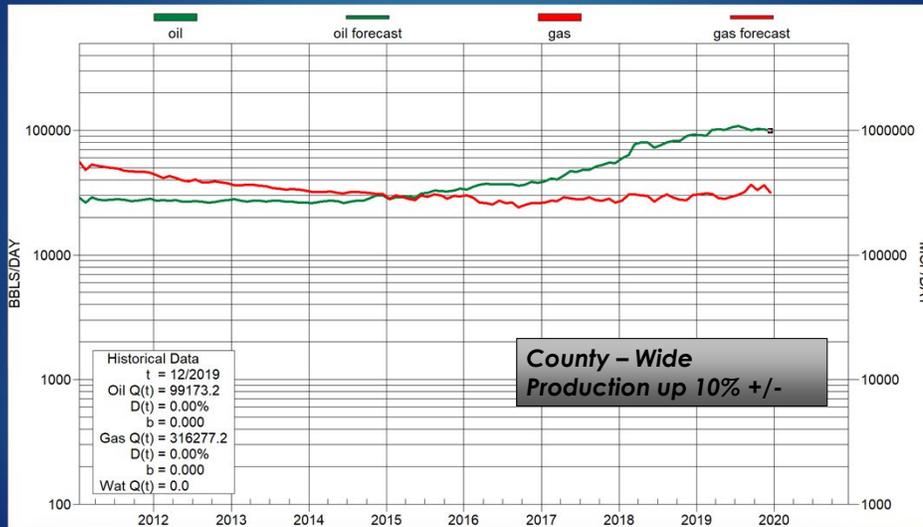
2

- ▶ Production – up 10% (+/-)
- ▶ Prices – down 10.0%-20% (+/-)
- ▶ Category G Mineral Values – down 5% - 10%

2

# Pecos County Production

3



3

# Property Tax Code Section 23.175

4

► For any specific lease:

2020 Appraisal Price =

$$\frac{\text{2019 Wellhead Average}}{\text{2019 WTI Average}} \times \text{2020 WTI Forecast (EIA)}$$

4

## Appraisal Prices – Benchmark Prices

6

Oil (WTI, \$/bbl)	2018	2019	2020
<b>EIA (App'l) Price</b>	<b>\$50.57</b>	<b>\$69.56</b>	<b>\$54.43</b>
January 1 Contract	\$60.42	\$45.41	\$61.06
Prior Year Average	\$49.69	\$68.46	\$56.26

Gas (HHub, \$/mcf)	2018	2019	2020
<b>EIA (App'l) Price</b>	<b>\$3.13</b>	<b>\$3.10</b>	<b>\$2.49</b>
January 1 Contract	\$2.95	\$2.94	\$2.19
Prior Year Average	\$3.05	\$2.99	\$2.57

Source: EIA Price and Prior Year Average from EIA's Annual Energy Outlook  
January Contract – NYMEX January 1 contract price for given year

5

## Historical Oil & Gas Prices – Monthly

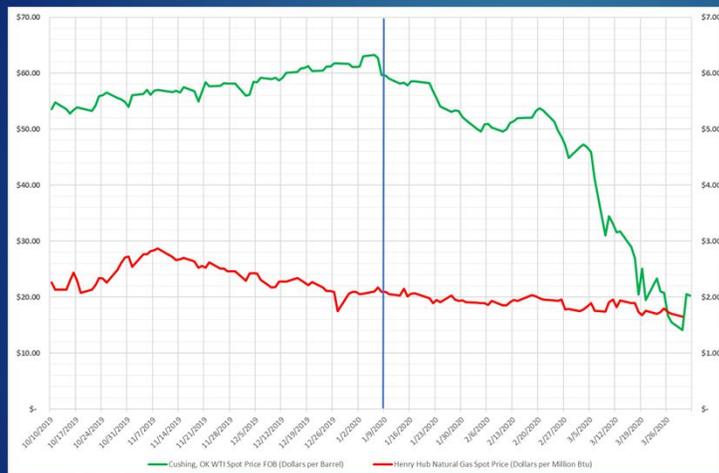
6



6

## Historical Oil & Gas Prices – Daily

7



- The significant drop in oil prices which began in late February will not have a material impact on Jan 1, 2020 appraisals (unless the State issues some edict relating to Covid-19)
- Let's hope for a big rebound in prices by this fall.

7

## Thank you!

8

Stephen Campbell performs mineral appraisals in Texas and complex industrial property appraisals in Texas and other states. Mr. Campbell has extensive domestic and international energy industry experience including previous valuation assignments of producing properties, upstream, mid-stream processing and transportation, downstream, oil field service businesses, and petrochemical and refining. He has significant experience in the valuation of tangible assets. He has been involved in numerous assignments for property tax, income tax, litigation, financial reporting, and lending purposes. Mr. Campbell has also completed many engagements involving capitalization rate studies and the valuation of intangible assets. Mr. Campbell is President of Thos. Y. Pickett and Company and he also manages the Minerals Department in Dallas. [StephenC@TYPCO.com](mailto:StephenC@TYPCO.com) (972) 354-1553

8

Pecos CAD as of 5/30/20

2020 Estimate as of 5/30

Pecos CAD	Mineral Mkt Val	Ind/Utility Mkt Val	Exemptions	VLA Loss	Taxable
Pecos County	1,950,000,000	2,445,000,000	717,696,000	-	3,677,304,000
Middle Pecos GCD	1,950,000,000	2,445,000,000	480,746,000	-	3,914,254,000
Midland College	1,950,000,000	2,445,000,000	640,691,000	-	3,754,309,000
Buena Vista ISD I&S	300,000,000	490,000,000	21,638,000	-	768,362,000
Buena Vista ISD M&O	300,000,000	490,000,000	21,638,000	-	768,362,000
Fort Stockton ISD I&S	1,100,000,000	1,275,000,000	34,418,000	-	2,340,582,000
Fort Stockton ISD M&O	1,100,000,000	1,275,000,000	34,418,000	177,181,000	2,163,401,000
Iraan-Sheffield ISD I&S	550,000,000	680,000,000	39,239,000	-	1,190,761,000
Iraan-Sheffield ISD M&O	550,000,000	680,000,000	39,239,000	330,410,000	860,351,000
Iraan General HD I&S	550,000,000	680,000,000	39,239,000	-	1,190,761,000
Iraan General HD M&O	550,000,000	680,000,000	39,239,000	390,984,000	799,777,000
City of Fort Stockton	4,000	17,705,000	-	-	17,709,000

2019 Total Values

Pecos CAD	Mineral Mkt Val	Ind/Utility Mkt Val	Exemptions	VLA Loss	Taxable
Pecos County	2,199,129,250	2,300,142,070	1,018,835,294		3,480,436,026
Middle Pecos GCD	2,199,129,250	2,300,142,070	778,117,294		3,721,154,026
Midland College	2,199,129,250	2,300,142,070	938,117,294		3,561,154,026
Buena Vista ISD I&S	378,760,730	372,709,630	23,529,720		727,940,640
Buena Vista ISD M&O	378,760,730	372,709,630	23,529,720		727,940,640
Fort Stockton ISD I&S	1,025,078,980	1,154,575,210	33,775,196		2,145,878,994
Fort Stockton ISD M&O	1,025,078,980	1,154,575,210	33,775,196	206,176,140	1,939,702,854
Iraan-Sheffield ISD I&S	795,289,540	772,857,230	53,219,700		1,514,927,070
Iraan-Sheffield ISD M&O	795,289,540	772,857,230	53,219,700	376,348,000	1,138,579,070
Iraan General HD I&S	795,289,540	772,857,230	53,219,700		1,514,927,070
Iraan General HD M&O	795,289,540	772,857,230	53,219,700	430,268,800	1,084,658,270
City of Fort Stockton	10,740	19,671,960	180		19,682,520

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2018



[cperry@coeperrycpa.com](mailto:cperry@coeperrycpa.com)

817.907.4423

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

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## FINANCIAL SECTION



210 N. Main St  
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Dell City, Texas 79837  
817.907.4423

Members:  
American Institute of  
Certified Public Accountants  
Texas Society of  
Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pecos County Appraisal District  
201 S. Main Street  
Fort Stockton, Texas 79735

We have audited the accompanying financial statements of the governmental activities and the general fund of the Pecos County Appraisal District (District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Pecos County Appraisal District as of December 31, 2018, 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.

### **Change in Accounting Principle**

As discussed in Note J to the financial statements, in 2018 the District adopted various accounting pronouncements issued by the Governmental Accounting Standards Board including GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinions are not modified with respect to this matter.

### **Other Matters**

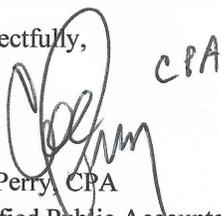
#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2020, on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.

Respectfully,

A handwritten signature in black ink, appearing to read 'Coe Perry', with the letters 'CPA' written in a larger, bold font to the right of the signature.

Coe Perry, CPA  
Certified Public Accountant  
January 19, 2020

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2018

In this section of the Annual Financial Statements, the management of Pecos County Appraisal District discuss and analyze the District's financial performance for the fiscal year ended December 31, 2018. Please read it in conjunction with the independent auditor's report and the District's basic financial statements.

**FINANCIAL HIGHLIGHTS**

- At the close of the fiscal year, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$ 436,156. Of this amount, \$ 242,203 was unrestricted net position.
- The District's net position increased by \$ 19,552 as a result of this year's operations.
- During the year, the District had total expenses of \$ 723,160, which were \$ 3,655 less than the \$ 740,042 generated in member assessments, before any special items.
- The General Fund ended the year with a fund balance of \$ 467,815. The fund balance of the General Fund is unassigned.
- The resources available for appropriation were \$ 2,607 higher than budgeted for the General Fund. This is "other income" which is not budgeted for, and relates to data cd's sold to customers and similar activities during the year.
- The District acquired no new capital assets during the year, and has no long-term debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of other District funds or those outside of the District. They show what assets these funds have and who they belong to.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund and major special revenue fund (if applicable) budget compliance and other supplementary information for additional analysis that is not required to be reported under generally accepted accounting principles including combining schedules for the nonmajor governmental funds and agency funds, a schedule of delinquent taxes receivable, a reconciliation of the current year tax roll, and schedules regarding insurance and fidelity bonding coverage.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2018

**REPORTING THE DISTRICT AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The analysis of the District's overall financial condition and operations is presented in the government-wide statements. The primary purpose of the government-wide statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities, deferred inflows and outflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by federal and state agencies and fees for services (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and its respective change during the year. The District's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District contains one kind of activity:

I. **Governmental activities** – All of the District's basic services are reported here, including general administration. Member assessments finance most of these activities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the District to establish certain funds. The District's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). The funds of the District are considered to be governmental 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 statements, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the District's general operations and the basic services it provides.

Because the focus of 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 District's near-term financing decisions.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2018

Following each of the governmental fund financial statements (the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) is a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities decreased from \$ 427,600 to \$ 436,156. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$ 242,203 at December 31, 2018. This decrease in governmental net position was primarily the result of additional expenses, which were budgeted to be higher than revenues due to excess prior year fund balance..

TABLE I		
PECOS COUNTY APPRAISAL DISTRICT		
NET POSITION		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Assets:</b>		
Current and Other Assets	\$ 473,443	\$ 466,914
Capital Assets	8,903	15,277
Deferred Outflows	146,246	102,686
<b>Total Assets and Deferred Outflows</b>	<b>\$ 628,592</b>	<b>\$ 584,877</b>
<b>Liabilities:</b>		
Current Liabilities	5,628	244
Noncurrent Liabilities	46,472	135,321
Deferred Inflows	140,336	21,712
<b>Total Liabilities and Deferred Inflows</b>	<b>192,436</b>	<b>157,277</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	8,903	15,277
Restricted	185,050	184,192
Unrestricted	242,203	228,131
<b>Total Net Position</b>	<b>\$ 436,156</b>	<b>\$ 427,600</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 628,592</b>	<b>\$ 584,877</b>

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2018

TABLE II		
PECOS COUNTY APPRAISAL DISTRICT		
CHANGES IN NET POSITION		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
<b>Revenues:</b>		
Assessments to Members	\$ 737,912	\$ 634,052
Other Income	2,130	5,886
Interest Income	2,670	3,441
<b>Total Revenues</b>	<u>742,712</u>	<u>643,379</u>
<b>Expenses:</b>		
General Administration	723,160	715,310
<b>Total Expenses</b>	<u>723,160</u>	<u>715,310</u>
<b>Increase (Decrease) in Net Position</b>	19,552	(71,931)
<b>Net Position - Beginning</b>	427,600	499,531
<b>Prior Period Adjustment</b>	<u>(10,996)</u>	<u>-</u>
<b>Net Position - Ending</b>	<u>\$ 436,156</u>	<u>\$ 427,600</u>

The cost of all governmental activities this year was \$ 723,160. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District member assessments was \$ 740,042, leaving \$ 19,552 to fund future District operations.

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$ 467,815, which decreased from last year's total of \$ 525,484. Included in this year's total change in fund balance is a decrease of \$ 1,145 in the District's General Fund.

For fiscal year 2018, actual expenditures on a budgetary basis for the General Fund were \$ 741,567, compared to the final amended budgeted expenditures of \$ 774,046. Actual revenue on a budgetary basis was \$ 740,042 compared to the final amended budget of \$ 737,435. Reasons for the actual numbers varying from the budget follow:

Assessments collected during the current year and expenditures disbursed very closely reflected the amounts budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

The district did not purchase any capital assets during the year.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2018

**CAPITAL ASSET AND DEBT ADMINISTRATION (cont)**

**CAPITAL ASSETS (cont)**

At the end of fiscal year 2018, the District had \$ 79,441 invested in capital assets, primarily consisting of furniture and equipment.

TABLE III PECOS COUNTY APPRAISAL DISTRICT CAPITAL ASSETS		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ -	\$ -
Buildings & Improvements	-	-
Furniture & Equipment	79,441	79,441
Vehicles	-	-
<b>Totals at Historical Cost</b>	<u>79,441</u>	<u>79,441</u>
Less: Accumulated Depreciation	<u>(70,538)</u>	<u>(64,164)</u>
<b>Net Capital Assets</b>	<u><u>\$ 8,903</u></u>	<u><u>\$ 15,277</u></u>

**Debt**

The District does not have any long term debt

TABLE IV PECOS COUNTY APPRAISAL DISTRICT DEBT		
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Debt Payable	<u>\$ -</u>	<u>\$ -</u>
<b>Total Debt Payable</b>	<u><u>-</u></u>	<u><u>-</u></u>

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, consumers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. For questions concerning any information provided in this report or requests for additional financial information, contact the Chief Appraiser, Sam Calderon, Fort Stockton, Texas, 79735.

## FINANCIAL STATEMENTS

PECOS COUNTY APPRAISAL DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2018

Exhibit A-1

	General Fund	Adjustments (Exhibit C2)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 179,131	\$ -	\$ 179,131
Certificates of Deposit	283,938	-	283,938
Accounts Receivable	4,215	-	4,215
Interest Receivable	6,159	-	6,159
Office Furniture and Equipment	-	79,441	79,441
Accumulated Depreciation	-	(70,538)	(70,538)
Net Pension Asset	-	104,552	104,552
<b>TOTAL ASSETS</b>	<b>\$ 473,443</b>	<b>\$ 113,455</b>	<b>\$ 586,898</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	-	\$ 41,348	\$ 41,348
OPEB	-	346	346
Total Deferred Outflows of Resources	-	<b>41,694</b>	<b>41,694</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 473,443</b>	<b>\$ 155,149</b>	<b>\$ 628,592</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,044	\$ -	\$ 1,044
Prepaid Member Assessments	4,584	-	4,584
Compensated Absences Payable	-	37,479	37,479
Net OPEB Liability	-	8,993	8,993
Total Liabilities	<b>5,628</b>	<b>46,472</b>	<b>52,100</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	\$ -	\$ 137,741	\$ 137,741
OPEB	-	2,595	2,595
Total Deferred Inflows of Resources	-	<b>140,336</b>	<b>140,336</b>
<b>FUND BALANCE</b>			
Restricted	\$ 49,744		
Committed	135,306		
Unassigned	282,765		
Total Fund Balance	<b>467,815</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 473,443</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets			8,903
Restricted			185,050
Unrestricted			242,203
Total Net Position			<b>436,156</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>			<b>\$ 628,592</b>

The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2018

Exhibit B-1

	General Fund	Adjustments (Exhibit C4)	Statement of Net Position
<b>EXPENDITURES / EXPENSES</b>			
Personnel	\$ 355,792	\$ (24,781)	\$ 331,011
Contract Services	339,488	-	339,488
Supplies	15,985	-	15,985
Other Expenses	27,236	-	27,236
ARB Expenses	3,066	-	3,066
Capital Outlay	-	-	-
Depreciation	-	6,374	6,374
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>\$ 741,567</b>	<b>\$ (18,407)</b>	<b>\$ 723,160</b>
<b>PROGRAM REVENUES</b>			
Assessments to Members	\$ 737,912	\$ -	\$ 737,912
Other Income	2,130	-	2,130
Total Program Revenues	<b>740,042</b>	<b>-</b>	<b>740,042</b>
<b>NET PROGRAM REVENUE (EXPENSE)</b>	<b>\$ (1,525)</b>	<b>\$ 18,407</b>	<b>\$ 16,882</b>
<b>GENERAL REVENUES</b>			
Interest Income	\$ 2,670	\$ -	\$ 2,670
Total General Revenues	<b>2,670</b>	<b>-</b>	<b>2,670</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ 1,145</b>	<b>\$ 18,407</b>	<b>\$ 19,552</b>
<b>FUND BALANCE / NET POSITION</b>			
Beginning of Year	\$ 466,670	\$ (39,070)	\$ 427,600
Prior Period Adjustments	-	(10,996)	(10,996)
End of Year	<b>467,815</b>	<b>(31,659)</b>	<b>436,156</b>

The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
 SHEET TO THE STATEMENT OF NET POSITION  
 YEAR ENDED DECEMBER 31, 2018

EXHIBIT C-2

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<b>Total Fund Balances - Governmental Funds</b>	\$ 467,815
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Fund balance for Governmental Funds differs from Net Position of Governmental Activities because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$ 79,441 and the accumulated depreciation was \$ 70,538. The net effect of including the ending balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	8,903
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Long-term liabilities / deferred inflows and outflows are not due and payable in the current period and are not reported in the governmental funds.

Net Pension Asset	104,552
Deferred inflows/outflows - Pension	(96,393)
Deferred inflows/outflows - OPEB	(11,242)
Compensated Absences	(37,479)

<b>Net Position of Governmental Activities</b>	\$ 436,156
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The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018

EXHIBIT C-4

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	1,145
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The Net Change in Fund Balances - Governmental Funds differs from the Change in Net Position of Governmental Activities because:

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the 2018 capital outlay is to increase net position.		-
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Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(6,374)
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Compensated Absences are expensed as paid in funds but are accrued when earned in the statement of activities		1,091
---	--	-------

Prior year prepaid expenses were reported in the funds when paid

Retirement contributions are expensed as paid in funds but are not reported in the statement of activities.		25,467
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Pension expense is not a current financial resource and is not reported in the governmental funds.		(1,777)
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<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>19,552</b>
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The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Pecos County Appraisal District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of Directors, an eleven member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities relating to appraisal service provided to governmental units which are member entities of Pecos County Appraisal District. The District receives funding from assessments to member entities for appraisal services. It is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. Board members are appointed by member entities with no single entity having control over the Board.

The District was created in 1980 under the provisions of the State of Texas and has one fund, the General Fund, which is operated as a governmental fund.

2. Basis of Presentation

*Government-wide Statements* – The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are ordinarily aggregated and reported as nonmajor funds. The District only has one fund. The government-wide statements and fund financial statements have been combined in this report.

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

3. Measurement Focus – Basis of Accounting

*Government-wide Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

4. Budgetary Data

The official budget was prepared for adoption for the general fund. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to September 15 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning October 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.
- d. Should the board fail to adopt a budget, the then existing budget shall be deemed adopted for the ensuing fiscal year.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

4. Budgetary Data (Cont.)

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

5. Cash and Cash Equivalents

The District maintains two checking accounts and one savings account which are deposited with FDIC member banks, covered by federal depository insurance and securities held by the bank's trust department in the District's name.

Certificates of deposit for varying terms of six months to one year are maintained with the same financial institution, under the same depository agreement and under the same collateral security arrangement.

6. Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Administrator.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other 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.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	6 - 20 years
Furniture	6 years

8. Revenue Recognition

The District is primarily financed through member assessments. Each participating taxing unit is allocated a portion of the budget equal to the proportion that property values assessed for that taxing unit bear to the sum of the total dollar amount of property values assessed in the District by each participating unit for that year. Payments are to be made in four quarterly installments.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows for the District consist of pension related items. These include: differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability; differences between projected and actual earnings on pension plan investments; and contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period.

11. Governmental Account Standards Board Statement Nos. 68 and 75

Implementation of GASB 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27," is required for financial statements for fiscal years beginning after June 15, 2014. Implementation of GASB 75, "Accounting and Financial Reporting for post-employment benefits other than pensions," is required for financial statements for fiscal years beginning after June 15, 2017. The implementation of GASBs 68 and 75 are reflected in the financial statements.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**B. DEPOSITS, SECURITIES AND INVESTMENTS**

District's operating funds are required to be deposited and invested under the terms of a depository contract, which requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. During the year ended December 31, 2018, and at year end, District cash deposits in excess of FDIC insurance were covered by pledged collateral held by the District's agent bank in the name of the District.

	<u>Bank Balance</u> <u>December 31, 2018</u>	<u>Net Items</u> <u>Outstanding</u>	<u>Book Balance</u> <u>December 31, 2018</u>
<b>Pecos County State Bank</b>			
<b>General Checking</b>			
General Operating Account	\$ 78,358	\$ (10,533)	\$ 67,825
Savings Account	325	-	325
Time Open Account	110,981	-	110,981
	<u>\$ 189,664</u>	<u>\$ (10,533)</u>	<u>\$ 179,131</u>

a. Cash and Investments at December 31, 2018 included:

<u>Account Name</u>	<u>Account No.</u>	<u>Bank Balance</u> <u>December 31, 2018</u>
Unrestricted:		
General Operating Account	203553	\$ 67,825
PCAD Savings Account	1506169	325
Time Open Account	9055719	110,981
Cert. of Deposit	8651	3,166
Cert. of Deposit	8699	2,634
Cert. of Deposit	8725	77,775
Cert. of Deposit	8777	14,926
Cert. of Deposit	9447	50,131
Total Unrestricted Cash:		<u>\$ 327,763</u>
Restricted:		
Cert. of Deposit	8693	\$ 4,817
Cert. of Deposit	8694	28,249
Cert. of Deposit	8776	57,477
Cert. of Deposit	9447	44,763
Total Restricted Cash:		<u>\$ 135,306</u>

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**B. DEPOSITS, SECURITIES AND INVESTMENTS - cont.**

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District had no exposure to custodial credit risk.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to them. As of December 31, 2018, the District's bank balance of \$ 463,069 was covered in full by Federal Deposit Insurance Corporation (FDIC), or by securities pledged in the District's name. The District had some exposure to custodial credit risk during the year, and would ordinarily be covered by collateral securities pledged by the District's depository, Pecos County State Bank, Fort Stockton, Texas.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

**C. CAPITAL ASSETS**

Capital asset activities during the year ended were as follows:

<u>Governmental Activities</u>	Beginning Balance	Additions	Disposals	Ending Balance
Furniture & Equipment	\$ 79,441	\$ -	\$ -	\$ 79,441
less Accumulated Depreciation	(64,164)	(6,374)	-	(70,538)
<b>Total Capital Assets</b>	<b>15,277</b>	<b>(6,374)</b>	<b>-</b>	<b>8,903</b>

Depreciation was charged to governmental activities as follows:

Administration	\$ 6,374
Total Depreciation	<u>\$ 6,374</u>

**D. PREPAID MEMBER ASSESSMENTS**

Members make quarterly payments on their annual assessments. During the year ended December 31, 2018, one District, the City of Fort Stockton, remitted the payment for the 1st quarter for 2019, in the amount of \$4,583.69. That amount will be recognized in the subsequent year as revenue, and is recorded as a liability to the District at current year end.

**E. COMPENSATED ABSENCES**

District employees are entitled to certain compensated absences. Vacation leave is earned at varying annual rates based on years of service. All accrued vacation leave in excess of thirty (30) days is deemed forfeited and, upon an employee's termination, the District will reimburse the employee up to thirty (30) days of unused vacation leave days (240 hours). Sick leave is earned at the rate of one (1) working day (8 hours) for each calendar month of service. Upon termination, personnel employed prior to April 1, 2003, will be paid for unused accrued sick leave at the lesser of one-half of all accrued sick leave or 360 hours. For personnel employed on April 1, 2003, or thereafter, unused accrued sick leave will be reimbursed at the lesser of one-fourth of all accrued sick leave or 240 hours. The liability for accumulated vacation and sick leave has been included in the government-wide statements.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN**

A. Plan Description

The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. A brief description of benefits terms follows:

1. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCERS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 190%) and is then converted to an annuity.
4. There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
5. Benefit terms are established under the TCERS Act. They may be amended as of Jan 1 of each year, but must remain in conformity with the Act.

Membership information is shown in the chart below. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Pecos County Appraisal District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the District and are currently 7%. Contributions to the pension plan from the district for 2017 are shown in the Schedule of Employer Contributions.

The most recent comprehensive annual financial report for TCERS can be found at the following link, [www.tcds.org](http://www.tcds.org).

Membership Information

Members	Dec 31, 2016	Dec 31, 2017
Number of inactive employees entitled to but not yet receiving benefits:	5	5
Number of active employees:	6	5
Average Monthly Salary*:	\$3,644	\$4,339
Average Age*:	48.09	45.95
Average length of service in years*:	12.97	12.50
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients:	3	3
Average Monthly Benefit*:	\$1,017	\$391
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		

\* Averages reported for all active and inactive employees. Average service includes all proportionate service.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

B. Funding Policy

The District has elected the annually determined contribution 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 District contributed using the actuarially determined rate of 9.55% for calendar year 2018. The deposit rate payable by the employee members was 7.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

C. Net Pension Liability

1. Net Pension Liability / (Asset)

<u>Members</u>	Dec 31, 2016	Dec 31, 2017
Total pension liability	\$ 1,105,294	\$ 1,074,249
Fiduciary net position	1,008,542	1,178,801
Net pension liability/(asset)	96,751	(104,552)
Fiduciary net position as a % of total pension liability	91.25%	109.73%
Pensionable covered payroll	\$ 265,710	\$ 267,245
Net pension liability as a % of covered payroll	36.41%	-39.12%

2. Discount Rate

Discount Rate	8.10%	8.10%
Long-term expected rate of return, net of investment exp.	8.10%	8.10%

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

3. Other Key Actuarial Assumptions

Updated mortality assumptions were adopted in 2016. All other actuarial assumptions that determined the total pension liability as of December 31, 2017 were based on the results of an actuarial experience study for the period of January 1, 2010 - December 31, 2013, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater, LLC. The numbers shown are based on January 2018 information for a 7-10 year time horizon.

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman's TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Long Term Expected Rate of Return

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.55%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	16.00%	7.55%
Global Equities	MSCI World (net) Index	1.50%	4.85%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	11.00%	4.55%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	8.00%	5.55%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	0.75%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	8.00%	4.12%
Direct Lending	S&P/LSTA Leveraged Loan Index	10.00%	8.06%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	6.30%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	4.05%
Master Limited Partnerships (MLP's)	Alerian MLP Index	3.00%	6.00%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.25%
Hedge Funds	Hedge Fund Research, Inc	18.00%	4.10%
		<u>100.00%</u>	

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

4. Discount Rate / Depletion of Plan Assets

The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

4. Discount Rate / Depletion of Plan Assets (cont)

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% was used. This rate reflects the long-term assumed rate of return on assets for fund purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

5. Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2016	\$ 1,105,294	\$ 1,008,542	\$ 96,752
Changes for the year			
Service Cost	36,273		36,273
Interest on total pension liability (1)	91,715		91,715
Effect of plan changes (2)	-		-
Effect of econ/demog gains (losses)	(147,553)		(147,553)
Effect of assumptions changes or inputs	7,456		7,456
Refund of contributions	-	-	-
Benefit payments	(18,936)	(18,936)	-
Administrative expenses		(784)	784
Member contributions		18,707	(18,707)
Net investment income		147,584	(147,584)
Employer contributions		23,384	(23,384)
Other (3)		303	(303)
Balances as of December 31, 2017	\$ 1,074,249	\$ 1,178,800	\$ (104,551)

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

(2) No plan changes valued

(3) Relates to allocation of system-wide items

6. Sensitivity Analysis

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

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

6. Sensitivity Analysis (cont)

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 1,232,072	\$ 1,074,249	\$ 941,455
Fiduciary Net Position	1,178,801	1,178,801	1,178,801
Net Position Liability / (Asset)	\$ 53,271	\$ (104,552)	\$ (237,346)

7. Pension Expense / (Income)

	Jan 31, 2017 - Dec 31, 2017
Service Cost	\$ 36,273
Interest on total pension liability (1)	91,715
Effect of plan changes	-
Administrative expenses	784
Member contributions	(18,707)
Expected investment return net of investment expenses	(82,592)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(38,894)
Recognition of assumption changes or inputs	4,849
Recognition of investment gains or losses	8,408
Other (2)	(303)
Pension Expense / (Income)	\$ 1,533

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

(2) Relates to allocation of system-wide items

8. Deferred Inflows / Outflows of Resources

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 127,092	\$ 6,558
Changes of assumptions	-	9,323
Net difference between projected and actual earnings	10,649	-
Contributions made subsequent to measurement date	N/A	25,467
Total Deferred Inflows / Outflows	\$ 137,741	\$ 41,348

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**F. RETIREMENT PLAN (cont)**

8. Deferred Inflows / Outflows of Resources (cont)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:		
2018	\$	(22,025)
2019		(19,173)
2020		(39,645)
2021		(41,018)
2022		-
Thereafter		-

**G. OTHER POST RETIREMENT BENEFITS (OPEB)**

1. OPEB Expense / (Income)

	Jan 31, 2017 - Dec 31, 2017
Service Cost	\$ 393
Interest on total OPEB liability (1)	424
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(288)
Recognition of assumption changes or inputs	38
Other (2)	-
OPEB Expense / (Income)	\$ 567

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

(2) Relates to allocation of system-wide items

8. Deferred Inflows / Outflows of Resources

As of December 31, 2017, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,595	\$ -
Changes of assumptions	-	346
Contributions made subsequent to measurement date	N/A	-
Total Deferred Inflows / Outflows	\$ 2,595	\$ 346

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2018

**G. OTHER POST RETIREMENT BENEFITS (OPEB)**

1. OPEB Expense / (Income)

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:		
2018	\$	(250)
2019		(250)
2020		(250)
2021		(250)
2022		(250)
Thereafter		(1,000)

**H. COMMITTED AND RESTRICTED FUND BALANCES**

The Board of Directors restricted certain certificate of deposit balances for use in providing a mapping system, office furniture and additional amounts as a reserve for legal expenditures. Amounts designated for these purposes at District totaled \$135,306 and are shown as committed fund balance in the fund financial statements. Restricted funds on the fund financial statements consist of previous year surplus assessments of \$ 49,744 which had not been refunded to members as of December 31, 2018.

**I. INTEREST RECEIVABLE**

During audit fieldwork in August, 2019, it was discovered that the District's "Time Open Account" was not paying interest to the District when it should have been. The District's depository, Pecos County State Bank, was notified, and their research showed an amount due to the District for unpaid interest at December 31, 2018 of \$ 6,159, which was paid to the District in September, 2019.

**J. CHANGE IN ACCOUNTING PRINCIPLE**

*Statement 75, Accounting and Financial Reporting for Postemployment Benefits and Other Pensions.*

The Statement addresses accounting and reporting for postemployment benefits other than pensions (OPEB). Various standards for recognizing measuring and reporting liabilities, deferred outflows and deferred inflows are implemented to achieve the financial accounting and reporting objectives. Note disclosures and other required supplemental information were expanded to provide additional insight into the financial implications of the OPEB.

*Statement 85, Omnibus 2017*

The Statement addresses a variety of technical corrections to previously issued statements that were identified during the implementation of the standards. Included are amendments to GASB Statement 75 that enhance the financial reporting required.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2018

**K. PRIOR PERIOD ADJUSTMENTS**

*Government-wide Financial Statements*

The decrease in net assets identified on Exhibit B-1 includes the following corrections of errors in prior periods or changes related to implementations of new accounting standards:

Implementation of GASB Statement 75, <i>Accounting and Financial Reporting for Post Employment Benefits and Other Pension</i> , relating to retiree healthcare benefits (OPEB) decreased beginning net assets	\$ (10,996)
	\$ (10,996)

**L. LITIGATION**

The District is not involved in any pending litigation at year end.

**M. SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through January 19, 2020, the date which the financial statements were available for use. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PECOS COUNTY APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2018

Exhibit G-1

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Personnel	\$ 375,840	\$ 375,840	\$ 355,792	\$ 20,048
Contract Services	340,656	340,656	339,488	1,168
Supplies	20,250	20,250	15,985	4,265
Other Expenses	31,800	31,800	27,236	4,564
ARB Expenses	5,500	5,500	3,066	2,434
Capital Outlay	-	-	-	-
Depreciation	-	-	-	-
Total Expenditures	<u>774,046</u>	<u>774,046</u>	<u>741,567</u>	<u>32,479</u>
<b>REVENUES</b>				
Taxes				
Property Taxes				
Assessments to Members	\$ 737,435	\$ 737,435	\$ 737,912	\$ 477
Other Income	-	-	2,130	2,130
Total Program Revenues	<u>737,435</u>	<u>737,435</u>	<u>740,042</u>	<u>2,607</u>
<b>NET PROGRAM REVENUE (EXPENSE)</b>	<u>(36,611)</u>	<u>(36,611)</u>	<u>(1,525)</u>	<u>35,086</u>
<b>GENERAL REVENUES</b>				
Interest Income	-	-	2,670	2,670
Total General Revenues	<u>-</u>	<u>-</u>	<u>2,670</u>	<u>2,670</u>
Net Change in Fund Balances	(36,611)	(36,611)	1,145	37,756
Fund Balance - Beginning	<u>466,670</u>	<u>466,670</u>	<u>466,670</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 430,059</u></u>	<u><u>\$ 430,059</u></u>	<u><u>\$ 467,815</u></u>	<u><u>\$ 37,756</u></u>

PECOS COUNTY APPRAISAL DISTRICT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 YEAR ENDED DECEMBER 31, 2018

Exhibit G-1

Year Ending Dec 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Variance With Final Budget Positive (Negative)
2008	2,856	4,182	(1,326)	145,699	2.9%
2009	6,752	6,752	-	141,560	4.8%
2010	10,800	10,800	-	158,823	6.8%
2011	12,005	12,005	-	171,018	7.0%
2012	15,982	15,982	-	194,295	8.2%
2013	17,765	17,765	-	189,192	9.4%
2014	24,951	24,951	-	246,556	10.1%
2015	25,733	25,733	-	250,561	10.3%
2016	22,160	23,990	(1,830)	265,710	9.0%
2017	23,384	23,384	-	267,245	8.8%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

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Board of Directors  
Pecos County Appraisal District  
201 S. Main Street  
Fort Stockton, Texas 79735

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 and the general fund of the Pecos County Appraisal District (District), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 19, 2020.

**Internal Control over Financial Reporting**

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

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

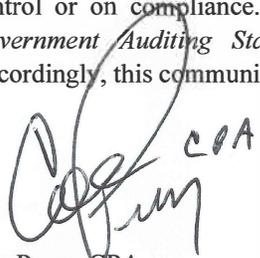
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* .

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Coe Perry', with 'CPA' written in smaller letters to the right of the signature.

Coe Perry, CPA  
Certified Public Accountant  
January 19, 2020

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

**FINDINGS**

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**NONE**

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2018

**PRIOR YEAR FINDINGS**

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**NONE**

PECOS COUNTY APPRAISAL DISTRICT  
EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2018

The contents of this report were discussed with Pecos County Appraisal District representatives on January 19, 2020. The following individuals were present for the conference:

**Pecos County Appraisal District**

**Coe Perry, CPA**

Sam Calderson, Chief Appraiser

Coe Perry, CPA

The financial statements of Pecos County Appraisal District were prepared by Coe Perry, CPA, from original books and records provided by and with assistance from the management of the District.

Although standards strongly emphasize the District prepare its own financial statements, the consensus between District management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the District designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The District reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes, supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2019



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PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

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## FINANCIAL SECTION



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Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Pecos County Appraisal District  
201 S. Main Street  
Fort Stockton, Texas 79735

We have audited the accompanying financial statements of the governmental activities and the general fund of the Pecos County Appraisal District (District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Pecos County Appraisal District as of December 31, 2019, 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.

**Other Matters**

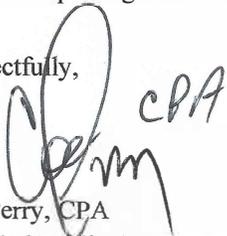
*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis and budgetary comparison information on pages 3 and 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the Information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2020, on our consideration of the District’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 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 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 District’s internal control over financial reporting and compliance.

Respectfully,

A handwritten signature in black ink, appearing to read 'Coe Perry', with 'CPA' written in a larger, bold font to the right of the signature.

Coe Perry, CPA  
Certified Public Accountant  
May 25, 2020

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2019

In this section of the Annual Financial Statements, the management of Pecos County Appraisal District discuss and analyze the District's financial performance for the fiscal year ended December 31, 2019. Please read it in conjunction with the independent auditor's report and the District's basic financial statements.

**FINANCIAL HIGHLIGHTS**

- At the close of the fiscal year, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$ 459,759. Of this amount, \$ 301,169 was unrestricted net position.
- The District's net position increased by \$ 23,603 as a result of this year's operations.
- During the year, the District had total expenses of \$ 737,154, which were \$ 9,092 less than the \$ 757,809 generated in member assessments, before any special items.
- The General Fund ended the year with a fund balance of \$ 480,877. The fund balance of the General Fund is unassigned.
- The resources available for appropriation were \$ 1,022 higher than budgeted for the General Fund. This is "other income" which is not budgeted for, and relates to data cd's sold to customers and similar activities during the year.
- The District acquired no new capital assets during the year, and has no long-term debt.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements.

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the District as a whole and present a longer-term view of the District's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The remaining statements, fiduciary statements, provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of other District funds or those outside of the District. They show what assets these funds have and who they belong to.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's General Fund and major special revenue fund (if applicable) budget compliance and other supplementary information for additional analysis that is not required to be reported under generally accepted accounting principles including combining schedules for the nonmajor governmental funds and agency funds, a schedule of delinquent taxes receivable, a reconciliation of the current year tax roll, and schedules regarding insurance and fidelity bonding coverage.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2019

**REPORTING THE DISTRICT AS A WHOLE – THE GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The analysis of the District's overall financial condition and operations is presented in the government-wide statements. The primary purpose of the government-wide statements is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets and liabilities, deferred inflows and outflows at the end of the year while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as grants provided by federal and state agencies and fees for services (program revenues), and revenues provided by the taxpayers or other unrestricted sources (general revenues). All the District's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current year or future years.

These two statements report the District's net position and its respective change during the year. The District's net position (the difference between assets plus deferred outflows and liabilities plus deferred inflows) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider non-financial factors as well, such as changes in the District's property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District contains one kind of activity:

I. **Governmental activities** – All of the District's basic services are reported here, including general administration. Member assessments finance most of these activities.

**REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS – THE FUND FINANCIAL STATEMENTS**

The fund financial statements provide detailed information about the most significant funds—not the District as a whole. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Laws and contracts require the District to establish certain funds. The District's administration can establish many other funds to help it control and manage money for particular purposes (e.g. capital projects). The funds of the District are considered to be governmental 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 statements, governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) to reflect that focus. The governmental fund statements provide a detailed near-term view of the District's general operations and the basic services it provides.

Because the focus of 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 District's near-term financing decisions.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2019

Following each of the governmental fund financial statements (the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance) is a reconciliation to facilitate this comparison between the governmental fund financial statements and the government-wide statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Our analysis focuses on the net position (Table I) and changes in net position (Table II) of the District's governmental activities.

Net position of the District's governmental activities increased from \$ 436,156 to \$ 459,759. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was \$ 301,169 at December 31, 2019. This increase in governmental net position was primarily the result of tight controls on expenditures.

TABLE I PECOS COUNTY APPRAISAL DISTRICT NET POSITION		
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Current and Other Assets	\$ 616,665	\$ 473,443
Capital Assets	2,537	8,903
Deferred Outflows	109,589	146,246
<b>Total Assets and Deferred Outflows</b>	<b>\$ 728,791</b>	<b>\$ 628,592</b>
<b>Liabilities:</b>		
Current Liabilities	135,788	5,628
Noncurrent Liabilities	34,353	46,472
Deferred Inflows	98,891	140,336
<b>Total Liabilities and Deferred Inflows</b>	<b>269,032</b>	<b>192,436</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	2,537	8,903
Restricted	156,053	185,978
Unrestricted	301,169	241,275
<b>Total Net Position</b>	<b>\$ 459,759</b>	<b>\$ 436,156</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 728,791</b>	<b>\$ 628,592</b>

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2019

TABLE II		
PECOS COUNTY APPRAISAL DISTRICT		
CHANGES IN NET POSITION		
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Assessments to Members	\$ 756,787	\$ 737,912
Other Income	1,022	2,130
Interest Income	2,948	2,670
<b>Total Revenues</b>	<u>760,757</u>	<u>742,712</u>
<b>Expenses:</b>		
General Administration	737,154	723,160
<b>Total Expenses</b>	<u>737,154</u>	<u>723,160</u>
<b>Increase (Decrease) in Net Position</b>	23,603	19,552
<b>Net Position - Beginning</b>	436,156	427,600
<b>Prior Period Adjustment</b>	-	(10,996)
<b>Net Position - Ending</b>	<u>\$ 459,759</u>	<u>\$ 436,156</u>

The cost of all governmental activities this year was \$ 737,154. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District member assessments was \$ 757,809, leaving \$ 23,603 to fund future District operations.

**THE DISTRICT'S FUNDS**

As the District completed the year, its governmental funds reported a combined fund balance of \$ 480,877, which decreased from last year's total of \$ 525,484. Included in this year's total change in fund balance is a decrease of \$ 13,062 in the District's General Fund.

For fiscal year 2019, actual expenditures on a budgetary basis for the General Fund were \$ 747,695, compared to the final amended budgeted expenditures of \$ 799,747. Actual revenue on a budgetary basis was \$ 757,809 compared to the final amended budget of \$ 756,787. Reasons for the actual numbers varying from the budget follow:

Assessments collected during the current year and expenditures disbursed very closely reflected the amounts budgeted.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

The district did not purchase any capital assets during the year.

PECOS COUNTY APPRAISAL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONT.)  
YEAR ENDED DECEMBER 31, 2019

**CAPITAL ASSET AND DEBT ADMINISTRATION (cont)**

**CAPITAL ASSETS (cont)**

At the end of fiscal year 2019, the District had \$ 79,441 invested in capital assets, primarily consisting of furniture and equipment.

TABLE III PECOS COUNTY APPRAISAL DISTRICT CAPITAL ASSETS		
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ -	\$ -
Buildings & Improvements	-	-
Furniture & Equipment	79,441	79,441
Vehicles	-	-
<b>Totals at Historical Cost</b>	<u>79,441</u>	<u>79,441</u>
Less: Accumulated Depreciation	<u>(76,904)</u>	<u>(70,538)</u>
<b>Net Capital Assets</b>	<u><u>\$ 2,537</u></u>	<u><u>\$ 8,903</u></u>

**Debt**

The District does not have any long term debt

TABLE IV PECOS COUNTY APPRAISAL DISTRICT DEBT		
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Debt Payable	<u>\$ -</u>	<u>\$ -</u>
<b>Total Debt Payable</b>	<u><u>-</u></u>	<u><u>-</u></u>

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, consumers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the funding it receives. For questions concerning any information provided in this report or requests for additional financial information, contact the Chief Appraiser, Sam Calderon, Fort Stockton, Texas, 79735.

## FINANCIAL STATEMENTS

PECOS COUNTY APPRAISAL DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2019

Exhibit A-1

	General Fund	Adjustments (Exhibit C2)	Statement of Net Position
<b>ASSETS</b>			
Cash	\$ 366,526	\$ -	\$ 366,526
Certificates of Deposit	245,924	-	245,924
Accounts Receivable	4,215	-	4,215
Interest Receivable	-	-	-
Office Furniture and Equipment	-	79,441	79,441
Accumulated Depreciation	-	(76,904)	(76,904)
Net Pension Asset	-	13,714	13,714
<b>TOTAL ASSETS</b>	<b>\$ 616,665</b>	<b>\$ 16,251</b>	<b>\$ 632,916</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	-	\$ 95,467	\$ 95,467
OPEB	-	408	408
Total Deferred Outflows of Resources	-	<b>95,875</b>	<b>95,875</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 616,665</b>	<b>\$ 112,126</b>	<b>\$ 728,791</b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,667	\$ -	\$ 1,667
Payroll Liabilities	1,921	-	1,921
Prepaid Member Assessments	132,200	-	132,200
Compensated Absences Payable	-	26,106	26,106
Net OPEB Liability	-	8,247	8,247
Total Liabilities	<b>135,788</b>	<b>34,353</b>	<b>170,141</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension	\$ -	\$ 95,705	\$ 95,705
OPEB	-	3,186	3,186
Total Deferred Inflows of Resources	-	<b>98,891</b>	<b>98,891</b>
<b>FUND BALANCE</b>			
Restricted	\$ 59,858		
Committed	96,195		
Unassigned	324,824		
Total Fund Balance	<b>480,877</b>		
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 616,665</b>		
<b>NET POSITION</b>			
Net Investment in Capital Assets			2,537
Restricted			156,053
Unrestricted			301,169
Total Net Position			<b>459,759</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>			<b>\$ 728,791</b>

The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
DECEMBER 31, 2019

Exhibit B-1

	General Fund	Adjustments (Exhibit C4)	Statement of Net Position
<b>EXPENDITURES / EXPENSES</b>			
Personnel	\$ 363,882	\$ (16,907)	\$ 346,975
Contract Services	329,229	-	329,229
Supplies	19,101	-	19,101
Other Expenses	32,894	-	32,894
ARB Expenses	2,589	-	2,589
Capital Outlay	-	-	-
Depreciation	-	6,366	6,366
<b>TOTAL EXPENDITURES / EXPENSES</b>	<b>\$ 747,695</b>	<b>\$ (10,541)</b>	<b>\$ 737,154</b>
<b>PROGRAM REVENUES</b>			
Assessments to Members	\$ 756,787	\$ -	\$ 756,787
Other Income	1,022	-	1,022
Total Program Revenues	<b>757,809</b>	<b>-</b>	<b>757,809</b>
<b>NET PROGRAM REVENUE (EXPENSE)</b>	<b>\$ 10,114</b>	<b>\$ 10,541</b>	<b>\$ 20,655</b>
<b>GENERAL REVENUES</b>			
Interest Income	\$ 2,948	\$ -	\$ 2,948
Total General Revenues	<b>2,948</b>	<b>-</b>	<b>2,948</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>\$ 13,062</b>	<b>\$ 10,541</b>	<b>\$ 23,603</b>
<b>FUND BALANCE / NET POSITION</b>			
Beginning of Year	\$ 467,815	\$ (31,659)	\$ 436,156
Prior Period Adjustments	-	-	-
End of Year	<b>480,877</b>	<b>(21,118)</b>	<b>459,759</b>

The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
 SHEET TO THE STATEMENT OF NET POSITION  
 YEAR ENDED DECEMBER 31, 2019

EXHIBIT C-2

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<b>Total Fund Balances - Governmental Funds</b>	\$ 480,877
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Fund balance for Governmental Funds differs from Net Position of Governmental Activities because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in governmental funds. At the end of the year, the cost of these assets was \$ 79,441 and the accumulated depreciation was \$ 76,904. The net effect of including the ending balances for capital assets (net of depreciation) in the governmental activities is to increase net position.	2,537
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Long-term liabilities / deferred inflows and outflows are not due and payable in the current period and are not reported in the governmental funds.

Net Pension Asset	13,714
Deferred inflows/outflows - Pension	(238)
Deferred inflows/outflows - OPEB	(11,025)
Compensated Absences	(26,106)

<b>Net Position of Governmental Activities</b>	\$ 459,759
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The accompanying notes are an integral part of this statement.

PECOS COUNTY APPRAISAL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2019

EXHIBIT C-4

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<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	13,062
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The Net Change in Fund Balances - Governmental Funds differs from the Change in Net Position of Governmental Activities because:

Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of reclassifying the 2019 capital outlay is to increase net position.		-
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.		(6,366)
Compensated Absences are expensed as paid in funds but are accrued when earned in the statement of activities		11,373
Retirement contributions are expensed as paid in funds but are not reported in the statement of activities.		13,369
Pension expense is not a current financial resource and is not reported in the governmental funds.		(7,056)

<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b>24,382</b>
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PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Pecos County Appraisal District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of Directors, an eleven member group constituting an on-going entity, is the level of government which has governance responsibilities over all activities relating to appraisal service provided to governmental units which are member entities of Pecos County Appraisal District. The District receives funding from assessments to member entities for appraisal services. It is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards, since Board members have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters. Board members are appointed by member entities with no single entity having control over the Board.

The District was created in 1980 under the provisions of the State of Texas and has one fund, the General Fund, which is operated as a governmental fund.

2. Basis of Presentation

*Government-wide Statements* – The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements* – The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are ordinarily aggregated and reported as nonmajor funds. The District only has one fund. The government-wide statements and fund financial statements have been combined in this report.

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

3. Measurement Focus – Basis of Accounting

*Government-wide Financial Statements* – These financial statements are reported using the economic resources measurement focus. The government-wide fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements* – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under capital lease are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District’s policy to use restricted resources first, then unrestricted resources.

4. Budgetary Data

The official budget was prepared for adoption for the general fund. The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

- a. Prior to September 15 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning October 1.
- b. A meeting of the Board is called for the purpose of adopting the proposed budget with public notice given at least 10 days prior to the meeting.
- c. Prior to the expenditure of funds, the budget is adopted by the Board.
- d. Should the board fail to adopt a budget, the then existing budget shall be deemed adopted for the ensuing fiscal year.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

4. Budgetary Data (Cont.)

After adoption, the budget may be amended through action by the Board. Budget amendments are approved at the functional expenditure level. All amendments are before the fact and reflected in the official minutes of the Board. Budgets are controlled at the functional level by personnel responsible for organizational financial reporting. All budget appropriations lapse at the year end. Budget amendments throughout the year were not significant.

5. Cash and Cash Equivalents

The District maintains two checking accounts and one savings account which are deposited with FDIC member banks, covered by federal depository insurance and securities held by the bank's trust department in the District's name.

Certificates of deposit for varying terms of six months to one year are maintained with the same financial institution, under the same depository agreement and under the same collateral security arrangement.

6. Fund Balance

Governmental funds utilize a fund balance presentation for equity. Fund balance is categorized as nonspendable, restricted, committed, assigned or unassigned.

*Nonspendable fund balance* – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaids) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* – represents amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, other governments, etc.) or imposed by enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed fund balance* – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the Board. Committed resources cannot be used for any other purpose unless the Board removes or changes the specific use by taking the same formal action that imposed the constraint originally.

*Assigned fund balance* – represents amounts the District intends to use for specific purposes as expressed by the Board or an official delegated the authority. The Board has delegated the authority to assign fund balances to the Administrator.

*Unassigned fund balance* – represents the residual classification for the general fund or deficit balances in other 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.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2019

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont)**

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment	6 - 20 years
Furniture	6 years

8. Revenue Recognition

The District is primarily financed through member assessments. Each participating taxing unit is allocated a portion of the budget equal to the proportion that property values assessed for that taxing unit bear to the sum of the total dollar amount of property values assessed in the District by each participating unit for that year. Payments are to be made in four quarterly installments.

9. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could vary from these estimates.

10. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows for the District consist of pension related items. These include: differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension liability; differences between projected and actual earnings on pension plan investments; and contributions to the pension plan from the employer subsequent to the measurement date of the net pension liability and before the end of the reporting period.

11. Governmental Account Standards Board Statement Nos. 68 and 75

Implementation of GASB 68, "Accounting and Financial Reporting for Pensions: an amendment of GASB Statement No. 27," is required for financial statements for fiscal years beginning after June 15, 2014. Implementation of GASB 75, "Accounting and Financial Reporting for post-employment benefits other than pensions," is required for financial statements for fiscal years beginning after June 15, 2017. The implementation of GASBs 68 and 75 are reflected in the financial statements.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**B. DEPOSITS, SECURITIES AND INVESTMENTS**

District's operating funds are required to be deposited and invested under the terms of a depository contract, which requires the depository to pledge approved securities in an amount significant to protect the District's day-to-day balances. The pledge is waived only to the extent of the dollar amount of Federal Deposit Insurance Corporation (FDIC) insurance. During the year ended December 31, 2019, and at year end, District cash deposits in excess of FDIC insurance were covered by pledged collateral held by the District's agent bank in the name of the District.

	<u>Bank Balance</u> <u>December 31, 2019</u>	<u>Net Items</u> <u>Outstanding</u>	<u>Book Balance</u> <u>December 31, 2019</u>
<b>Pecos County State Bank</b>			
<b>General Checking</b>			
General Operating Account	\$ 14,737	\$ (8,084)	\$ 6,653
Savings Account	326	-	326
Time Open Account	359,547	-	359,547
	<u>\$ 374,610</u>	<u>\$ (8,084)</u>	<u>\$ 366,526</u>

a. Cash and Investments at December 31, 2019 included:

<u>Account Name</u>	<u>Account No.</u>	<u>Bank Balance</u> <u>December 31, 2019</u>
Unrestricted:		
General Operating Account	203553	\$ 6,653
PCAD Savings Account	1506169	326
Time Open Account	9055719	359,547
Cert. of Deposit	8651	3,190
Cert. of Deposit	8699	2,654
Cert. of Deposit	8725	78,349
Cert. of Deposit	8777	15,035
Cert. of Deposit	9447	50,501
Total Unrestricted Cash:		<u>\$ 516,255</u>
Restricted:		
Cert. of Deposit	8693	\$ 4,853
Cert. of Deposit	8694	28,459
Cert. of Deposit	8776	17,789
Cert. of Deposit	9447	45,094
Total Restricted Cash:		<u>\$ 96,195</u>

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2019

**B. DEPOSITS, SECURITIES AND INVESTMENTS - cont.**

Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At year end, the District had no exposure to custodial credit risk.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to them. As of December 31, 2019, the District's bank balance of \$ 612,450 was covered in full by Federal Deposit Insurance Corporation (FDIC), or by securities pledged in the District's name. The District had some exposure to custodial credit risk during the year, and would ordinarily be covered by collateral securities pledged by the District's depository, Pecos County State Bank, Fort Stockton, Texas.

The District's investment policies and types of investments are governed by the Public Funds Investment Act. The Act requires specific training, reporting and establishment of local policies. The District appears to have been in substantial compliance with the requirements of the Act.

**C. CAPITAL ASSETS**

Capital asset activities during the year ended were as follows:

<u>Governmental Activities</u>	Beginning Balance	Additions	Disposals	Ending Balance
Furniture & Equipment	\$ 79,441	\$ -	\$ -	\$ 79,441
less Accumulated Depreciation	(64,164)	(6,374)	-	(70,538)
<b>Total Capital Assets</b>	<b>15,277</b>	<b>(6,374)</b>	<b>-</b>	<b>8,903</b>

Depreciation was charged to governmental activities as follows:

Administration	\$ 6,374
Total Depreciation	<u>\$ 6,374</u>

**D. PREPAID MEMBER ASSESSMENTS**

Members make quarterly payments on their annual assessments. During the year ended December 31, 2019, all member Districts remitted the payment for the 1st quarter for 2020, in the amount of \$132,200. That amount will be recognized in the subsequent year as revenue, and is recorded as a liability to the District at current year end.

**E. COMPENSATED ABSENCES**

District employees are entitled to certain compensated absences. Vacation leave is earned at varying annual rates based on years of service. All accrued vacation leave in excess of thirty (30) days is deemed forfeited and, upon an employee's termination, the District will reimburse the employee up to thirty (30) days of unused vacation leave days (240 hours). Sick leave is earned at the rate of one (1) working day (8 hours) for each calendar month of service. Upon termination, personnel employed prior to April 1, 2003, will be paid for unused accrued sick leave at the lesser of one-half of all accrued sick leave or 360 hours. For personnel employed on April 1, 2003, or thereafter, unused accrued sick leave will be reimbursed at the lesser of one-fourth of all accrued sick leave or 240 hours. The liability for accumulated vacation and sick leave has been included in the government-wide statements.

PECOS COUNTY APPRAISAL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN**

A. Plan Description

The District participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system. A brief description of benefits terms follows:

1. All full and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in a temporary position are not eligible for membership.
2. The plan provides retirement, disability and survivor benefits.
3. TCERS is a savings-based plan. For the District's plan, 7% of each employee's pay is deposited into his or her TCERS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 190%) and is then converted to an annuity.
4. There are no automatic COLAs. Each year, the District may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
5. Benefit terms are established under the TCERS Act. They may be amended as of Jan 1 of each year, but must remain in conformity with the Act.

Membership information is shown in the chart below. The District's contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The Pecos County Appraisal District contribution rate is based on the TCERS funding policy adopted by the TCERS Board of Trustees and must conform with the TCERS Act. The employee contribution rates are set by the District and are currently 7%. Contributions to the pension plan from the district for 2018 are shown in the Schedule of Employer Contributions.

The most recent comprehensive annual financial report for TCERS can be found at the following link, [www.tcdrs.org](http://www.tcdrs.org).

Membership Information

Members	Dec 31, 2017	Dec 31, 2018
Number of inactive employees entitled to but not yet receiving benefits:	5	5
Number of active employees:	5	5
Average Monthly Salary*:	\$4,339	\$4,482
Average Age*:	45.95	45.14
Average length of service in years*:	12.50	12.67
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		
Number of benefit recipients:	3	3
Average Monthly Benefit*:	\$391	\$391
<b>Inactive Employees (or their Beneficiaries) Receiving Benefits</b>		

\* Averages reported for all active and inactive employees. Average service includes all proportionate service.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN (cont)**

B. Funding Policy

The District has elected the annually determined contribution 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 District contributed using the actuarially determined rate of 4.82% for calendar year 2019. The deposit rate payable by the employee members was 7.0% as adopted by the governing body of the District. The employee deposit rate and the employer contribution rate may be changed by the governing body of the District within the options available in the TCDRS Act.

The TCDRS board hires independent outside consulting actuaries to conduct an annual valuation to measure the funding status and to determine the required employer contribution rate for each employer plan. In order to calculate the employer contribution rate, the actuary does the following:

1. Studies each employer's adopted plan of benefits and the profile of its plan participants, and uses assumptions established by the board to estimate future benefit payments.
2. Discounts the estimate of future benefit payments to the present based on the long-term rate of investment return to determine the present value of future benefits.
3. Compares the present value of future benefits with the plan's assets to determine the difference that needs to be funded based on the funding policy.

C. Net Pension Liability

1. Net Pension Liability / (Asset)

Members	Dec 31, 2017	Dec 31, 2018
Total pension liability	\$ 1,074,249	\$ 1,162,810
Fiduciary net position	1,178,801	1,176,524
Net pension liability/(asset)	(104,552)	(13,714)
Fiduciary net position as a % of total pension liability	109.73%	101.18%
Pensionable covered payroll	\$ 267,245	\$ 266,674
Net pension liability as a % of covered payroll	-39.12%	-5.14%

2. Discount Rate

Discount Rate	8.10%	8.10%
Long-term expected rate of return, net of investment exp.	8.10%	8.10%

3. Other Key Actuarial Assumptions

All actuarial assumptions that determined the total pension liability as of December 31, 2018 were based on the results of an actuarial experience study for the period January 1, 2013 - December 31, 2016, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater, LLC. The numbers shown are based on January 2018 information for a 7-10 year time horizon.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN (cont)**

3. Other Key Actuarial Assumptions (cont)

Note that the valuation assumption for long-term expected return is re-assessed at a minimum of every four years, and is set based on a 30-year time horizon; the most recent analysis was performed in 2017. See Milliman’s TCDRS Investigation of Experience report for the period January 1, 2013 – December 31, 2016 for more details.

Long Term Expected Rate of Return			
Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
U.S. Equities	Dow Jones U.S. Total Stock Market Index	10.50%	5.40%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	18.00%	8.40%
Global Equities	MSCI World (net) Index	2.50%	5.70%
Int'l Equities - Developed Markets	MSCI World Ex USA (net)	10.00%	5.40%
Int'l Equities - Emerging Markets	MSCI EM Standard (net) Index	7.00%	5.90%
Investment Grade Bonds	Bloomberg Barclays U.S. Aggregate Bond Index	3.00%	1.60%
Strategic Credit	FTSE High-Yield Cash-Pay Capped Index	12.00%	4.39%
Direct Lending	S&P/LSTA Leveraged Loan Index	11.00%	7.95%
Distressed Debt	Cambridge Associates Distressed Securities Index	2.00%	7.20%
REIT Equities	67% FTSE NAREIT Equity REITs Index + 33% FTSE EPRA/NAREIT Global Real Estate Index	2.00%	4.15%
Master Limited Partnerships (MLP's)	Alerian MLP Index	3.00%	5.35%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index	6.00%	6.30%
Hedge Funds	Hedge Fund Research, Inc	13.00%	3.90%
		100.00%	

4. Discount Rate / Depletion of Plan Assets

The discount rate is the single rate of return that, when applied to all projected benefit payments, results in an actuarial present value of projected benefit payments equal to the total of the

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN (cont)**

4. Discount Rate / Depletion of Plan Assets (cont)

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer, TCDRS used an alternative method to determine the sufficiency of the fiduciary net position in all future years. The alternative method reflects the funding requirements under the District's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes. Therefore, a discount rate of 8.10% was used. This rate reflects the long-term assumed rate of return on assets for fund purposes of 8.00%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN (cont)**

5. Changes in Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances as of December 31, 2017	\$ 1,074,249	\$ 1,178,800	\$ (104,551)
Changes for the year			
Service Cost	33,777		33,777
Interest on total pension liability (1)	88,780		88,780
Effect of plan changes (2)	-		-
Effect of econ/demog gains (losses)	(9,565)		(9,565)
Effect of assumptions changes or inputs	-		-
Refund of contributions	(10,361)	(10,361)	-
Benefit payments	(14,070)	(14,070)	-
Administrative expenses		(945)	945
Member contributions		18,669	(18,669)
Net investment income		(21,741)	21,741
Employer contributions		25,467	(25,467)
Other (3)	-	705	(705)
Balances as of December 31, 2018	\$ 1,162,810	\$ 1,176,524	\$ (13,714)

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

(2) No plan changes valued

(3) Relates to allocation of system-wide items

6. Sensitivity Analysis

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

	1% Decrease 7.10%	Current Discount Rate 8.10%	1% Increase 9.10%
Total Pension Liability	\$ 1,325,418	\$ 1,162,810	\$ 1,024,723
Fiduciary Net Position	1,176,524	1,176,524	1,176,524
Net Position Liability / (Asset)	\$ 148,894	\$ (13,714)	\$ (151,801)

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**F. RETIREMENT PLAN (cont)**

7. Pension Expense / (Income)

	Jan 31, 2018 - Dec 31, 2018
Service Cost	\$ 33,777
Interest on total pension liability (1)	88,780
Effect of plan changes	-
Administrative expenses	945
Member contributions	(18,667)
Expected investment return net of investment expenses	(96,256)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(37,673)
Recognition of assumption changes or inputs	4,849
Recognition of investment gains or losses	32,006
Other (2)	(705)
Pension Expense / (Income)	\$ 7,056

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

(2) Relates to allocation of system-wide items

8. Deferred Inflows / Outflows of Resources

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 95,705	\$ 3,279
Changes of assumptions	-	4,474
Net difference between projected and actual earnings	-	75,341
Contributions made subsequent to measurement date	N/A	12,373
Total Deferred Inflows / Outflows	\$ 95,705	\$ 95,467

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:	
2019	\$ 2,035
2020	(18,437)
2021	(19,810)
2022	23,601
2023	-
Thereafter	-

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**G. OTHER POST RETIREMENT BENEFITS (OPEB)**

1. OPEB Expense / (Income)

	Jan 31, 2018 - Dec 31, 2018
Service Cost	\$ 225
Interest on total OPEB liability (1)	311
Effect of plan changes	-
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	(268)
Recognition of assumption changes or inputs	(138)
Other (2)	-
OPEB Expense / (Income)	\$ 130

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

(2) Relates to allocation of system-wide items

8. Deferred Inflows / Outflows of Resources

As of December 31, 2018, the deferred inflows and outflows of resources are as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 2,307	\$ 100
Changes of assumptions	879	308
Contributions made subsequent to measurement date	N/A	-
Total Deferred Inflows / Outflows	\$ 3,186	\$ 408

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year Ended December 31:		
2019	\$	(406)
2020		(406)
2021		(406)
2022		(406)
2023		(406)
Thereafter		(749)

PECOS COUNTY APPRAISAL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2019

**H. COMMITTED AND RESTRICTED FUND BALANCES**

The Board of Directors restricted certain certificate of deposit balances for use in providing a mapping system, office furniture and additional amounts as a reserve for legal expenditures. Amounts designated for these purposes at District totaled \$480,877 and are shown as committed fund balance in the fund financial statements. Restricted funds on the fund financial statements consist of 2019 excess assessments of \$10,114, and previous year surplus assessments of \$ 49,744 which had not been refunded to members as of December 31, 2019.

**I. INTEREST RECEIVABLE**

During audit fieldwork in August, 2019, it was discovered that the District's "Time Open Account" was not paying interest to the District when it should have been. The District's depository, Pecos County State Bank, was notified, and their research showed an amount due to the District for unpaid interest which was paid to the District in September, 2019. The receivable at current year end was zero.

**J. LITIGATION**

The District is not involved in any pending litigation at year end.

**K. SUBSEQUENT EVENTS**

The District's management has evaluated subsequent events through May 25, 2020, the date which the financial statements were available for use. No events, including instances of noncompliance, have occurred subsequent to the statement of financial position that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

PECOS COUNTY APPRAISAL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2019

Exhibit G-1

	<u>Budgeted Amounts</u>		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
Current:				
Personnel	\$ 365,573	\$ 365,573	\$ 363,882	\$ 1,691
Contract Services	366,874	366,874	329,229	37,645
Supplies	14,000	14,000	19,101	(5,101)
Other Expenses	46,100	46,100	32,894	13,206
ARB Expenses	7,200	7,200	2,589	4,611
Capital Outlay	-	-	-	-
Depreciation	-	-	-	-
Total Expenditures	<u>799,747</u>	<u>799,747</u>	<u>747,695</u>	<u>52,052</u>
<b>REVENUES</b>				
Taxes				
Property Taxes				
Assessments to Members	\$ 756,787	\$ 756,787	\$ 756,787	\$ -
Other Income	-	-	1,022	1,022
Total Program Revenues	<u>756,787</u>	<u>756,787</u>	<u>757,809</u>	<u>1,022</u>
<b>NET PROGRAM REVENUE (EXPENSE)</b>	<u>(42,960)</u>	<u>(42,960)</u>	<u>10,114</u>	<u>53,074</u>
<b>GENERAL REVENUES</b>				
Interest Income	<u>(2,000)</u>	<u>(2,000)</u>	<u>2,948</u>	<u>4,948</u>
Total General Revenues	<u>(2,000)</u>	<u>(2,000)</u>	<u>2,948</u>	<u>4,948</u>
Net Change in Fund Balances	(44,960)	(44,960)	13,062	58,022
Fund Balance - Beginning	<u>467,815</u>	<u>467,815</u>	<u>467,815</u>	<u>-</u>
Fund Balance - Ending	<u><u>\$ 422,855</u></u>	<u><u>\$ 422,855</u></u>	<u><u>\$ 480,877</u></u>	<u><u>\$ 58,022</u></u>

PECOS COUNTY APPRAISAL DISTRICT  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 YEAR ENDED DECEMBER 31, 2019

Exhibit G-1

Year Ending Dec 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Variance With Final Budget Positive (Negative)
2009	6,752	6,752	-	141,560	4.8%
2010	10,800	10,800	-	158,823	6.8%
2011	12,005	12,005	-	171,018	7.0%
2012	15,982	15,982	-	194,295	8.2%
2013	17,765	17,765	-	189,192	9.4%
2014	24,951	24,951	-	246,556	10.1%
2015	25,733	25,733	-	250,561	10.3%
2016	22,160	23,990	(1,830)	265,710	9.0%
2017	23,384	23,384	-	267,245	8.8%
2018	25,467	25,467	-	266,674	9.5%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS.

**INTERNAL CONTROL AND COMPLIANCE SECTION**



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Certified Public Accountants  
Texas Society of  
Certified Public Accountants

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*

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Board of Directors  
Pecos County Appraisal District  
201 S. Main Street  
Fort Stockton, Texas 79735

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 and the general fund of the Pecos County Appraisal District (District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 25, 2020.

**Internal Control over Financial Reporting**

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

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

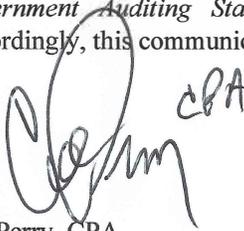
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read 'Coe Perry', with the letters 'CPA' written in a smaller font to the right of the signature.

Coe Perry, CPA  
Certified Public Accountant  
May 25, 2020

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

**FINDINGS**

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**NONE**

PECOS COUNTY APPRAISAL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2019

**PRIOR YEAR FINDINGS**

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NONE

PECOS COUNTY APPRAISAL DISTRICT  
EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2019

The contents of this report were discussed with Pecos County Appraisal District representatives on May 25, 2020. The following individuals were present for the conference:

**Pecos County Appraisal District**

**Coe Perry, CPA**

Sam Calderson, Chief Appraiser

Coe Perry, CPA

The financial statements of Pecos County Appraisal District were prepared by Coe Perry, CPA, from original books and records provided by and with assistance from the management of the District.

Although standards strongly emphasize the District prepare its own financial statements, the consensus between District management and the auditor was that it would be more time and cost efficient for the auditor to prepare the financial statements and the related notes. Accordingly, the District designated a competent management-level individual to oversee the auditor's services, make all management decisions and perform all management functions. The District reviewed, approved, and accepted responsibility for the accompanying financial statements and related notes, supplemental schedules, and for ensuring that the underlying accounting records adequately support the preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and that the records are current and in balance.

Pecos County paid 01/06/2020 for 1<sup>st</sup> qtr 2020 budget

Due by December 31, 2019, per tax code.

This is normally done annually because Pecos County pays out of new year budget as of January 1. Need approval by the Board to waive penalty and interest as stated in Tax Code.

**Real 2020 Estimated Values**

	<b>Real (4-30-20)</b>	<b>Real (6-1-20)</b>	<b>% Change</b>
<b>Pecos County</b>	\$598,952,715	\$599,755,105	<b>0.13%</b>
<b>Buena Vista ISD</b>	\$24,305,732	\$25,799,787	<b>6.15%</b>
<b>Fort Stockton ISD</b>	\$453,286,973	\$446,374,484	<b>-1.52%</b>
<b>Iraan-Sheffield ISD</b>	\$49,826,910	\$55,141,643	<b>10.67%</b>
<b>City of Fort Stockton</b>	\$361,800,698	\$339,678,953	<b>-6.11%</b>
<b>Middle Pecos GCD</b>	\$597,569,795	\$598,102,395	<b>0.09%</b>
<b>Iraan General Hosp.</b>	\$57,871,040	\$63,166,863	<b>9.15%</b>
<b>Midland College</b>	\$659,921,095	\$663,380,755	<b>0.52%</b>

of the board’s resolution, together with information showing the costs of other available alternatives to the proposal. On or before the 30th day after the date the presiding officer receives notice of the proposal, the governing body of a taxing unit by resolution may approve or disapprove the proposal. If a governing body fails to act on or before that 30th day or fails to file its resolution with the chief appraiser on or before the 10th day after that 30th day, the proposal is treated as if it were disapproved by the governing body.

(c) The board of directors may convey real property owned by the district, and the proceeds shall be credited to each taxing unit that participates in the district in proportion to the unit’s allocation of the appraisal district budget in the year in which the transaction occurs. A conveyance must be approved as provided by Subsection (b) of this section, and any proceeds shall be apportioned by an amendment to the annual budget made as provided by Subsection (c) of Section 6.06 of this code.

(d) An acquisition of real property by an appraisal district before January 1, 1988, may be validated before March 1, 1988, in the manner provided by Subsection (b) of this section for the acquisition of real property.

**HISTORY:** Enacted by Acts 1987, 70th Leg., ch. 55 (S.B. 312), § 2, effective January 1, 1988.

**Sec. 6.052. Taxpayer Liaison Officer.**

(a) The board of directors for an appraisal district created for a county with a population of more than 120,000 shall appoint a taxpayer liaison officer who shall serve at the pleasure of the board. The taxpayer liaison officer shall administer the public access functions required by Sections 6.04(d), (e), and (f), and is responsible for resolving disputes not involving matters that may be protested under Section 41.41. In addition, the taxpayer liaison officer is responsible for receiving, and compiling a list of, comments and suggestions filed by the chief appraiser, a property owner, or a property owner’s agent concerning the matters listed in Section 5.103(b) or any other matter related to the fairness and efficiency of the appraisal review board established for the appraisal district. The taxpayer liaison officer shall forward to the comptroller comments and suggestions filed under this subsection in the form and manner prescribed by the comptroller.

(b) The taxpayer liaison officer shall provide to the public information and materials designed to assist property owners in understanding the appraisal process, protest procedures, the procedure for filing comments and suggestions under Subsection (a) of this section or a complaint under Section 6.04(g), and other matters. Information concerning the process for submitting comments and suggestions to the comptroller concerning an appraisal review board shall be provided at each protest hearing.

(c) The taxpayer liaison officer shall report to the board at each meeting on the status of all comments and suggestions filed with the officer under Subsection (a) of this section and all complaints filed with the board under Section 6.04(g).

(d) The taxpayer liaison officer is entitled to compensation as provided by the budget adopted by the board of directors.

(e) The chief appraiser or any other person who performs appraisal or legal services for the appraisal district for compensation is not eligible to be the taxpayer liaison officer.

(f) The taxpayer liaison officer for an appraisal district described by Section 6.41(d-1) is responsible for providing clerical assistance to the local administrative district judge in the selection of appraisal review board members. The officer shall deliver to the local administrative district judge any applications to serve on the board that are submitted to the officer and shall perform other duties as requested by the local administrative district judge. The officer may not influence the process for selecting appraisal review board members.

**HISTORY:** Enacted by Acts 1989, 71st Leg., ch. 796 (H.B. 432), § 8, effective January 1, 1990; am. Acts 1991, 72nd Leg., ch. 371 (H.B. 864), § 2, effective September 1, 1991; am. Acts 2007, 80th Leg., ch. 1086 (H.B. 3038), § 1, effective September 1, 2007; am. Acts 2013, 83rd Leg., ch. 1259 (H.B. 585), § 7, effective January 1, 2014.

**Sec. 6.053. Assistance to Emergency Management Authorities.**

The chief appraiser shall, if requested by the emergency management authorities of a federal, state, or local government agency, provide information and assistance pertinent to disaster mitigation or recovery, including assisting in the estimation of damage from an actual or potential disaster event.

**HISTORY:** Enacted by Acts 2009, 81st Leg., ch. 844 (S.B. 2148), § 1, effective June 19, 2009.

**Sec. 6.054. Restriction on Employment by Appraisal District. [Effective January 1, 2020]**

- An individual may not be employed by an appraisal district if the individual is:
- (1) an officer of a taxing unit that participates in the appraisal district; or
  - (2) an employee of a taxing unit that participates in the appraisal district.

**HISTORY:** Enacted by Acts 2019, 86th Leg., ch. 944 (S.B. 2), § 17, effective January 1, 2020.

**Sec. 6.06. Appraisal District Budget and Financing.**

(a) Each year the chief appraiser shall prepare a proposed budget for the operations of the district for the following tax year and shall submit copies to each taxing unit participating in the district and to the district board of directors

before June 15. He shall include in the budget a list showing each proposed position, the proposed salary for the position, all benefits proposed for the position, each proposed capital expenditure, and an estimate of the amount of the budget that will be allocated to each taxing unit. Each taxing unit entitled to vote on the appointment of board members shall maintain a copy of the proposed budget for public inspection at its principal administrative office.

(b) The board of directors shall hold a public hearing to consider the budget. The secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district not later than the 10th day before the date of the hearing a written notice of the date, time, and place fixed for the hearing. The board shall complete its hearings, make any amendments to the proposed budget it desires, and finally approve a budget before September 15. If governing bodies of a majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving a budget and file them with the secretary of the board within 30 days after its adoption, the budget does not take effect, and the board shall adopt a new budget within 30 days of the disapproval.

(c) The board may amend the approved budget at any time, but the secretary of the board must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the district not later than the 30th day before the date the board acts on it.

(d) Each taxing unit participating in the district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the district by each participating unit for that year. If a taxing unit participates in two or more districts, only the taxes imposed in a district are used to calculate the unit's cost allocations in that district. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the district and the taxing unit imposes in excess of 25 percent of the total amount of the property taxes imposed in the district by all of the participating taxing units for a year, the unit's allocation may not exceed a percentage of the appraisal district's budget equal to three times the unit's percentage of the total number of real property parcels appraised by the district.

(e) Unless the governing body of a unit and the chief appraiser agree to a different method of payment, each taxing unit shall pay its allocation in four equal payments to be made at the end of each calendar quarter, and the first payment shall be made before January 1 of the year in which the budget takes effect. A payment is delinquent if not paid on the date it is due. A delinquent payment incurs a penalty of 5 percent of the amount of the payment and accrues interest at an annual rate of 10 percent. If the budget is amended, any change in the amount of a unit's allocation is apportioned among the payments remaining.

(f) Payments shall be made to a depository designated by the district board of directors. The district's funds may be disbursed only by a written check, draft, or order signed by the chairman and secretary of the board or, if authorized by resolution of the board, by the chief appraiser.

(g) If a taxing unit decides not to impose taxes for any tax year, the unit is not liable for any of the costs of operating the district in that year, and those costs are allocated among the other taxing units as if that unit had not imposed taxes in the year used to calculate allocations. However, if that unit has made any payments, it is not entitled to a refund.

(h) If a newly formed taxing unit or a taxing unit that did not impose taxes in the preceding year imposes taxes in any tax year, that unit is allocated a portion of the amount budgeted to operate the district as if it had imposed taxes in the preceding year, except that the amount of taxes the unit imposes in the current year is used to calculate its allocation. Before the amount of taxes to be imposed for the current year is known, the allocation may be based on an estimate to which the district board of directors and the governing body of the unit agree, and the payments made after that amount is known shall be adjusted to reflect the amount imposed. The payments of a newly formed taxing unit that has no source of funds are postponed until the unit has received adequate tax or other revenues.

(i) The fiscal year of an appraisal district is the calendar year unless the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members adopt resolutions proposing a different fiscal year and file them with the secretary of the board not more than 12 and not less than eight months before the first day of the fiscal year proposed by the resolutions. If the fiscal year of an appraisal district is changed under this subsection, the chief appraiser shall prepare a proposed budget for the fiscal year as provided by Subsection (a) of this section before the 15th day of the seventh month preceding the first day of the fiscal year established by the change, and the board of directors shall adopt a budget for the fiscal year as provided by Subsection (b) of this section before the 15th day of the fourth month preceding the first day of the fiscal year established by the change. Unless the appraisal district adopts a different method of allocation under Section 6.061 of this code, the allocation of the budget to each taxing unit shall be calculated as provided by Subsection (d) of this section using the amount of property taxes imposed by each participating taxing unit in the most recent tax year preceding the fiscal year established by the change for which the necessary information is available. Each taxing unit shall pay its allocation as provided by Subsection (e) of this section, except that the first payment shall be made before the first day of the fiscal year established by the change and subsequent payments shall be made quarterly. In the year in which a change in the fiscal year occurs, the budget that takes effect on January 1 of that year may be amended as necessary as provided by Subsection (c) of this section in order to accomplish the change in fiscal years.

(j) If the total amount of the payments made or due to be made by the taxing units participating in an appraisal district exceeds the amount actually spent or obligated to be spent during the fiscal year for which the payments were made, the chief appraiser shall credit the excess amount against each taxing unit's allocated payments for the following year in proportion to the amount of each unit's budget allocation for the fiscal year for which the payments were made.

If a taxing unit that paid its allocated amount is not allocated a portion of the district’s budget for the following fiscal year, the chief appraiser shall refund to the taxing unit its proportionate share of the excess funds not later than the 150th day after the end of the fiscal year for which the payments were made.

(k) For good cause shown, the board of directors may waive the penalty and interest on a delinquent payment under Subsection (e).

**HISTORY:** Enacted by Acts 1979, 66th Leg., ch. 841 (S.B. 621), § 1, effective January 1, 1981; am. Acts 1981, 67th Leg., 1st C.S., ch. 13 (H.B. 30), §§ 17, 18, effective August 14, 1981; am. Acts 1985, 69th Leg., ch. 311 (H.B. 2300), § 1, effective August 26, 1985; am. Acts 1989, 71st Leg., ch. 796 (H.B. 432), § 9, effective September 1, 1989; am. Acts 1991, 72nd Leg., ch. 20 (S.B. 351), § 16, effective August 26, 1991; am. Acts 1993, 73rd Leg., ch. 347 (S.B. 7), § 4.07, effective May 31, 1993; am. Acts 2007, 80th Leg., ch. 87 (S.B. 948), § 1, effective May 14, 2007.

**ATTORNEY GENERAL OPINIONS**

Analysis

Authority of Appraisal District.  
Budget Process.  
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**Authority of Appraisal District.**

An appraisal district is without authority to rescind or waive the penalty and interest imposed by section 6.06(e) of the Tax Code upon taxing units which are delinquent in paying their allocation of the appraisal district’s expenditures. 1983 Tex. Op. Att’y Gen. JM-74 (Affirmed by LO-95-62).

**Budget Process.**

Excess funds must be returned or credited to the participating taxing units as required by Tex. Tax Code Ann. § 6.06(j); the fact that a particular line item is not “prepared in the proposed budget” by the June 15 deadline is not by itself fatal to the expenditure; the budget process in section 6.06 does not prevent amendments to the proposed budget after the public hearing process and before the budget is finally approved. 2014 Tex. Op. Att’y Gen. GA-1040.

**Sec. 6.061. Changes in Method of Financing.**

(a) The board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district after June 15 and before August 15, may prescribe a different method of allocating the costs of operating the district unless the governing body of any taxing unit that participates in the district adopts a resolution opposing the different method, and files it with the board of directors before September 1. If a board proposal is rejected, the board shall notify, in writing, each taxing unit participating in the district before September 15.

(b) The taxing units participating in an appraisal district may adopt a different method of allocating the costs of operating the district if the governing bodies of three-fourths of the taxing units that are entitled to vote on the appointment of board members adopt resolutions providing for the other method. However, a change under this subsection is not valid if it requires any taxing unit to pay a greater proportion of the appraisal district’s costs than the unit would pay under Section 6.06 of this code without the consent of the governing body of that unit.

(c) An official copy of a resolution under this section must be filed with the chief appraiser of the appraisal district after April 30 and before May 15 or the resolution is ineffective.

(d) Before May 20, the chief appraiser shall determine whether a sufficient number of eligible taxing units have filed valid resolutions proposing a change in the allocation of district costs for the change to take effect. Before May 25, the chief appraiser shall notify each taxing unit participating in the district of each change that is adopted.

(e) A change in allocation of district costs made as provided by this section remains in effect until changed in a manner provided by this section or rescinded by resolution of a majority of the governing bodies that are entitled to vote on appointment of board members under Section 6.03 of this code.

(f) [Repealed by Acts 1993, 73rd Leg., ch. 347 (S.B. 7), § 4.13(2), effective May 31, 1993.]

**HISTORY:** Enacted by Acts 1981, 67th Leg., 1st C.S., ch. 13 (H.B. 30), § 19, effective January 1, 1982; am. Acts 1987, 70th Leg., ch. 59 (S.B. 469), § 3, effective September 1, 1987; am. Acts 1991, 72nd Leg., ch. 20 (S.B. 351), § 17, effective August 26, 1991; am. Acts 1993, 73rd Leg., ch. 347 (S.B. 7), § 4.13(2), effective May 31, 1993.

**Sec. 6.062. Publication of Budget.**

(a) Not later than the 10th day before the date of the public hearing at which the board of directors considers the appraisal district budget, the chief appraiser shall give notice of the public hearing by publishing the notice in a newspaper having general circulation in the county for which the appraisal district is established. The notice may not

**Calculations.**

Only “payments made or due to be made by the taxing units” should be included in the excess-funds calculation and returned or credited back to the taxing units as required by Tex. Tax Code Ann. § 6.06(j). 2014 Tex. Op. Att’y Gen. GA-1040.

**Costs Allocation.**

The budget of a tax appraisal district may allocate to the taxing units within the district only the costs of operating the appraisal district for its appraisal purposes. The costs of tax assessment or collection, which the appraisal district may opt to perform for taxing units under contract, are paid for by the taxing unit that has contracted with the district for these services and are not allocated to all taxing units within the district regardless of whether or not the unit contracted with the district for assessment or collection services. 2003 Tex. Op. Att’y Gen. GA-0030.

**Obligations.**

An expenditure that an appraisal district has committed during the fiscal year to meet or secure an obligation is an expenditure that is obligated to be spent under Tex. Tax Code Ann. § 6.06(j). 2014 Tex. Op. Att’y Gen. GA-1040.

## 2020 1st Quarter Supplements (6-1-2020)

Owner	Property Desc.	Value Before	Value After	Change Reason
Various	Real Estate(30 new)	\$0	\$0	Late Homesteads and over 65
Homer Homes	Mobile Home	\$22,530	\$0	Not in County January 1st
LaDonna Walters	Block 12 H&GN	\$20,730	\$2,240	Ag reinstated-solar farm confirmation
David Garvin	C2 PSL Sec 21	\$17,300	\$1,840	Ag removed in Error
Holladay Family Trust	Block 3 H7TC Sec 26	\$7,020	\$4,450	Updated AG
Yanmaly Ducounge	Block 10 H&GN	\$600	\$0	Double assessed
Cesar Cordova	604 Henry Petty Sec 4	\$6,700	\$670	Ag removed in Error
Video & computer	Furn, Fixt, and Equip	\$15,000	\$0	Not in Business as of Jan 1st
	<b>TOTAL</b>	\$89,880	\$9,200	