

REQUIRED SUPPLEMENTARY INFORMATION

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HUDSPETH COUNTY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts		General Fund	Variance with Final Budget
	Original	Final	Actual	
REVENUES				
Property Taxes	\$ 4,230,761	\$ 4,230,761	\$ 4,304,814	\$ 74,053
Fines, Fees, and Permits	618,750	618,750	569,585	(49,165)
Charges for Services	3,265,000	3,315,000	1,741,110	(1,573,890)
Rent and Lease Revenue	21,000	21,000	18,740	(2,260)
Investment Income	277,500	277,500	390,695	113,195
Intergovernmental Revenues	146,700	156,667	271,675	115,008
Other Revenue	638,441	643,441	284,703	(358,738)
Total Revenues	9,198,152	9,263,119	7,581,322	(1,681,797)
EXPENDITURES				
Current:				
General Government	2,046,091	2,060,061	2,018,326	41,735
Justice System	779,253	877,442	782,796	94,646
Public Safety	2,086,678	2,091,313	2,011,389	79,924
Corrections and Rehabilitation	2,152,183	2,152,183	1,747,365	404,818
Infrastructure and Environmental	1,730,242	1,780,242	1,525,864	254,378
Debt Service:				
Principal	134,059	134,059	134,059	-
Interest	30,963	30,963	30,963	-
Total Expenditures	8,959,469	9,126,263	8,250,762	875,501
Excess (Deficiency) of Revenue Over Expenditures	238,683	136,856	(669,440)	(806,296)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	6,453,283	6,453,283
Transfers Out	-	-	(6,090,150)	(6,090,150)
Total Other Financing Sources (Uses)	-	-	363,133	363,133
Net Change in Fund Balance	238,683	136,856	(306,307)	(443,163)
Fund Balance-Beginning, as Previously Reported	7,485,284	7,485,284	7,485,284	-
Restatements (See Note 9)	(850,142)	(850,142)	(850,142)	-
Fund Balance - Beginning, as Adjusted	6,635,142	6,635,142	6,635,142	-
Fund Balance - Ending	\$ 6,873,825	\$ 6,771,998	\$ 6,328,835	\$ (443,163)

The notes to the financial statements are an integral part of this statement.

HUDSPETH COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS –
TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Measurement Date			
	2024	2023	2022	2021
Total Pension Liability				
Service Cost	\$ 514,252	\$ 508,851	\$ 485,490	\$ 455,998
Interest on Total Pension Liability	916,325	852,028	796,980	730,710
Effect of Plan Changes	-	-	-	-
Effect of Assumption Changes or Inputs	-	-	-	(16,845)
Effect of Economic/Demographic (Gains)/Losses	(327,349)	28,296	(140,973)	95,357
Benefit Payments/Refunds of Contributions	(663,188)	(438,056)	(442,953)	(403,242)
Net Change in Total Pension Liability	440,040	951,119	698,544	861,978
Total Pension Liability, Beginning	11,868,179	10,917,060	10,218,516	9,356,538
Total Pension Liability, Ending (a)	12,308,219	11,868,179	10,917,060	10,218,516
Fiduciary Net Position				
Employer Contributions	231,007	228,655	247,378	198,253
Member Contributions	298,349	288,763	288,061	277,554
Investment Income Net of Investment Expenses	1,291,658	1,250,122	(709,501)	2,149,494
Benefit Payments/Refunds of Contributions	(663,188)	(438,056)	(442,954)	(403,242)
Administrative Expenses	(7,537)	(6,631)	(6,662)	(6,475)
Other	(3,605)	8,834	23,320	4,444
Net Change in Fiduciary Net Position	1,146,684	1,331,687	(600,358)	2,220,028
Fiduciary Net Position, Beginning	12,699,493	11,367,805	11,968,163	9,748,135
Fiduciary Net Position, Ending (b)	\$ 13,846,177	\$ 12,699,492	\$ 11,367,805	\$ 11,968,163
Net Pension Liability/(Asset), Ending = (a) - (b)	\$ (1,537,958)	\$ (831,313)	\$ (450,745)	\$ (1,749,647)
Fiduciary Net Position as a % of Total Pension Liab.	112.50%	107.00%	104.13%	117.12%
Pension Covered Payroll	\$ 4,262,135	\$ 4,125,185	\$ 4,115,163	\$ 3,965,055
Net Pension Liability as a % of Covered Payroll	-36.08%	-20.15%	-10.95%	-44.13%

Measurement Date

2020	2019	2018	2017	2016	2015
\$ 379,245	\$ 309,013	\$ 274,185	\$ 242,351	\$ 248,888	\$ 227,558
679,798	623,346	588,401	519,100	488,877	458,076
-	-	-	416,325	-	(34,957)
562,332	-	-	40,740	-	58,626
(54,779)	99,460	(130,919)	(99,504)	(192,952)	(49,585)
(438,226)	(373,267)	(298,341)	(292,324)	(291,749)	(265,387)
1,128,370	658,552	433,326	826,688	253,064	394,331
8,228,168	7,569,616	7,136,290	6,309,602	6,056,538	5,662,207
9,356,538	8,228,168	7,569,616	7,136,290	6,309,602	6,056,538
213,280	169,301	152,180	144,478	141,796	137,800
298,594	237,022	206,844	144,478	141,796	140,409
906,377	1,233,288	(140,792)	968,276	465,763	(56,782)
(438,226)	(373,267)	(298,342)	(292,323)	(291,750)	(265,388)
(7,133)	(6,685)	(6,032)	(5,050)	(5,063)	(4,548)
3,049	2,354	2,571	(93)	(116,023)	(965)
975,941	1,262,013	(83,571)	959,766	336,519	(49,474)
8,772,194	7,510,181	7,593,752	6,633,986	6,297,467	6,346,941
\$ 9,748,135	\$ 8,772,194	\$ 7,510,181	\$ 7,593,752	\$ 6,633,986	\$ 6,297,467
\$ (391,597)	\$ (544,026)	\$ 59,435	\$ (457,462)	\$ (324,384)	\$ (240,929)
104.19%	106.61%	99.21%	106.41%	105.14%	103.98%
\$ 4,265,627	\$ 3,386,022	\$ 2,954,915	\$ 2,889,564	\$ 2,835,929	\$ 2,755,998
-9.18%	-16.07%	2.01%	-15.83%	-11.44%	-8.74%

HUDSPETH COUNTY, TEXAS
 SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
 TEXAS COUNTY & DISTRICT RETIREMENT SYSTEM
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Fiscal Year			
	2025	2024	2023	2022
Actuarially Determined Contribution	\$ 233,604	\$ 240,162	\$ 228,535	\$ 247,321
Contributions in relation to the actuarially determined contributions	(233,604)	(240,162)	(228,655)	(247,378)
Contribution deficiency (excess)	\$ -	\$ -	\$ (120)	\$ (57)
Covered employee payroll	\$ 4,275,274	\$ 4,200,230	\$ 4,125,185	\$ 4,115,163

Fiscal Year

2021	2020	2019	2018	2017	2016
\$ 174,066	\$ 179,583	\$ 146,953	\$ 142,427	\$ 90,443	\$ 92,168
(198,253)	(213,280)	(169,301)	(152,180)	(144,478)	(141,796)
\$ (24,187)	\$ (33,697)	\$ (22,348)	\$ (9,753)	\$ (54,035)	\$ (49,628)
\$ 3,965,055	\$ 4,265,627	\$ 3,386,022	\$ 2,954,915	\$ 2,889,564	\$ 2,835,929

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COMBINING STATEMENTS –
SUB-GENERAL FUND DETAIL

HUDSPETH COUNTY, TEXAS
 COMBINING BALANCE SHEET
 SUB-GENERAL FUND DETAIL
 SEPTEMBER 30, 2025

	<i>010</i>	<i>020</i>	<i>032</i>	<i>080</i>
	SUB-GENERAL FUND DETAIL			
	General Government	Road & Bridge Fund	Solid Waste Fund	Insurance Fund
ASSETS				
Cash and Temporary Investments	\$ 6,168,127	\$ -	\$ 192,828	\$ -
Property Taxes Receivable	2,171,057	549,635	-	-
Allowance for Uncollectible Taxes	(1,085,528)	(274,817)	-	-
Accounts Receivable	-	17,753	-	-
Total Assets	<u>\$ 7,253,656</u>	<u>\$ 292,571</u>	<u>\$ 192,828</u>	<u>\$ -</u>
LIABILITIES				
Due to Other Funds	\$ 27,120	\$ 17,753	\$ -	\$ -
Unearned Revenues	5,000	-	-	-
Total Liabilities	<u>32,120</u>	<u>17,753</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Property Taxes	1,085,529	274,818	-	-
Total Deferred Inflows of Resources	<u>1,085,529</u>	<u>274,818</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Health and Welfare	-	-	192,828	-
Unassigned	6,136,007	-	-	-
Total Fund Balances	<u>6,136,007</u>	<u>-</u>	<u>192,828</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 7,253,656</u>	<u>\$ 292,571</u>	<u>\$ 192,828</u>	<u>\$ -</u>

Jail Fund	Unremitted Sheriff	Unremitted Other	Total Sub-General Fund Detail
\$ -	\$ -	\$ -	\$ 6,360,955
-	-	-	2,720,692
-	-	-	(1,360,345)
-	-	-	17,753
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,739,055</u>
\$ -	\$ -	\$ -	\$ 44,873
-	-	-	5,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>49,873</u>
-	-	-	1,360,347
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,347</u>
-	-	-	192,828
-	-	-	6,136,007
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,328,835</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,739,055</u>

HUDSPETH COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 SUB-GENERAL FUND DETAIL
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	010	020	032	080
	SUB-GENERAL FUND DETAIL			
	General Government	Road & Bridge Fund	Solid Waste Fund	Insurance Fund
REVENUES				
Property Taxes	\$ 3,432,447	\$ 872,367	\$ -	\$ -
Fines, Fees, and Permits	382,255	187,330	-	-
Charges for Services	1,435,195	25,000	203,889	-
Donations	18,740	-	-	-
Investment Income	390,695	-	-	-
Intergovernmental Revenues	181,471	90,204	-	-
Other Revenue	167,829	34,540	67,949	-
Total Revenues	<u>6,008,632</u>	<u>1,209,441</u>	<u>271,838</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	1,994,761	-	-	23,565
Justice System	782,796	-	-	-
Public Safety	2,011,389	-	-	-
Corrections and Rehabilitation	-	-	-	-
Infrastructure and Environmental	-	1,241,726	284,138	-
Debt Service:				
Principal	15,690	-	102,679	-
Interest	3,591	-	23,781	-
Total Expenditures	<u>4,808,227</u>	<u>1,241,726</u>	<u>410,598</u>	<u>23,565</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>1,200,405</u>	<u>(32,285)</u>	<u>(138,760)</u>	<u>(23,565)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	314,664	643,163	-	175,366
Transfers Out	(6,090,150)	-	-	-
Total Other Financing Sources (Uses)	<u>(5,775,486)</u>	<u>643,163</u>	<u>-</u>	<u>175,366</u>
Net Change in Fund Balance	(4,575,081)	610,878	(138,760)	151,801
Fund Balance - Beginning, as Previously Reported	11,133,772	(610,878)	331,588	(151,801)
Restatements (See Note 9)	(422,684)	-	-	-
Fund Balance - Beginning (as Adjusted)	<u>10,711,088</u>	<u>(610,878)</u>	<u>331,588</u>	<u>(151,801)</u>
Fund Balance - Ending	<u>\$ 6,136,007</u>	<u>\$ -</u>	<u>\$ 192,828</u>	<u>\$ -</u>

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Jail Fund	Unremitted Sheriff	Unremitted Other	Total Sub-General Fund Detail
\$ -	\$ -	\$ -	\$ 4,304,814
-	-	-	569,585
77,026	-	-	1,741,110
-	-	-	18,740
-	-	-	390,695
-	-	-	271,675
14,385	-	-	284,703
91,411	-	-	7,581,322
-	-	-	2,018,326
-	-	-	782,796
-	-	-	2,011,389
1,747,365	-	-	1,747,365
-	-	-	1,525,864
15,690	-	-	134,059
3,591	-	-	30,963
1,766,646	-	-	8,250,762
(1,675,235)	-	-	(669,440)
5,320,090	-	-	6,453,283
-	-	-	(6,090,150)
5,320,090	-	-	363,133
3,644,855	-	-	(306,307)
(3,644,855)	360,257	67,201	7,485,284
-	(360,257)	(67,201)	(850,142)
(3,644,855)	-	-	6,635,142
\$ -	\$ -	\$ -	\$ 6,328,835

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COMBINING STATEMENTS –
NONMAJOR GOVERNMENTAL FUNDS

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HUDSPETH COUNTY, TEXAS
NONMAJOR FUND DEFINITIONS
SEPTEMBER 30, 2025

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

Hotel/Motel Tax Fund - The Hotel/Motel Tax Fund accounts for the proceeds of the hotel occupancy tax levied by the County and restricted by statute for the promotion of tourism and the convention and hotel industry. Expenditures from this fund are limited to activities and programs that promote tourism, including advertising, marketing, and other eligible uses as authorized by applicable state law. Revenues and expenditures are reported as a special revenue fund to reflect the legally restricted nature of these resources.

Records Preservation Fund - The Records Preservation Fund accounts for fees collected by the County that are legally restricted for the preservation, restoration, and management of public records. Authorized uses include records management services, document preservation, and related administrative costs in accordance with applicable state law. Revenues and expenditures are reported in a special revenue fund to reflect the restricted nature of these resources.

Technology Fund - The Technology Fund accounts for fees and other revenues that are legally restricted for the acquisition, enhancement, and maintenance of technology used in County operations. Authorized expenditures include computer hardware and software, network infrastructure, cybersecurity, and technology-related services in accordance with applicable state law. Revenues and expenditures are reported in a special revenue fund to reflect the restricted nature of these resources.

Indigent Defense Fund - The Indigent Defense Fund accounts for revenues that are legally restricted for the provision of legal defense services to indigent defendants as required by state law. Resources in this fund are used to pay court-appointed attorney fees, investigator and expert witness costs, and other expenses directly related to indigent defense. Revenues and expenditures are reported in a special revenue fund to reflect the restricted nature of these resources.

Retiree Health Insurance Fund - The Retiree Health Insurance Fund is used to account for resources accumulated from retirees to fund their continued health insurance benefits with the County.

Medical Clinic Fund - The Medical Clinic Fund accounts for revenues that are legally restricted or committed for the operation of the County's medical clinic. Resources are used to provide medical services and related healthcare activities in accordance with applicable laws and funding requirements. The fund is reported as a special revenue fund to reflect the restricted or committed nature of these resources.

Jail Medical Fund - The Jail Medical Fund accounts for revenues that are legally restricted or committed for the provision of medical and healthcare services to inmates housed in the County jail. Expenditures from this fund include medical, dental, pharmaceutical, and related healthcare costs incurred in meeting the County's statutory responsibility to provide medical care to incarcerated individuals. The fund is reported as a special revenue fund to reflect the restricted or committed nature of these resources.

Estray Fund - The Estray Fund accounts for revenues and expenditures related to stray livestock or other property that comes into the County's custody under state law. Resources in this fund are used for the care, management, and disposition of estray property in accordance with applicable statutes. The fund is reported as a special revenue fund to reflect the legally restricted nature of these resources.

HUDSPETH COUNTY, TEXAS
NONMAJOR FUND DEFINITIONS
SEPTEMBER 30, 2025

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Border Colonia Fund - The Border Colonia Fund accounts for revenues that are legally restricted for the improvement of infrastructure and basic services in colonias located along the County's border areas. Resources are used to provide water, sewer, drainage, road, and other essential public services in accordance with applicable federal and state grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

SW Border Rural Law Fund - The SW Border Rural Law Fund accounts for revenues that are legally restricted to enhancing law enforcement services in rural areas along the County's southwest border. Resources in this fund are used to support public safety initiatives, including law enforcement personnel, equipment, training, and related operational costs, in accordance with applicable state or federal grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Unclaimed Property Capital Credits Fund - The Unclaimed Property Capital Credits Fund accounts for resources received from unclaimed utility capital credits and similar unclaimed property that is legally restricted for specific uses. Expenditures from this fund are limited to purposes authorized by law, including returning funds to rightful owners or using the resources for other legally permitted activities. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Planner Fund - The Planner Fund accounts for revenues that are legally restricted or committed for planning and development activities within the County. Resources in this fund are used to support land use planning, zoning, environmental review, permitting, and related administrative services in accordance with applicable state or local statutes. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

LaSalle School Fund - The LaSalle School Fund accounts for revenues that are collected by the County from the West Texas Detention Facility (operated by LaSalle Southwest Corrections) on behalf of the three school districts in the County. These funds are subsequently passed through to the school districts to help fund their operations. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Abandoned Vehicle Fund - The Abandoned Vehicle Fund accounts for revenues that are legally restricted for the recovery, towing, storage, and disposal of abandoned vehicles within the County. Expenditures from this fund are used to cover administrative costs, impound fees, and related expenses in accordance with applicable state law. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Sheriff's Storage Fund - The Sheriff's Storage Fund accounts for revenues that are legally restricted or committed for the storage and management of property under the custody of the County Sheriff. Expenditures from this fund are used to cover costs associated with property storage, maintenance, and administrative activities in accordance with applicable state law. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Dell Valley Flood Control Fund - The Dell Valley Flood Control Fund accounts for revenues that are legally restricted or committed for flood control, drainage, and stormwater management projects within the Dell Valley area. Expenditures from this fund are used for planning, construction, maintenance, and related administrative costs associated with flood mitigation in accordance with applicable state or local statutes. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

HUDSPETH COUNTY, TEXAS
NONMAJOR FUND DEFINITIONS
SEPTEMBER 30, 2025

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

West Texas Schools Fund – The West Texas Schools Fund accounts for revenues that are legally restricted or committed for supporting educational programs and related services in schools within the County's jurisdiction. Expenditures from this fund are used for instructional programs, educational support services, facilities improvements, and other activities in accordance with applicable state and local requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Sheriff's Toy Drive Fund – The Sheriff's Toy Drive Fund accounts for revenues that are legally restricted or committed for charitable purposes related to the County Sheriff's toy drive program. Expenditures from this fund are used to purchase and distribute toys and related items to children in need within the County in accordance with applicable guidelines. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

4th of July Donations Fund – The 4th of July Donations Fund accounts for revenues that are legally restricted or committed for financing the County's Independence Day celebrations and related activities. Expenditures from this fund are used to support event planning, fireworks, public safety, and other authorized expenses in accordance with applicable guidelines. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Local Emergency Planning Committee (LEPC) Grant Fund – The LEPC (Local Emergency Planning Committee) Grant Fund accounts for revenues received from federal, state, or local grants that are legally restricted for use in emergency planning, hazardous materials preparedness, and related public safety activities. Expenditures from this fund are used to support training, equipment, planning, and administrative costs in accordance with grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Emergency Management Mitigation Fund - The Emergency Management Mitigation Fund accounts for revenues that are legally restricted or committed for planning, implementing, and supporting hazard mitigation and emergency management activities within the County. Expenditures from this fund are used for emergency preparedness planning, mitigation projects, equipment acquisition, training, and related administrative costs in accordance with applicable federal, state, or local requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Homeland Security Grant Fund – The Homeland Security Grant Fund accounts for revenues received from federal, state, or local grants that are legally restricted for enhancing homeland security and public safety initiatives within the County. Expenditures from this fund are used to support emergency preparedness, response planning, equipment acquisition, training, and related administrative costs in accordance with grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

High Intensity Drug Trafficking Area (HIDTA) Grant Funds – The HIDTA grant funds account for revenues received from this federal grant by specific grant year that are legally restricted for use in combating high-intensity drug trafficking activities within the County and surrounding areas. Expenditures from these funds are used to support law enforcement operations, investigative activities, training, equipment, and related administrative costs in accordance with grant requirements. These funds are reported as a special revenue funds to reflect the restricted nature of these resources.

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HUDSPETH COUNTY, TEXAS
NON-MAJOR FUND DEFINITIONS (CONTINUED)
SEPTEMBER 30, 2025

Nonmajor Governmental Funds (Continued)

Special Revenue Funds (Continued)

Operation Stonegarden Grant – The Operation Stonegarden Grant Fund accounts for revenues received from this federal or state grants that are legally restricted for enhancing border security and law enforcement coordination within the County. Expenditures from this fund are used to support border security operations, interagency coordination, equipment acquisition, training, and related administrative costs in accordance with grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Local Border Security Grant – The Local Border Security Grant Fund accounts for revenues received from this state grant that are legally restricted for use in enhancing border security and public safety within the County. Expenditures from this fund are used to support law enforcement operations, surveillance, equipment, training, and related administrative costs in accordance with grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

Operation Linebacker Grant Funds – The Operation Linebacker Grant Funds account for revenues received from this federal grant by year that are legally restricted for use in supporting law enforcement activities focused on border security, narcotics enforcement, and related public safety initiatives within the County. Expenditures from these funds are used to fund operational activities, equipment, training, and administrative costs in accordance with grant requirements. These funds are reported as a special revenue fund to reflect the restricted nature of these resources.

Help America Vote Act (HAVA) Grant Fund – The HAVA Grant Fund accounts for revenues received from federal grants under the Help America Vote Act that are legally restricted for use in improving election administration. Expenditures from this fund are used to support voter registration systems, voting equipment, poll worker training, and related administrative costs in accordance with federal grant requirements. The fund is reported as a special revenue fund to reflect the restricted nature of these resources.

West Texas Detention Center Fund – The West Texas Detention Center Fund receives payments from the U.S. Marshals Office on behalf of the West Texas Detention Center (operated by LaSalle Southwest Corrections) and other entities and subsequently forwards those payments to intended parties such as LaSalle Southwest Corrections and governmental entities within the County or the County itself.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

Community Development Block Grant (CDBG) Grant Fund – The CDBG Grant Fund accounts for revenues received from federal or state Community Development Block Grants that are legally restricted for use in community development, housing, infrastructure, and related public service projects. Expenditures from this fund are used to support eligible activities in accordance with grant requirements, including housing rehabilitation, public facilities improvements, and economic development initiatives. The fund is reported as a capital projects fund to reflect the restricted nature of these resources for capital expenditures purposes.

HUDSPETH COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	068	035	048	037
	SPECIAL REVENUE FUNDS			
	Hotel/Motel Tax Fund	Records Preservation Fund	Technology Fund	Indigent Defense Fund
ASSETS				
Cash and Temporary Investments	\$ 129,005	\$ 379,373	\$ 30,121	\$ -
Due from Other funds	-	-	-	20,883
Total Assets	\$ 129,005	\$ 379,373	\$ 30,121	\$ 20,883
LIABILITIES				
Due to Other Funds	\$ -	\$ 20,877	\$ -	\$ 20,883
Total Liabilities	-	20,877	-	20,883
FUND BALANCES				
Restricted for:				
State and Federal Grants	-	-	-	-
Health and Welfare	-	-	-	-
Other Purposes	129,005	358,496	30,121	-
Total Fund Balances	129,005	358,496	30,121	-
Total Liabilities and Fund Balances	\$ 129,005	\$ 379,373	\$ 30,121	\$ 20,883

<i>103</i>	<i>069</i>	<i>038</i>	<i>039</i>	<i>040</i>	<i>099</i>	<i>125</i>
SPECIAL REVENUE FUNDS						
Retiree Health Insurance Fund	Medical Clinic Fund	Jail Medical Fund	Estray Fund	Border Colonia Fund	E-File Fund	SW Border Rural Law Fund
\$ 1,445	\$ 6,856	\$ -	\$ 1,326	\$ -	\$ 26,027	\$ -
-	-	-	-	-	-	-
<u>\$ 1,445</u>	<u>\$ 6,856</u>	<u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ 26,027</u>	<u>\$ -</u>
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-	-	-
1,445	6,856	-	-	-	-	-
-	-	-	1,326	-	26,027	-
<u>1,445</u>	<u>6,856</u>	<u>-</u>	<u>1,326</u>	<u>-</u>	<u>26,027</u>	<u>-</u>
<u>\$ 1,445</u>	<u>\$ 6,856</u>	<u>\$ -</u>	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ 26,027</u>	<u>\$ -</u>

HUDSPETH COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	<i>135</i>	<i>133</i>	<i>053</i>	<i>055</i>
	SPECIAL REVENUE FUNDS			
	Unclaimed Property Capital Credits Fund	Planner Fund	LaSalle School Fund	Abandoned Vehicle Fund
ASSETS				
Cash and Temporary Investments	\$ 9,493	\$ 4,344	\$ -	\$ 58,583
Due from Other funds	-	-	-	20,877
Total Assets	<u>\$ 9,493</u>	<u>\$ 4,344</u>	<u>\$ -</u>	<u>\$ 79,460</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ 4,344	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>4,344</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
State and Federal Grants	-	-	-	-
Health and Welfare	-	-	-	-
Other Purposes	9,493	-	-	79,460
Total Fund Balances	<u>9,493</u>	<u>-</u>	<u>-</u>	<u>79,460</u>
Total Liabilities and Fund Balances	<u>\$ 9,493</u>	<u>\$ 4,344</u>	<u>\$ -</u>	<u>\$ 79,460</u>

060	065	066	067	137	138	139
SPECIAL REVENUE FUNDS						
Sheriff's Storage Fund	Dell Valley Flood Control Fund	WT Schools Fund	Sheriff's Toy Drive Fund	4th of July Donations Fund	LEPC Grant Fund	Emergency Mgmt. - Mitigation
\$ 152,333	\$ 971	\$ 78,135	\$ 9,997	\$ 4,840	\$ 1,352	\$ 94,500
-	-	-	-	-	-	-
<u>\$ 152,333</u>	<u>\$ 971</u>	<u>\$ 78,135</u>	<u>\$ 9,997</u>	<u>\$ 4,840</u>	<u>\$ 1,352</u>	<u>\$ 94,500</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,352	94,500
-	-	-	-	-	-	-
152,333	971	78,135	9,997	4,840	-	-
<u>152,333</u>	<u>971</u>	<u>78,135</u>	<u>9,997</u>	<u>4,840</u>	<u>1,352</u>	<u>94,500</u>
<u>\$ 152,333</u>	<u>\$ 971</u>	<u>\$ 78,135</u>	<u>\$ 9,997</u>	<u>\$ 4,840</u>	<u>\$ 1,352</u>	<u>\$ 94,500</u>

HUDSPETH COUNTY, TEXAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	068	035	136	127
	SPECIAL REVENUE FUNDS			
	Homeland Security Fund	HIDTA Fund (1)	HIDTA - G24SW0010A	Operation Stonegarden Grant Fund
ASSETS				
Cash and Temporary Investments	\$ 17,074	\$ 10,788	\$ 16,412	\$ 100
Due from Other funds	-	-	-	-
Total Assets	<u>\$ 17,074</u>	<u>\$ 10,788</u>	<u>\$ 16,412</u>	<u>\$ 100</u>
LIABILITIES				
Due to Other Funds	\$ -	\$ -	\$ 16,412	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>16,412</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
State and Federal Grants	17,074	10,788	-	100
Health and Welfare	-	-	-	-
Other Purposes	-	-	-	-
Total Fund Balances	<u>17,074</u>	<u>10,788</u>	<u>-</u>	<u>100</u>
Total Liabilities and Fund Balances	<u>\$ 17,074</u>	<u>\$ 10,788</u>	<u>\$ 16,412</u>	<u>\$ 100</u>

<i>104</i>	<i>044</i>	<i>064</i>	<i>124</i>	<i>134</i>	<i>Various</i>	<i>120</i>	
SPECIAL REVENUE FUNDS							CPF
Local Border Security Grant Fund - FY17	Operation Linebacker Fund (1)	Operation Linebacker Fund (2)	HAVA Grant Fund	West Texas Detention Center Fund	HIDTA - Funds 118, 121, 122, 131	Community Development Block Grant	Total Non- Major Funds
\$ 100	\$ -	\$ -	\$ 1,115	\$ -	\$ -	\$ -	\$ 1,034,290
-	-	-	-	-	-	-	41,760
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,050</u>
-	-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,516
-	-	-	-	-	-	-	62,516
100	-	-	1,115	-	-	-	125,029
-	-	-	-	-	-	-	8,301
-	-	-	-	-	-	-	880,204
<u>100</u>	<u>-</u>	<u>-</u>	<u>1,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013,534</u>
<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076,050</u>

HUDSPETH COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	068	035	048	037
	SPECIAL REVENUE FUNDS			
	Hotel/Motel Tax Fund	Records Preservation Fund	Technology Fund	Indigent Defense Fund
REVENUES				
General Sales and Use Taxes	\$ 16,563	\$ -	\$ -	\$ -
Fines, Fees, and Permits	-	38,899	1,535	-
Charges for Services	-	-	-	(12,109)
Donations	-	-	-	-
Investment Income	3,850	78,685	-	-
Intergovernmental Revenues	-	-	-	17,226
Other Revenue	-	(36,809)	-	-
Total Revenues	<u>20,413</u>	<u>80,775</u>	<u>1,535</u>	<u>5,117</u>
EXPENDITURES				
Current:				
General Government	-	51,400	6,383	-
Public Safety	-	-	-	-
Corrections and Rehabilitation	-	-	-	-
Community and Economic Development	3,327	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>3,327</u>	<u>51,400</u>	<u>6,383</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>17,086</u>	<u>29,375</u>	<u>(4,848)</u>	<u>5,117</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Other Resources	-	-	-	-
Other Uses	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	17,086	29,375	(4,848)	5,117
Fund Balance - Beginning, as Previously Reported	111,919	329,121	34,969	(5,117)
Restatements (See Note 9)	-	-	-	-
Fund Balance-Beginning, as Adjusted	<u>111,919</u>	<u>329,121</u>	<u>34,969</u>	<u>(5,117)</u>
Fund Balance-Ending	<u>\$ 129,005</u>	<u>\$ 358,496</u>	<u>\$ 30,121</u>	<u>\$ -</u>

103	069	038	039	040	099	125
SPECIAL REVENUE FUNDS						
Retiree Health Insurance Fund	Medical Clinic Fund	Jail Medical Fund	Estray Fund	Border Colonia Fund	E-File Fund	SW Border Rural Law Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	11,438	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	(200)	-	-	-
-	-	-	(200)	-	11,438	-
(1,897)	-	-	-	-	9,812	-
-	-	-	-	-	-	100
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(1,897)	-	-	-	-	9,812	100
1,897	-	-	(200)	-	1,626	(100)
-	-	20,484	-	5,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	20,484	-	5,000	-	-
1,897	-	20,484	(200)	5,000	1,626	(100)
(452)	6,856	(20,484)	1,526	(5,000)	24,401	100
-	-	-	-	-	-	-
(452)	6,856	(20,484)	1,526	(5,000)	24,401	100
\$ 1,445	\$ 6,856	\$ -	\$ 1,326	\$ -	\$ 26,027	\$ -

HUDSPETH COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	135	133	053	055
	SPECIAL REVENUE FUNDS			
	Unclaimed Property Capital Credits Fund	Planner Fund	LaSalle School Fund	Abandoned Vehicle Fund
REVENUES				
General Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -
Fines, Fees, and Permits	-	-	-	-
Charges for Services	-	-	147,372	-
Donations	-	-	-	-
Investment Income	-	-	-	-
Intergovernmental Revenues	9,493	24,418	-	-
Other Revenue	-	-	-	182,497
Total Revenues	<u>9,493</u>	<u>24,418</u>	<u>147,372</u>	<u>182,497</u>
EXPENDITURES				
Current:				
General Government	-	24,418	-	-
Public Safety	-	-	-	194,455
Corrections and Rehabilitation	-	-	178,130	-
Community and Economic Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>24,418</u>	<u>178,130</u>	<u>194,455</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>9,493</u>	<u>-</u>	<u>(30,758)</u>	<u>(11,958)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	30,758	-
Other Resources	-	-	-	-
Other Uses	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>30,758</u>	<u>-</u>
Net Change in Fund Balance	9,493	-	-	(11,958)
Fund Balance - Beginning, as Previously Reported	-	-	-	91,418
Restatements (See Note 9)	-	-	-	-
Fund Balance-Beginning, as Adjusted	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,418</u>
Fund Balance-Ending	<u>\$ 9,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,460</u>

060	065	066	067	137	138	139
SPECIAL REVENUE FUNDS						
Sheriff's Storage Fund	Dell Valley Flood Control Fund	WT Schools Fund	Sheriff's Toy Drive Fund	4th of July Donations Fund	LEPC Grant Fund	Emergency Mgmt. - Mitigation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
31,192	-	-	-	-	-	-
65,192	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	20,040	-
-	-	-	5,000	19,030	-	-
96,384	-	-	5,000	19,030	20,040	-
-	-	-	-	-	-	-
76,195	-	-	-	-	-	5,500
-	-	-	-	-	-	-
-	-	-	5,751	14,190	-	-
-	-	-	-	-	18,688	-
76,195	-	-	5,751	14,190	18,688	5,500
20,189	-	-	(751)	4,840	1,352	(5,500)
-	-	-	-	-	-	100,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	100,000
20,189	-	-	(751)	4,840	1,352	94,500
132,144	971	78,135	10,748	-	-	-
-	-	-	-	-	-	-
132,144	971	78,135	10,748	-	-	-
\$ 152,333	\$ 971	\$ 78,135	\$ 9,997	\$ 4,840	\$ 1,352	\$ 94,500

HUDSPETH COUNTY, TEXAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	077	088	136	127
	SPECIAL REVENUE FUNDS			
	Homeland Security Fund	HIDTA Fund (1)	HIDTA - G24SW0010A	Operation Stonegarden Grant Fund
REVENUES				
General Sales and Use Taxes	\$ -	\$ -	\$ -	\$ -
Fines, Fees, and Permits	-	-	-	-
Charges for Services	-	-	-	-
Donations	-	-	-	-
Investment Income	585	-	-	-
Intergovernmental Revenues	-	-	23,198	-
Other Revenue	-	-	-	-
Total Revenues	<u>585</u>	<u>-</u>	<u>23,198</u>	<u>-</u>
EXPENDITURES				
Current:				
General Government	-	-	-	-
Public Safety	-	-	49,382	-
Corrections and Rehabilitation	-	-	-	-
Community and Economic Development	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>49,382</u>	<u>-</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>585</u>	<u>-</u>	<u>(26,184)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	26,184	-
Other Resources	-	-	-	-
Other Uses	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26,184</u>	<u>-</u>
Net Change in Fund Balance	585	-	-	-
Fund Balance - Beginning, as Previously Reported	16,489	10,788	-	100
Restatements (See Note 9)	-	-	-	-
Fund Balance-Beginning, as Adjusted	<u>16,489</u>	<u>10,788</u>	<u>-</u>	<u>100</u>
Fund Balance-Ending	<u>\$ 17,074</u>	<u>\$ 10,788</u>	<u>\$ -</u>	<u>\$ 100</u>

<i>104</i>	<i>044</i>	<i>064</i>	<i>124</i>	<i>134</i>	<i>Various</i>	<i>120</i>	
SPECIAL REVENUE FUNDS							CPF
Local Border Security Grant Fund - FY17	Operation Linebacker Fund (1)	Operation Linebacker Fund (2)	HAVA Grant Fund	West Texas Detention Center Fund	HIDTA - Funds 118, 121, 122, 131	Community Development Block Grant	Total Non- Major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,563
-	-	-	-	-	-	-	40,434
-	-	-	-	-	-	-	177,893
-	-	-	-	-	-	-	65,192
-	-	-	-	-	-	-	83,120
-	-	-	-	-	-	-	94,375
-	-	-	-	-	-	-	169,518
-	-	-	-	-	-	-	647,095
-	-	-	-	-	-	-	90,116
-	-	-	-	-	-	-	325,632
-	-	-	-	-	-	-	178,130
-	-	-	-	-	-	100	23,368
-	-	-	-	-	-	-	18,688
-	-	-	-	-	-	100	635,934
-	-	-	-	-	-	(100)	11,161
-	34,000	16,500	-	-	-	-	232,926
-	-	-	-	29,410,184	-	-	29,410,184
-	-	-	-	(29,410,184)	-	-	(29,410,184)
-	34,000	16,500	-	-	-	-	232,926
-	34,000	16,500	-	-	-	(100)	244,087
100	(34,000)	(16,500)	1,115	-	218,557	100	988,004
-	-	-	-	-	(218,557)	-	(218,557)
100	(34,000)	(16,500)	1,115	-	-	100	769,447
\$ 100	\$ -	\$ -	\$ 1,115	\$ -	\$ -	\$ -	\$ 1,013,534

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GOVERNMENT AUDITING STANDARDS 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

Honorable County Judge and Members of the Commissioners Court
Hudspeth County, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hudspeth County, Texas (the "County") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 5, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singleton, Clark & Company, PC

Singleton, Clark & Company, PC
Alpine, Texas

January 5, 2026

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HUDSPETH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION I – SUMMARY OF AUDITOR’S RESULTS

FINANCIAL STATEMENTS

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Under the guidelines of the federal Uniform Guidance, a Single Audit was not required for the year ended September 30, 2025 due to expenditures of federal awards being less than \$1,000,000.

SECTION II – FINANCIAL STATEMENT FINDINGS

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*:

No findings or questioned costs required to be reported in accordance with *Government Auditing Standards* for the year ended September 30, 2025.

Prior year financial statement findings as required to be restated with current status:

2018-1- Material Weakness – Budget Administration

Deficiency – As was reported in the prior year audits, the County’s expenditures exceeded appropriations. The County in current and prior years has not properly identified and taken timely actions to amend its budget and provide for budget overages primarily in the Jail operations. For example; the jail reported at year end a negative pooled cash balances of \$(3,494,021) and a related deficit fund balance of \$(3,644,855).

Reason Improvement Is Needed – The County’s budget process is a necessary management tool to reasonably forecast and apply the resources and financial activities of the County. Failure to develop and carry out budgets within the fiscal means of the County subjects the County to potential risk of cash flow problems and disruption of County services. Also; carrying forward unresolved deficit fund balances and negative pooled cash balances results in misleading internal financial reporting information. For example; the general fund 10 reported a positive pooled cash balances of \$9,625,256 when the balance of the reported pooled cash accounts per bank were only \$5,526,348 due primarily to the effect of the Jail fund deficit.

Status – Resolved. The negative Jail fund balance was remedied with a General Fund transfer.

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HUDSPETH COUNTY, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2025

SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)

Findings Related to Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*: (Continued)

Prior year financial statement findings as required to be restated with current status: (Continued)

2019 -1 Material Weakness – Bank Reconciliation Procedures

Deficiency – The County’s bank account reconciliation procedures were considered ineffective with respect to pooled cash accounts under the administration of the treasurer’s office. As a result; the County did not resolve material unrecorded transactions nor identify and resolve material posting errors that should have been identified and resolved in the normal course of business. We proposed management approved audit adjustments to resolve known errors identified during the course of the audit.

Reason Improvement is Needed - Failure to reconcile bank accounts results in invalid and/or unrecorded transactions and accounting errors not being identified and resolved on a timely basis, which causes financial statement misstatements. System generated internal accounting information presented to the Commissioners’ Court becomes less reliable over time when accounting transaction errors and omissions are not detected and resolved on an ongoing basis. Also; failure to reconcile bank accounts subjects the County to greater risk of loss due to unauthorized transactions not being identified and resolved on a timely basis.

Status – Resolved. Repeat finding not needed in the current year.

2019-2 - Material Weakness – Month End Closing Procedures and Accounting for Fund Transfers

Deficiency – The County’s year end closing procedures did not result in verification and resolution of balancing of the fund transfers nor out of balance fund trial balances nor balance of fund trail balances. As a result, we noted fund transfers did not net to zero and reported revenues were misstated as a result.

Reason Improvement Is Needed – The County’s internally generated financial statements should be representative of the financial activities of each fund. Transfers between funds should net to zero and any unidentified differences subjects the County to greater risk of financial statement reporting errors. Also maintaining funds to comply with the double entry accounting system is a fundamental control to ensuring the completeness of reporting financial transactions.

Status – Resolved. Repeat finding not needed in the current year.

