

**HUDSPETH APPRAISAL DISTRICT
P. O. BOX 429
SIERRA BLANCA, TEXAS 79851
PHONE (915) 369-4118
FAX (915) 369-3621**

**Adolfo M. Ramirez
Chief Appraiser**

August 4, 2023

To: County Judge
Board of Directors
Presiding Officers of Taxing Units
School District Superintendents
City Mayor

Pursuant to Section 6.063(b) "Property Tax Code", enclosed is the appraisal district's most recent financial audit report.

The appraisal district Board of Directors will approve or accept this Financial Audit in the August 22, 2023 board meeting.

Respectfully submitted,

Adolfo M. Ramirez
Chief Appraiser

AMR:amr

Encs. 2017 FINANCIAL AUDIT

Hudspeth Appraisal District

Report to the Board of Directors

December 31, 2017

**Smith & Rives, PC
Certified Public Accountants
Monahans, Texas**



SMITH & RIVES, PC
Certified Public Accountants

Terry R. Smith, C.P.A.
Rocky L. Rives, C.P.A.

Members of:
American Institute of Certified
Public Accountants
Division of CPA Firms Private
Companies Practice Section
Texas Society of Certified Public
Accountants

July 17, 2023

To the Board of Directors
Hudspeth Appraisal District
Monahans, Texas

We are pleased to present this report related to our audit of the financial statements of the Hudspeth Appraisal District for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Hudspeth Appraisal District.

Smith & Rives PC

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Certified Public Accountants
Monahans, Texas

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Required Communications

Clarified Statement on Auditing Standards AU-C 260 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

<u>Area</u>	<u>Comments</u>
Auditor's Responsibility Under Professional Standards	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our engagement letter dated July 23, 2018.
Accounting Practices	Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The District did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Alternative Treatments Discussed with Management We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.
Management's Judgments and Accounting Estimates	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates".

<u>Area</u>	<u>Comments</u>
Financial Statement Disclosures	There were no specific financial statement disclosures that were separately discussed or were requested to be discussed or clarified.
Audit Adjustments	Audit adjustments recorded by the District are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	Uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Difficulties Encountered in Performing the Audit	We did not encounter any difficulties in dealing with management during the audit.
Certain Written Communications Between Management and Our Firm	Copies of certain written communications between our firm and the management of the District are attached as Exhibit A.

**Hudspeth Appraisal District
 Summary of Accounting Estimates
 For the Year Ended December 31, 2017**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the District's December 31, 2017, financial statements.

<u>Area</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>	<u>Comments</u>
Depreciation	See the notes to the financial statements for this accounting policy.	Management estimates useful lives based on those provided by the State of Texas.	Estimation process appears very reasonable.

Adjusting Entries By Entry Number
FY 2017

Hudspeth Appraisal District

7/26/2023

EdMIS Code: Acct. Number	Adjustment		Adjusting Entries Must be Approved by Audit Client. APPROVED BY:
	Debit	Credit	

Adjusting Entry Number: 1

100 100 1010	1-03	HAD Certified Payment Account	43,250.26		
100 100 1010	1-04	HUDSPETH UNIFIED TAX ACCOUNT	167,152.50		
100 100 2090	3-08	DUE TO OTHERS		(210,402.76)	
			210,402.76	(210,402.76)	

Remarks: This entry posts the beginning balances to the HAD CP and HUTA accounts.

Adjusting Entry Number: 2

100 100 1010	1-03	HAD Certified Payment Account		(2,764.59)	
100 100 1010	1-04	HUDSPETH UNIFIED TAX ACCOUNT	465,999.37		
100 100 2090	3-08	DUE TO OTHERS		(463,234.78)	
			465,999.37	(465,999.37)	

Remarks: This entry posts the activity in the HAD CP and HUTA accounts. No money in these accounts belongs to the District.

**Hudspeth Appraisal District
Summary of Uncorrected Misstatements
For the Year Ended December 31, 2017**

During the course of our audit, we accumulated no uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, and results of operations and to the related financial statement disclosures.

To the extent that any correction needed was identified, entries for all of these have been made.

**Hudspeth Appraisal District
Audit Findings and Other Issues
For the Year Ended December 31, 2017**

Audit Findings:

- a. The District is unable to identify the makeup of the fiduciary fund, Hudspeth Unified Tax Account. This account is used to collect tax money and make disbursements to the various taxing entities.
- b. The District's cash deposits were not entirely covered by FDIC Insurance, letters of credit, or pledged securities throughout the year.

Other Issues:

None.

**Exhibit A – Certain Written Communications Between Management
and Our Firm**

Hudspeth Appraisal District
P.O. Box 429
Sierra Blanca, Texas 79851

July 17, 2023

Smith & Rives, PC
P.O. Box 640
Monahans, TX 79756-0640

Gentlemen:

We are providing this letter in connection with your audits of the financial statements of the Hudspeth Appraisal District as of December 31, 2017, and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District and the respective changes in financial position thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of July 17, 2023, the following representations made to you during your audit.

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 23, 2018, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related

parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
9. Guarantees, whether written or oral, under with the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statement, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the District summarizing of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.
15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you the identity of the District's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

17. We have made available to you all financial records and related data.

18. There have been no communications from regulatory agencies concerning noncompliance with, deficiencies, in financial reporting practices.
19. The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
20. We are responsible for compliance with laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
21. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
22. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, and experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
23. The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
24. The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
25. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
26. The financial statements include all component units (if any) as well as joint ventures with an equity interest and properly disclose all other joint ventures and other related organizations.
27. The financial statements properly classify all funds and activities.
28. All funds that meet the quantitative criteria in GASB Statements No. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
29. Components of net position and equity amounts are properly classified and, if applicable, approved.
30. Provisions for uncollectible receivables have been properly identified and recorded.
31. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
32. Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal as applicable.
33. Interfund, internal, and intra-entity activity and balances (if any) have been appropriately classified and reported.

34. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
35. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable, depreciated.
36. Required supplementary information (RSI) is measured and presented within prescribed guidelines.
37. Required Texas supplementary information (TSI) is measured and presented within prescribed guidelines.

Signed: 

Title: Chief Appraiser