STARR COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2025

STARR COUNTY, TEXAS
Audited Annual Financial Report
For the Year Ended September 30, 2025

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INTRODUCTORY SECTION

STARR COUNTY, TEXAS
PRINCIPAL OFFICIALS
For the Year Ended September 30, 2025

COUNTY JUDGE

Eloy Vera

COUNTY COMMISSIONERS

Jose Francisco Perez, Jr.	Precinct No. 1
Raul Pena, III	Precinct No. 2
Eleazar Velasquez	Precinct No. 3
Hernan R. Garza, III	Precinct No. 4

OTHER OFFICIALS

Leticia P. Alaniz	County Auditor
Rene Fuentes	Sheriff
Rene P. Montalvo	County Attorney
Romeo Gonzalez	Treasurer
Ma. Ameida Salinas	Tax Assessor
Gocha Allen Ramirez	District Attorney
Orlando Velasquez	District Clerk
Humberto Gonzalez Jr.	County Clerk

FINANCIAL SECTION

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd. Suite 102
Corpus Christi, Texas 78411
Office: (361) 980-0482 Fax: (361) 980-1002

Independent Auditor's Report

To the Honorable Judge and Commissioners
Starr County, Texas
Rio Grande City, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Starr 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 Starr County, Texas's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Starr County, Texas as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Starr County, Texas, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The County's management is responsible for the preparation and fair presentation of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Budgetary Comparison Schedules for the General Fund and the Road and Bridge Fund, the Schedule of Changes in Net Pension Liability and Related Ratios for TCDRS, and Schedule of Contributions – TCDRS Pension Plan, Notes to Required Supplementary Information identified as Required Supplementary Information 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Texas Grant Management Standards*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated June 29, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Starr County, Texas's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Raul Hernandez & Company, P.C.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
June 29, 2026

This section of the Starr County, Texas' annual financial report presents our discussion and analysis as a narrative overview of the County's financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total net position increased by $2,723,670. Net position from governmental activities increased $2,125,920, while net position from business-type activities increased by $597,751.

- Business-type activities ended the year with total net position of $3,423,066, an increase of $597,751 from the prior year. The increase was primarily driven by positive results from the International Bridge and Gas System funds, partially offset by the Transfer Station.

- Business-type activities generated program revenues of $5,037,898, including charges for services of $4,988,245 and operating grants and contributions of $49,653, compared with expenses of $4,207,303. The International Bridge and Gas System reported positive program results of $1,006,309 and $276,412, respectively, while the Transfer Station reported a net expense of $452,125.

- The General Fund ended the current fiscal year with a fund balance of $9,619,834, which was a $34,011 decrease from the prior year's fund balance of $9,653,845.

- On the budgetary basis, General Fund actual revenues were $23,071,719, which was $844,515 less than the final budget of $23,916,234. Actual expenditures were $24,210,545, which was $500,976 less than the final budget of $24,711,521. After other financing sources (uses), the net change in fund balance was a decrease of $34,011, which was $34,033 unfavorable to the final budget.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three components – *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are government-wide financial statements that provide readers with a broad overview of County finances, in a manner similar to private-sector business.

- The remaining statements are fund financial statements that focus on individual parts of the government, reporting the County's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

- Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the gas operating system, the international bridge, and the transfer station.

- Fiduciary fund statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's net position and how they have changed. Net position, which represents assets and deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure the County's financial health or position.

- Over time, increases or decreases in the County's net positions are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the County, one needs to consider additional non-financial factors such as changes in the County's tax base.

The government-wide financial statements of the County include the *Governmental and business-type activities.* Most of the County's basic services are included here, such as general administration, judicial, legal, financial administration, public facilities, public safety, health and welfare, culture and recreation, conservation and agriculture and highways and streets. Taxes, charges for services, and grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.

- The Commissioners' Court establishes other funds to control and manage money for particular purposes or to show that it is properly using certain grants and local sources.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The County has the following kinds of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

- *Proprietary funds* – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information.

- *Fiduciary funds* – The County is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net Position: The County's governmental net position was $98,764,585 as of September 30, 2025, an increase of $2,125,920 or 2.20% more than the governmental net position of $96,638,665 as of the prior year. This increase is mostly due to an increase in current assets.

Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total		Increase /
	2025	2024	2025	2024	2025	2024	(Decrease)
ASSETS:							
Current Assets	$ 60,765,537	$ 48,220,525	$ 5,056,002	$ 4,059,720	$ 65,821,539	$ 52,280,245	$ 13,541,294
Noncurrent Assets	69,264,109	67,953,862	3,017,756	3,060,761	72,281,865	71,014,623	1,267,242
Total Assets	130,029,647	116,174,387	8,073,758	7,120,481	138,103,405	123,294,868	14,808,537
Deferred Outflows of Resources	1,382,844	1,444,354	91,539	92,693	1,474,383	1,537,047	(62,664)
Total Assets and Deferred Outflows of Resources	131,412,491	117,618,741	8,165,297	7,213,174	139,577,788	124,831,915	14,745,873
LIABILITIES:							
Current Liabilities	9,584,003	9,353,761	2,618,709	2,378,880	12,202,711	11,732,641	470,070
Noncurrent Liabilities	22,472,466	11,608,274	1,927,911	1,808,144	24,400,378	13,416,418	10,983,960
Total Liabilities	32,056,469	20,962,035	4,546,620	4,187,024	36,603,089	25,149,058	11,454,030
Deferred Inflows of Resources	591,437	18,042	195,611	200,834	787,048	218,876	568,172
Total Liabilities and Deferred Inflows of Resources	32,647,906	20,980,077	4,742,231	4,387,858	37,390,137	25,367,934	12,022,202
NET POSITION:							
Net Investment in Capital Assets	49,586,877	58,108,613	1,210,165	2,904,301	50,797,042	61,012,914	(10,215,872)
Restricted for Landfill Trust	-	-	723,475	696,222	723,475	696,222	27,253
Restricted for Capital Projects	16,931,687	2,994,021	-	-	16,931,687	2,994,021	13,937,666
Restricted for Debt Service	1,974,691	1,703,182	-	-	1,974,691	1,703,182	271,509
Restricted for Special Purposes	5,961,865	4,192,914	-	-	5,961,865	4,192,914	1,768,951
Unrestricted	24,309,464	29,639,935	1,489,426	(775,207)	25,798,890	28,864,728	(3,065,838)
Total Net Position	98,764,585	96,638,665	3,423,066	2,825,316	102,187,651	99,463,981	2,723,670
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 131,412,491	$ 117,618,741	$ 8,165,297	$ 7,213,174	$ 139,577,788	$ 124,831,915	$ 14,745,873

The County's total governmental revenues and transfers were $44,056,454. The total cost of governmental programs and services was $41,930,534, of which $18,313,276, or 43.67%, related to public safety.

Governmental Activities

- Property tax revenues increased by $3,438,027, a 16.27% increase from the prior year. Governmental revenues for the year ended September 30, 2025, increased to $44,056,454 from $39,546,861 in the previous year, an increase of 11.40%.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Continued)

Statement of Activities:

The following table presents the cost of each of the County's largest functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by state revenues as well as local revenues.

	Governmental Activities		Business-Type Activities		Total		Increase /
	2025	2024	2025	2024	2025	2024	(Decrease)
REVENUES:							
Program Revenues:							
Charges for Services	$ 7,458,233	$ 6,833,925	$ 4,988,245	$ 5,108,660	$ 12,446,478	$ 11,942,585	$ 503,893
Operating Grants and Contributions	9,164,574	7,740,803	49,653	-	9,214,227	7,740,803	1,473,424
General Revenues:							
Property Taxes	24,573,934	21,135,907	-	-	24,573,934	21,135,907	3,438,027
Licenses and Permits	762,259	1,937,414	-	-	762,259	1,937,414	(1,175,155)
Fines and Forfeitures	464,201	536,283	-	-	464,201	536,283	(72,082)
Interest	581,454	658,101	82,386	38,002	663,840	696,103	(32,263)
Transfers In (Out)	595,210	108,079	(595,210)	(108,079)	-	-	-
Other Revenue	456,589	596,348	279,979	106,510	736,568	702,858	33,710
Total Revenues	44,056,454	39,546,861	4,805,053	5,145,094	48,861,508	44,691,954	4,169,555
EXPENDITURES:							
General Government	7,621,276	9,237,607	-	-	7,621,276	9,237,607	(1,616,331)
Public Safety	18,313,276	11,567,918	-	-	18,313,276	11,567,918	6,745,358
Judicial	2,638,683	2,518,137	-	-	2,638,683	2,518,137	120,546
Highways and Streets	7,030,344	6,527,632	-	-	7,030,344	6,527,632	502,712
Financial Administration	1,818,915	1,729,148	-	-	1,818,915	1,729,148	89,767
Executive	1,230,768	1,078,599	-	-	1,230,768	1,078,599	152,169
Health and Welfare	1,835,061	2,079,127	-	-	1,835,061	2,079,127	(244,066)
Agriculture Extension	181,259	160,657	-	-	181,259	160,657	20,602
Economic Development and Assistance	499,638	-	-	-	499,638	-	499,638
Debt Service - Bond Issuance Costs	251,553	115,010	-	-	251,553	115,010	136,543
Debt Service - Interest	509,759	207,554	-	-	509,759	207,554	302,205
International Toll Bridge	-	-	2,131,342	2,480,050	2,131,342	2,480,050	(348,708)
Gas System	-	-	893,527	772,781	893,527	772,781	120,746
Transfer Station	-	-	1,182,434	1,810,131	1,182,434	1,810,131	(627,697)
Total Expenditures	41,930,534	35,221,389	4,207,303	5,062,962	46,137,837	40,284,351	5,853,486
CHANGE IN NET POSITION	$ 2,125,920	$ 4,325,472	$ 597,751	$ 82,132	$ 2,723,670	$ 4,407,603	$ (1,683,931)
Beginning Net Position	$ 96,638,665	$ 92,313,193	$ 2,825,316	$ 2,743,186	$ 99,463,981	$ 95,056,379	$ 4,407,602
Ending Net Position	$ 98,764,585	$ 96,638,665	$ 3,423,066	$ 2,825,316	$ 102,187,651	$ 99,463,981	$ 2,723,670

- The cost of all governmental activities this year was $41,930,534, an increase of $6,709,145 or 19.05% compared to $35,221,389 for the prior year.

- However, the amount that our taxpayers paid for these activities through property taxes was only $24,573,934.

- Some of these costs were paid by those who directly benefited from the programs and totaled $7,458,233. This is an increase of $624,308 from last year's revenues, which were $6,833,925.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE (Continued)

- Grants and contributions this year amounted to $9,164,574, an increase of $1,423,771 over last year's grants and contributions which totaled $7,740,803.

Business-type Activities

- The County's business-type activities consist of the International Toll Bridge, Gas System, and Transfer Station. At September 30, 2025, business-type activities reported total assets of $8,073,758 and deferred outflows of resources of $91,539, offset by liabilities of $4,546,620 and deferred inflows of resources of $195,611, resulting in ending net position of $3,423,066.

- Business-type activities increased net position by $597,751 during the year. Program revenues of $5,037,898, consisting primarily of charges for services of $4,988,245 and operating grants and contributions of $49,653, exceeded expenses of $4,207,303, resulting in net program revenue of $830,596 before general revenues and transfers.

- The International Toll Bridge generated net program revenue of $1,006,309 and the Gas System generated net program revenue of $276,412. The Transfer Station reported net program expense of $452,125 after charges for services of $680,656 and operating grants and contributions of $49,653, compared to expenses of $1,182,434.

- General revenues and transfers reduced the results of business-type activities by $232,845, primarily due to transfers out of $595,210, partially offset by other revenue of $279,979 and investment earnings of $82,386. Ending net position for business-type activities was comprised of $1,210,165 net investment in capital assets, $723,475 restricted for the landfill trust, and $1,489,426 unrestricted.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Revenues from governmental fund types totaled $41,434,711 for the year ended September 30, 2025, an increase of $2,659,318 or 6.86% over the preceding year's total governmental revenues of $38,775,393. The increase in revenues is mainly from an increase in property tax collections.

General Fund Budgetary Highlights

On the budgetary basis, actual General Fund revenues were $23,071,719, which was $844,515 unfavorable to the final budget of $23,916,234. General Fund expenditures were $24,210,545, which was $500,976 favorable to the final budget of $24,711,521. Other financing sources were $1,104,816, which was $309,506 favorable to the final budget of $795,310. The resulting change in fund balance was a decrease of $34,011, which was $34,033 unfavorable to the final budgeted increase of $22.

CAPITAL ASSETS

At the end of 2025, the County has invested $72,169,274 in governmental and business-type combined capital assets, including land, buildings, improvements, machinery, equipment, vehicles, and infrastructure. This amount represents an increase of $1,311,111, a 1.85% increase from FY 2024. The increase is attributed mainly to current year machinery, equipment, infrastructure, and building improvements, partially offset by depreciation and retirements.

	Governmental Activities		Business-Type Activities		Total		
Description	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**(Decrease)**
Land	$ 1,522,280	$ 1,522,280	$ 1,406,530	$ 1,406,530	$ 2,928,810	$ 2,928,810	$ -
Construction in Progress	510,732	630,547	79,141	21,000	589,873	651,547	(61,674)
Building and Improvements	21,471,962	20,834,896	5,175,292	5,038,698	26,647,254	25,873,594	773,660
Machinery and Equipment	25,603,791	23,251,682	1,569,970	1,475,075	27,173,761	24,726,757	2,447,004
Infrastructure	60,430,592	58,706,386	3,671,868	3,653,668	64,102,460	62,360,054	1,742,406
Right of Use Assets	551,943	918,330	-	-	551,943	918,330	(366,387)
Software-Based Assets	309,606	105,652	-	-	309,606	105,652	203,954
Total Capital Assets	110,400,904	105,969,772	11,902,801	11,594,971	122,303,707	117,564,744	4,738,963
Less: Accumulated Depreciation/Amortization	(41,136,795)	(38,015,910)	(8,997,638)	(8,690,671)	(50,134,433)	(46,706,581)	(3,427,852)
Total Capital Assets, Net	$ 69,264,109	$ 67,953,862	$ 2,905,165	$ 2,904,300	$ 72,169,274	$ 70,858,163	$ 1,311,111

Additional information regarding the County's capital assets is presented in Note 3.D to the financial statements.

LONG-TERM OBLIGATIONS

As of September 30, 2025, the County has $22,472,467 in governmental long-term obligations outstanding and $1,927,912 in business-type activities as shown below. More detailed information about the County's debt is presented in the notes to the financial statements.

	Governmental Activities			
Description	**Balance 10/1/2024**	**Additions**	**Reductions**	**Balance 9/30/2025**
Bonds/Financed Purchases/Other Payables	$ 9,845,249	$ 11,032,321	$ (1,200,338)	$ 19,677,232
Compensated Absences	632,834	22,982	-	655,816
Net Pension Liability	1,763,025	376,394	-	2,139,419
Total Long-Term Obligations	12,241,108	11,431,697	(1,200,338)	22,472,467
	$ 12,241,108	$ 11,431,697	$ (1,200,338)	$ 22,472,467

	Business-Type Activities			
Description	**Balance 10/1/2024**	**Additions**	**Reductions**	**Balance 9/30/2025**
Notes Payable	$ 1,695,000	$ -	$ -	$ 1,695,000
Compensated Absences	62,541	8,758	-	71,299
Net Pension Liability	113,144	48,469	-	161,613
Total Long-Term Obligations	1,870,685	57,227	-	1,927,912
	$ 1,870,685	$ 57,227	$ -	$ 1,927,912

LONG-TERM OBLIGATIONS (Continued)

The change in long-term obligations during the year was primarily attributable to the issuance of the Series 2025 Certificates of Obligation, new subscription-based information technology arrangements and lease activity, scheduled principal payments, changes in compensated absences, and the change in the net pension liability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised values used for the 2025-2026 budget preparation increased by $231,874,927.
- The property tax rates will decrease by $0.010 per $100.00 of assessed valuation.
- Employees' group health insurance remained the same.
- There will be a 4% salary increase for Fiscal Year 2025-2026.

These indicators were taken into account when adopting the general fund budget for 2025-2026. Amounts available for appropriation in the general fund budget are $24,800,945, an increase of $884,711 over the final 2024-2025 budget of $23,916,234. Property taxes will increase due to the increase in appraised values. General fund expenditures are budgeted to increase in 2026 to $24,800,928, an increase of $89,407 from the 2024-2025 final budgeted expenditures.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning information provided in this report should be addressed to:

Starr County Auditor
Starr County Courthouse Annex
100 N. FM 3167, Suite 217
Rio Grande City, TX 78582
Telephone: (956) 716-4800

BASIC FINANCIAL STATEMENTS

STARR COUNTY, TEXAS
Statement of Net Position
As of September 30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS:			
Current Assets:			
1010 Cash and Cash Equivalents	$ 31,056,632	$ 3,703,264	$ 34,759,895
1030 Investments - Current	3,653,802	115,188	3,768,990
1040 Interest Receivable - Investments	15,808	910	16,719
1050 Taxes Receivable, Net	19,311,982	-	19,311,982
1150 Accounts Receivable, Net	787,315	235,021	1,022,335
1220 Leases - Current Portion	-	43,869	43,869
1260 Due from Other Governments	1,032,313	-	1,032,313
1300 Due from Other Funds	4,176,698	6,075	4,182,774
1390 Due from Others	730,988	-	730,988
1410 Inventories	-	31,796	31,796
1430 Prepaid Items	-	191,242	191,242
1440 Deferred Charges	-	5,162	5,162
Restricted Assets:			
1611 Restricted Cash and Cash Equivalents	-	723,475	723,475
Total Current Assets	60,765,537	5,056,002	65,821,539
Noncurrent Assets			
1791 Capital Assets Not Being Depreciated/Amortized	2,033,012	1,485,670	3,518,682
1792 Capital Assets Being Depreciated/Amortized	108,367,893	10,417,132	118,785,025
1780 Accumulated Depreciation/Amortization	(41,136,795)	(8,997,637)	(50,134,432)
1285 Lease Receivable - Noncurrent Portion	-	112,591	112,591
Total Noncurrent Assets	69,264,109	3,017,756	72,281,865
TOTAL ASSETS	130,029,647	8,073,758	138,103,405
DEFERRED OUTFLOWS OF RESOURCES:			
1992 Deferred Outflow Related to Pension	1,382,844	91,539	1,474,383
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,382,844	91,539	1,474,383
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 131,412,491	$ 8,165,297	$ 139,577,788
LIABILITIES:			
Current Liabilities:			
2010 Accounts Payable	$ 1,930,455	$ 227,553	$ 2,158,008
2011 Customer Deposits	-	149,821	149,821
2020 Payroll Liabilities	1,395,454	67,178	1,462,631
2080 Due to Other Funds	1,276,117	1,597,950	2,874,067
2090 Due to Others	517,269	576,207	1,093,476
2140 Accrued Interest Payable	79,129	-	79,129
2230 Unearned Revenues	4,385,578	-	4,385,578
Total Current Liabilities	9,584,003	2,618,709	12,202,711
Noncurrent Liabilities:			
Due Within One Year:			
2250 Bonds Payable - Current	515,718	-	515,718
2255 Financed Purchases - Current	307,111	-	307,111
2260 Right-to-Use Leases Payable - Current	79,940	-	79,940
2262 SBITAs Payable - Current	98,012	-	98,012
Due In More Than One Year			
2507 Compensated Absences - Noncurrent	655,816	71,299	727,115
2510 Bonds Payable - Noncurrent	18,081,769	-	18,081,769
2520 Notes Payable - Noncurrent	-	1,695,000	1,695,000
2540 Financing Purchases - Noncurrent	463,056	-	463,056
2570 Right-to-Use Lease Liabilities - Noncurrent	90,624	-	90,624
2573 SBITA Liabilities - Noncurrent	41,001	-	41,001
2580 Net Pension Liability	2,139,419	161,612	2,301,031
Total Noncurrent Liabilities	22,472,466	1,927,911	24,400,378
TOTAL LIABILITIES	32,056,469	4,546,620	36,603,089
DEFERRED INFLOWS OF RESOURCES:			
2602 Deferred Inflow Related to Pension	591,437	39,151	630,588
2607 Deferred Inflow Related to Leases	-	156,460	156,460
TOTAL DEFERRED INFLOWS OF RESOURCES	591,437	195,611	787,048
NET POSITION:			
4001 Net Investment in Capital Assets	49,586,877	1,210,165	50,797,042
3810 Restricted For Landfill Trust	-	723,475	723,475
3850 Restricted for Capital Projects	16,931,687	-	16,931,687
3860 Restricted for Debt Service	1,974,691	-	1,974,691
3870 Restricted for Special Purposes	5,961,865	-	5,961,865
3890 Unrestricted	24,309,464	1,489,426	25,798,890
TOTAL NET POSITION	98,764,585	3,423,066	102,187,651
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 131,412,491	$ 8,165,297	$ 139,577,788

EXHIBIT B-1

STARR COUNTY, TEXAS
Statement of Activities
For The Year Ended September 30, 2025

			Program Revenues		Net (Expense) Revenue and Changes in Net Position — Primary Government		
		Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
	Primary Government:						
	GOVERNMENTAL ACTIVITIES:						
100	General Government	$ 7,621,276	$ 1,381,271	$ 1,697,287	$ (4,542,717)	$ -	$ (4,542,717)
120	Judicial	2,638,683	477,978	587,333	(1,573,373)	-	(1,573,373)
130	Executive	1,230,768	222,944	273,951	(733,872)	-	(733,872)
150	Financial Administration	1,818,915	329,483	404,864	(1,084,568)	-	(1,084,568)
200	Public Safety	18,313,276	3,317,314	4,076,270	(10,919,693)	-	(10,919,693)
300	Highways and Streets	7,030,344	1,273,495	1,564,853	(4,191,997)	-	(4,191,997)
400	Health and Welfare	1,835,061	332,408	408,458	(1,094,196)	-	(1,094,196)
600	Agriculture Extension	181,259	32,834	40,346	(108,080)	-	(108,080)
650	Economic Development and Assistance	499,638	90,506	111,212	(297,920)	-	(297,920)
690	Bond Issuance Cost	251,553	-	-	(251,553)	-	(251,553)
720	Interest on Debt	509,759	-	-	(509,759)	-	(509,759)
	Total Governmental Activities	41,930,534	7,458,233	9,164,574	(25,307,728)	-	(25,307,728)
	BUSINESS-TYPE ACTIVITIES:						
701	International Toll Bridge	2,131,342	3,137,652	-	-	1,006,309	1,006,309
702	Gas System	893,527	1,169,938	-	-	276,412	276,412
703	Transfer Station	1,182,434	680,656	49,653	-	(452,125)	(452,125)
	Total Business-Type Activities	4,207,303	4,988,245	49,653	-	830,596	830,596
	TOTAL PRIMARY GOVERNMENT	46,137,837	12,446,478	9,214,227	(25,307,728)	830,596	(24,477,132)
	General Revenues						
	Taxes:						
	Property Taxes				24,573,934	-	24,573,934
	Licenses and Permits				762,259	-	762,259
	Fines and Forfeitures				464,201	-	464,201
	Other Revenue				456,589	279,979	736,568
	Investment Earnings				581,454	82,386	663,840
	Transfers In (Out)				595,210	(595,210)	-
	Total General Revenues and Transfers				27,433,647	(232,845)	27,200,802
	Change in Net Position				2,125,920	597,751	2,723,670
	Net Position - Beginning				$ 96,638,665	$ 2,825,316	$ 99,463,981
	Net Position - Ending				$ 98,764,585	$ 3,423,066	$ 102,187,651

The accompanying notes are an integral part of this statement.

STARR COUNTY, TEXAS
Balance Sheet - Governmental Funds
As of September 30, 2025

	Major Governmental Funds					
	General Fund	Road and Bridge Fund	Starr County Construction Series 2024	Starr County Old Courthouse Rehabilitation 2025	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
1010 Cash and Cash Equivalents	$ 3,373,579	$ 168,979	$ 6,581,934	$ 10,027,974	$ 10,625,979	$ 30,778,445
1030 Investments - Current	-	-	-	-	3,653,802	3,653,802
1040 Interest Receivable - Investments	-	-	-	-	15,808	15,808
1050 Taxes Receivable, Net	13,168,280	5,678,403	-	-	465,299	19,311,982
1150 Accounts Receivable, Net	565,893	210,370	-	-	11,052	787,315
1260 Due from Other Governments	273,606	7,055	-	-	751,652	1,032,313
1300 Due from Other Funds	8,411,167	137,697	-	-	271,142	8,820,006
1390 Due from Others	620,684	-	-	-	110,304	730,988
TOTAL ASSETS	$ 26,413,209	$ 6,202,503	$ 6,581,934	$ 10,027,974	$ 15,905,037	$ 65,130,658
LIABILITIES:						
2010 Accounts Payable	$ 1,021,546	$ 673,882	$ -	$ -	$ 235,027	$ 1,930,455
2020 Payroll Liabilities	1,086,403	161,050	-	-	148,001	1,395,454
2080 Due to Other Funds	988,753	1,546,701	100	100	2,593,971	5,129,625
2090 Due to Others	448,200	-	-	-	69,069	517,269
2230 Unearned Revenues	80,194	170,250	167,483	-	3,967,652	4,385,578
TOTAL LIABILITIES	3,625,095	2,551,883	167,583	100	7,013,720	13,358,381
DEFERRED INFLOWS OF RESOURCES:						
2601 Deferred Resource Inflow - Property Taxes	13,168,280	5,678,403	-	-	465,299	19,311,982
TOTAL DEFERRED INFLOWS OF RESOURCES	13,168,280	5,678,403	-	-	465,299	19,311,982
FUND BALANCES:						
3480 Restricted for Debt Service	-	-	-	-	1,974,691	1,974,691
3490 Restricted for Special Purposes	-	-	-	-	5,961,865	5,961,865
3550 Committed for Construction	-	-	6,414,351	10,027,874	489,462	16,931,687
3600 Unassigned	9,619,834	(2,027,782)	-	-	-	7,592,052
TOTAL FUND BALANCES	9,619,834	(2,027,782)	6,414,351	10,027,874	8,426,018	32,460,296
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 26,413,209	$ 6,202,503	$ 6,581,934	$ 10,027,974	$ 15,905,037	$ 65,130,658

The accompanying notes are an integral part of this statement.

STARR COUNTY, TEXAS
Reconciliation of the Balance Sheet - Governmental to the Governmental Activities - Statement of Net Position
As of September 30, 2025

Total Fund Balances - Governmental Funds		$ 32,460,296
Amounts Reported for governmental activities in the statement of net position are different because:		
The County uses internal service funds to charge the costs of certain activities, such as self-insurance and printing, to appropriate functions in other governmental funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase (decrease) net position.		
Total Interfund Activity	(511,613)	
		(511,613)
Capital assets used in governmental activities are not financial resources, and therefore are not reported in governmental funds:		
Capital Assets Not Being Depreciated/Amortized	2,033,012	
Capital Assets Being Depreciated/Amortized	108,367,893	
Accumulated Depreciation/Amortization	(41,136,795)	
Total Capital Assets, Net		69,264,109
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities at the fund level.		
Compensated Absences	(655,816)	
Premium on Bond Issuance	(117,487)	
Debt Service - Due Within One Year	(1,000,782)	
Debt Service - Due in More Than One Year	(18,558,963)	
Total Long-Term Liabilities		(20,333,048)
Some receivables are reported as deferred inflows of resources at the governmental level, and therefore are not reported in governmental funds.		
Deferred Resource Inflow - Property Taxes	19,311,982	
Total Deferred Inflows of Resources		19,311,982
Interest on long-term debt is not accrued in the governmental funds, but is recognized as an expenditure in the funds.		
Accrued Interest Payable	(79,129)	
Total Accrued Interest		(79,129)
Included in the noncurrent liabilities is the recognition of the County's net pension liability required by GASB Statement No. 68, a deferred resource outflow and a deferred resource inflow. This resulted in a decrease in net position.		
Net Pension Liability	(2,139,419)	
Deferred Outflow related to Pension Plan	1,382,844	
Deferred Inflow related to Pension Plan	(591,437)	
		(1,348,012)
Net position of governmental activities		$ 98,764,585

The accompanying notes are an integral part of this statement.

STARR COUNTY, TEXAS
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended September 30, 2025

		Major Governmental Funds: General Fund	Road and Bridge Fund	Starr County Construction Series 2024	Starr County Old Courthouse Rehabilitation 2025	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:							
5110	Property Taxes	$ 14,288,669	$ 6,622,284	$ -	$ -	$ 1,167,190	$ 22,078,144
5200	Licenses and Permits	202,190	560,070	-	-	-	762,259
5300	Intergovernmental Revenue and Grants	677,145	-	-	-	8,487,429	9,164,574
5400	Charges for Services	6,853,840	123,691	-	-	480,701	7,458,233
5510	Fines and Forfeitures	237,881	226,319	-	-	-	464,201
5610	Investment Earnings	266,311	26,326	-	27,889	260,928	581,454
5700	Other Revenue	545,683	165,167	10,982	-	204,016	925,847
	TOTAL REVENUES	23,071,719	7,723,857	10,982	27,889	10,600,265	41,434,711
EXPENDITURES:							
100	General Government	5,439,810	66,554	3,913	-	1,184,112	6,694,389
120	Judicial	2,316,539	-	-	-	-	2,316,539
130	Executive	1,080,510	-	-	-	-	1,080,510
150	Financial Administration	1,508,667	-	-	-	88,186	1,596,853
200	Public Safety	9,737,445	-	-	-	6,340,054	16,077,498
300	Public Works	-	6,159,586	-	-	12,458	6,172,044
400	Health and Welfare	1,604,891	-	-	-	6,137	1,611,028
600	Conservation Agriculture	159,130	-	-	-	-	159,130
650	Economic Development and Assistance	438,640	-	-	-	-	438,640
710	Principal on Debt	334,373	154,811	-	-	711,154	1,200,338
720	Interest on Debt	38,878	28,792	-	-	394,750	462,421
800	Capital Outlay	1,551,662	1,485,444	596,073	-	1,676,561	5,309,741
	TOTAL EXPENDITURES	24,210,545	7,895,188	599,986	-	10,413,411	43,119,131
	Excess(Deficiency) of Revenues Over(Under) Expenditures	(1,138,827)	(171,331)	(589,005)	27,889	186,853	(1,684,420)
OTHER FINANCING SOURCES (USES):							
7915	Transfers In	795,210	-	-	-	-	795,210
7916	Premium (Discount) on Bond Issuance	-	-	-	121,538	-	121,538
7920	Proceeds from SBITAs	309,606	-	-	-	-	309,606
7960	Bond Proceeds	-	-	-	10,130,000	-	10,130,000
8911	Transfers Out	-	(200,000)	-	-	-	(200,000)
8953	Bond Issuance Cost	-	-	-	(251,553)	-	(251,553)
	TOTAL OTHER FINANCING SOURCES (USES)	1,104,816	(200,000)	-	9,999,985	-	10,904,801
	Net Change in Fund Balances	$ (34,011)	$ (371,331)	$ (589,005)	$ 10,027,874	$ 186,853	$ 9,220,381
3600	Fund Balance - Beginning	$ 9,653,845	$ (1,656,452)	$ 7,003,356	$ -	$ 8,239,165	$ 23,239,915
3900	Fund Balance - Ending	$ 9,619,834	$ (2,027,782)	$ 6,414,351	$ 10,027,874	$ 8,426,018	$ 32,460,296

EXHIBIT C-4

STARR COUNTY, TEXAS
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds to the Governmental Activities - Statement of Activities
For the Year Ended September 30, 2025

Total Net Change in Fund Balances - Governmental Funds		$	9,220,381
The County uses some internal service funds to charge the costs of certain activities primarily to the governmental funds. The net income (loss) of these internal service funds are reported with governmental activities. The net effect of this consolidation is to increase (decrease) the change in net position.			
Internal Service Funds	7,132		
			7,132
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the current year's capital outlays and debt principal payments is to increase (decrease) the change in net position.			
Additions to Capital Assets	5,309,741		
Retirement of Assets	(263,057)		
Depreciation/Amortization of Capital Assets	(3,736,437)		
			1,310,247
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.			
Principal Repayment	1,196,287		
Bond Premium Amortization	4,051		
Issuance of Bond Premium	(121,538)		
Acquisition of Debt	(10,908,863)		
Compensated Absences	(22,982)		
			(9,853,046)
Interest on long-term debt is not accrued in the governmental funds, but it is recognized as an expenditure at the fund level.			
Accrued Interest Payable	(43,287)		
			(43,287)
Because some property taxes and accounts receivable will not be collected for several months after the County's year end, they are not considered "available" revenues in the governmental funds. This represents the change in unavailable revenue from the prior year.			
Property Taxes	2,495,791		
			2,495,791
GASB 68 requires certain plan expenditures to be de-expensed and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position. Contributions made before the measurement date and during the previous fiscal year were expended and recorded as a reduction in net pension liability. Finally, the proportionate share of pension expense on the plan as a whole has to be recorded.			
Net Pension Liability	(376,394)		
Deferred Outflow related to Pension Plan	(61,510)		
Deferred Inflow related to Pension Plan	(573,395)		(1,011,299)
Change in Net Position of Governmental Activities		$	2,125,920

STARR COUNTY, TEXAS
Statement of Net Position - Proprietary Funds
As of September 30, 2025

	Major Enterprise Fund	Nonmajor Enterprise Funds			
	International Bridge	Gas System	Transfer Station	Total Enterprise Funds	Internal Service Funds
ASSETS:					
1010 Cash and Cash Equivalents	$ 3,251,999	$ 366,813	$ 84,451	3,703,264	$ 278,187
1030 Investments - Current	-	115,188	-	115,188	-
1040 Interest Receivable - Investments	-	910	-	910	-
1150 Accounts Receivable, Net	-	229,231	5,790	235,021	-
1220 Lease Receivable - Current Portion	43,869	-	-	43,869	-
1285 Lease Receivable - Noncurrent Portion	112,591	-	-	112,591	-
1300 Due from Other Funds	-	6,075	-	6,075	200
1410 Inventories	-	31,796	-	31,796	-
1430 Prepaid Items	191,242	-	-	191,242	-
1440 Deferred Charges	-	5,162	-	5,162	-
1611 Restricted Cash	-	-	723,475	723,475	-
1791 Capital Assets Not Being Depreciated/Amortized	1,454,670	10,000	21,000	1,485,670	-
1792 Capital Assets Being Depreciated/Amortized, Net	852,815	58,803	507,877	1,419,495	-
TOTAL ASSETS	5,907,186	823,978	1,342,594	8,073,758	278,387
DEFERRED OUTFLOWS OF RESOURCES:					
1992 Deferred Outflow Related to Pension Plan	49,636	24,106	17,797	91,539	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	49,636	24,106	17,797	91,539	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 5,956,822	$ 848,084	$ 1,360,391	$ 8,165,297	$ 278,387
LIABILITIES:					
2010 Accounts Payable	$ 159,667	$ 43,205	$ 24,682	$ 227,553	$ -
2011 Customer Deposits	-	149,821	-	149,821	-
2020 Payroll Liabilities	39,167	15,229	12,781	67,178	-
2080 Due to Other Funds	35,268	30	1,562,652	1,597,950	790,000
2090 Due to Others	576,207	-	-	576,207	-
2507 Compensated Absences - Noncurrent	42,300	16,661	12,337	71,299	
2520 Notes Payable - Noncurrent	1,695,000	-	-	1,695,000	
2580 Net Pension Liability	87,632	42,559	31,421	161,612	-
TOTAL LIABILITIES	2,635,241	267,506	1,643,873	4,546,620	790,000
DEFERRED INFLOWS OF RESOURCES:					
2602 Deferred Inflow Related to Pension Plan	21,229	10,310	7,612	39,151	-
2607 Deferred Inflow Related to Leases	156,460	-	-	156,460	-
TOTAL DEFERRED INFLOWS OF RESOURCES	177,689	10,310	7,612	195,611	-
NET POSITION:					
4001 Net Investment in Capital Assets	612,485	68,803	528,877	1,210,165	-
3810 Restricted For Landfill Trust	-	-	723,475	723,475	-
3890 Unrestricted	2,531,407	501,466	(1,543,447)	1,489,426	(511,613)
TOTAL NET POSITION	3,143,892	570,268	(291,094)	3,423,066	(511,613)
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	$ 5,956,822	$ 848,084	$ 1,360,391	$ 8,165,297	$ 278,387

The accompanying notes are an integral part of this statement.

EXHIBIT D-2

STARR COUNTY, TEXAS
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended September 30, 2025

		Major Enterprise Funds	Nonmajor Enterprise Funds			
		International Bridge	Gas System	Transfer Station	Total Enterprise Funds	Internal Service Funds
REVENUES:						
5300	Intergovernmental Revenue and Grants	$ -	$ -	$ 49,653	$ 49,653	$ -
5400	Charges for Services	3,137,652	1,169,938	680,656	4,988,245	180
5620	Rent and Lease Income	61,800	-	-	61,800	-
5622	Gain (Loss) on Currency Exchange	376	-	-	376	-
	TOTAL REVENUES	3,199,827	1,169,938	730,309	5,100,074	180
EXPENSES:						
6100	Personnel Services - Salaries and Wages	676,323	332,991	239,066	1,248,381	-
6200	Personnel Services - Employee Benefits	236,704	100,779	72,667	410,150	-
6300	Purchased Professional & Technical Services	-	7,000	-	7,000	-
6500	Other Operating Costs	281,048	440,518	771,420	1,492,986	48
6800	Depreciation	195,448	12,239	99,280	306,967	-
	TOTAL EXPENSES	1,389,523	893,527	1,182,434	3,465,483	48
	Net Operating Income (Loss)	1,810,304	276,412	(452,125)	1,634,591	132
NONOPERATING REVENUES (EXPENSES)						
7915	Transfers In	-	-	200,000	200,000	-
7955	Investment Earnings	36,931	14,262	31,193	82,386	7,000
8911	Transfers Out	(732,410)	(62,800)	-	(795,210)	-
8952	Interest Expense	(62,173)	-	-	(62,173)	-
8954	Settlement Proceeds	-	-	217,804	217,804	-
8980	Participation with the City of Roma, Texas	(679,647)	-	-	(679,647)	-
	TOTAL NONOPERATING REVENUES (EXPENSES)	(1,437,299)	(48,538)	448,997	(1,036,841)	7,000
	Change in Net Position	373,005	227,873	(3,128)	597,751	7,132
3900	Net Position - Beginning	2,770,887	342,395	(287,966)	2,825,316	(518,746)
3900	Net Position - Ending	$ 3,143,892	$ 570,268	$ (291,094)	$ 3,423,066	$ (511,613)

The accompanying notes are an integral part of this statement.

EXHIBIT D-3

STARR COUNTY, TEXAS
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2025

	Major Enterprise Funds	Nonmajor Enterprise Funds			
	International Bridge	Gas System	Transfer Station	Total Enterprise Funds	Internal Service Fund
Cash Flows from Operating Activities:					
Cash Received from Service Charges	$ 3,199,827	$ 1,010,681	$ 888,390	$ 5,098,898	$ 8,821
Cash Payments to Employees for Services	(905,220)	(439,163)	(308,961)	(1,653,343)	-
Cash Payments for Other Operating Expenses	(199,526)	(413,661)	(918,737)	(1,531,924)	(48)
Net Cash Provided (Used) by Operating Activities	2,095,081	157,858	(339,307)	1,913,631	8,774
Cash Flows from Non-Capital Financing Activities:					
Payments to City of Roma	(400,000)	-	-	(400,000)	-
Non-Operating Transfers In (Out)	(732,410)	(62,800)	200,000	(595,210)	-
Net Cash Provided by (Used for) Non-Capital Financing Activities	(1,132,410)	(62,800)	200,000	(995,210)	-
Cash Flows from Capital and Related Financing Activities:					
Settlement Proceeds	-	-	217,804	217,804	-
Interest Paid on Debt	(62,173)	-	-	(62,173)	-
Purchase of Capital Assets	(233,597)	(24,580)	(49,653)	(307,830)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(295,770)	(24,580)	168,151	(152,199)	-
Cash Flows from Investing Activities:					
Investment Earnings	36,931	14,262	31,193	82,386	7,000
Net Cash Provided (Used) by Investing Activities	36,931	14,262	31,193	82,386	7,000
Net Increase (Decrease) in Cash, Restricted Cash, and Cash Equivalents	703,832	84,739	60,037	848,608	15,774
Cash, Restricted Cash, and Cash Equivalents at Beginning of Period	**$ 2,548,167**	**$ 282,074**	**$ 747,890**	**$ 3,578,131**	**$ 262,413**
Cash, Restricted Cash, and Cash Equivalents at End of Period	**$ 3,251,999**	**$ 366,813**	**$ 807,927**	**$ 4,426,739**	**$ 278,187**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	1,810,304	276,412	(452,125)	1,634,591	132
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	195,448	12,239	99,280	306,967	-
Effect of Increases and Decreases in Current Assets and Liabilities:					
Decrease (Increase) in Receivables	-	(159,257)	102,658	(56,599)	8,641
Decrease (Increase) in Inventories	-	3,246	-	3,246	-
Decrease (Increase) in Deferred Outflows	497	332	-	829	-
Increase (Decrease) in Accounts Payable	(2,266)	(4,090)	(147,317)	(153,674)	-
Increase (Decrease) in Wages and Salaries Payable	7,807	1,118	1,912	10,837	-
Increase (Decrease) in Due to Other Funds	32,628	30	38,570	71,228	-
Increase (Decrease) in Compensated Absences	3,622	4,275	861	8,758	-
Increase (Decrease) in Deferred Inflows	20,603	10,013	(2,484)	28,132	-
Increase (Decrease) in Net Pension Liability	26,438	13,540	19,337	59,315	-
Net Cash Provided (Used) by Operating Activities	$ 2,095,081	$ 157,858	$ (339,307)	$ 1,913,631	$ 8,774

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

EXHIBIT E-1

STARR COUNTY, TEXAS
Statement of Fiduciary Net Position - Fiduciary Funds
As of September 30, 2025

		Custodial Funds
ASSETS:		
1010 Cash and Cash Equivalents	$	10,557,888
1030 Investments - Current		127,388
1150 Accounts Receivable, Net		30,172
1300 Due from Other Funds		665,022
1430 Prepaid Items		135,369
TOTAL ASSETS	$	11,515,838
LIABILITIES:		
2010 Accounts Payable	$	11,802
2080 Due to Other Funds		1,973,729
2090 Due to Others		7,040,276
TOTAL LIABILITIES		9,025,807
NET POSITION:		
3009 Restricted for Fiduciary Purposes		2,490,031
TOTAL NET POSITION		2,490,031
TOTAL LIABILITIES & NET POSITION	$	11,515,838

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

EXHIBIT E-2

STARR COUNTY, TEXAS
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended September 30, 2025

			Custodial Funds
ADDITIONS:			
5201	Tax Collections for Other Governments	$	35,502,832
5202	Held for Others		15,902,220
5400	Charges for Services		1,335
5610	Investment Earnings		41,299
	TOTAL ADDITIONS		51,447,685
DEDUCTIONS:			
70	Payments to Other Governments		35,433,887
90	Payments to Individuals and Services		16,173,591
	TOTAL DEDUCTIONS		51,607,478
	Net Change in Fiduciary Balances	$	(159,793)
3600	Net Position - Beginning	$	2,649,824
3900	Net Position - Ending	$	2,490,031

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Starr County (the County) have been prepared in conformance with Accounting Principles Generally Accepted in the United States of America (US GAAP) as applicable to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for establishing governmental accounting and financial reporting standards. The following is a summary of the more significant policies of the County.

A. The Reporting Entity

Starr County, Texas (the County) was organized in 1848. It is a public corporation and political subdivision of the State of Texas. A Commissioner’s Court composed of four elected Commissioners and one elected County Judge governs the County under the statutes and the Constitution of the State of Texas. The County provides various services to advance the welfare, health, morals, comfort, safety, and convenience of the County and its inhabitants.

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only criterion for including a potential component unit with the reporting entity is the governing body’s ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise financial accountability include, but are not limited to, the selection of a voting majority of the organization’s governing body, the ability to remove appointed members of the organization’s governing board at will, the ability to modify or approve the budget of the organization, and the designation of management. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion is the existence of special financing relationships, regardless of whether the government can exercise oversight responsibilities.

For financial reporting purposes, the County includes all funds that are controlled by, or dependent on, the County. Control by or dependence on the County was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the County to finance any deficits that may occur, or receipt of significant subsidies from the County, and the ability to significantly influence operation. Based upon the application of the above criteria, the following is a brief review of each potential component unit addressed in defining the government's entity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit
The Starr County Drainage District is a conservation, groundwater conservation, and reclamation district created on September 1, 2009. The District is governed by a board of five directors appointed by the Commissioners' Court of Starr County. The District is used to build, repair, and maintain drainage within the County.

Excluded from the reporting entity:

Certain significant governmental entities providing services within the County are administered by separate boards or commissions, are not subject to oversight by the Commissioners' Court, and are responsible for their own fiscal matters. Consequently, financial information for the following entities is not included within the scope of these financial statements.

- Starr County Appraisal District
- Starr County Water Control and Improvement District No. 2
- Starr County Memorial Hospital
- All school districts in Starr County

B. Financial Statement Presentation, Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information on all the non-fiduciary activities of the primary government. Governmental activities are supported by taxes and intergovernmental revenues. They are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded at the time liabilities and deferred inflows are incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of the County's programs are offset by those programs' revenues. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program or function. Program revenues for governmental activities include those generated from general government, administration of justice, parks, county administration, health and human services, flood control, tax administration, and roads and bridges. Taxes and other items not properly included among program revenues are reported instead as general revenues.

For proprietary funds, all revenues and expenses are classified as operating revenues and expenses except for taxes, investment income, interest expense, and grant payments which are classified as non-operating revenues and expenses.

The effects of interfund direct activity for changes based on actual use are not eliminated whereas indirect expense allocations are reversed and have been eliminated for the government-wide financial statements.

Fund Level Financial Statements

All governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. The County considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property tax revenues, the County's primary revenue source, are susceptible to accrual and are considered available to the extent of delinquent taxes collected within 60 days of the fiscal year end. Grant and entitlement revenues are also susceptible to accrual. Encumbrances are used during the year, and any unliquidated items are reported at year end as a reservation of fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are accounted for on a spending "financial flow" measurement focus. This means that only current assets and deferred outflows, and current liabilities and deferred inflows are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

All proprietary funds, including the enterprise funds and internal service funds are accounted for using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned and expenses when they are incurred. Claims incurred but not reported are included in payables and expenses. This means that all assets and deferred outflows and liabilities and deferred inflows (whether current or non-current) associated with their activity are included in the funds' statement of net position.

The fiduciary funds are also reported using the accrual basis of accounting. The fiduciary funds are custodial in nature; custodial funds report assets; deferred outflows of resources; liabilities and deferred inflows of resources and any difference between the assets and deferred outflows of resources to the liabilities and deferred inflows of resources as fiduciary net position.

Internal Service Funds are used to account for revenues and expenses related to services provided to parties inside the County. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the County's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

The County's accounts are organized based on funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of each fund's assets and deferred outflows, liabilities and deferred inflows, net position/fund balance, revenues and expenditures or expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The County reports various fiduciary funds, which are fiduciary in nature, accordingly the fiduciary funds are excluded from the government-wide financial statements.

i. Governmental Funds

Major Funds

General Fund - used as the County's primary operating fund. The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

Road and Bridge Fund – used by the County to build, repair, and maintain all the roads and bridges within the County.

Starr County Construction Series 2024 – used to account for proceeds restricted for the improvement, construction, purchase, and acquisition of certain County-owned public property, including improvements to County roads, utility relocation, related drainage improvements, right-of-way acquisitions, property acquisition and construction of a County juvenile detention facility, and related professional services.

Starr County Old Courthouse Rehabilitation 2025 – used to account for bond proceeds restricted for the rehabilitation, restoration, improvement, and preservation of the Starr County Old Courthouse and related project costs, including architectural, engineering, construction, and other professional services.

Non-Major Funds

All other governmental funds are combined and reported as nonmajor. Non-major funds include Special Revenue funds, Capital Projects Fund and Debt Service Fund.

Special revenue funds account for specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for major capital outlays, including the acquisition or construction of capital facilities and other capital assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii. **Proprietary Funds**

Major Funds

International Toll Bridge System - The Bridge owns the United States portion of the International Toll Bridge in Roma, Texas, the toll booths adjacent to the bridge and the port facility which house customs and immigration officers. The Bridge also rents space to private companies adjacent to the bridge. The primary sources of income for the Bridge are vehicle and pedestrian bridge tolls and rents of Bridge property.

Non-Major Funds

Gas System - Operates a natural gas system to provide an adequate and dependable supply of natural gas for the county courthouse, county offices, and other county buildings.

Solid Waste Transfer Station - To provide adequate solid waste disposal services to the residents of Starr County to facilitate transportation of solid waste to the regional landfill and thus minimize the potential for illegal dumping and associated environmental and health risks.

C. Recent Accounting Pronouncements

GASB Statement No. 101, “Compensated Absences,” was issued in June 2022. The objective of this Statement is to update the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The County implemented GASB Statement No. 101 during the year ended September 30, 2025. The impact, if any, is reflected in the accompanying financial statements and related disclosures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 102, "Certain Risk Disclosures," was issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The County implemented GASB Statement No. 102 during the year ended September 30, 2025. Management evaluated whether the County had concentrations or constraints requiring disclosure under this Statement, and the impact, if any, is reflected in the accompanying financial statements and related disclosures.

The Governmental Accounting Standards Board has issued statements that will become effective in future years. Management is currently evaluating the impact of these statements on the County's financial statements.

GASB Statement No. 103, "Financial Reporting Model Improvements," was issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision-making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The County will implement GASB Statement No. 103 in fiscal year 2026.

GASB Statement No. 104, "Disclosure of Certain Capital Assets," was issued in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets, including capital assets held for sale and intangible right-to-use assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The County will implement GASB Statement No. 104 in fiscal year 2026.

GASB Statement No. 105, "Subsequent Events," was issued in December 2025. The objective of this Statement is to improve financial reporting related to subsequent events by clarifying the subsequent events time frame and establishing note disclosure requirements for non-recognized subsequent events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The County will implement GASB Statement No. 105 in fiscal year 2027.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

i. Cash, Cash Equivalents, and Temporary Investments

Cash and Cash Equivalents include amounts in demand deposits as well as short-term investments with a maturity date of 90 days or less from the date of purchase. Investments are stated at fair value or amortized cost, which is based on quoted market prices with the difference between the purchase price and fair value or amortized cost being recorded as earnings on investments.

ii. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” for the current portion of the interfund loans or “advances to/from other funds” for the non-current portion of interfund loans. All other outstanding balances between funds are classified as “due to/from other funds.” Balances outstanding between funds within governmental activities are eliminated in the Statement of Net Position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “Due to/from Other Funds.”

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

All accounts and property taxes receivable are shown net of an allowance for uncollectible amounts. Property taxes are levied as of October 1 on property values assessed as of the same date. Taxes become delinquent on February 1, at which time penalties and interest are assessed.

iii. Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditure/expense when consumed rather than when purchased.

iv. Restricted Assets

Cash set aside in the Transfer Station enterprise fund is restricted because its use is limited to landfill-related purposes under the Landfill Trust account and is not available for general operations.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (roads, bridges, improvements, etc.) that are used in operations and benefit more than a single fiscal period. Infrastructure assets, such as roads, bridges, and drainage systems, are long-lived assets that normally are stationary in nature and typically can be preserved for a significantly greater number of years than most capital assets. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements. When historical records are available, capital assets are valued at cost. When no historical records are available, the County estimates the cost by applying back-trended inflation rates to a similar asset. Donated capital assets, e.g., works of art, historical treasures, and similar assets; and capital assets received in service concession arrangements, if any; are valued at acquisition value as defined by GASB 72.

Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Capital assets are depreciated or amortized over the useful lives of the assets or classes of assets on a straight-line basis as follows:

Asset Description	Useful Life
Buildings	50
Improvements	15-25
Infrastructure	40
Furniture & Equipment	7-10
Automotive	5-15
Computer Equipment	5

vi. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred outflows consist of, when applicable, deferred charges on refunding, the changes in fair value of the Toll Bridge's lease receipts that are applicable to future reporting periods, pension contributions after measurement date, the differences in projected and actual earnings on pension assets, and changes in pension assumptions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The pension contributions after measurement date are deferred and recognized in the following fiscal year. The differences in projected and actual earnings on pension assets are amortized over a closed five-year period. Pension assumption changes are recognized over the average remaining service life for all members.

The statement of net position also reports a separate section for deferred inflows of resources. This financial statement element, the deferred inflows of resources, represents 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 inflows consist of, when applicable, the changes in fair value of the County's hedging derivative instruments that are applicable to future reporting periods, differences in expected and actual pension experience, and unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The differences in expected and actual pension experience are amortized over the average expected remaining service lives of all employees that are provided with pension benefits through the pension plan (active employees and inactive employees).

vii. Compensated Absences

The County implemented GASB Statement No. 101, *Compensated Absences*, for the year ended September 30, 2025. Under GASB Statement No. 101, liabilities for compensated absences are recognized for leave that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off, paid in cash, or otherwise settled.

County employees earn vacation and sick leave in accordance with the County's personnel policies. Sick leave is earned at a rate of 12 days per year; however, unused sick leave does not carry forward to subsequent years and is not paid upon separation from service. Accordingly, no liability has been recognized for unused sick leave as of September 30, 2025.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation leave is earned by eligible employees in accordance with the County's personnel policies. Unused vacation leave that is payable upon separation from service has been accrued in the government-wide financial statements and proprietary fund financial statements to the extent such amounts are attributable to services rendered as of September 30, 2025, and are more likely than not to be paid or used. The liability is measured using employees' pay rates as of the financial statement date and includes directly associated salary-related payments, where applicable.

Compensatory time is generally not provided by the County, except for certain Sheriff's Department personnel. Any earned but unused compensatory time that is attributable to services rendered and is more likely than not to be paid or used has been included in the compensated absences liability.

viii. Property Taxes

Ad valorem taxes attach an enforceable lien on property as of January 1. The taxes are levied each October 1, based on the assessed value listed as of the date the enforceable lien attaches. Appraised values are established by the Starr County Appraisal District, assessed at 100% of appraised value and certified by the Appraisal Review Board. The Starr County Tax Assessor/Collector bills and collects taxes for the County. The 2025 fiscal year tax rate was 0.4721 per $100 for the General Fund, 0.0347 for the I&S Fund, 0.2024 per $100 for the FM and Lateral Road tax, and .0015 per $100 for the Drainage District, for a total of 0.7107 per $100 assessed valuation.

The County's taxes on real property are a lien against such property until paid. The County may foreclose on real property upon which it has a lien for unpaid taxes. The exception is for homestead property belonging to people 65 years of age or older. While the County attempts to collect delinquent taxes through foreclosure proceedings, delinquent taxes on property not otherwise collected are generally paid when there is a sale or transfer of the title of the property.

Any liens and subsequent suits against the taxpayer for payment of delinquent personal property taxes are barred unless instituted within four years from the time such taxes become delinquent. Unlike real property, the sale or transfer of most personal property does not require any evidence that taxes thereon are paid. Taxes are due October 1. Taxes become delinquent on February 1st of the following year, at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become measurable and available. As of September 30, property tax receivables are fully deferred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ix. Leases and Subscription-Based Information Technology Arrangements

The financial statements reflect the recognition of GASB Statement No. 87, Leases. This standard enhances the relevance and consistency of information regarding governmental leasing activities by establishing a single model for lease accounting, treating leases as financings of the right to use an underlying asset.

The financial statements reflect the recognition of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). This standard provides guidance on accounting and financial reporting for SBITA's, defining them as contracts that convey control of the right to use another party's IT software, alone or in combination with tangible capital assets, for a period of time in an exchange or exchange-like transaction. Under this statement, SBITAs result in the recognition of a subscription asset and a corresponding subscription liability. The standard also outlines criteria for capitalizing outlays other than subscription payments, including implementation costs, and specifies required note disclosures.

Lessee: The County is a lessee for non-cancelable leases of office equipment, vehicles, buildings, land, and infrastructure. The County recognizes lease liabilities and intangible right-to-use lease assets in the government-wide financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt obligations on the statement of net position.

Lessor: The County is a lessor for non-cancelable leases of buildings. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the non-cancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee over the period.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

x. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. On refunding bond issues, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow of resources and recognized as a component of interest expense on a straight-line basis over the remaining life of the old debt or the life of the new debt, whichever is shorter.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

xi. Defined Benefit Pension Plan

The fiduciary net position of the Texas County and District Retirement System (TCDRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and addition to/deductions from TCDRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

xii. Equity Classifications

Under GAAP, fund balances are required to be reported according to the following classifications:

Non-spendable **–** Amounts that cannot be spent because they are either not in spendable form or they are required, legally or contractually, to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables (if the proceeds from the collection of the receivables are not restricted, committed, or assigned).

Restricted **–** These amounts represent assets that have externally imposed restrictions by creditors, grantors, contributors, or laws or regulations of other governments. Assets may also be restricted as imposed by law through constitutional provisions or enabling legislation.

Committed **–** Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The County's highest level of decision-making authority resides with the Commissioners Court. The constraints imposed by the formal action of the Commissioners Court remain binding unless removed or changed in the same manner employed to previously commit those resources. To establish, modify, or rescind a fund balance commitment requires an order adopted by the Commissioners Court.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned **–** Amounts that are constrained by the County's intent to be used for a specific purpose, but that do not meet the criteria to be restricted or committed. Such an intent should be expressed by the Commissioners' Court or its designated officials to assign amounts to be used. The County Budget Officer, by virtue of Commissioners Court ordered appointment to that office and as a normal function of that office, has the authority to assign fund balance to particular purposes. Assignments made by the County Budget Officer can occur during the budget process or throughout the year in the normal course of business. Commissioners Court, at their discretion, may make assignments of fund balance or direct other County officials to do so. Constraints imposed on the use of the assigned amounts can be removed with no formal action.

Unassigned **–** Amounts that have not been restricted, committed, or assigned. The general fund is the only fund to report a positive unassigned fund balance. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

For the classification of fund balances in the governmental funds, the County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. In the proprietary fund financial statements and in the government-wide financial statements, restricted net position is reported for amounts that are externally restricted by 1) creditors (e.g., bond covenants), grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provision or enabling legislation.

xiii. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

xiv. Rounding Adjustments

Throughout this annual financial report, dollar amounts are rounded, thereby creating various differences between the details and the totals.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Budget Officer has the responsibility of preparing the County's budgeted expenditures. By statute, the County Auditor has the responsibility of preparing an estimate of revenues for submission to the Commissioners' Court.

2. All County offices and departments must submit their budget requests to the Budget Officer for the fiscal year commencing the following October 1.

3. The Commissioners' Court conducts informal budget workshops with each official or department head to discuss their budget requests.

4. The Budget Officer prepares a proposed budget to cover all proposed expenditures of the County for the following year. Copies of the proposed budget are filed with the County Clerk and County Auditor. The proposed budget is available for inspection by taxpayers.

5. Within seven calendar days after the filing of the proposed budget and prior to December 31 of the current year, Commissioners' Court conducts a public hearing on the County's proposed budget. Any taxpayer of the County of Starr has the right to be present and participate in the hearing. At the conclusion of the hearing, the Commissioners' Court acts upon the proposed budget as submitted by the Budget Officer.

   The Commissioners' Court has the authority to make such changes in the budget, in its judgment of the facts, the law warrants, and the interest of the taxpayers demand, provided the amounts budgeted for current expenditures from the various funds for the County does not exceed the balances in these funds as of October 1 plus the anticipated revenue for the current year for which the budget is made, as estimated by the County Auditor.

6. Under no circumstances can the Commissioners' Court authorize expenditures that will exceed appropriations. Annual budgets are prepared in conformity with GAAP using the modified accrual basis of accounting for all governmental funds, except grant-funded special revenue funds and capital projects funds, which adopt project-length budgets.

All annual appropriations lapse at fiscal year-end. Appropriations at year-end for grant-funded special revenue funds and capital projects funds are carried forward to subsequent years until the grant has terminated or the project is completed.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The appropriated budget is prepared by fund, function, department, and object. Transfers of appropriations between departments require the approval of the Commissioners' Court. The legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed appropriations) is at the department level. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored in the subsequent year. For the general fund only, encumbrances outstanding as of September 30, 2025, were not re-appropriated in 2026 as per Commissioners' Court. Any encumbrance outstanding in the general fund as of September 30, 2025, will be liquidated with the year 2025-2026 budget.

B. Excess of Expenditures over Appropriations

The County's actual expenditures may not legally exceed budgeted appropriations at the department level. For the year ended September 30, 2025, expenditures exceeded final budgeted appropriations in certain departments of the General Fund and Road and Bridge Fund. These excesses are identified in the Budgetary Comparison Schedule – General Fund and the Budgetary Comparison Schedule – Road and Bridge Fund. Management monitors budgetary compliance and, when necessary, seeks budget amendments through Commissioners Court.

C. Deficit Fund Balance/Net Position

As of September 30, 2025, the Road and Bridge Fund had a deficit fund balance of $2,027,782, the Transfer Station had a deficit net position of $291,094, and the Internal Service Fund had a deficit net position of $511,613.

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

As of September 30, 2025, the carrying amount of the County's governmental activity deposits was $31,056,632 and $4,426,739 for business-type activities, resulting in a total carrying amount of $35,483,371. The County's bank balance as of September 30, 2025, was $35,662,440. Bank balances of $250,000 per depositor are covered by Federal Deposit Insurance Corporation ("FDIC") and the remaining $35,412,440 were covered by collateral pledged in the County's name.

The County is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States Government, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

The fair values of investments as of September 30, 2025, are summarized as follows:

Description	Rate	Maturity		Fair Value	Measurement Level
Special Revenue Funds					
Certificate of Deposit - 5382	4.00%	1/13/2026	$	439,755	Level 2
Certificate of Deposit - 5383	4.00%	1/13/2026		439,755	Level 2
Certificate of Deposit - 5384	4.00%	1/13/2026		439,755	Level 2
Certificate of Deposit - 5385	4.00%	1/13/2026		439,755	Level 2
Certificate of Deposit - 4493	4.23%	3/25/2026		446,165	Level 2
Certificate of Deposit - 4494	4.23%	3/25/2026		446,165	Level 2
Certificate of Deposit - 4495	4.23%	3/25/2026		446,165	Level 2
				3,097,516	
Debt Service Funds					
Certificate of Deposit - 3833	4.00%	4/1/2026		131,264	Level 2
Certificate of Deposit - 2913	4.23%	2/2/2026		425,022	Level 2
				556,286	
Enterprise Funds					
Certificate of Deposit - 0511	4.00%	1/13/2026		115,188	Level 2
				115,188	
Total Investments - Current			$	3,768,990	

The County is in compliance with the Texas Public Funds Investment Act, Texas Government Code, Chapter 2256.

Fair Value Measurements - The County categorizes its investments measured at fair value within the hierarchy established by generally accepted accounting principles. Investments valued at fair value are categorized based on inputs to valuation techniques as follows:

Level 1 input - Quoted prices for identical assets or liabilities in an active market that an entity has the ability to access.

Level 2 input - Quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 input - Inputs that are unobservable for the asset or liability which are typically based upon the County's own assumptions as there is little, if any, related market activity.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The County's investments are debt securities classified in Level 2 of the fair value hierarchy and are valued using a computerized pricing service utilizing a yield-based matrix system to arrive at an estimated market value.

Interest Rate Risk: To limit the risk that changes in interest rates will adversely affect the fair value of investments; the County requires that the investments be monitored by using specific identification. In accordance with state law, the County does not purchase any investments with maturities greater than 10 years.

Credit Risk: Texas statutes authorize the County to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a Federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured by, or backed by full faith and credit of the United States or their respective agencies and instrumentalities; and (5) obligations of states, agencies, counties, cities and other political subdivisions of any state (rated as to investment quality by a nationally recognized investment rating of not less than "A" or its equivalent). As of September 30, 2025, the County's investments were secured by U.S. Government Securities.

Concentration of Credit Risk: To limit the risk of loss attributed to the magnitude of a government's investment in a single issuer, the investment portfolio shall be diversified in terms of investment instruments maturity scheduling, and financial institutions. To further limit the risk all the County's investments are collateralized by U.S. Government Securities.

Custodial Credit Risk: State law requires governmental entities to contract with financial institutions in which funds will be deposited to secure those deposits with insurance or pledged securities with a fair value equaling or exceeding the amount on deposit at the end of each business day. The pledged securities must be in the name of the governmental entity and held by the entity or its agent. Since the County complies with this law, it has no custodial risk for deposits.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

B. TAXES AND OTHER RECEIVABLES

The County's receivables as of September 30, 2025, net of allowance for uncollectible, are summarized by the following table:

Description	General Fund	Road & Bridge Fund	Non-Major Funds	Enterprise Funds	Total
Taxes Receivable	$ 14,631,422	$ 6,309,336	$ 516,999	$ -	$ 21,457,757
Accounts Receivable	565,893	210,370	11,052	303,864	1,091,179
Interest Receivable	-	-	15,808	910	16,719
Allowance for Uncollectible	(1,463,142)	(630,934)	(51,700)	(68,843)	(2,214,619)
Accounts Receivable, Net	$ 13,734,173	$ 5,888,772	$ 492,159	$ 235,931	$ 20,351,035

C. INTERFUND BALANCES AND TRANSFERS

Interfund balances as of September 30, 2025, consisted of the following individual fund receivables and payables:

Description	Due From Other Funds	Due To Other Funds
Governmental Activities:		
General Fund:		
Special Revenue Fund	3,710,734	5,945
Enterprise Funds	1,597,875	6,075
Internal Service Fund	790,000	200
Trust and Agency Funds	1,572,274	236,449
Capital Projects	200	-
Total General Fund	7,671,083	248,669
Special Revenue Funds:		
General Fund	5,945	3,710,734
Special Revenue Funds	136,429	136,429
Enterprise Funds	74	-
Trust and Agency Funds	253,550	293,510
Total Special Revenue Funds	395,997	4,140,672
Debt Service:		
Trust and Agency Funds	12,842	-
Total Debt Service Fund	12,842	-
Capital Projects:		
General Fund	-	200
Total Capital Projects	-	200
Internal Service:		
General Fund	200	790,000
Total Internal Service Fund	200	790,000

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

Business-Type Activities:		
Enterprise Funds:		
General Fund	6,075	1,597,875
Special Revenue Fund	-	74
Total Enterprise Funds	6,075	1,597,950
Fiduciary Activities:		
Trust and Agency Funds:		
General Fund	236,449	1,572,274
Special Revenue Funds	293,510	253,550
Debt Service Fund	-	12,842
Trust and Agency Funds	135,064	135,064
Total Trust and Agency Funds	665,022	1,973,729
Total Interfund Balances	$ 8,751,219	$ 8,751,219

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers for the year ended September 30, 2025, consisted of the following:

Description	Transfers In	Transfers Out
Governmental Activities:		
General Fund:		
Enterprise Funds	$ 795,210	$ -
Total General Fund	795,210	-
Special Revenue Funds:		
Enterprise Funds	-	200,000
Total Special Revenue Funds	-	200,000
Business-Type Activities:		
Enterprise Funds:		
General Fund	-	795,210
Special Revenue Fund	200,000	-
Total Enterprise Funds	200,000	795,210
Total Interfund Transfers	$ 995,210	$ 995,210

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move funds restricted to debt service to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

D. CAPITAL ASSETS

The County's capital assets, net of accumulated depreciation, for governmental activities as of September 30, 2025, consisted of the following:

	Balance 10/1/2024	Additions	Retirements	Adjustments / Transfers	Ending Balance 9/30/2025
Governmental Activities					
Capital Assets, not being depreciated/amortized					
Land	$ 1,522,280	$ -	$ -	$ -	$ 1,522,280
Construction in Progress	630,547	253,996	-	(373,811)	510,732
Total capital assets, not being depreciated/amortized	2,152,826	253,996	-	(373,811)	2,033,012
Capital Assets, being depreciated/amortized					
Buildings and Improvements	20,834,896	637,066	-	-	21,471,962
Machinery and Equipment	23,251,682	2,667,041	(314,932)	-	25,603,791
Infrastructure	58,706,386	1,350,395	-	373,811	60,430,592
Right of Use Assets	918,330	91,637	(458,025)	-	551,943
Software-Based Assets	105,652	309,606	(105,652)	-	309,606
Total capital assets, being depreciated/amortized	103,816,946	5,055,744	(878,608)	373,811	108,367,893
Less accumulated depreciation/amortization for:					
Buildings and Improvements	(11,495,789)	(467,735)	-	-	(11,963,524)
Machinery and Equipment	(14,703,534)	(1,754,121)	51,875	-	(16,405,780)
Infrastructure	(11,399,189)	(826,054)	-	-	(12,225,242)
Right of Use Assets	(326,252)	(544,702)	458,025	-	(412,929)
Software-Based Assets	(91,146)	(143,826)	105,652	-	(129,320)
Total accumulated depreciation/amortization	(38,015,909)	(3,736,437)	615,551	-	(41,136,795)
Total capital assets, being depreciated/amortized, net	65,801,037	1,319,307	(263,057)	373,811	67,231,098
Capital Assets, Net - Governmental Activities	$ 67,953,863	$ 1,573,304	$ (263,057)	$ -	$ 69,264,109

Depreciation/amortization expense for the year ended September 30, 2025, was charged to the following function/programs of the County as summarized by the following table:

Governmental Activities:	Amount
General Government	$ 845,316
Judicial	234,746
Executive	109,493
Financial Administration	161,817
Public Safety	1,579,384
Public Works	625,444
Health and Welfare	164,110
Conservation Agriculture	16,125
Total Depreciation/Amortization Expense	$ 3,736,437

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

The County's capital assets for business-type activities (Enterprise Funds) as of September 30, 2025, consisted of the following:

INTERNATIONAL TOLL BRIDGE SYSTEM	Balance 10/1/2024	Additions	Retirements/ Reclassifications	Balance 9/30/2025
Business-Type Activities				
Capital Assets, not being depreciated				
Land	$ 1,396,530	$ -	$ -	$ 1,396,530
Construction in Progress	-	58,141	-	58,141
Total capital assets, not being depreciated	1,396,530	58,141	-	1,454,670
Capital Assets, being depreciated				
Buildings and Improvements	5,018,308	136,594	-	5,154,902
Machinery and Equipment	907,985	20,662	-	928,647
Infrastructure	1,343,500	18,200	-	1,361,700
Total capital assets, being depreciated	7,269,793	175,457	-	7,445,249
Less: Accumulated Depreciation	(6,396,987)	(195,448)	-	(6,592,435)
Total capital assets, being depreciated, net	872,806	(19,991)	-	852,815
Capital Assets, Net - International Toll Bridge System	$ 2,269,336	$ 38,150	$ -	$ 2,307,485

The International Toll Bridge System's depreciation expense for the year ended September 30, 2025, was $195,448.

GAS SYSTEM	Balance 10/1/2024	Additions	Retirements/ Reclassifications	Balance 9/30/2025
Business-Type Activities				
Capital Assets, not being depreciated				
Land	$ 10,000	$ -	$ -	$ 10,000
Total capital assets, not being depreciated	10,000	-	-	10,000
Capital Assets, being depreciated				
Buildings and Improvements	20,390	-	-	20,390
Machinery and Equipment	146,261	24,580	-	170,841
Infrastructure	634,930	-	-	634,930
Total capital assets, being depreciated	801,582	24,580	-	826,162
Less: Accumulated Depreciation	(755,120)	(12,239)	-	(767,359)
Total capital assets, being depreciated, net	46,462	12,341	-	58,803
Capital Assets, Net - Gas System	$ 56,462	$ 12,341	$ -	$ 68,803

The Gas System's depreciation expense for the year ended September 30, 2025, was $12,239.

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

TRANSFER STATION	Balance 10/1/2024	Additions	Retirements/ Reclassifications	Balance 9/30/2025
Business-Type Activities				
Capital Assets, not being depreciated				
Construction in Progress	$ 21,000	$ -	$ -	$ 21,000
Total capital assets, not being depreciated	21,000	-	-	21,000
Capital Assets, being depreciated				
Machinery and Equipment	420,830	49,653	-	470,483
Infrastructure	1,675,238	-	-	1,675,238
Total capital assets, being depreciated	2,096,067	49,653	-	2,145,720
Less: Accumulated Depreciation	(1,538,564)	(99,280)	-	(1,637,844)
Total capital assets, being depreciated, net	557,503	(49,627)	-	507,877
Capital Assets, Net - Transfer Station	$ 578,503	$ (49,627)	$ -	$ 528,877

The Transfer Station's depreciation expense for the year ended September 30, 2025, was $99,280.

E. LONG-TERM DEBT

The following is a summary of the changes in Long-Term Obligations as of September 30, 2025, recorded under governmental activities:

Governmental Activities	Original Issue	Issuance Date	Maturity Date	Interest Rate	Balance 10/1/2024	Additions	Retirements	Balance 9/30/2025	Due Within One Year
Bonds Payable									
Certificate of Obligations, Series 2019	500,000	3/11/2019	2/15/2031	5.00%	$ 291,667	$ -	$ (41,667)	$ 250,000	$ 41,667
Certificate of Obligations, Series 2023	2,480,000	8/1/2023	8/15/2038	5.25%	1,665,000	-	(85,000)	1,580,000	90,000
Certificate of Obligations, Series 2024	7,115,000	8/1/2024	8/15/2039	4.85%	7,115,000	-	(595,000)	6,520,000	335,000
Certificate of Obligations, Series 2025	10,130,000	8/15/2025	8/15/2055	5.00%	-	10,130,000	-	10,130,000	45,000
Premium on Bond, Series 2025	121,538	8/15/2025	8/15/2055	0.00%	-	121,538	(4,051)	117,487	4,051
Financed Purchases									
KS State Bank - Equipment	683,409	8/1/2017	10/10/2025	3.35%	186,573	-	(93,234)	93,339	93,339
KS State Bank - Equipment	218,832	12/5/2024	12/5/2030	6.78%	-	218,832	(37,736)	181,096	25,457
ES&S Hardware - Equipment	160,708	10/4/2024	10/4/2027	0.00%	-	160,708	(40,177)	120,531	39,256
D&M Leasing - Vehicles	350,116	4/30/2023	4/1/2028	3.00%	316,910	-	(11,356)	305,554	115,520
John Deere Financial - Equipment	220,800	4/30/2023	11/22/2026	7.40%	100,800	-	(31,154)	69,646	33,539
Lease and Subscription Liabilities									
Subscription-Based Information Technology Arrangements	162,950	Various	6/1/2025	3.00%	14,994	309,606	(154,035)	170,565	98,012
Lease Liabilities	664,376	Various	4/10/2027	3.00%	154,305	91,637	(106,929)	139,013	79,940
Total Bonds, Financed Purchases, and Other Payables					9,845,249	11,032,321	(1,200,338)	19,677,232	1,000,782
Other Long-Term Obligations									
Compensated Absences					632,834	22,982	-	655,816	-
Net Pension Liability/(Asset)					1,763,025	376,394	-	2,139,419	-
Total Governmental Activities' Long-Term Obligations					$ 12,241,108	$ 11,431,697	$ (1,200,338)	$ 22,472,467	$ 1,000,782

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

The following is a summary of the changes in Long-Term Obligations as of September 30, 2025, recorded under business-type activities:

Business-Type Activities	Original Issue	Issuance Date	Maturity Date	Interest Rate	Balance 10/1/2024	Additions	Retirements	Balance 9/30/2025	Due Within One Year
Notes Payable									
State Infrastructure Bank	1,695,000	9/3/2024	8/15/2043	3.93%	$ 1,695,000	$ -	$ -	$ 1,695,000	$ -
Other Long-Term Obligations									
Compensated Absences					62,541	8,758	-	71,299	-
Net Pension Liability/(Asset)					113,144	48,469	-	161,612	-
Total Other Long-Term Obligations					175,685	57,227	-	232,912	-
Total Business-Type Activities' Long-Term Obligations					$ 1,870,685	$ 57,227	$ -	$ 1,927,912	$ -

The annual debt service requirements to maturity for governmental activities' long-term debt obligations are summarized by the following:

Year Ending	Bonds, Financed Purchases, and Other Payables		
September 30,	Principal	Interest	Payments
2026	$ 996,731	$ 949,547	$ 1,946,279
2027	880,639	920,376	1,801,014
2028	852,781	887,193	1,739,973
2029	756,656	844,930	1,601,587
2030	780,931	802,895	1,583,827
2031-2035	4,152,006	3,436,323	7,588,330
2036-2040	4,180,000	2,329,811	6,509,811
2041-2045	1,780,000	1,607,125	3,387,125
2046-2050	2,270,000	1,115,625	3,385,625
2051-2055	2,910,000	474,077	3,384,077
Total	$ 19,559,745	$ 13,367,902	$ 32,927,647

The annual debt service requirements to maturity for business-type activities' long-term debt obligations are summarized by the following:

Year Ending	Notes Payable		
September 30,	Principal	Interest	Total Payment
2026	$ -	$ 66,614	$ 66,614
2027	71,962	66,614	138,575
2028	74,790	63,785	138,575
2029	77,729	60,846	138,575
2030	80,784	57,791	138,575
2031-2035	454,110	238,765	692,875
2036-2040	550,637	142,238	692,875
2041-2045	384,990	30,645	415,635
Total	$ 1,695,000	$ 727,299	$ 2,422,299

NOTE 3 – DETAILED NOTES ON ALL FUNDS (Continued)

F. FUND BALANCES

Some fund balance restrictions and commitments have been grouped together under the heading of other or various purposes. Those amounts are detailed below:

Description	Amount
Restricted for Debt Service	$ 1,974,691
Restricted for Special Purpose	5,961,865
Committed for Construction	16,931,687
Unassigned	7,592,052
Total Fund Balances	$ 32,460,296

G. NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets consisted of capital assets, net of accumulated depreciation, reduced by outstanding debt directly attributable to the acquisition, construction, or improvement of those assets. The County's net investment in capital assets as of September 30, 2025, was as follows:

Description	Governmental Activities	Business-Type Activities
Capital Assets, net of accumulated depreciation	$ 69,264,109	$ 2,905,165
Less: Outstanding long-term debt related to capital assets	(19,559,745)	(1,695,000)
Less: Unamortized premium	(117,487)	-
Total Net Investment in Capital Assets	$ 49,586,877	$ 1,210,165

NOTE 4 – OTHER INFORMATION

A. RISK MANAGEMENT

Starr County is exposed to various risks of loss relating to general liability, the accidental risk of loss of real and personal property, damage to County assets, errors and omissions, and personal risks which relate to workers' compensation. The County implements several risk strategies, such as purchasing commercial insurance and self-insurance with specific and full self-insurance to manage those listed risks. The amount of coverage for these types of risk has not been subjected to a significant reduction in the current year.

NOTE 4 – OTHER INFORMATION (Continued)

B. CONTINGENT LIABILITIES

The County participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the County has not complied with the rules and regulations governing the grants, refunds of any money received may be required, and the collectability of any related receivable may be impaired. In the opinion of management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

C. COMMITMENTS

The County’s commitments to various projects as of September 30, 2025, are as follows:

Description	Project Name	Amount Committed	Paid in Previous Years	Paid in Current Years	Balance
Governmental	Fronton Nutrition Center	$ 373,811	$ 369,301	$ 4,510	$ -
Governmental	Juvenile Detention Restoration	510,660	-	399,014	111,646
Governmental	Precinct #2 Office & Food Pantry	501,713	239,713	88,802	173,198
Governmental	Precinct #2 Cemetery Columbarium	100,538	-	70,662	29,876
Governmental	Precinct #4 Cemetery	250,000	21,532	90,022	138,446
Proprietary	Bridge Renovation	1,695,000	-	58,141	1,636,859
	Total Commitments	$ 3,431,722	$ 630,546	$ 711,151	$ 453,166

D. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The County provides retirement, disability, and death benefits for all its full-time employees through a nontraditional defined benefit pension plan in the statewide Texas County and District Retirement System (TCDRS). The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple employer public employee retirement system consisting of 624 cash balance-like defined benefit pension plans. TCDRS in the aggregate issues an annual comprehensive financial report (ACFR) on a calendar year basis. The ACFR is available upon written request from the TCDRS Board of Trustees at P.O. Box 2034, Austin, Texas 78768-2034.

The plan provisions are adopted by the governing body of the County, within the options available in the Texas state statutes governing TCDRS. Members can retire at ages 60 and above with 8 or more years of service or with 20 years regardless of age or when the sum of their age and years equals 75 or more. Members are vested after 8 years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their contributions in a lump sum are not entitled to any amount contributed by their employer.

NOTE 4 – OTHER INFORMATION (Continued)

Benefit amounts are determined by the sum of the employee's contributions to the plan, with interest, and employer-financed monetary credits. The level of these monetary credits is adopted by the governing body of the County conditioned by the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer's commitment to contribute. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act.

B. Employees Covered By Benefit Terms

As of December 31, 2024, valuation and measurement date, the following employees were covered by the benefit terms:

Members	December 31, 2023	December 31, 2024
Number of inactive employees entitled to but not yet receiving benefits:	830	854
Number of active employees:	581	577
Average monthly salary*:	$ 3,003	$ 3,236
Average age*:	42.80	43.10
Average length of service in years*:	8.33	8.59
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients:	225	238
Average monthly benefit:	$ 911	$ 941

*Averages reported for active employees

C. Contributions

The employer has elected the annually determined contribution rate (Variable-Rate) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the employer based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the employer is actuarially determined annually.

Employees for the County were required to contribute 5% of their annual gross earnings during the fiscal year. The contributions rates for the County were 6.94% and 6.86% in the calendar year 2023 and 2024, respectively. The County's contributions to TCDRS for the plan year ending December 31, 2024, were $1,452,242 and were equal to the required contributions.

NOTE 4 – OTHER INFORMATION (Continued)

D. Net Pension Liability

The County's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Changes in the total pension liability, plan fiduciary net position, and the net pension liability for the plan year ended December 31, 2024, for the County, are shown as the following:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 12/31/23	$ 63,074,115	$ 61,197,946	$ 1,876,169
Changes for the year:			
Service cost	1,940,909		1,940,909
Interest	4,837,088		4,837,088
Change in benefit terms	2,216,175		2,216,175
Diff between expected/actual experience	102,794		102,794
Changes of assumptions	-		-
Benefit payments, including refunds of employee contributions	(2,789,335)	(2,789,335)	-
Contributions - employer		1,452,242	(1,452,242)
Contributions - employee		1,058,485	(1,058,485)
Net investment income		6,231,441	(6,231,441)
Administrative expenses		(36,516)	36,516
Other charges		(33,550)	33,550
Net changes	6,307,631	5,882,767	424,864
Balance at 12/31/24	$ 69,381,746	$ 67,080,714	$ 2,301,032

NOTE 4 – OTHER INFORMATION (Continued)

E. Actuarial assumptions

The Net Pension Liability as of December 31, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry age (level percentage of pay)
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	15.1 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of investment expenses, including inflation.
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions	2015: New inflation, mortality and other assumptions were reflected. 2017: New mortality assumptions were reflected. 2019: New inflation, mortality and other assumptions were reflected. 2022: New investment return and inflation assumptions were reflected.
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions	2015: No changes in plan provisions were reflected in the Schedule. 2016: No changes in plan provisions were reflected in the Schedule. 2017: New Annuity Purchase Rates were reflected for benefits earned after 2017. 2018: No changes in plan provisions were reflected in the Schedule. 2019: No changes in plan provisions were reflected in the Schedule. 2020: No changes in plan provisions were reflected in the Schedule. 2021: No changes in plan provisions were reflected in the Schedule. 2022: No changes in plan provisions were reflected in the Schedule. 2023: No changes in plan provisions were reflected in the Schedule. 2024: No changes in plan provisions were reflected in the Schedule.

Actuarial assumptions used in the December 31, 2024, valuation was based on the results of actuarial experience studies. The experience study in TCDRS was for the period January 1, 2017, through December 31, 2020, except where required to be different by GASB 68. TCDRS' actuarial assumptions are periodically reviewed and revised as deemed necessary to reflect the best estimates of future experience. Every four years, the TCDRS consulting actuary conducts an investigation of experience, TCDRS assumptions are compared to plan experience and future expectations, and changes to the assumptions are recommended as needed.

NOTE 4 – OTHER INFORMATION (Continued)

The long-term expected rate of return on pension plan investments is 7.60%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TCDRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TCDRS.

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 2025 information for a 10-year time horizon. The valuation assumption for long-term expected return is reassessed at a minimum every four years and is set based on a long-term time horizon; the most recent analysis was performed in 2025.

The target allocation and best estimates of geometric real rates return for each major asset class are summarized in the following table:

Asset Class	Benchmark	Target Allocation	Geometric Real Rate of Return
US Equities	Dow Jones U.S. Total Stock Market Index	13.00%	5.35%
Global Equities	MSCI World (net) Index	4.00%	5.15%
International equities – Developed	MSCI World Ex USA (net) Index	6.00%	4.75%
International equities – Emerging	MSCI EM Standard (net) index	0.00%	4.75%
Investment-grade bonds	Bloomberg Barclay U.S. Aggregate Bond Index	3.00%	2.55%
Strategic credit	FTSE High-Yield Cash-Pay Index	9.00%	3.70%
Direct lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.85%
Distressed debt	Cambridge Associates Distressed Securities Index	4.00%	6.80%
REIT equities	67% FTSE NAREIT Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	3.95%
Master Limited Partnerships	Alerian MLP Index	2.00%	4.95%
Commodities	Bloomberg Commodities Index	2.00%	1.00%
Private real estate partnerships	Cambridge Associates Real Estate Index	6.00%	5.75%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index	25.00%	8.15%
Hedge funds	Hedge Fund research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.60%
Cash Equivalents	90-Day U.S. Treasury	2.00%	1.10%

NOTE 4 – OTHER INFORMATION (Continued)

F. Discount Rate

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 following:

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 does not include the above stated value, which was 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 a 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.

G. Depletion of Plan Assets/GASB Discount Rate

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 we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer'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.

NOTE 4 – OTHER INFORMATION (Continued)

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 flow 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, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

H. Discount Rate Sensitivity Analysis

The following presents the net pension liability of the County calculated using the discount rate of 7.60%, as well as what the Starr County net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
Total Pension Liability	$ 79,389,769	$ 69,381,746	$ 61,138,571
Fiduciary Net Position	67,080,714	67,080,714	67,080,714
Net Pension Liability / (Asset)	$ 12,309,055	$ 2,301,032	$ (5,942,143)

NOTE 4 – OTHER INFORMATION (Continued)

I. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the plan year ending December 31, 2024, the County's pension expense (income) is as follows:

Pension Expense / (Income)	January 1, 2024 to December 31, 2024
Service Cost	$ 1,940,909
Interest on total pension liability	4,837,088
Effect of plan changes	2,216,175
Administrative expenses	36,516
Member contributions	(1,058,485)
Expected investment return net of investment expenses	(4,638,037)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains/losses	125,432
Recognition of assumption changes/inputs	-
Recognition of investment gains/losses	(701,503)
Other	33,550
Total Pension Expense (Income)	$ 2,791,644

As of December 31, 2024, the deferred inflows and outflows of resources are as follows:

Deferred Inflows / Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ -	$ 178,896
Changes of assumptions	-	-
Net difference between projected and actual earnings	630,588	-
Contributions made subsequent to the measurement date	N/A	1,295,487

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 for plan years as follows:

Plan year ended December 31,	Amount
2025	$ (360,406)
2026	922,347
2027	(694,953)
2028	(318,680)
2029	-
Thereafter	-

NOTE 4 – OTHER INFORMATION (Continued)

E. TAX ABATEMENTS

Tax Code Chapter 311, Tax Code Chapter 312, and Local Government Code Chapter 381 authorize Commissioners' Court to enter into agreements to stimulate economic development in the County by (1) the development or redevelopment of an area, (2) creation of new jobs, (3) new income, and (4) positive economic growth.

Chapter 312 of the Texas Tax Code, Property Redevelopment and Tax Abatement Act, authorizes Commissioners' Court to execute a tax abatement agreement, after guidelines and criteria have been adopted, with the owner of taxable real property located in a reinvestment zone designated under this subchapter or with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation all or a portion of the value of the real property, all or a portion of the value of the tangible personal property located on the real property, or all or a portion of the value of both. For each tax abatement, there is a tax abatement agreement between the County and the owner of the property.

The Commissioners' Court approved Guidelines and Criteria for Granting Tax Abatements in Starr County. The guidelines detail the qualifying percentage of value to be abated based on the capital cost involved in the project or the number of jobs created. The duration of an agreement may be for a period of time determined appropriately by the Commissioners' Court of the County, based on the productive life of the improvements and consistent with the provisions of the guidelines and criteria, but in accordance with the law, in no case will the term of the tax abatement extend for more than ten years. Special terms and conditions may be set in the agreement governing each specific tax abatement.

Chapter 381 of the Local Government Code, County Development and Growth, allows Commissioners' Court to develop and administer a program to stimulate business and commercial activity in the County:

1. For state or local economic development;

2. For small or disadvantaged business development;

3. To stimulate, encourage, and develop business location and commercial activity in the County;

4. To promote or advertise the County and its vicinity or conduct a solicitation program to attract conventions, visitors, and businesses;

5. To improve the extent to which women and minority businesses are awarded County contracts;

NOTE 4 – OTHER INFORMATION (Continued)

6. To support comprehensive literacy programs for the benefit of County residents; or

7. For encouragement, promotion, improvement, and application of the arts.

Commissioners' Court approved Guidelines and Criteria for Participation in projects under Chapter 381 of the Texas Local Government Code (Economic Development Incentives Program). Through the program, the County may provide incentives for certain private and/or public developers and businesses that make or will make a measurable difference in achieving economic growth and development, expanding and diversifying the tax base and creating new employment opportunities within the County.

The County’s amount of property tax abatements during the current fiscal year was $875,000.

F. SUBSEQUENT EVENTS

For the purpose of reporting subsequent events, management has considered events occurring up to June 29, 2026, the date the report was available to be issued. No subsequent events were noted.

REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT G-1

STARR COUNTY, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN GENERAL FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2025

		Budgeted Amounts			Variance
		Original	Final	Actual	Favorable (Unfavorable)
	REVENUES				
5110	Property Taxes	$ 14,704,197	$ 14,704,197	$ 14,288,669	$ (415,528)
5200	Licenses and Permits	322,000	322,000	202,190	(119,810)
5300	Intergovernmental Revenue and Grants	470,000	470,000	677,145	207,145
5400	Charges for Services	7,288,000	7,288,000	6,853,840	(434,160)
5510	Fines and Forfeitures	-	-	237,881	237,881
5610	Investment Earnings	-	-	266,311	266,311
5700	Other Revenue	720,500	1,132,037	545,683	(586,354)
	Total Revenues	23,504,697	23,916,234	23,071,719	(844,515)
	EXPENDITURES				
111	County Judge	723,162	718,012	657,636	60,376
131	County Clerk	382,063	382,093	355,212	26,882
151	Planning Department	234,163	234,163	200,650	33,513
161	Personnel Department	224,264	224,264	222,001	2,263
171	Federal and State Programs	296,958	296,958	207,381	89,578
181	County Wide General Fund	4,811,200	4,794,903	4,914,959	(120,056)
191	Contract for 9-1-1 Services	64,300	64,300	55,741	8,558
211	County Court-at-Law	518,993	518,993	446,875	72,118
221	229th District Court	477,714	477,724	370,415	107,309
222	381st District Court	516,322	517,382	430,790	86,592
231	District Clerk	359,892	359,892	289,336	70,556
241	Justice of the Peace Pct. #1	114,234	129,551	126,906	2,645
242	Justice of the Peace Pct. #2	98,913	98,913	98,491	422
243	Justice of the Peace Pct. #3	99,695	99,695	98,232	1,463
244	Justice of the Peace Pct. #4	98,620	98,620	98,726	(105)
245	Justice of the Peace Pct. #5	99,795	113,881	97,160	16,722
246	Justice of the Peace Pct. #6	100,713	100,713	99,978	735
247	Justice of the Peace Pct. #7	92,817	92,817	92,367	449
248	Justice of the Peace Pct. #8	95,545	95,545	94,540	1,005
311	County Attorney	491,382	491,382	516,218	(24,836)
321	District Attorney	683,669	683,729	670,166	13,563
411	Elections Administrator	228,230	312,765	281,202	31,563
511	County Auditor	542,494	542,494	521,366	21,127
521	County Treasurer	204,381	204,381	198,410	5,972
531	Tax Collector	513,253	513,263	490,396	22,866
541	Compliance and Collections	179,561	179,561	169,546	10,015
611	Building Maintenance	327,981	327,981	294,529	33,452
621	Detention Center	4,308,615	4,308,615	4,436,237	(127,622)
631	Starr County Juvenile Detention Center	537,590	537,830	483,290	54,540
710	County Wide Services	63,996	63,996	54,636	9,360
711	Fire Station Pct. #1	260,750	253,234	255,108	(1,873)
712	Fire Station Pct. #2	252,340	257,690	253,857	3,833
713	Fire Station Pct. #3	238,322	392,122	395,731	(3,610)
714	Fire Station Pct. #4	277,595	423,001	418,745	4,255
720	Constable Pct. #1-8	388,425	388,425	357,217	31,207
731	Sheriffs' Department	3,495,023	3,495,023	3,700,863	(205,840)
781	Adult Probation	83,702	83,702	81,303	2,399
1011	Health and Welfare	17,300	17,300	3,100	14,200
1012	Elderly Program	94,696	94,446	93,928	518
1013	Starr Co. Groundwater District	42,304	42,304	16,369	25,935
1014	Emergency Management	49,133	49,133	17,852	31,281
1111	County Public Library	-	251	251	-
1211	Agriculture Extension Service	166,923	166,923	163,884	3,040
1221	Nutrition Program Pct. #1	357,866	371,381	369,177	2,204
1222	Nutrition Program Pct. #2	510,281	509,119	500,390	8,729
1223	Nutrition Program Pct. #3	242,363	254,638	210,603	44,036
1224	Nutrition Program Pct. #4	332,446	328,413	298,776	29,637
	Total Expenditures	24,299,985	24,711,521	24,210,545	500,976
	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(795,288)	(795,288)	(1,138,827)	(343,539)
	OTHER FINANCING SOURCES (USES)				
	Transfers In- International Bridge	732,410	732,410	732,410	-
	Transfers In- Gas System Transfers	62,800	62,800	62,800	-
	Proceeds from SBITAs	-	-	309,606	309,606
	Contribution-Courthouse Security	100	100	-	(100)
	Total Other Financing Sources (Uses)	795,310	795,310	1,104,816	309,506
	Net Change in Fund Balances	22	22	(34,011)	(34,033)
	FUND BALANCE - BEGINNING	9,653,845	9,653,845	9,653,845	-
	FUND BALANCE - ENDING	$ 9,653,867	$ 9,653,867	$ 9,619,834	$ (34,033)

STARR COUNTY, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Budgeted Amounts			Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES:				
Property Taxes	$ 6,572,599	$ 6,572,599	$ 6,622,284	$ 49,685
Licenses and Permits	800,000	800,000	560,070	(239,930)
Charges for Services	125,000	125,000	123,691	(1,309)
Fines	120,000	120,000	226,319	106,319
Investment Earnings	-	-	26,326	26,326
Other Revenue	43,000	193,748	165,167	(28,581)
Total Revenues	7,660,599	7,811,347	7,723,857	(87,490)
EXPENDITURES:				
Commissioner Pct. #1	1,513,914	1,511,694	1,472,976	38,718
Commissioner Pct. #2	1,371,736	1,384,836	1,327,848	56,988
Commissioner Pct. #3	1,650,526	1,650,526	1,552,840	97,686
Commissioner Pct. #4	1,521,320	1,658,967	1,546,840	112,127
County Wide Road and Bridge Fund	1,566,700	1,566,700	1,994,684	(427,984)
Flood Control	36,000	38,220	-	38,220
Total Expenditures	7,660,195	7,810,943	7,895,188	(84,245)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	404	404	(171,331)	(171,735)
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(200,000)	(200,000)
Total Other Financing Sources (Uses)	-	-	(200,000)	(200,000)
Net Change in Fund Balance	404	404	(371,331)	(371,735)
FUND BALANCE, BEGINNING - October 1	(1,656,452)	(1,656,452)	(1,656,452)	-
FUND BALANCE, ENDING - September 30	$ (1,656,048)	$ (1,656,048)	$ (2,027,782)	$ (371,735)

STARR COUNTY, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Plan Year Ended December 31,			
	2024	2023	2022	2021
Total Pension Liability				
Service cost	$ 1,940,909	$ 1,874,706	$ 1,678,178	$ 1,794,895
Interest (on the total pension liability)	4,837,088	4,525,952	4,256,862	4,059,281
Changes of benefit terms	2,216,175	-	-	-
Difference between expected and actual experience	102,794	331,101	(57,598)	(715,271)
Change of assumptions	-	-	-	43,361
Benefit payments, including refunds of employee contributions	(2,789,335)	(2,566,249)	(2,553,241)	(2,381,517)
Net Change in Total Pension Liability	6,307,631	4,165,510	3,324,201	2,800,749
Total Pension Liability - Beginning	63,074,115	$ 58,910,605	55,586,404	52,785,655
Total Pension Liability - Ending	$ 69,381,746	$ 63,074,115	$ 58,910,605	$ 55,586,404
Plan Fiduciary Net Position				
Contributions - employer	$ 1,452,242	$ 1,365,100	$ 1,396,077	$ 1,297,874
Contributions - employee	1,058,485	983,502	925,780	867,563
Net investment income	6,231,441	6,078,368	(3,439,604)	10,650,234
Benefit payments, including refunds of employee contributions	(2,789,335)	(2,566,249)	(2,553,241)	(2,381,517)
Administrative expense	(36,516)	(31,955)	(32,421)	(31,925)
Other	(33,550)	44,818	17,948	7,575
Net Change in Plan Fiduciary Net Position	5,882,767	5,873,584	(3,685,461)	10,409,804
Plan Fiduciary Net Position - Beginning	61,197,948	55,324,364	59,009,825	48,600,021
Plan Fiduciary Net Position - Ending	$ 67,080,714	$ 61,197,948	$ 55,324,364	$ 59,009,825
Net Pension Liability - Ending	$ 2,301,032	$ 1,878,167	$ 3,586,240	$ (3,423,422)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.68%	97.02%	93.91%	106.16%
Covered Payroll	$ 21,169,708	$ 19,670,031	$ 18,515,606	$ 17,351,256
Net Pension Liability as a Percentage of Covered Payroll	10.87%	9.54%	19.37%	-19.73%

	2020	2019	2018	2017
Total Pension Liability				
Service cost	$ 1,476,709	$ 1,359,508	$ 1,322,698	$ 1,477,749
Interest (on the total pension liability)	3,807,245	3,575,258	3,354,911	3,180,024
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(164,257)	(63,228)	(42,953)	(570,494)
Change of assumptions	3,216,881	-	-	-
Benefit payments, including refunds of employee contributions	(2,113,338)	(2,135,637)	(1,773,668)	(1,772,619)
Net Change in Total Pension Liability	6,223,240	2,735,901	2,860,988	2,314,660
Total Pension Liability - Beginning	46,562,415	43,826,514	40,965,526	38,650,866
Total Pension Liability - Ending	$ 52,785,655	$ 46,562,415	$ 43,826,514	$ 40,965,526
Plan Fiduciary Net Position				
Contributions - employer	$ 1,316,158	$ 1,138,373	$ 1,116,212	$ 1,157,528
Contributions - employee	864,756	791,636	739,213	767,072
Net investment income	4,550,145	6,246,892	(720,080)	4,915,296
Benefit payments, including refunds of employee contributions	(2,100,662)	(2,135,637)	(1,773,668)	(1,772,619)
Administrative expense	(35,561)	(33,563)	(30,553)	(25,737)
Other	(26,446)	(1,905)	(6,338)	1,794
Net Change in Plan Fiduciary Net Position	4,568,390	6,005,796	(675,214)	5,043,334
Plan Fiduciary Net Position - Beginning	44,031,631	38,025,835	38,701,049	33,657,715
Plan Fiduciary Net Position - Ending	$ 48,600,021	$ 44,031,631	$ 38,025,835	$ 38,701,049
Net Pension Liability - Ending	$ 4,185,633	$ 2,530,783	$ 5,800,679	$ 2,264,477
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.07%	94.56%	86.76%	94.47%
Covered Payroll	$ 17,295,113	$ 15,832,719	$ 14,784,259	$ 15,341,443
Net Pension Liability as a Percentage of Covered Payroll	24.20%	15.98%	39.24%	14.76%

STARR COUNTY, TEXAS
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

	As of December 31,			
	2024	2023	2022	2021
Actuarially determined contribution	$ 1,452,242	$ 1,365,100	$ 1,396,077	$ 1,297,874
Contributions in relation to actuarially determined contribution	(1,452,242)	(1,365,100)	(1,396,077)	(1,297,874)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll	$ 21,169,708	$ 19,670,031	$ 18,515,606	$ 17,351,256
Contributions as a percentage of covered payroll	6.9%	6.9%	7.5%	7.5%

	2020	2019	2018	2017
Actuarially determined contribution	$ 1,316,158	$ 1,138,373	$ 1,116,212	$ 1,155,211
Contributions in relation to actuarially determined contribution	(1,316,158)	(1,138,373)	(1,116,212)	(1,157,528)
Contribution deficiency (excess)	$ -	$ -	$ -	$ (2,317)
Covered payroll	$ 17,295,113	$15,832,719	$14,784,259	$ 15,341,443
Contributions as a percentage of covered payroll	7.61%	7.19%	7.55%	7.53%

STARR COUNTY, TEXAS
Notes to Required Supplementary Information
As of September 30, 2025

Budget Basis of Accounting

The County adopts annual appropriated budgets for the General Fund and Road and Bridge Fund. The budgetary comparison schedules for these funds are presented using the same basis of accounting as the governmental fund financial statements, which is the modified accrual basis of accounting.

Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. The County considers revenues available if they are collected within 60 days after year-end. Expenditures are generally recognized when the related fund liability is incurred. Debt service expenditures are recognized when payment is due.

Because the budgetary comparison schedules are presented on the same basis of accounting as the governmental fund financial statements, no reconciliation between budgetary basis and GAAP basis is required.

Budgetary Control

The appropriated budget is prepared by fund, function, department, and object. The legal level of budgetary control is the department level. The Commissioners' Court must approve transfers of appropriations between departments. Budget amendments are made during the year as necessary and are approved by the Commissioners' Court.

Annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year-end do not constitute expenditures or liabilities because the commitments will be honored in the subsequent fiscal year.

Excess of Expenditures Over Appropriations

For the year ended September 30, 2025, expenditures exceeded final budgeted appropriations in certain departments of the General Fund and Road and Bridge Fund. These excesses are identified in the respective budgetary comparison schedules. Management monitors budgetary compliance and seeks budget amendments through the Commissioners' Court when necessary.

Pension Schedules

The Schedule of Changes in Net Pension Liability and Related Ratios and the Schedule of Contributions are presented as required supplementary information for the County's participation in the Texas County and District Retirement System.

The information presented in the pension schedules was determined using information provided by the Texas County and District Retirement System. The net pension liability is measured as of December 31, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Additional information regarding the pension plan, including significant actuarial assumptions, changes in assumptions, and changes in benefit terms, is disclosed in the notes to the financial statements.

STARR COUNTY, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

EXHIBIT H-1

		American Rescue Plan Act	Courthouse Renovation Fund	Crime Victim's Assistance Fund	DA's Border Prosecution Fund - 2025	DA's Border Prosecution Fund - 2027	Detention Facility Covid-19 Testing and Prevention
ASSETS:							
1010	Cash and Cash Equivalents	$ 734,526	$ 274,307	$ 55,597	$ (131)	$ 14,919	$ 526,994
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	3,135	-	-	-
1260	Due from Other Governments	-	-	-	8,835	41,384	-
1300	Due from Other Funds	-	1,740	41,261	-	-	-
1390	Due from Others	-	-	63,443	-	-	-
TOTAL ASSETS		$ 734,526	$ 276,047	$ 163,436	$ 8,704	$ 56,303	$ 526,994
LIABILITIES:							
2010	Accounts Payable	$ -	$ -	$ 19,889	$ -	$ 2,490	$ -
2020	Payroll Liabilities	-	-	17,113	-	19,293	-
2080	Due to Other Funds	294,526	-	126,433	8,704	34,520	525,055
2090	Due to Others	-	-	-	-	-	1,939
2230	Unearned Revenues	440,000	-	-	-	-	-
	TOTAL LIABILITIES	734,526	-	163,436	8,704	56,303	526,994
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	276,047	-	-	-	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	276,047	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 734,526	$ 276,047	$ 163,436	$ 8,704	$ 56,303	$ 526,994

		Southwest Border Rural Law Enforcement Assistance	Testing of Forensic Evidence	BEC/NADBNK SWEP Grant #TX0360 (OMR)	Homeland Security Grants	BEC/NADBNK SWEP Grant #TX0360 (RRR)	Self Help Center Contract #711013
ASSETS:							
1010	Cash and Cash Equivalents	$ 1,143	$ 40,742	$ 46,869	$ 316,364	$ 20,349	$ 52,650
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	-
1260	Due from Other Governments	-	8,580	-	-	-	-
1300	Due from Other Funds	-	-	-	-	-	-
1390	Due from Others	-	-	-	-	-	-
TOTAL ASSETS		$ 1,143	$ 49,322	$ 46,869	$ 316,364	$ 20,349	$ 52,650
LIABILITIES:							
2010	Accounts Payable	$ -	$ 24,000	$ -	$ -	$ -	$ -
2020	Payroll Liabilities	-	-	-	-	-	-
2080	Due to Other Funds	1,143	25,322	-	316,364	-	49,005
2090	Due to Others	-	-	-	-	-	-
2230	Unearned Revenues	-	-	46,869	-	20,349	3,646
	TOTAL LIABILITIES	1,143	49,322	46,869	316,364	20,349	52,650
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	-	-	-	-	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 1,143	$ 49,322	$ 46,869	$ 316,364	$ 20,349	$ 52,650

STARR COUNTY, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

	229th DA's Pre Trial Diversion Program	Law Library Fund	Surcharge Fund	Courthouse Security Fund	Archives Mgmt Fund - Co Clerk	Records Mgmt & Pres Fund District Clerk
ASSETS:						
1010 Cash and Cash Equivalents	$ 59,886	$ 580,651	$ 38,132	$ 217,541	$ 201,396	$ 180,559
1030 Investments - Current	-	-	-	-	-	-
1040 Interest Receivable - Investments	-	-	-	-	-	-
1050 Taxes Receivable, Net	-	-	-	-	-	-
1150 Accounts Receivable, Net	-	-	-	-	-	-
1260 Due from Other Governments	-	-	-	-	-	-
1300 Due from Other Funds	-	3,045	6,876	2,933	6,638	3,012
1390 Due from Others	-	-	-	-	-	-
TOTAL ASSETS	$ 59,886	$ 583,696	$ 45,008	$ 220,474	$ 208,034	$ 183,572
LIABILITIES:						
2010 Accounts Payable	$ -	$ 201	$ 83	$ -	$ 263	$ -
2020 Payroll Liabilities	-	-	2,845	-	1,481	-
2080 Due to Other Funds	-	-	-	-	-	-
2090 Due to Others	-	-	-	-	-	-
2230 Unearned Revenues	-	-	-	-	-	-
TOTAL LIABILITIES	-	201	2,928	-	1,745	-
DEFERRED INFLOWS OF RESOURCES:						
2601 Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:						
3480 Restricted for Debt Service	-	-	-	-	-	-
3490 Restricted for Special Purposes	59,886	583,495	42,080	220,474	206,290	183,572
3550 Committed for Construction	-	-	-	-	-	-
TOTAL FUND BALANCES	59,886	583,495	42,080	220,474	206,290	183,572
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES	$ 59,886	$ 583,696	$ 45,008	$ 220,474	$ 208,034	$ 183,572

STARR COUNTY, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

EXHIBIT H-1 (Cont.)

		Records Mgmt & Pres Fund County Clerk	LEOSE Fund	Olmitos Garcias Creek Watershed Site 7	Starr County Drainage District	Starr Co Judge-Vending Machine Act	Victims of Domestic Violence
ASSETS:							
1010	Cash and Cash Equivalents	$ 20,666	$ 56,585	$ 100,610	$ 1,099,025	$ 6,981	$ 12,989
1030	Investments - Current	-	-	-	3,097,516	-	-
1040	Interest Receivable - Investments	-	-	-	14,968	-	-
1050	Taxes Receivable, Net	-	-	-	174,289	-	-
1150	Accounts Receivable, Net	-	-	-	-	124	-
1260	Due from Other Governments	-	-	-	-	-	-
1300	Due from Other Funds	25	-	-	1,675	-	18,611
1390	Due from Others	-	-	-	-	-	42,362
TOTAL ASSETS		$ 20,691	$ 56,585	$ 100,610	$ 4,387,473	$ 7,105	$ 73,962
LIABILITIES:							
2010	Accounts Payable	$ -	$ -	-	$ -	$ -	$ -
2020	Payroll Liabilities	-	-	-	-	-	8,015
2080	Due to Other Funds	-	1,380	742	-	-	42,632
2090	Due to Others	-	-	-	-	-	-
2230	Unearned Revenues	-	-	99,868	-	-	23,316
	TOTAL LIABILITIES	-	1,380	100,610	-	-	73,962
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	174,289	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	174,289	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	20,691	55,205	-	4,213,184	7,105	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	20,691	55,205	-	4,213,184	7,105	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 20,691	$ 56,585	100,610	$ 4,387,473	$ 7,105	$ 73,962

STARR COUNTY, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

		Victim Coordinator & Liaison	Government Service Special Project	Juvenile Detention Restoration Project	TXDOT Section 5310	Pct. #4 Cemetery	Pct. #2 Memorial Cemetery
ASSETS:							
1010	Cash and Cash Equivalents	$ 48	$ 2,699,251	$ 420,745	$ 20,186	$ 11,451	$ 27,093
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	5,500
1260	Due from Other Governments	3,807	-	113,909	1,378	-	-
1300	Due from Other Funds	-	100,000	-	-	-	-
1390	Due from Others	-	-	-	-	-	-
TOTAL ASSETS		$ 3,854	$ 2,799,251	$ 534,654	$ 21,564	$ 11,451	$ 32,593
LIABILITIES:							
2010	Accounts Payable	$ -	$ 29,316	$ 113,909	$ -	$ -	$ 32,744
2020	Payroll Liabilities	1,901	-	-	-	-	-
2080	Due to Other Funds	1,954	56,500	400,100	21,564	58	7,372
2090	Due to Others	-	-	-	-	-	-
2230	Unearned Revenues	-	2,713,434	20,645	-	-	-
	TOTAL LIABILITIES	3,854	2,799,251	534,654	21,564	58	40,116
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	-	-	-	11,394	(7,523)
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	-	-	-	11,394	(7,523)
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 3,854	$ 2,799,251	$ 534,654	$ 21,564	$ 11,451	$ 32,593

		United Way Domestic Violence Program	Starr Co Border Interdiction Unit	Starr Co Violent Crime Unit	Starr Co Crime Victims Donation Fund	Project Safe Neighborhood Grant	Starr Co. HIDTA Task Force G24
ASSETS:							
1010	Cash and Cash Equivalents	$ 9,819	$ 8,806	$ 30,883	$ 689	$ 4,169	$ 6,765
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	-
1260	Due from Other Governments	-	-	-	-	2,084	31,508
1300	Due from Other Funds	1,429	1,234	46,980	-	-	-
1390	Due from Others	4,500	-	-	-	-	-
TOTAL ASSETS		$ 15,748	$ 10,040	$ 77,863	$ 689	$ 6,253	$ 38,273
LIABILITIES:							
2010	Accounts Payable	$ 7,533	$ -	$ -	$ -	$ -	$ -
2020	Payroll Liabilities	-	-	-	-	1,157	-
2080	Due to Other Funds	4,798	10,040	27,861	518	5,096	35,000
2090	Due to Others	-	-	50,002	-	-	3,273
2230	Unearned Revenues	3,417	-	-	-	-	-
	TOTAL LIABILITIES	15,748	10,040	77,863	518	6,253	38,273
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	-	-	171	-	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	-	-	171	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 15,748	$ 10,040	$ 77,863	$ 689	$ 6,253	$ 38,273

STARR COUNTY, TEXAS
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

EXHIBIT H-1 (Cont.)

		Starr Co. HIDTA Task Force G25	JP's Justice Court Technology Fund	Texas A&M Forest Service Grant	County Attorney LBSP - FY25	Juvenile Intervention Serv Prg Grant	CSCD Bond Supervision Program
ASSETS:							
1010	Cash and Cash Equivalents	$ 41,474	$ 8,823	$ 6,185	$ 5,041	$ 7,501	$ 78,063
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	2,293
1260	Due from Other Governments	238,651	-	119,999	-	-	-
1300	Due from Other Funds	-	930	-	-	-	-
1390	Due from Others	-	-	-	-	-	-
TOTAL ASSETS		$ 280,125	$ 9,753	$ 126,184	$ 5,041	$ 7,501	$ 80,356
LIABILITIES:							
2010	Accounts Payable	$ 1,087	$ -	$ -	-	$ -	$ 11
2020	Payroll Liabilities	-	-	-	-	-	-
2080	Due to Other Funds	248,137	304	126,184	5,041	7,501	-
2090	Due to Others	13,855	-	-	-	-	-
2230	Unearned Revenues	17,047	-	-	-	-	-
	TOTAL LIABILITIES	280,125	304	126,184	5,041	7,501	11
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	9,449	-	0	-	80,345
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	9,449	-	0	-	80,345
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 280,125	$ 9,753	$ 126,184	5,041	$ 7,501	$ 80,356

		Title IV - E Department of Family Protective Serv	Joint Investigation - ICE & Sheriff	Starr Co Attorney Investigator 4019805	Homeland Security DA - SLOT Grant Overtime	Homeland Security CA - SLOT Grant Overtime	Joint Law Enforcement Operations Sheriff & US Marshals
ASSETS:							
1010	Cash and Cash Equivalents	$ 15,415	$ 3,826	$ 987	$ 3,348	$ 2,809	$ 3,112
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	-
1260	Due from Other Governments	27,135	-	2,097	4,459	-	-
1300	Due from Other Funds	-	-	-	165	-	745
1390	Due from Others	-	-	-	-	-	-
TOTAL ASSETS		$ 42,551	$ 3,826	$ 3,084	$ 7,972	$ 2,809	$ 3,857
LIABILITIES:							
2010	Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -
2020	Payroll Liabilities	-	-	1,232	-	-	-
2080	Due to Other Funds	42,551	2,007	1,852	3,880	2,809	3,800
2090	Due to Others	-	-	-	-	-	-
2230	Unearned Revenues	-	1,818	-	4,093	-	58
	TOTAL LIABILITIES	42,551	3,826	3,084	7,972	2,809	3,857
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	-	-	-	-	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 42,551	$ 3,826	$ 3,084	$ 7,972	$ 2,809	$ 3,857

		SB22 Rural Sheriff's Salary Assistance	SB22 Rural Pros-Dist.Atty	SB22 Rural Pros-Co.Atty	DA's Local Border Security FY25	DA's OPSG - FY25	OPSG (Starr 2024) Sheriff
ASSETS:							
1010	Cash and Cash Equivalents	$ 77,429	$ 362,797	$ 150,233	$ 26,162	$ 2,912	$ 10,344
1030	Investments - Current	-	-	-	-	-	-
1040	Interest Receivable - Investments	-	-	-	-	-	-
1050	Taxes Receivable, Net	-	-	-	-	-	-
1150	Accounts Receivable, Net	-	-	-	-	-	-
1260	Due from Other Governments	-	-	-	-	26,812	99,008
1300	Due from Other Funds	1,000	-	-	-	-	-
1390	Due from Others	-	-	-	-	-	-
TOTAL ASSETS		$ 78,429	$ 362,797	$ 150,233	$ 26,162	$ 29,724	$ 109,352
LIABILITIES:							
2010	Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -
2020	Payroll Liabilities	21,048	5,187	10,938	-	8,838	48,954
2080	Due to Other Funds	100	1,612	100	26,162	20,886	55,198
2090	Due to Others	-	-	-	-	-	-
2230	Unearned Revenues	57,280	355,999	139,196	-	-	5,200
	TOTAL LIABILITIES	78,429	362,797	150,233	26,162	29,724	109,352
DEFERRED INFLOWS OF RESOURCES:							
2601	Deferred Resource Inflow - Property Taxes	-	-	-	-	-	-
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES:							
3480	Restricted for Debt Service	-	-	-	-	-	-
3490	Restricted for Special Purposes	-	-	-	-	-	-
3550	Committed for Construction	-	-	-	-	-	-
	TOTAL FUND BALANCES	-	-	-	-	-	-
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 78,429	$ 362,797	$ 150,233	$ 26,162	$ 29,724	$ 109,352

STARR COUNTY, TEXAS **EXHIBIT H-1 (Cont.)**
Combining Balance Sheet - Nonmajor Governmental Funds
As of September 30, 2025

			Debt Service Funds		Capital Project Funds	
		LBSP FY 2025 - Sheriff's	Debt Service Fund	Starr County I&S Fund 2004	Starr County Construction Series 2023	Total Non-Major Funds
ASSETS:						
1010	Cash and Cash Equivalents	$ 29,157	$ 1,144,437	$ 260,287	$ 508,381	$ 10,625,979
1030	Investments - Current	-	556,286	-	-	3,653,802
1040	Interest Receivable - Investments	-	840	-	-	15,808
1050	Taxes Receivable, Net	-	291,010	-	-	465,299
1150	Accounts Receivable, Net	-	-	-	-	11,052
1260	Due from Other Governments	-	-	-	-	751,652
1300	Due from Other Funds	20,000	-	12,842	-	271,142
1390	Due from Others	-	-	-	-	110,304
TOTAL ASSETS		$ 49,157	$ 1,992,573	$ 273,129	$ 508,381	$ 15,905,037
LIABILITIES:						
2010	Accounts Payable	$ -	$ -	$ -	$ 3,500	$ 235,027
2020	Payroll Liabilities	-	-	-	-	148,001
2080	Due to Other Funds	49,157	-	-	-	2,593,971
2090	Due to Others	-	-	-	-	69,069
2230	Unearned Revenues	-	-	-	15,419	3,967,652
	TOTAL LIABILITIES	49,157	-	-	18,919	7,013,720
DEFERRED INFLOWS OF RESOURCES:						
2601	Deferred Resource Inflow - Property Taxes	-	291,010	-	-	465,299
	TOTAL DEFERRED INFLOWS OF RESOURCES	-	291,010	-	-	465,299
FUND BALANCES:						
3480	Restricted for Debt Service	-	1,701,562	273,129	-	1,974,691
3490	Restricted for Special Purposes	-	-	-	-	5,961,865
3550	Committed for Construction	-	-	-	489,462	489,462
	TOTAL FUND BALANCES	-	1,701,562	273,129	489,462	8,426,018
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCES		$ 49,157	$ 1,992,573	$ 273,129	$ 508,381	$ 15,905,037

EXHIBIT H - 2

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended September 30, 2025

		American Rescue Plan Act	Courthouse Renovation Fund	Crime Victim's Assistance Fund	DA's Border Prosecution Fund - 2025	DA's Border Prosecution Fund - 2027	Testing of Forensic Evidence
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	3,089,313	-	435,499	628,017	41,384	49,838
5400	Charges for Services	-	22,520	-	-	-	-
5610	Investment Earnings	-	6,640	-	-	-	-
5700	Other Revenue	-	-	115,987	-	-	-
	TOTAL REVENUES	3,089,313	29,160	551,486	628,017	41,384	49,838
EXPENDITURES:							
100	General Government	(417,400)	-	-	-	20,080	49,838
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	3,260,327	-	546,307	619,918	18,934	-
300	Public Works	-	-	-	-	2,370	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	246,386	-	5,179	8,099	-	-
	TOTAL EXPENDITURES	3,089,313	-	551,486	628,017	41,384	49,838
Excess(Deficiency) of Revenues Over(Under) Expenditures		-	29,160	-	-	-	-
	Net Change in Fund Balances	-	29,160	-	-	-	-
3600	Fund Balance - Beginning	-	246,887	-	-	-	-
3900	Fund Balance - Ending	$ -	$ 276,047	$ -	$ -	$ -	$ -

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Starr Co. HIDTA Task Force G23	Homeland Security Grants	229th DA's Pre Trial Diversion Program	Law Library Fund	Surcharge Fund	Courthouse Security Fund
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	54,954	26,943	-	-	-	-
5400	Charges for Services	-	-	12,500	39,025	74,852	32,484
5610	Investment Earnings	-	-	1,336	14,183	1,132	5,090
5700	Other Revenue	-	-	-	-	-	-
	TOTAL REVENUES	54,954	26,943	13,836	53,208	75,984	37,574
EXPENDITURES:							
100	General Government	32,950	-	-	-	708	93
150	Financial Administration	-	-	-	898	72,973	-
200	Public Safety	-	26,943	-	-	-	-
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	22,004	-	-	-	-	-
	TOTAL EXPENDITURES	54,954	26,943	-	898	73,681	93
Excess(Deficiency) of Revenues Over(Under)	Expenditures	-	-	13,836	52,310	2,302	37,481
	Net Change in Fund Balances	-	-	13,836	52,310	2,302	37,481
3600	Fund Balance - Beginning	-	-	46,050	531,186	39,778	182,993
3900	Fund Balance - Ending	$ -	$ -	$ 59,886	$ 583,495	$ 42,080	$ 220,474

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Archives Mgmt Fund - Co Clerk	Records Mgmt & Pres Fund District Clerk	Records Mgmt & Pres Fund County Clerk	LEOSE Fund	Starr County Drainage District	Starr Co Judge-Vending Machine Act
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ 68,560	$ -
5300	Intergovernmental Revenue and Grants	-	-	-	14,563	-	-
5400	Charges for Services	72,068	38,626	850	-	-	3,140
5610	Investment Earnings	7,585	7,051	948	-	146,827	190
5700	Other Revenue	-	-	-	-	-	-
	TOTAL REVENUES	79,653	45,677	1,798	14,563	215,387	3,329
EXPENDITURES:							
100	General Government	1,275	-	-	1,014	-	3,262
150	Financial Administration	14,314	-	-	-	-	-
200	Public Safety	-	-	-	6,646	-	-
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	-	-	-	-	-	-
	TOTAL EXPENDITURES	15,589	-	-	7,660	-	3,262
Excess(Deficiency) of Revenues Over(Under)	Expenditures	64,064	45,677	1,798	6,903	215,387	67
	Net Change in Fund Balances	64,064	45,677	1,798	6,903	215,387	67
3600	Fund Balance - Beginning	142,226	137,894	18,892	48,302	3,997,798	7,038
3900	Fund Balance - Ending	$ 206,290	$ 183,572	$ 20,691	$ 55,205	$ 4,213,184	$ 7,105

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Victims of Domestic Violence	Victim Coordinator & Liaison	Government Service Special Project	Juvenile Detention Restoration Project	TXDOT Section 5310
REVENUES:						
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	185,786	3,807	-	873,014	3,000
5400	Charges for Services	-	-	-	-	-
5610	Investment Earnings	-	-	-	-	-
5700	Other Revenue	-	-	61,893	3,000	1,905
	TOTAL REVENUES	185,786	3,807	61,893	876,014	4,905
EXPENDITURES:						
100	General Government	-	250	21,925	62,925	4,905
150	Financial Administration	-	-	-	-	-
200	Public Safety	185,786	3,346	-	-	-
300	Public Works	-	211	-	-	-
400	Health and Welfare	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-
800	Capital Outlay	-	-	39,967	813,089	-
	TOTAL EXPENDITURES	185,786	3,807	61,893	876,014	4,905
Excess(Deficiency) of Revenues Over(Under)	Expenditures	-	-	-	-	-
	Net Change in Fund Balances	-	-	-	-	-
3600	Fund Balance - Beginning	-	-	-	-	-
3900	Fund Balance - Ending	$ -	$ -	$ -	$ -	$ -

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended September 30, 2025

		Pct. #4 Cemetery	Pct. #2 Memorial Cemetery	United Way Domestic Violence Program	Starr Co Border Interdiction Unit	Starr Co Violent Crime Unit	Starr Co Crime Victims Donation Fund
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	-	-	13,011	45,243	15,757	-
5400	Charges for Services	11,510	111,750	-	-	-	-
5610	Investment Earnings	-	1,052	-	-	-	-
5700	Other Revenue	-	-	-	881	-	308
	TOTAL REVENUES	11,510	112,802	13,011	46,123	15,757	308
EXPENDITURES:							
100	General Government	116	15,124	-	-	-	-
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	-	-	6,874	46,123	15,757	200
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	6,137	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	-	116,204	-	-	-	-
	TOTAL EXPENDITURES	116	131,328	13,011	46,123	15,757	200
Excess(Deficiency) of Revenues Over(Under)	Expenditures	11,394	(18,527)	-	-	-	108
	Net Change in Fund Balances	11,394	(18,527)	-	-	-	108
3600	Fund Balance - Beginning	-	11,003	-	-	-	63
3900	Fund Balance - Ending	$ 11,394	$ (7,523)	$ -	$ -	$ -	$ 171

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Project Safe Neighborhood Grant	Starr Co. HIDTA Task Force G24	Starr Co. HIDTA Task Force G25	Chapter 19 Fund	JP's Justice Court Technology Fund	Texas A&M Forest Service Grant
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	49,738	281,374	238,651	-	-	127,054
5400	Charges for Services	-	-	-	-	7,719	-
5610	Investment Earnings	-	-	-	-	-	-
5700	Other Revenue	-	-	-	7,511	-	-
	TOTAL REVENUES	49,738	281,374	238,651	7,511	7,719	127,054
EXPENDITURES:							
100	General Government	-	259,889	56,597	-	10,083	-
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	49,738	-	172,177	7,511	-	7,055
300	Public Works	-	-	9,877	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	-	21,485	-	-	-	119,999
	TOTAL EXPENDITURES	49,738	281,374	238,651	7,511	10,083	127,054
Excess(Deficiency) of Revenues Over(Under)	Expenditures	-	-	-	-	(2,364)	-
		-		-			
	Net Change in Fund Balances	-	-	-	-	(2,364)	-
3600	Fund Balance - Beginning	-	-	-	-	11,813	-
3900	Fund Balance - Ending	$ -	$ -	$ -	$ -	$ 9,449	$ -

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended September 30, 2025

		County Attorney LBSP - FY25	Juvenile Intervention Serv Prg Grant	CSCD Bond Supervision Program	Title IV - E Department of Family Protective Serv	Starr Co Attorney Investigator 4019805	Homeland Security DA - SLOT Grant Overtime
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	10,000	30,712	-	42,581	17,777	15,222
5400	Charges for Services	-	-	53,657	-	-	-
5610	Investment Earnings	-	-	2,672	-	-	-
5700	Other Revenue	-	-	8,550	-	-	2,675
	TOTAL REVENUES	$ 10,000	30,712	64,879	42,581	17,777	17,897
EXPENDITURES:							
100	General Government	10,000	-	104,708	1,126	-	-
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	-	30,712	-	41,456	17,777	17,897
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	-	-	-	-	-	-
	TOTAL EXPENDITURES	$ 10,000	30,712	104,708	42,581	17,777	17,897
Excess(Deficiency) of Revenues Over(Under)	Expenditures	$ -	-	(39,829)	-	-	-
	Net Change in Fund Balances	-	-	(39,829)	-	-	-
3600	Fund Balance - Beginning	-	-	120,174	-	-	-
3900	Fund Balance - Ending	$ -	$ -	$ 80,345	$ -	$ -	$ -

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

		Joint Law Enforcement Operations Sheriff & US Marshals	SB22 Rural Sheriff's Salary Assistance	SB22 Rural Pros-Dist.Atty	SB22 Rural Pros-Co.Atty	DA's Local Border Security FY25	DA's OPSG - FY23
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ -
5300	Intergovernmental Revenue and Grants	752	491,721	130,008	272,910	50,000	68,614
5400	Charges for Services	-	-	-	-	-	-
5610	Investment Earnings	-	-	-	-	-	-
5700	Other Revenue	120	-	-	-	-	-
	TOTAL REVENUES	871	491,721	130,008	272,910	$ 50,000	68,614
EXPENDITURES:							
100	General Government	-	-	130,008	272,910	50,000	68,614
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	871	491,721	-	-	-	-
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	-
720	Interest on Debt	-	-	-	-	-	-
800	Capital Outlay	-	-	-	-	-	-
	TOTAL EXPENDITURES	871	491,721	130,008	272,910	50,000	68,614
Excess(Deficiency) of Revenues Over(Under)	Expenditures	-	-	-	-	$ -	-
						$ -	
	Net Change in Fund Balances	-	-	-	-	-	-
3600	Fund Balance - Beginning	-	-	-	-	-	-
3900	Fund Balance - Ending	$ -	$ -	$ -	$ -	$ -	$ -

EXHIBIT H - 2 (Cont.)

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes
in Fund Balance - Nonmajor Governmental Funds
For the Year Ended September 30, 2025

						Debt Service Funds	
		DA's OPSG - FY25	OPSG (Starr 2023) Sheriff	OPSG (Starr 2024) Sheriff	LBSP FY 2025 - Sheriff's	Debt Service Fund	Starr County I&S Fund 2004
REVENUES:							
5110	Property Taxes	$ -	$ -	$ -	$ -	$ -	$ 1,098,631
5300	Intergovernmental Revenue and Grants	61,749	224,217	694,238	199,983	-	-
5400	Charges for Services	-	-	-	-	-	-
5610	Investment Earnings	-	-	-	-	49,954	16,270
5700	Other Revenue	-	1,187	-	-	-	-
	TOTAL REVENUES	61,749	225,404	$ 694,238	199,983	49,954	1,114,901
EXPENDITURES:							
100	General Government	61,749	225,404	128,242	-	-	-
150	Financial Administration	-	-	-	-	-	-
200	Public Safety	-	-	565,995	199,983	-	-
300	Public Works	-	-	-	-	-	-
400	Health and Welfare	-	-	-	-	-	-
710	Principal on Debt	-	-	-	-	-	680,000
720	Interest on Debt	-	-	-	-	-	394,750
800	Capital Outlay	-	-	-	-	-	-
	TOTAL EXPENDITURES	61,749	225,404	694,238	199,983	-	1,074,750
Excess(Deficiency) of Revenues Over(Under)							
	Expenditures	-	-	-	-	49,954	40,151
		-		-	-		
	Net Change in Fund Balances	-	-	-	-	49,954	40,151
3600	Fund Balance - Beginning	-	-	-	-	1,651,608	232,978
3900	Fund Balance - Ending	$ -	$ -	$ -	$ -	$ 1,701,562	$ 273,129

STARR COUNTY, TEXAS

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended September 30, 2025

		Capital Project Funds	
		Starr County Construction Series 2023	Total Nonmajor Funds
REVENUES:			
5110	Property Taxes	$ -	$ 1,167,190
5300	Intergovernmental Revenue and Grants	-	8,487,429
5400	Charges for Services	-	480,701
5610	Investment Earnings	-	260,928
5700	Other Revenue	-	204,016
	TOTAL REVENUES	-	10,600,265
EXPENDITURES:			
100	General Government	7,717	1,184,112
150	Financial Administration	-	88,186
200	Public Safety	-	6,340,054
300	Public Works	-	12,458
400	Health and Welfare	-	6,137
710	Principal on Debt	31,154	711,154
720	Interest on Debt	-	394,750
800	Capital Outlay	284,148	1,676,561
	TOTAL EXPENDITURES	323,020	10,413,411
Excess(Deficiency) of Revenues Over(Under)	Expenditures	(323,020)	186,853
	Net Change in Fund Balances	(323,020)	186,853
3600	Fund Balance - Beginning	812,481	8,239,165
3900	Fund Balance - Ending	$ 489,462	$ 8,426,018

STARR COUNTY, TEXAS **EXHIBIT E-1**

Combining statement of Fiduciary Net Position - Custodial Funds
As of September 30, 2025

		229th Probation Fund	Juvenile Probation & Resolution Fund	County Attorney Fund	District Attorney	County Clerk Fund
ASSETS:						
1010	Cash and Cash Equivalents	$ 24,945	$ 31,467	$ 139,736	$ 1,008,515	$ 815,683
1030	Investments - Current	-	-	-	-	-
1150	Accounts Receivable, Net	84	-	-	-	-
1300	Due from Other Funds	-	-	7,060	251,647	-
1430	Prepaid Items	-	-	-	-	-
TOTAL ASSETS		25,029	31,467	146,796	1,260,162	815,683
LIABILITIES:						
2010	Accounts Payable	2,293	-	9,226	-	-
2080	Due to Other Funds	-	-	14,808	102,322	114,266
2090	Due to Others	14,723	-	-	-	176,104
	TOTAL LIABILITIES	17,016	-	24,034	102,322	290,370
NET POSITION:						
3009	Restricted for Fiduciary Purposes	8,013	31,467	122,762	1,157,839	525,313
	TOTAL NET POSITION	8,013	31,467	122,762	1,157,839	525,313
TOTAL LIABILITIES & NET POSITION		$ 25,029	$ 31,467	$ 146,796	$ 1,260,162	$ 815,683

STARR COUNTY, TEXAS **EXHIBIT E-1 (Cont.)**
Combining statement of Fiduciary Net Position - Custodial Funds
As of September 30, 2025

	Detention Center Fund	Motor Vehicle & Special Inventory	Tax Assessor & Collector Fund	Justice of the Peace Fund	District Clerk - Invested Trust Fund
ASSETS:					
1010 Cash and Cash Equivalents	$ 644,104	$ 170,560	$ 1,588,999	$ 134,718	$ 1,390,869
1030 Investments - Current	-	-	-	-	-
1150 Accounts Receivable, Net	-	16,353	-	-	-
1300 Due from Other Funds	-	182	89,737	-	-
1430 Prepaid Items	-	-	135,054	-	-
TOTAL ASSETS	644,104	187,095	1,813,790	134,718	1,390,869
LIABILITIES:					
2010 Accounts Payable	-	195	-	-	-
2080 Due to Other Funds	-	195,132	1,338,101	81,057	-
2090 Due to Others	27,180	879,994	277,342	-	1,390,869
TOTAL LIABILITIES	27,180	1,075,320	1,615,443	81,057	1,390,869
NET POSITION:					
3009 Restricted for Fiduciary Purposes	616,924	(888,225)	198,347	53,661	-
TOTAL NET POSITION	616,924	(888,225)	198,347	53,661	-
TOTAL LIABILITIES & NET POSITION	$ 644,104	$ 187,095	$ 1,813,790	$ 134,718	$ 1,390,869

STARR COUNTY, TEXAS **EXHIBIT E-1 (Cont.)**
Combining statement of Fiduciary Net Position - Custodial Funds
As of September 30, 2025

		District Clerk Fund	Sheriff's Office	Compliance and Collections	Retirement System Fund	Jury Fund
ASSETS:						
1010	Cash and Cash Equivalents	$ 3,735,531	$ 569,552	$ 35,376	$ 3,438	$ 6,940
1030	Investments - Current	-	127,388	-	-	-
1150	Accounts Receivable, Net	-	-	13,045	-	-
1300	Due from Other Funds	-	13,491	-	236,449	-
1430	Prepaid Items	-	-	-	-	-
TOTAL ASSETS		3,735,531	710,431	48,421	239,886	6,940
LIABILITIES:						
2010	Accounts Payable	-	-	-	-	-
2080	Due to Other Funds	28,308	150	9,003	5,911	1,591
2090	Due to Others	3,707,223	246,417	-	236,449	-
	TOTAL LIABILITIES	3,735,531	246,566	9,003	242,360	1,591
NET POSITION:						
3009	Restricted for Fiduciary Purposes	-	463,865	39,418	(2,474)	5,349
	TOTAL NET POSITION	-	463,865	39,418	(2,474)	5,349
TOTAL LIABILITIES & NET POSITION		$ 3,735,531	$ 710,431	$ 48,421	$ 239,886	$ 6,940

STARR COUNTY, TEXAS
Combining statement of Fiduciary Net Position - Custodial Funds
As of September 30, 2025

EXHIBIT E-1 (Cont.)

		Health Inspection Fund	Consolidated Court Costs Fund	TNRCC Inspection Fee Fund	Fourth Court of Appeals Civil Suits Fund	Border Area Narc Task Force Forfeiture
ASSETS:						
1010	Cash and Cash Equivalents	$ 6,913	$ 176,136	$ 7,325	$ 1,499	$ 51,860
1030	Investments - Current	-	-	-	-	-
1150	Accounts Receivable, Net	-	690	-	-	-
1300	Due from Other Funds	-	27,258	-	435	38,500
1430	Prepaid Items	-	-	-	-	-
	TOTAL ASSETS	6,913	204,083	7,325	1,934	90,360
LIABILITIES:						
2010	Accounts Payable	-	-	-	-	-
2080	Due to Other Funds	6,913	74,172	524	123	-
2090	Due to Others	-	81,493	-	1,570	-
	TOTAL LIABILITIES	6,913	155,665	524	1,693	-
NET POSITION:						
3009	Restricted for Fiduciary Purposes	-	48,418	6,800	241	90,360
	TOTAL NET POSITION	-	48,418	6,800	241	90,360
	TOTAL LIABILITIES & NET POSITION	$ 6,913	$ 204,083	$ 7,325	$ 1,934	$ 90,360

STARR COUNTY, TEXAS
Combining statement of Fiduciary Net Position - Custodial Funds
As of September 30, 2025

EXHIBIT E-1 (Cont.)

	Tertiary Care Trauma Fund	Planning Department Fund	Scholarship Fund	Total
ASSETS:				
1010 Cash and Cash Equivalents	$ 1,603	$ 245	$ 11,872	$ 10,557,888
1030 Investments - Current	-	-	-	127,388
1150 Accounts Receivable, Net	-	-	-	30,172
1300 Due from Other Funds	264	-	-	665,022
1430 Prepaid Items	315	-	-	135,369
TOTAL ASSETS	2,181	245	11,872	11,515,838
LIABILITIES:				
2010 Accounts Payable	-	88	-	11,802
2080 Due to Other Funds	1,268	78	-	1,973,729
2090 Due to Others	913	-	-	7,040,276
TOTAL LIABILITIES	2,181	166	-	9,025,807
NET POSITION:				
3009 Restricted for Fiduciary Purposes	-	79	11,872	2,490,031
TOTAL NET POSITION	-	79	11,872	2,490,031
TOTAL LIABILITIES & NET POSITION	$ 2,181	$ 245	$ 11,872	$ 11,515,838

STARR COUNTY, TEXAS **EXHIBIT E-2**
Combining Statement of Changes in
Fiduciary Net Position - Custodial Funds
For the Year Ended September 30, 2025

		229th Probation Fund	Juvenile Probation & Resolution Fund	County Attorney Fund	District Attorney	County Clerk Fund
ADDITIONS:						
5201	Tax Collections for Other Governments	$ -	$ -	$ -	$ -	$ -
5202	Held for Others	182,587	-	195,204	252,486	390,635
5400	Charges for Services	-	-	-	1,335	-
5610	Investment Earnings	536	795	3,555	25,007	-
5700	Other Revenue	-	-	-	-	-
	TOTAL ADDITIONS	183,123	795	198,759	278,828	390,635
DEDUCTIONS:						
70	Payments to Other Governments	-	-	-	-	-
90	Payments to Individuals and Services	182,825	-	154,205	355,426	380,398
	TOTAL DEDUCTIONS	182,825	-	154,205	355,426	380,398
	Net Change in Fiduciary Balances	299	795	44,554	(76,598)	10,238
3600	Net Position - Beginning	$ 7,715	$ 30,671	$ 78,208	$ 1,234,438	$ 515,075
3900	Net Position - Ending	$ 8,013	$ 31,467	$ 122,762	$ 1,157,839	$ 525,313

STARR COUNTY, TEXAS
Combining Statement of Changes in Fiduciary
Net Position - Custodial Funds
For the Year Ended September 30, 2025

EXHIBIT E-2 (Cont.)

		Detention Center Fund	Motor Vehicle & Special Inventory	Tax Assessor & Collector Fund	Justice of the Peace Fund	Sheriff's Office
ADDITIONS:						
5201	Tax Collections for Other Governments	$ -	$ -	$ 35,502,832	$ -	$ -
5202	Held for Others	529,018	10,310,538	-	436,493	235,275
5400	Charges for Services	-	-	-	-	-
5610	Investment Earnings	-	8,471	-	-	-
5700	Other Revenue	-	-	-	-	-
	TOTAL ADDITIONS	529,018	10,319,009	35,502,832	436,493	235,275
DEDUCTIONS:						
70	Payments to Other Governments	-	-	35,433,887	-	-
90	Payments to Individuals and Services	367,075	10,464,198	-	435,187	465,207
	TOTAL DEDUCTIONS	367,075	10,464,198	35,433,887	435,187	465,207
	Net Change in Fiduciary Balances	161,943	(145,190)	68,945	1,306	(229,932)
3600	Net Position - Beginning	$ 454,981	$ (743,036)	$ 129,403	$ 52,355	$ 693,797
3900	Net Position - Ending	$ 616,924	$ (888,225)	$ 198,347	$ 53,661	$ 463,865

STARR COUNTY, TEXAS
Combining Statement of Changes in Fiduciary
Net Position - Custodial Funds
For the Year Ended September 30, 2025

EXHIBIT E-2 (Cont.)

		Compliance and Collections	Retirement System Fund	Jury Fund	Consolidated Court Costs Fund	TNRCC Inspection Fee Fund
ADDITIONS:						
5201	Tax Collections for Other Governments	$ -	$ -	$ -	$ -	$ -
5202	Held for Others	156,597	2,912,144	18,122	273,194	2,130
5400	Charges for Services	-	-	-	-	-
5610	Investment Earnings	967	-	218	-	-
5700	Other Revenue	-	-	-	-	-
	TOTAL ADDITIONS	157,563	2,912,144	18,340	273,194	2,130
DEDUCTIONS:						
70	Payments to Other Governments	-	-	-	-	-
90	Payments to Individuals and Services	147,186	2,911,458	18,933	271,603	3,229
	TOTAL DEDUCTIONS	147,186	2,911,458	18,933	271,603	3,229
	Net Change in Fiduciary Balances	10,377	686	(593)	1,591	(1,099)
3600	Net Position - Beginning	$ 29,041	$ (3,159)	$ 5,942	$ 46,827	$ 7,899
3900	Net Position - Ending	$ 39,418	$ (2,474)	$ 5,349	$ 48,418	$ 6,800

STARR COUNTY, TEXAS
Combining Statement of Changes in Fiduciary
Net Position - Custodial Funds
For the Year Ended September 30, 2025

EXHIBIT E-2 (Cont.)

		Fourth Court of Appeals Civil Suits Fund	Border Area Narc Task Force Forfeiture	Tertiary Care Trauma Fund	Planning Department Fund	Scholarship Fund	Total
ADDITIONS:							
5201	Tax Collections for Other Governments	$ -	$ -	$ -	$ -	$ -	$ 35,502,832
5202	Held for Others	5,570	-	1,826	400	-	15,902,220
5400	Charges for Services	-	-	-	-	-	1,335
5610	Investment Earnings	-	1,239	-	4	507	41,299
5700	Other Revenue	-	-	-	-	-	-
	TOTAL ADDITIONS	5,570	1,239	1,826	404	507	51,447,685
DEDUCTIONS:							
70	Payments to Other Governments	-	-	-	-	-	35,433,887
90	Payments to Individuals and Services	5,410	-	1,826	325	9,100	16,173,591
	TOTAL DEDUCTIONS	5,410	-	1,826	325	9,100	51,607,478
	Net Change in Fiduciary Balances	160	1,239	-	79	(8,593)	(159,793)
3600	Net Position - Beginning	$ 81	$ 89,121	$ -	$ -	$ 20,466	$ 2,649,824
3900	Net Position - Ending	$ 241	$ 90,360	$ -	$ 79	$ 11,872	$ 2,490,031

INTERNAL CONTROL/COMPLIANCE SECTION

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd. Suite 102
Corpus Christi, Texas 78411
Office: (361) 980-0482 Fax: (361) 980-1002

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

To the Honorable Judge and Commissioners of
Starr County, Texas
Rio Grande City, 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, business-type activities, each major fund, and the aggregate remaining fund information of the Starr County , Texas, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Starr County, Texas, basic financial statements and have issued our report thereon dated June 29, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Starr County, Texas'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 Starr County, Texas 's internal control. Accordingly, we do not express an opinion on the effectiveness of Starr County, Texas'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified no material weaknesses or significant deficiencies in internal control.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Starr County, Texas'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 statement. 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*.

We noted certain other matters that we reported to management of the County in a separate letter dated June 29, 2026.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raul Hernandez & Company, P. C.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
June 29, 2026

Raul Hernandez & Company, P.C.
Certified Public Accountants
5402 Holly Rd. Suite 102
Corpus Christi, Texas 78411
Office: (361) 980-0482 Fax: (361) 980-1002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE *UNIFORM GUIDANCE* AND THE TEXAS *GRANT MANAGEMENT STANDARDS*

To the Honorable Judge and Commissioners of
Starr County, Texas
Rio Grande City, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Starr County, Texas's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* and the Texas *Grant Management Standards* that could have a direct and material effect on each of Starr County, Texas's major federal and state programs for the year ended September 30, 2025. Starr County, Texas's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Starr County, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas *Grant Management Standards*. Our responsibilities under those standards and the Uniform Guidance and the Texas *Grant Management Standards* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Starr County, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Starr County, Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Starr County, Texas's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Starr County, Texas's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, the *Uniform Guidance*, and the Texas *Grant Management Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Starr County, Texas's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the *Uniform Guidance*, and the Texas *Grant Management Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Starr County, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Starr County, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *Uniform Guidance* and the *Texas Grant Management Standards*, but not for the purpose of expressing an opinion on the effectiveness of Starr County, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Texas *Grant Management Standards*. Accordingly, this report is not suitable for any other purpose.

Raul Hernandez & Company P. C.

Raul Hernandez & Company, P.C.
Corpus Christi, Texas
June 29, 2026

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

I. Summary of the Auditor's Results:

Financial Section:

A.	The type of auditor's report issued:	Unmodified
B.	Internal control over financial statements:	
	Material Weakness(es) identified?	No
	Significant Deficiency(ies) identified which were not considered material weaknesses?	No
C.	Noncompliance material to the financial statements noted?	No

Federal and State Awards Section:

D.	The type of report issued:	Unmodified/Unmodified
E.	Internal control over Major Programs:	
	Material Weakness(es) identified?	No/No
	Significant Deficiency(ies) identified which were not considered material weaknesses?	No/No
F.	Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or the Texas *Grant Management Standards?*	No/No

G. Identification of major programs:

Federal;

Assistance Listing No. (ALN)	*Name of Federal Program or Cluster*
21.027	Coronavirus State and Local Fiscal Recovery Fund
97.067	Homeland Security Grant Program

State;

- SB22 Rural Salary Assistance
- Region3 Border Prosecution Unit

H. Dollar threshold to distinguish between type A and type B programs;

Federal;	State;
$1,000,000	$1,000,000

I. Did auditee qualify as a low-risk auditee within the context of the Uniform Guidance or the Texas *Grant Management Standards?* Yes/Yes

II. Findings Relating to the Financial Statements Which Are Required to Be Reported in Accordance with Generally Accepted Government Auditing Standards.

None Identified.

III. Findings Relating to Federal and State Awards and Questioned Costs.

None Identified.

STARR COUNTY, TEXAS
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

None Identified.

Federal/State Grantor / Pass Through Entity	Assistance Listing Number	Contract Number	Total Expenditures
FEDERAL AWARDS			
U.S. Department of Justice			
Pass through the Office of the Governor - Criminal Justice Division			
229th Project Safe Neighborhood Program	16.609	5037001	49,738
Total Office of the Governor - Criminal Justice Division			49,738
Pass through the Office of the Governor - Bureau of Justice Assistance			
Violent Crime Prosecutor Program	16.738	2281916	15,757
County Attorney Investigator	16.738	4019805	17,777
Total Office of the Governor - Bureau of Justice Assistance			33,534
Pass through the Office of the Governor - Criminal Justice Division			
Crime Victim Center	16.575	1903416	435,499
Crime Victims Assistance - Victims of Domestic Violence	16.575	2877508	148,628
Total Office of the Governor - Criminal Justice Division			584,127
Other U.S. Department of Justice			
OJJDP Byrne Discretionary Community Project Grant (SC Juvenile Det)	16.753	15PJDP-24-GG-00803-BRND	873,014
Equitable Sharing Program - United States Marshals Service (Sheriff)	16.922	M-24-D79-O-000191	156
Equitable Sharing Program - United States Marshals Service (Sheriff)	16.922	M-25-D79-O-000113	595
Total Other U.S. Department of Justice			873,765
Total U.S. Department of Justice			1,541,164
U.S. Department of Transportation			
Pass through Texas Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	ED-2504(29)-108-24	3,000
Total U.S. Department of Transportation			3,000
U.S. Department of Health and Human Services			
Pass through Texas Health and Human Services Commission (THHSC)			
Department of Family & Protective Service			
Foster Care - Title IV-E	93.658	HHS000285100036	42,581
Total U.S. Department of Health and Human Services			42,581
Executive Office of the President			
Pass through the Office of National Drug Control Policy:			
South Texas HIDTA Assistance Center			
HIDTA Task Force Grant - 2023	95.001	G23SS0004A	54,954
HIDTA Task Force Grant - 2024	95.001	G24SS0004A	281,374
HIDTA Task Force Grant - 2025	95.001	HID3125G0656-00	238,651
Total Executive Office of the President			574,979
U.S. Department of Treasury			
Direct Program:			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-7752	3,089,313
Total U.S. Department of Treasury			3,089,313
U.S. Department of Homeland Security			
Pass through Office of the Governor-Homeland Security Grants Division			
Homeland Security Grants - OPSG 23 (Sheriff)	97.067	3193409	224,217
Homeland Security Grants - OPSG 24 (Sheriff)	97.067	3193410	694,238
Homeland Security Grants - OPSG 23 (DA)	97.067	3685807	68,614
Homeland Security Grants - OPSG 24 (DA)	97.067	3685808	61,749
Total U.S. Department of Homeland Security			1,048,818
		TOTAL FEDERAL AWARDS	6,299,854

Federal/State Grantor / Pass Through Entity	Assistance Listing Number	Contract Number	Total Expenditures
STATE AWARDS			
Texas Department of Public Safety			
Pass through Texas Homeland Security State Administrative Agency			
Local Border Security Program - 2025 (SO)	N/A	2994710	199,983
Local Border Security Program - 2025 (DA)	N/A	2993110	50,000
Local Border Security Program - 2025 (Co. Atty)	N/A	4551003	10,000
Total Texas Department of Public Safety			259,983
Texas Comptroller of Public Accounts, Judiciary Section			
Pass through the Services Division			
Law Enforcement Officers Standards and Education (LEOSE)	N/A	N/A	14,563
Pass through the Judiciary Section			
District Attorney's Office Apportionment 2025	N/A	N/A	22,500
Direct Program (Senate Bill 22):			
Rural Sheriff's Office Salary Assistance Grant 2025	N/A	IA-0000001049	491,721
Rural Prosecutor's Office Salary Assistance Grant (Dist. Atty) 2025	N/A	IA-0000000683	130,008
Rural Prosecutor's Office Salary Assistance Grant (Co. Atty) 2025	N/A	IA-0000000824	272,910
Total Senate Bill 22 Rural Salary Assistance			894,639
Total Texas Comptroller of Public Accounts			931,703
Texas Indigent Defense Commission			
Direct Program:			
Formula Grant FY 2025	N/A	212-25-214	38,512
Total Texas Indigent Defense Commission			38,512
Texas Department of Agriculture			
Direct Program:			
Texans Feeding Texans: Home Delivered Meals 2025	N/A	HDM2025097	28,114
Total Texas Department of Agriculture			28,114
Texas Office of the Governor			
Pass through Office of the Governor-Criminal Justice Division			
Juvenile Intervention Service Program 2025	N/A	3870306	30,712
Testing of Forensic Evidence	N/A	3942306	49,838
Total Office of the Governor - Criminal Justice Division			80,550
Pass through Office of the Governor-Homeland Security Grants Division			
Region 3- Border Prosecution Unit 2024	N/A	2536111	628,017
Region 3- Border Prosecution Unit 2025	N/A	2536112	41,384
Local Border Security Program - Border Interdiction Unit 2025	N/A	3673007	50,000
SH Bullet Resistant Shield Program 2025 - CA	N/A	5074701	12,747
BG Rifle Resistant Body Armor 2025 - SO	N/A	4985701	14,196
Total Office of the Governor - Homeland Security Grants Division			746,345
Pass through Office of the Attorney General - Grants Division			
Victim Coordinator & Liaison Grant - 2025	N/A	C-02304	3,807
Total Office of the Attorney General - Grants Division			3,807
Total Texas Office of the Governor			830,702

Federal/State Grantor / Pass Through Entity	Assistance Listing Number	Contract Number	Total Expenditures
Texas Secretary of State			
Direct Funding:			
Chapter 19 Voter Registration	N/A	N/A	7,511
Total Texas Secretary of State			7,511
Texas A&M Forest Service			
Direct Funding:			
Rural Volunteer Fire Department Assistance Program	N/A	AE-362-143955	30,000
Rural Volunteer Fire Department Assistance Program	N/A	AE-362-143957	89,999
Rural Volunteer Fire Department Assistance Program - Emergency Grant	N/A	CL-620-1106	7,055
Total Texas A&M Forest Service			127,054
Texas Commission on Environmental Quality			
Pass through South Texas Development Council:			
Regional Solid Waste Grant	N/A	25-19-01	49,653
Total Texas Commission on Environmental Quality			49,653
Texas Commission on State Emergency Communications			
Pass through City of Laredo:			
9-1-1 Addressing-Regional Administration	N/A	FY 2025	38,118
Total Texas Commission on State Emergency Communications			38,118
		TOTAL STATE AWARDS	2,311,350
		TOTAL FEDERAL AND STATE AWARDS	**$ 8,611,204**

STARR COUNTY, TEXAS
NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

Basis of Presentation:
The accompanying schedule of expenditures of Federal and State Awards is presented for purposes of additional analysis and presents the activity of all Federal and State Awards programs of Starr County, Texas. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and by the Texas *Grant Management Standards* and is also not a required part of the basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Summary of Significant Accounting Policies:
Expenditures reported on the Schedule of Federal and State Awards are reported on the modified accrual basis of accounting. Grant Revenues are recognized as soon as all eligibility requirements imposed by the provider have been met. Revenues are available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Indirect Cost Rate:
The Uniform Guidance allows an organization to elect a 10% de minimis indirect cost rate. For the year ended September 30, 2025, the County did not elect to use this rate.

Sub-recipients:
During the year ended September 30, 2025, the County had no sub-recipients.

Federal Loans and Loan Guarantees:
During the year ended September 30, 2025, the County had no outstanding federal loans payable or loan guarantees.

Federally Funded Insurance:
During the year ended September 30, 2025, the County had no federally funded insurance.

Non-cash awards:
During the year ended September 30, 2025, the County did not have any federal awards in the form of non-cash assistance.