

RUTLEDGE CRAIN & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

3214 W Park Row, Suite E
Pantego, Texas 76013

April 15, 2024

To the Honorable County Judge and Commissioners Comprising the
Commissioners' Court of Fannin County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fannin County, Texas, as of and for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 30, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fannin County, Texas are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Fannin County, Texas during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the County's financial statements was (were):

1. Management's estimate of the allowance for doubtful accounts for fines receivable is based on historic percentages developed upon the implementation of GASB 34. We evaluated the key factors and assumptions used to develop the estimates used in this calculation in determining that it is reasonable in relation to the financial statements taken as a whole.
2. Management's estimate of the allowance for doubtful accounts for accounts receivable is based on historic percentages developed by the County and have been consistently applied. We evaluated the key factors and assumptions used to develop the estimates used in this calculation in determining that it is reasonable in relation to the financial statements taken as a whole.
3. Managements estimate of depreciation expense is based on standards developed by the State of Texas for each asset class to be implemented in conjunction with the implementation of GASB 34.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of retirement benefits in Note IV. C. to the financial statements. The effect of the pension liability under GASB 68 is both material and difficult to implement, although the actuarial reports are provided by the Texas County and District Retirement System through their contracted actuary.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. There were no material misstatements detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 15, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Fannin County, Texas' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Fannin County, Texas' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and required supplementary information on pages 5–10 and 44–49 of the financial statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements, individual fund statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of Fannin County, Texas and management of Fannin County, Texas and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Rutledge Owen + Company, PC