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CERTIFIED PUBLIC ACCOUNTANTS

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June 20, 2025

The Honorable Judge Mike Campbell
and County Commissioners
Clay County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Texas (County) for the year ended September 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, 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 October 7, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 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 the governmental unit 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 estimates affecting the County's financial statements were:

- Management's estimate of the allowance for uncollectible property taxes and uncollectible fines and fees is based on historical collection percentages.
- Management's estimate of useful lives of capital assets used for recording depreciation expense is based on the general knowledge and history of the individual capital assets.
- Management's estimates of pension related assets, liabilities and deferred outflows of resources are based on information provided by the Texas County and District Retirement System.

For all of the above estimates we evaluated the key factors and assumptions used to develop them in determining that they are reasonable in relation to the financial statements taken as a whole.

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

- Note 1 – Summary of Significant Accounting Policies,
- Note 7 – Capital Assets,
- Note 8 – Long-Term Liabilities, and
- Note 9 – Defined Benefit Pension Plan

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 trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 June 20, 2025.

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 the governmental unit's 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.

County Judge and County Commissioners
Clay County, Texas
June 20, 2025

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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 the governmental unit's 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, budgetary comparison schedules, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Texas County and District Retirement System and the Schedule of Employer Contributions – Texas County and District Retirement System, 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 combining statements, budgetary comparisons, and the schedule of expenditures of federal awards, 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 use of the County Judge, County Commissioners and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Edgin, Parkman, Fleming : Fleming, PC

EDGIN, PARKMAN, FLEMING & FLEMING, PC
Certified Public Accountants

Clay County, Texas
Schedule of Uncorrected Misstatements
September 30, 2024

Description	Increase (Decrease) In					
	Asset	Liability	Equity - 10/1	Revenue	Expenditure	Other
General Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
Insurance proceeds netted with expenditures	-	-	-	-	26,021	26,021
Total General Fund	-	-	-	-	26,021	26,021
Precinct #1 Road & Bridge Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total Precinct #1 Road & Bridge Fund	-	-	-	-	-	-
Precinct #2 Road & Bridge Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total Precinct #2 Road & Bridge Fund	-	-	-	-	-	-
Precinct #3 Road & Bridge Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total Precinct #3 Road & Bridge Fund	-	-	-	-	-	-
Precinct #4 Road & Bridge Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total Precinct #4 Road & Bridge Fund	-	-	-	-	-	-
ARP Grant Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total ARP Grant Fund	-	-	-	-	-	-
Senate Bill 22 County Attorney Fund						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
None	-	-	-	-	-	-
Total Senate Bill 22 County Attorney Fund	-	-	-	-	-	-
Nonmajor governmental funds						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
Senate Bill 22 Sheriff - accrued payroll	2,252	2,252	-	2,252	2,252	-
Total nonmajor governmental funds	2,252	2,252	-	2,252	2,252	-
GW flow from Fund Level above	2,252	2,252	-	2,252	28,273	26,021
Government-wide only						
Prior year passed entries						
None	-	-	-	-	-	-
Current year passed entries						
Mower not capitalized	8,081	-	-	-	(8,081)	-
Total Government-Wide	10,333	2,252	-	2,252	20,192	26,021