

To the Honorable County Judge and
Members of the Commissioners' Court of
Hardin County, Texas

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hardin County, Texas (the "County") for the year ended September 30, 2023. Professional standards require that we communicate to the governing body adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the County for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. 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.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE COUNTY

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the County under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have the following relationships with the County that do not impair our independence but which, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

Relationship	Safeguards
<p>Non-Audit Services: We were engaged to perform the following non-audit services during your last fiscal year:</p> <ul style="list-style-type: none"> • Assistance with preparation of your financial statements • Assistance with the preparation of schedule of expenditures of federal awards 	<p>We believe your management is capable of evaluating and taking responsibility for their management decisions regarding our services, and we did not assume the role of an employee or of management of the County in performing and reporting on our services.</p>

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: The governing body should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the governing body should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the governing body about such matters. There were no such accounting changes or significant policies requiring communication.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management’s current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management’s current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the County’s year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Useful Lives of Capital Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the County.	We tested the propriety of information underlying management’s estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.

AUDITOR’S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

During the audit, we made certain judgements about the qualitative aspects of significant accounting practices for accounting policies and financial statement disclosures. These matters were discussed with management during and upon completion of the audit.

- Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in the notes to the financial statements. As described in the notes to the financial statements, the County changed accounting policies related to accounting for leases by adopting Governmental Accounting Standards Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), in fiscal year 2023. We noted no transactions entered into by the County 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.
- The financial statement disclosures are neutral, consistent, and clear. 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 long-term debt in the financial statements is significant to financial statement users because it discloses the County’s long-term financial obligations.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying the uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if it was concluded that the uncorrected misstatements are immaterial to the financial statements under audit. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

The attached schedule summarizes both material and immaterial misstatements detected as a result of our audit procedures. Management has corrected all misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information Included in an Annual Report</p> <p>Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"> • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. <p>If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.</p>	<p>We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which 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.</p> <p>We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is 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.</p>
<p>Significant Difficulties Encountered During the Audit</p> <p>We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements with Management</p> <p>We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the County's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Difficulties or Contentious Matters</p> <p>We are required to discuss with the governing body any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>

Communication Item	Results
<p>Circumstances that Affect the Form and Content of the Auditor's Report</p> <p>We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>There are no such circumstances that affect the form and content of the auditor's report.</p>
<p>Consultations with Other Accountants</p> <p>If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>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 County's financial statements or a determination of the type of auditors' 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. We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations the Auditor Is Requesting from Management</p> <p>We are to provide you with a copy of management's requested written representations to us.</p>	<p>We have requested certain representations from management that are included in the management representation letter dated July 19, 2024.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management</p> <p>We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Significant Related Party Findings or Issues</p> <p>We are to communicate to you significant findings or issues arising during the audit in connection with the County's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Changes in Risk Assessment</p> <p>We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>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 County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

Communication Item	Results
<p>Other Information Included in an Annual Report</p> <p>Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that:</p> <ul style="list-style-type: none"> • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. <p>If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.</p>	<p>We applied certain limited procedures to the Required Supplementary Information (RSI), as identified on the table of contents, which 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.</p> <p>We were engaged to report on supplementary information, as identified on the table of contents, which accompanies the financial statements but is 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.</p>
<p>Significant Difficulties Encountered During the Audit</p> <p>We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements with Management</p> <p>We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the County's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Difficulties or Contentious Matters</p> <p>We are required to discuss with the governing body any difficulties or contentious matters for which we consulted outside of the engagement team.</p>	<p>During the audit, there were no such issues for which we consulted outside the engagement team.</p>

Communication Item	Results
<p>Circumstances that Affect the Form and Content of the Auditor's Report</p> <p>We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.</p>	<p>There are no such circumstances that affect the form and content of the auditor's report.</p>
<p>Consultations with Other Accountants</p> <p>If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>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 County's financial statements or a determination of the type of auditors' 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. We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations the Auditor Is Requesting from Management</p> <p>We are to provide you with a copy of management's requested written representations to us.</p>	<p>We have requested certain representations from management that are included in the management representation letter dated July 19, 2024.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management</p> <p>We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Significant Related Party Findings or Issues</p> <p>We are to communicate to you significant findings or issues arising during the audit in connection with the County's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Changes in Risk Assessment</p> <p>We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>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 County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve your County as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the governing body and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Crowe LLP". The word "Crowe" is written in a cursive style, while "LLP" is in a simpler, blocky font.

Crowe LLP

Houston, Texas
July 19, 2024

HARDIN COUNTY, TEXAS
MATERIAL AND IMMATERIAL MISSTATEMENTS
Year ending September 30, 2023

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
Client Adjusting Entries				
994-100-100	CASH-CC REGISTRY-MAIN		2,950.97	
994-100-100	CASH-CC REGISTRY-MAIN		360,235.02	
994-403-492	DISBURSEMENTS		10,409.28	
994-403-492	DISBURSEMENTS		80,691.71	
994-100-100	CASH-CC REGISTRY-MAIN			10,409.28
994-100-100	CASH-CC REGISTRY-MAIN			80,691.71
994-360-100	INTEREST REVENUE			2,950.97
994-360-100	INTEREST REVENUE			360,235.02
Total			454,286.98	454,286.98
Adjusting Journal Entries JE # 2 C.01				
To record tax receivable for current year.				
010-107-000	TAXES RECEIVABLE		287,822.51	
017-107-000	TAXES RECEIVABLE		25,542.92	
053-105-101	TAXES RECEIVABLE		5,262.53	
067-107-000	TAXES RECEIVABLE		2,955.94	
010-108-000	ALLOWANCE FOR UNCOLLEC			14,391.12
010-222-000	DEFERRED REVENUES-TAXE			273,431.39
017-108-000	ALLOWANCE FOR UNCOLLEC			510.86
017-222-000	DEFERRED REVENUE - TAX			25,032.06
053-105-109	ALLOWANCE FOR UNCOLLEC			105.25
053-222-101	DEFERRED REVENUE - TAX			5,157.28
067-108-000	ALLOWANCE FOR UNCOLLEC			147.79
067-222-000	DEFERRED REVENUE-TAXES			2,808.15
Total			321,583.90	321,583.90
Adjusting Journal Entries JE # 3 I.01				
To record new capital leases				
010-411-570	EQUIPMENT PURCHASE		45,906.75	
017-621-570	EQUIPMENT PURCHASE		192,709.75	
010-300-700	Capital Lease Proceeds			45,906.75
017-300-700	Capital lease proceeds			192,709.75
Total			238,616.50	238,616.50
Adjusting Journal Entries JE # 4				
To correct client entry made to revenue, move to expense line item.				
421-561-334	JAIL SUPPLIES		58,509.52	
421-330-101	REVENUE-EMERGENCY WORK			58,509.52
Total			58,509.52	58,509.52

HARDIN COUNTY, TEXAS
MATERIAL AND IMMATERIAL MISSTATEMENTS
Year ending September 30, 2023

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 5				
To record leases acquired in current year.				
010-435-700	Capital outlay		3,086.63	
010-435-700	Capital outlay		6,890.08	
010-505-700	Capital outlay		22,033.40	
053-426-700	Capital outlay		3,767.08	
010-300-701	Lease Proceeds			3,086.63
010-300-701	Lease Proceeds			6,890.08
010-300-701	Lease Proceeds			22,033.40
053-300-400	Lease Proceeds			3,767.08
Total			35,777.19	35,777.19

Adjusting Journal Entries JE # 6				
To record new subscriptions for GASB 96 for the fiscal year.				
010-560-701	Capital Outlay Subscriptions		56,858.61	
011-650-701	Capital Outlay Subscriptions		20,466.47	
017-620-701	Capital Outlay Subscriptions		118,665.47	
184-504-701	Capital Outlay Subscriptions		2,158.58	
521-502-701	Capital Outlay Subscriptions		2,439.66	
010-300-702	Subscription proceeds			56,858.61
011-300-701	Capital Lease Proceeds			20,466.47
017-300-701	Lease Proceeds			118,665.47
184-300-701	Capital Lease Proceeds			2,158.58
521-300-701	Capital Lease Proceeds			2,439.66
Total			200,588.79	200,588.79