Crowe LLP
Independent Member Crowe Global

To the Honorable Mayor and
Town Council Members of the
Town of Fulton, Texas

Professional standards require that we communicate certain matters to keep you 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 Town of Fulton, Texas (the "Town") 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 Town's financial statements are free of material misstatement, we performed tests of the Town'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* refer to the report titled Independent Auditor's 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*.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE TOWN

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 Town 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 Town 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. We have determined that the provision of the service(s) is not prohibited and it will not create a threat to the auditor's independence.

<table>
<tr><th>Relationship</th><th>Safeguards</th></tr>
<tr><td>Non-Audit Services: We were engaged to perform the following non-audit services during your last fiscal year:

Assistance with preparation of your financial statements and related disclosures
Assistance with preparation of the conversion entries for financial statement preparation
Updates to the capital assets listing and disclosures
Assistance with debt amortization schedules and GASB 87 lease adjustments
Assistance with pension/OPEB calculations, adjustments, and disclosures
Assistance with preparation of Schedule of Expenditures of Federal Awards (SEFA) and the notes to the SEFA
Preparation of the data collection form
</td><td>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 Town in performing and reporting on our services.</td></tr>
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PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on January 13, 2025.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The Town's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between the Town and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance 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 Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
GASB Statement No. 100, *Accounting Changes and Error Corrections*	Upon adoption of this GASB Statement, the Town reported a change within the financial reporting entity. There were three funds previously reported as major that were reported as nonmajor in the current year.
Significant Unusual Transactions.	No such matters noted.
Significant Accounting Policies in Controversial or Emerging Areas.	No such matters noted.

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 Town'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
Allowance for Doubtful Accounts and Bad Debt Expense	The allowance for doubtful accounts was determined by management by a process involving consideration of past experiences, current aging information, information from credit reports, contacts with the customers, and other available data including environmental factors such as industry, geographical, economic and political factors.	We tested this accounting estimate by analytically reviewing the information.
Useful Lives of Fixed 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 Town.	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

We are to discuss with you our comments about the following matters related to the Town's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the Town, considering the need to balance the cost of providing information with the likely benefit to users of the Town's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the Town's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

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.

See the attached schedule: Schedule A

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. There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information Included in an Annual Report 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: • 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. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We understand that management has not prepared other information to accompany the audited financial statements.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	The following significant difficulties were encountered in dealing with management related to the performance of the audit: Significant delays by management and the unavailability of Town personnel or management to provide information necessary to perform our procedures.
Disagreements with Management 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 Town's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Those Charged with Governance any difficulties or contentious matters for which we consulted outside of the engagement team that we consider both significant and relevant to Those Charged with Governance regarding their responsibility to oversee the financial reporting process.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.

Communication Item	Results
Consultations with Other Accountants 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.	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.
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the Town's related parties.	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.
Other Findings or Issues We Find Relevant or Significant 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.	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.

We are pleased to serve your Town as its independent auditors. 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 Town Council and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Houston, Texas
August 17, 2026

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
1	9/30/2024	Due from FEMA Fund	07-177 07	98.00	
1	9/30/2024	Restricted Funds	07-356 07		(98.00)
1	9/30/2024	Ask My Accountant	09-5999 09	98.00	
1	9/30/2024	Due to Police Fund	09-23040 09		(98.00)
		Client-prepared adjusting entry for Opioid Settlement, posted 6/2/25			
2	9/30/2024	Unearned Revenue	10-200 10	44,825.00	
2	9/30/2024	CLFRF - Yr 2021	10-400 10		(44,825.00)
2	9/30/2024	Grant Expenditures	10-753 10	44,825.00	
2	9/30/2024	Due To GF	10-23000 10		(44,825.00)
		Client-prepared entry to record additional SLFRF FY24 grant expenses			
3	9/30/2024	Repairs & Maint.	01-700 01		(11,500.00)
3	9/30/2024	Drainage & Streets	01-710 01		(33,325.00)
3	9/30/2024	Due From CLFRF	01-13090 01	44,825.00	
		Client-prepared entry to move SLFRF expenses to Due From CLFRF			
4	9/30/2024	Sales and Mixed Drink Tax Receivable	01-117 01	47,512.00	
4	9/30/2024	Sales and Mixed Drink Tax Receivable	01-117 01	9,030.00	
4	9/30/2024	Deferred Inflows - Court Fines	01-231 01		(2,000.00)
4	9/30/2024	Fund Balance	01-310 01		(80,343.00)
4	9/30/2024	Due from CDBG Fund	02-144 02	101.00	
4	9/30/2024	Unrestricted Net Assests	02-310 02	7,169.00	
4	9/30/2024	Investment in Capital Assests	02-311 02	8,104.00	
4	9/30/2024	Invested in Capital Assets, Net	03-309 03	112,316.00	
4	9/30/2024	Net Position Unrestricted	03-311 03		(66,026.00)
4	9/30/2024	Investment in Capital Assets	04-310 04	69,353.00	
4	9/30/2024	Unrestricted Net Assets	04-311 04		(62,864.00)
4	9/30/2024	Fund Balance	06-310 06		(66,319.00)
4	9/30/2024	Fund Balance	07-320 07	16,639.00	
4	9/30/2024	Retained Earnings	09-405 09	13.00	
4	9/30/2024	Bank Chrgs & Fees	09-900 09		(13.00)
4	9/30/2024	Fund Balance	12-320 12	101.00	
4	9/30/2024	Due to Sewer Fund	12-710 12		(101.00)

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
4	9/30/2024	Misc. Expense	01-700.01 01	25,801.00	
4	9/30/2024	Misc. Expense	02-700.01 02		(15,273.00)
4	9/30/2024	Misc. Expense	02-700.01 02		(101.00)
4	9/30/2024	Misc. Expense	03-700.01 03		(46,290.00)
4	9/30/2024	Misc. Expense	04-700.01 04		(6,489.00)
4	9/30/2024	Misc. Expense	06-700.01 06	66,319.00	
4	9/30/2024	Misc. Expense	07-700.01 07		(16,639.00)
		To adjust beginning fund balance to match the FY23 AFR ending balances.			
5	9/30/2024	Property Taxes - Prior	01-145 01		(403.00)
5	9/30/2024	Allow . for Uncollectibles	01-150 01		(858.00)
5	9/30/2024	Deferred Inflow s	01-230 01	1,261.00	
5	9/30/2024	Taxes Receivable	05-120 05		(787.00)
5	9/30/2024	Property Taxes -Prior	05-155 05	77.00	
5	9/30/2024	Deferred Inflow s	05-230 05	710.00	
		To record property tax adjustment for FY24			
6	9/30/2024	Grant Matching Funds Receivable	09-115 09		(169,380.00)
6	9/30/2024	Accounts Payable	09-201 09	9,199.00	
6	9/30/2024	Prairie Road Drain Pipe - 6735	09-605 09		(9,199.00)
6	9/30/2024	Federal Grant Receivable	12-150 12		(884,559.00)
6	9/30/2024	CDBG-DR Grant Proceeds	12-400 12	884,559.00	
6	9/30/2024	Prairie Road Drain Pipe - 6735	09-5012 09	169,380.00	
		To reverse prior year CDBG and FEMA grant revenue accrual, as w ell as reversal of FEMA retainag			
7	9/30/2024	Federal Grant Receivable	12-150 12	190,639.00	
7	9/30/2024	Federal Grant Receivable	12-150 12	13,876.00	
7	9/30/2024	Federal Grant Receivable	12-150 12	195,066.00	
7	9/30/2024	CDBG-DR Grant Proceeds	12-400 12		(399,581.00)
		To record current year CDBG grant revenue accrual			

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
8	9/30/2024	A/R - Sew er Billings	02-135 02	12,928.00	
8	9/30/2024	Sew er Revenues	02-400 02		(4,106.00)
8	9/30/2024	A/R - Allow ance	02-135.01 02		(8,822.00)
		To record sew er A/R and allow ance			
		based on aging report as of 09/30/2024.			
9	9/30/2024	Deferred Outlfow of Resources	02-192 02		(6,577.00)
9	9/30/2024	Difference In Projected-Actual	02-193 02	2,508.00	
9	9/30/2024	Net Pension Liability - GASB 68	02-209 02	5,477.00	
9	9/30/2024	Pension Expense	02-715 02		(1,408.00)
9	9/30/2024	Deferred Outflow Resources	03-171 03		(1,943.00)
9	9/30/2024	Deferred Outflow -Dif Projected	03-172 03	665.00	
9	9/30/2024	Net Pension Liab-GASB 68	03-253 03	2,288.00	
9	9/30/2024	Pension Expense	03-715 03		(1,010.00)
9	9/30/2024	Deferred Outflow -GASB 68	04-192 04	322.00	
9	9/30/2024	Deferred Inflow -GASB 68	04-193 04		(486.00)
9	9/30/2024	Net Pension Liab-GASB 68	04-209 04	2,956.00	
9	9/30/2024	Pension Expense	04-715 04		(2,792.00)
		GASB 68 adjustment to record the			
		change in net pension asset, deferred outflow s, and deferred inflo			
		Tow n's TMRS pension plan.			
10	9/30/2024	Difference In Assumption	02-194 02		(200.00)
10	9/30/2024	Net OPEB Liability - GASB 75	02-216 02		(52.00)
10	9/30/2024	Diff In Expected and Actual Exp	02-224 02	1,209.00	
10	9/30/2024	OPEB Expense	02-730 02		(957.00)
10	9/30/2024	Deferred Outflow - Diff Assump	03-255 03		(35.00)
10	9/30/2024	Net OPEB Liability - GASB 75	03-256 03		(210.00)
10	9/30/2024	Difference in Expected & Actual	03-257 03	364.00	
10	9/30/2024	OPEB Expense	03-730 03		(119.00)
10	9/30/2024	Deferred Outflow s - GASB 75	04-194 04	125.00	
10	9/30/2024	Net OPEB Liability - GASB 75	04-216 04		(933.00)
10	9/30/2024	Deferred Inflow s - GASB 75	04-224 04		(28.00)
10	9/30/2024	OPEB Expense	04-730 04	836.00	
		GASB 75 adjustment to record the			
		change in total OPEB liability, deferred outflow s, and deferred inflo			
		Tow n's TMRS OPEB plan.			

(Continued)

TOWN OF FULTON, TEXAS
SCHEDULE OF CORRECTED MISSTATEMENTS
SCHEDULE A
For the year ended September 30, 2024

Number	Date	Name	Account No	Debit	Credit
11	9/30/2024	Compensated Absences	02-208 02		(1,760.00)
11	9/30/2024	Wages	02-700 02	1,760.00	
		To adjust for compensated absences in the enterprise fund			
12	9/30/2024	Lease Receivable	01-120 01		(5,958.00)
12	9/30/2024	Deferred Inflows - Leases	01-235 01	5,969.00	
12	9/30/2024	Tower Lease	01-460 01		(11.00)
12	9/30/2024	Office Expense	01-500 01		(2,342.00)
12	9/30/2024	Lease Principal	01-540 01	2,083.00	
12	9/30/2024	Lease Interest	01-545 01	259.00	
		To adjust for GASB 87 leases (lessor and lessee activity).			
13	9/30/2024	Sewer System	02-170 02	17,553.00	
13	9/30/2024	Accum. Depreciation	02-190 02		(124,767.00)
13	9/30/2024	Vehicles	02-191 02	47,047.00	
13	9/30/2024	Depreciation Expense	02-590 02	124,767.00	
13	9/30/2024	Vehicles	02-594 02		(47,047.00)
13	9/30/2024	Sewer System	02-595 02		(17,553.00)
13	9/30/2024	Building Improvements	03-155 03		(755.00)
13	9/30/2024	Accum. Depreciation	03-170 03		(110,725.00)
13	9/30/2024	Supplies	03-511 03	755.00	
13	9/30/2024	Depreciation Expense	03-590 03	110,725.00	
13	9/30/2024	Accumulated Depreciation	04-220 04		(49,630.00)
13	9/30/2024	Depreciation Expense	04-550 04	49,630.00	
		To adjust for capital asset additions and depreciation expense for the Town's enterprise fund:			
14	9/30/2024	Econolodge Bankrupcy Receivable	06-112 06		(36,365.00)
14	9/30/2024	Bad Debt Expense	06-700.02 06	36,365.00	
		To adjust the Econo-Lodge receivable balance due to uncollectibility.			