County Clerk CN #21

December 9, 2025

Good morning, Judge and Commissioners. Claire Nybro, Burnet County voter, taxpayer, and interested person.

Since September 2019, the County has retained Pattillo, Brown & Hill as its auditor under a contract that has now been renewed multiple times without competitive bidding. Former Burnet County Auditor Karin Smith publicly stated last year that it is past time to rotate auditing firms.

I respectfully ask the Court to take two actions:

1. Direct staff to immediately initiate a fully compliant, competitive Request for Proposals (RFP) process to select a new independent auditing firm for the upcoming Comprehensive Annual Financial Report (CAFR) audit. Rotating auditors is a recognized best practice, and we are well overdue for it.

2. Place an agenda item at the earliest possible meeting to establish a firm start date for a complete, independent forensic audit of the County's finances. My review of past Commissioners Court Minutes found no record of a forensic audit ever being conducted, and I have been told anecdotally that at least twenty years have passed since the last one, if one was ever performed.

Finally, I am submitting for the record a letter from JoAnn Fleming, Executive Director and Acting President of Grassroots America–We the People. In that letter to the Smith County Council of District Judges and Smith County Auditor Karin Smith (the same Karin Smith who served as Burnet County Auditor until April 2025), Mrs. Fleming makes the identical request I am making today: a full, independent, and compliant forensic audit of all county financial records and related reports.

Commissioners, the citizens you serve deserve absolute confidence that every tax dollar is accounted for transparently and accurately. We also deserve the fiduciary duty and due diligence that you, as elected stewards of public funds, are legally and ethically obligated to provide. Rotating our annual auditor after six years with the same firm and finally conducting a long-overdue forensic examination are not radical ideas—they are basic safeguards of good governance that peer counties routinely follow. I urge you to act without further delay on both requests. The integrity of Burnet County's financial stewardship is in your hands, and the public is watching.

Thank you for your time and for your commitment to doing what is right.

GRASSROOTS AMERICA
WE THE PEOPLE
UNITE ★ EDUCATE ★ EMPOWER ®
Political Action Committee

Paid for by Grassroots America – We the People PAC®

November 25, 2025

Smith County Council of District Judges
The Honorable, Robert Wilson, Local Administrative District Judge; 321st District Court
The Honorable Kerry L. Russell, Judge of the 7th District Court
The Honorable Austin Reeve Jackson, Judge of the 114th District Court
The Honorable Debby Gunter, Judge of the 241st District Court
The Honorable Taylor Heaton, 475th District Court

Smith County Auditor Karin Smith

Electronic Mail Delivery: Request for Forensic and Compliance Audit of Smith County Financial Records and Associated Reports

Honorable District Judges and Auditor Smith:

As previously shared and discussed with County Auditor Smith and some members of the Council of District Judges, our county's financial and bond project-related records show troubling discrepancies that **we have sought to reconcile for almost a year** without resolution. **Frankly, the deeper we dig, the more alarmed we become.**

Discrepancies in fund balances and reports for bond-funded capital projects **must be reconciled.** In addition, staff actions that have never even been discussed in Commissioners Court – *let alone authorized by an official vote of the Commissioners Court* – present a troubling pattern.

In one example, we discovered a legal notice for a Request for Proposal (RFP) solicitation related to an Employee Health Care Clinic for a project never discussed or approved by the Commissioners Court. In May 2025, we delivered proof via a copy of the legal notice as printed in the *Tyler Morning Telegraph*. To this day, we have not received a sufficient answer on how this could possibly have happened. The legal exposure such unauthorized staff/vendor actions pose is staggering. *Since May, we have received additional information that causes us great concern regarding the County's health insurance fund and related practices.*

Taxpayer dollars must be protected. Based on a review of County responses to our **numerous** Public Information Requests, Grassroots America has reached this conclusion – *the problem is systemic, deep, and widespread.* Somehow, the basics of due diligence and standard operating procedures employed by *successive* Smith County Commissioners Courts over the last three decades have been shockingly eroded. "Cutting corners" compromises the integrity of processes, which has led to conflicting public reporting and financial discrepancies, a few of which, we address in this letter.

Recommended Solutions | Our Case for an Independent Audit Led by Auditor Smith

An amendment to the Texas Constitution of 1876 granted supervisory powers to the District Court to review acts of the Commissioners Court. The County Auditor was introduced into the District Court supervisory role in 1905.

The statutory powers and responsibilities of a county auditor now reach into every facet of county government, authorizing financial oversight for all county offices and officers. The county auditor may prescribe accounting procedures for all county officers. The county auditor may disapprove payment of claims against the county, and the county commissioners court may not pay a claim without auditor approval.

Additionally, the county auditor may request an attorney general's opinion and utilize that opinion to encourage other county officials to comply with the determinations of the attorney general. (Note: Texas county judges and commissioners lack the authority to directly request Attorney General Opinions.)

The Local Government Code mandates: "The county auditor *shall* see to the strict enforcement of the law governing county finances." **Local Government Code Section 112.006**

We believe that an independent review team working with Mrs. Smith is the only way to resolve these matters raised by Grassroots America – especially since the issues involve other elected officials (the County Judge and Commissioners) and the staff who statutorily work with and report to the Commissioners Court.

Hired by the Council of District Judges, Mrs. Smith began her position as Smith County Auditor just seven months ago – on April 14, 2025. The genesis of these issues **pre-date** Mrs. Smith's employment; therefore, we strongly believe she deserves the opportunity to work with an independent team of auditors to establish baseline facts.

We believe supporting Auditor Smith in a project that establishes a "fixed point" baseline is essential for a new era of accountability, transparency, and an informed decision-making standard against which her own performance successes can be reasonably assessed.

We believe it is patently unfair to dump all of these serious issues on the Auditor with the expectation that she "magically" sorts them out without providing solutions and additional support. **We believe that once this factual baseline is established, Mrs. Smith will develop standard operating procedures and protocols to protect the interests of Smith County taxpayers.**

In addition, the findings of an independent audit will give other elected officials every opportunity to work with the auditor to **re-establish much-needed due diligence policies and procedures** for the Smith County Commissioners Court in accordance with their fiduciary and statutory responsibilities. Standard operating procedures must be re-established to ensure that the Smith County Judge and

Commissioners Court administer the People's business with absolute transparency and the highest standards.

These matters **cannot be resolved by the contracted audit firm** that conducts the mandatory annual audit and produces the Annual Comprehensive Financial Report (CAFR). This is underscored by the fact that the CPA firm's annual letters state their review of financial records "was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies." And, while it is commendable that Smith County has received numerous Government Finance Officers Association (GFOA) Awards through the years for distinguished budget presentations, **these awards do nothing to ameliorate the discrepancies we have uncovered.**

Our Recommended Course of Action:

Therefore, with this letter, we formally request an **independent forensic and compliance audit of the numerous financial discrepancies Grassroots America** has identified in 1) official departmental testimony before the Smith County Commissioners Court and 2) various Smith County fund balances and capital project accounts – some of which are funded by voter-approved, county-issued bonds and some funded with federal funds. All issues involve the necessary verification of lawful, promised, appropriate expenditures of tax dollars collected from the people of Smith County, Texas.

Audit findings should be made publicly available, including the recommendations for any and all corrective action.

The decision to request an independent forensic and compliance audit **is not taken lightly.** For example, Grassroots America began investigating the Road Bond Program almost twelve months ago. **Meetings with county officials, numerous Public Information Act requests, and documented requests for explanation not only failed to provide answers but revealed major gaps between the road bond improvements promised to the voters when compared to projects actually delivered.**

Consider a few of our troubling findings:

- Documents presented in Commissioners Court revealed an unexplained $7 million variance between completed projects and the summary reports which purport to show completion of the Phase 1 road bond program.
- Preliminary reviews by three individuals (including two CPAs) indicated that the summary report totals appeared to be "backed into."
- The actual cost of road bond projects was consistently **reported to be delivered under budget**, yet insufficient funds remained to complete committed projects. Insufficient funding was attributed to inflation.
- The six-year bond program is in its **ninth year with no discussed or projected completion date** provided by the Smith County Judge and Commissioners Court.

- The total cost of the two road bond packages presented to taxpayers was $84.5 million. The latest estimates – including bond interest – ballooned to $185 million, including the County Engineer's latest forecast of a $35.2 million funding shortfall.

Requested Scope of Smith County Independent Forensic and Compliance Audit:

- Unexplained variances discovered in public testimony made before the Commissioners Court in which listings of **completed** road bond projects conflict with "summary" reports of road bond program commitments (project inception to date);
- Unexplained variances in fund balances between the annual Comprehensive Annual Financial Report (CAFR) and budget document fund balances (2022 – 2025);
- Transfers and expenditures from all road bond and courthouse/parking garage bond-funded capital project accounts to ensure the County is in compliance with voter-approved purposes and statutory limits (inception to date);
- Transfers and expenditures from ARPA funds (American Rescue Plan Act of 2021), also called the COVID-19 Stimulus Package, or American Rescue Plan (inception to date);
- Transfers and expenditures from the Employee Health Insurance fund (FY 2020 to date);
- Internal controls, documentation practices, and systems related to fund management, asset management, and capital project oversight sufficient to ensure the safeguarding of taxpayer assets, capability to meet regulatory requirements of transparency and accountability, and compliance with any documented county policies and other controlling legal authorities.

Requested Profile of Audit Firm

Given the public interest, public trust, and fiduciary responsibility involved, we strongly request that this audit be conducted by:

- An independent firm or agency with **demonstrable, long-term expertise in public sector** forensic and compliance audits;
- An audit team with at least one member who is a **Certified Fraud Examiner (CFE)**;
- An audit firm **domiciled outside of Smith County, Texas**;
- An audit team whose owners/managing partners/attorneys and members **have no financial, familial, or discoverable political ties** to any current or former Smith County official and have **no investments** in any planned or in-progress economic development or taxpayer-funded project.

Our Requested Next Steps from You

Due to the serious urgency of these matters, we ask the Council of District Judges to fully support Auditor Smith in leading this effort. We ask County Auditor Smith to submit a simple informational agenda item for the **December 2, 2025, Smith County Commissioners Court meeting** whereby she **notifies the Commissioners Court** of 1) her intention to proceed with planning an independent forensic and compliance audit and 2) once cost is determined, she will submit a request to the Commissioners Court to designate funds from Contingency to cover the cost of the audit.

Our Communication to the Smith County Judge and Commissioners Court:

Meanwhile, we are sending a copy of this letter to the Smith County Commissioners Court along with a formal request for:

1) full cooperation with County Auditor Karin Smith
2) cessation of any plans to purchase more property that will drain funds needed for county roads – a much higher priority
3) cessation of the reported light rail project that will drain funds needed for county roads – a much higher priority
4) cessation of any new economic development plans that drain funds needed for county roads
5) the freezing of withdrawals from Contingency until the audit has been completed
6) a moratorium on accepting any more roads/streets into the county maintenance inventory until the Commissioners Court **a)** votes on a detailed plan, budget, and timeline to finish the promised road bond projects and **b)** votes on a detailed plan, budget, and timeline to conduct a pavement assessment of county roads. Atkins Engineering completed the last assessment of Smith County roads **ten years ago** and it was a **five-year plan**!

Thank you for your attention to this matter and your commitment to financial transparency.

We stand ready to support and assist the Council of Judges and County Auditor Karin Smith in any way possible.

Sincerely,

JoAnn Fleming
Executive Director and Acting President
(903) 360-2858 | jafleming3@outlook.com

Thomas Fabry
Board member and Chairman, Government Watchdog Committee
(817) 721-6701 | tcfabry@yahoo.com

CC: Smith County Judge Neal Franklin, County Commissioners Drewry, Moore, Herod, Carraway