



April 13, 2020

To the City Council
City of Tom Bean, Texas
Subject: Management Recommendation Letter

In planning and performing our audit of the financial statements of the City of Tom Bean, Texas (the City) for the year ended September 30, 2019, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the audited financial statements and not to provide assurance on the internal control structure.

This letter does not affect our report dated April 13, 2020 on the financial statements of the City of Tom Bean, Texas. This recommendation should in no way be construed as derogatory. However, during our audit we became aware of matters that are opportunities to strengthen internal controls and operating efficiency.

We noted the General Fund expenditures exceeded the budget appropriations at the legal level of control by \$33,444, as shown on page 38 of the FY19 financial statements. We recommend the City Council and management continue to closely monitor budget versus actual revenues and expenditures so that the City can maintain overall budget compliance. Best practice is for the City Council to approve budget amendments, as necessary. This is a reoccurring comment as the General Fund expenditures exceeded the budget appropriations at the legal level of control by \$65,909 in FY18.

Managements Response:

Management acknowledges that actual expenditures exceeded budgeted appropriations. This was primarily due to the fact that municipal court revenue is much less than expected but police department expenses did not go down, accordingly. Also, grant expenses were not budgeted for. Management will utilize budget amendments in order to maintain overall compliance and budget adherence.

The City's response was not subject to the auditing procedures and is presented here only for informational purposes. We will review the status of these comments during our next audit engagement. We will be pleased to discuss them in further detail at your convenience. This management recommendation letter is solely to communicate matters that are opportunities to strengthen internal controls and operating efficiency. Accordingly, this communication is not suitable for any other purpose.

Sincerely,