

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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June 13, 2024

Honorable Mayor and City Council
City of Todd Mission, Texas
Grimes County, Texas

We have audited the financial statements of the governmental activities and major fund of City of Todd Mission, Texas (the "City") for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated February 9, 2023. Professional standards also require that we communicate to you the following information related to our audit. For the purposes of this letter, the term "management" refers to the Mayor, City Council, employees and/or City consultants.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. Significant accounting policies used by the City, including new accounting policies, if any, that have been adopted and implemented during the current fiscal year, are discussed in Note 2. We noted no transactions entered into by the City 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.

Accounting estimates are an integral part of the financial statements 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 City's financial statements were management's estimate of depreciable lives of capital assets. Depreciation of infrastructure assets is based on industry wide accepted estimated useful lives taken on a straight-line basis, or on the life of the applicable contract in the case of intangible assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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 clearly trivial, and communicate them to the appropriate level of management. The City's Finance Director will be provided with all such adjustments.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 13, 2024.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 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 City'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.

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 City'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 were engaged to perform the following non-attest services for the City: (1) preparation of financial statements and related notes and schedules in conformity with accounting principles generally accepted in the United States of America and (2) preparation of capital asset schedules. These services were performed based on information provided by you. We performed these services in accordance with applicable professional standards. The non-attest services we performed are limited to those specifically defined and did not result in assuming management responsibilities.

We applied certain limited procedures to the Management's Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, 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.

Restriction on Use

This information is intended solely for the use of the Mayor and City Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

McCall Gibson Swedlund Barfoot PLLC

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