



December 22, 2022

To the Board of Mayor and Aldermen
Town of Thompson's Station, Tennessee

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate other remaining fund information of the Town of Thompson's Station, Tennessee (the "Town") as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As discussed below, we did identify certain matters involving the internal control and other operational matters that are presented for your consideration. We will review the status of these comments during our next audit engagement. Our comments and recommendations, which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

County Mixed Drink Tax Payable

The Town is responsible for remitting 50% of the Mixed Drink Tax Revenue (state shared revenues) to Williamson County; however, the Town has not remitted any payments for the county's 50% share of this revenue stream for several years. We recommend that the Town Administrator and the Finance Director review the agreement with the county to determine how often payments should be remitted to the county as well as implement a formal policy going forward for how often payments will be made on a prospective basis.

Payroll Accrual

The financial statements, specifically payroll liabilities and related payroll expenses, were misstated by \$13,442 due from the lack of recording payroll expenses on the accrual basis of accounting. We recommend that the Town's Finance Director ensure that payroll is accrued as of the last day of each fiscal year by recording a payroll accrual journal entry as applicable.

Expense Reclassifications

During our audit, it came to our attention that there were several significant invoices/expenses that needed reclassification in the financial statements. We made reclassification entries to appropriately record certain expenditures to the appropriate expense accounts for reporting purposes. We recommend that the Town's Finance Director ensure that all expenditures are appropriately categorized each month when performed bank and financial statement reconciliations.

This report is solely intended for the information and use of the Board of Mayor and Aldermen and management and is not intended and should not be used by anyone other than these specified parties.

We would like to take this opportunity to express our appreciation for the courtesy extended to us by all of your employees. It has been a pleasure to work with the employees of the Town of Thompson's Station.

Very truly yours,

Culver, PLLC

Culver, PLLC
Oakland, TN
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