

To the Honorable Mayor and
Members of the City Council
City of Windcrest, Texas
8601 Midcrown
Windcrest, Texas 78239

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit (Windcrest Crime Control and Prevention District), each major fund, and the aggregate remaining fund information of the City of Windcrest, Texas for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 30, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Windcrest, Texas are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. 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.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management 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 financial statements include the net pension liability and the deferred inflows and outflows related to the Texas Municipal Retirement System (TMRS), the total other postemployment benefit (OPEB) liability and the deferred inflows and outflows related to the Texas Municipal Retirement System – supplemental death benefit fund (TMRS SDBF), accumulated depreciation, depreciation expense, and the allowance for doubtful accounts. 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.

The financial statement disclosures are neutral, consistent, and clear.

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. Management has corrected all such misstatements.

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 Representations

We have requested certain representations from management that are included in the management representation letter dated April 19, 2021.

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 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 applied certain limited procedures to Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedule of contributions, schedule of changes in other postemployment benefits (OPEB) liability and related ratios, and schedule of contribution – other postemployment benefits, 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.

We were engaged to report on the combining and individual nonmajor fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Comments

Public Funds Investment Act

The Public Funds Investment Act (the Act) requires that we include, as part of our audit, procedures to determine if the City complied with the provisions of the Act. We found, as a result of our tests, that the City complied, in all material respects, with the provisions of the Act.

Net Position Deficit

During our audit we noted the garbage fund maintained a deficit net position at year end. The garbage fund is an enterprise fund which should operate like a for-profit business operation and accumulate net operating reserves for economic stability. The deficit decreased during the year and is currently \$(105,528). The City has implemented a plan to increase garbage rates and more aggressively seek collections on delinquent accounts which resulted in positive operations of \$105,810 during the fiscal year. The City should continue on their plan to improve the financial stability of the garbage fund.

Municipal Court Segregation of Duties

During our audit we noted from our procedures and discussion with staff that the same individual in municipal court has the ability to collect payments and adjust ticket balances without an independent review. The combination of access to collect on fines and adjust ticket balances creates a risk to internal controls. The City should consider hiring additional staff or utilize individuals from other departments to implement a process to segregate the ability to collect fines and adjust ticket balances.

Restriction on Use

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

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us by the personnel of the City of Windcrest, Texas during the course of our audit.

ABIP, PC
San Antonio, Texas
April 19, 2021