



Honorable Mayor and City Council
City of Willow Park
Willow Park, Texas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Willow Park as of and for the year ended September 30, 2021, and have issued our report thereon dated March 28, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Willow Park 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 2021.

We noted no transactions entered into by the entity 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 estimate(s) affecting the financial statements was (were):

- Management's estimate of the allowance for doubtful accounts is based on historic water and sewer revenues, historic loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the City's net pension and OPEB liabilities are based on TMRS. The related deferred inflows and outflows are based on guidance from GASB Statement No. 68, GASB Statement No. 71, GASB Statement No. 75 and the plan's actuarial valuation. We evaluated the key factors and assumptions used to develop the net pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

- Management’s estimate of the depreciation expense on capital assets is based on management’s estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

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.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that the effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following summarizes uncorrected misstatements of the financial statements:

- Licenses and permits recorded in the general fund did not reconcile to the dashboard of permits maintained by the City by \$18,234. The dashboard showed fees, net of refunds, of \$755,205 while the general ledger showed fees of \$773,439.
- Misstatements in accounts payables were identified during the audit and corrected by management. Due to the error rate and the statistical sample selected, a projected error of \$40,369 was calculated.

Corrected misstatements

The following material and immaterial misstatements detected as a result of audit procedures were corrected by management:

No.	Fund	Account	Dr.	Cr.
1.	Governmental activities	Prior period adjustment	\$294,532	
	Governmental activities	Accumulated depreciation		\$294,532
	<i>To record depreciation expense related to prior periods</i>			
2.	Governmental activities	Accumulated depreciation	\$125,051	
	Governmental activities	Vehicles		\$125,051
	<i>To record disposal of asset sold in the current year</i>			

No.	Fund	Account	Dr.	Cr.
3.	Governmental activities	Prior period adjustment	\$48,418	
	Governmental activities	Deferred Outflows - OPEB	12,569	
	Water Fund	Prior period adjustment	16,116	
	Water Fund	Deferred Outflows - OPEB	4,184	
	Wastewater Fund	Prior period adjustment	1,062	
	Wastewater Fund	Deferred Outflows - OPEB	276	
	Governmental activities	OPEB Liability		\$60,987
	Water Fund	OPEB Liability		20,300
	Wastewater Fund	OPEB Liability		\$,338
<i>To record OPEB expense related to prior periods.</i>				
4.	General Fund	Accrued Payroll	\$35,479	
	Water Fund	Accrued Payroll	18,127	
	Wastewater Fund	Accrued Payroll	161	
	General Fund	Salaries Expense		\$35,479
	Water Fund	Salaries Expense		18,127
	Wastewater Fund	Salaries Expense		161
	<i>To record accrued payroll as of 9/30/2021.</i>			
5.	General Fund	Expenditure/ Expense	\$87,860	
	Water Fund	Expenditure/ Expense	76,004	
	Wastewater Fund	Expenditure/ Expense	2,275	
	General Fund	Accounts Payable		\$87,860
	Water Fund	Accounts Payable		76,004
	Wastewater Fund	Accounts Payable		2,275
	<i>To record accounts payable as of 9/30/2021.</i>			

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 auditors’ report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2022.

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 entity’s financial statements or a determination of the type of auditors’ 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.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining fund financial statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, 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 or the reasons for such changes, 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. We have issued our report thereon dated March 28, 2022.

* * *

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, Texas
March 28, 2022