

Malnory, McNeal & Company, PC

Certified Public Accountants

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January 28, 2021

Prestonwood Public Improvement District
6120 Oakcrest Road
Dallas, TX 75248

We have audited the financial statements of Prestonwood Public Improvement District (the "District") for the year ended December 31, 2020, and we have issued our report thereon dated January 28, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 January 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District 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 District 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 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. We noted no significant estimates in the financial statements.

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 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 as reported in the attached schedule. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 January 28, 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 District'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 District'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

This information is intended solely for the use of Board of Directors and management of Prestonwood Public Improvement District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Malnory McNeal & Company, PC

Client: PRESTONWOOD PID
 Report: AJEs

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
1		2304			
TO RECORD 2020 TAX ASSESSMENT LEVY FOR 2021					
2001	Assessments Allocable to Prestonwood PID		0.00	445,791.00	
1202	Accounts Receivable CY		445,791.00	0.00	
Total			445,791.00	445,791.00	0.00
2		6006			
TO GROSS UP CITY AND COUNTY COLLECTION FEES					
4000	Assessments		0.00	7,815.62	
4000	Assessments		0.00	2,835.25	
4003	City and County Fees		10,650.87	0.00	
4000	Assessments		0.00	125.32	
4003	City and County Fees		125.32	0.00	
Total			10,776.19	10,776.19	0.00
3		6005			
TO RECLASS 2021 ASSESSMENTS RECEIVED IN DECEMBER 2020					
1202	Accounts Receivable CY		0.00	43.05	
1202	Accounts Receivable CY		0.00	20,384.13	
4000	Assessments		20,427.18	0.00	
Total			20,427.18	20,427.18	(20,427.18)
4		6005			
TO RECLASS INTEREST INCOME REPORTED ON THE CITY YEAR END STMNT FROM TAX ASSESSMENT REVENUE					
4001	Interest		0.00	603.21	
4000	Assessments		603.21	0.00	
Total			603.21	603.21	0.00
GRAND TOTAL			477,597.58	477,597.58	(20,427.18)