



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

ACM: Christine Taylor

DATE: March 25, 2025

SUBJECT

Receive a report, hold a discussion, and give staff direction regarding the FY 2023-24 Annual Comprehensive Financial Report and annual audit.

BACKGROUND

Each year, the City hires an independent accounting firm to conduct an audit of the City's basic financial statements. The purpose of the audit is to express an opinion as to whether the City's financial statements present fairly, in all material respects, the financial position of the City. The annual audit report is comprised of four major components: 1) the Annual Comprehensive Financial Report, 2) Management Letter (when appropriate), and 3) Single Audit.

The Financial Report represents the entire financial position of the City, specifically for the fiscal year ending September 30, 2024. The document includes the independent auditor's opinion of management's representations within the annual report. The auditors have provided the City a clean opinion (unmodified), which means that in the opinion of Weaver & Tidwell, L.L.P., the City's financial statements present fairly, in all material respects, the financial position of the City. A clean or unmodified opinion is the best opinion that may be rendered in an audit of the financial statements. The audit specifically included the following items:

- Audit of the City's Annual Comprehensive Financial Report in accordance with generally accepted auditing standards.
- Performance of a Single Audit, which is an audit of the City's expenditures of State and Federal grant awards.
- An evaluation of the City's internal control over financial reporting.

The auditor's examination of internal controls was conducted at a level sufficient to gain an understanding of the internal control structure to determine the nature, timing, and extent of audit procedures. The auditors did not perform an audit of internal controls but performed limited tests of internal controls for the purpose of providing an opinion on the financial statements. Additionally, the auditors examined, on a test basis, evidence supporting amounts and disclosures in the combined financial statements. The City did not receive a management letter as there were no material weaknesses or recommendations for strengthening controls identified.

The following points are highlighted as key financial information from the report:

1. Overall positive financial results
2. Unassigned General Fund balance
 - \$42.1 million
 - 22.3% of FY 2023-24 final budgeted expenditures
 - \$2.5 million decrease from prior year but still within the policy (20%-25%)
3. Unrestricted Net Position of Enterprise Funds (Utilities, Solid Waste, and Airport)
 - \$170.4 million
 - \$14.6 million decrease from prior year; overall net position increase year-over-year

Representatives from Weaver & Tidwell, L.L.P. will be present at the City Council meeting to provide their opinion and to answer any questions that you may have.

Exhibits:

1. Agenda Information Sheet
2. FY 2023-24 Annual Comprehensive Financial Report
3. Single Audit Report
4. Auditor's Communication
5. Auditor's Presentation
6. Definitions

Respectfully submitted:
Jessica Williams
Chief Financial Officer

Prepared by:
Rebecca DePuy
Controller