



External Audit Results

Communications with City Council

For the Year Ended September 30, 2024

Weaver Team

City of Denton Engagement Team

Sara Dempsey, CPA
Engagement Partner

Bryant Sanchez, CPA
Engagement
Senior Manager

Jacqueline Diaz
Engagement
Senior Associate

Senior Associates and Other Supporting Staff Members

Quality Control/Technical Review

Claire Wootton, CPA
Technical Review
Director

Subject Matter Advisors

David Friedenber, CISA
Information Technology
Senior Manager

Elisa Gilbertson, CPA
Data Analytics
Senior Manager

Government Experience

200+
PROFESSIONALS
WITH SIGNIFICANT
GOVERNMENT
EXPERIENCE

300+
CLIENTS
SERVED

- OFFERINGS**
- » External audit
 - » Risk assessment
 - » Internal Audit
 - » Digital transformation
 - » Grant compliance
 - » Performance audit
 - » Business process improvement
 - » IT audit and cybersecurity
 - » Agency restructuring and reorganization
 - » Strategic planning
 - » Organizational development
 - » Valuation
 - » Forensic accounting
 - » Fraud investigation



20+ STATE AGENCIES



40+ CITIES



50+ SCHOOL DISTRICTS



20+ COLLEGES & UNIVERSITIES



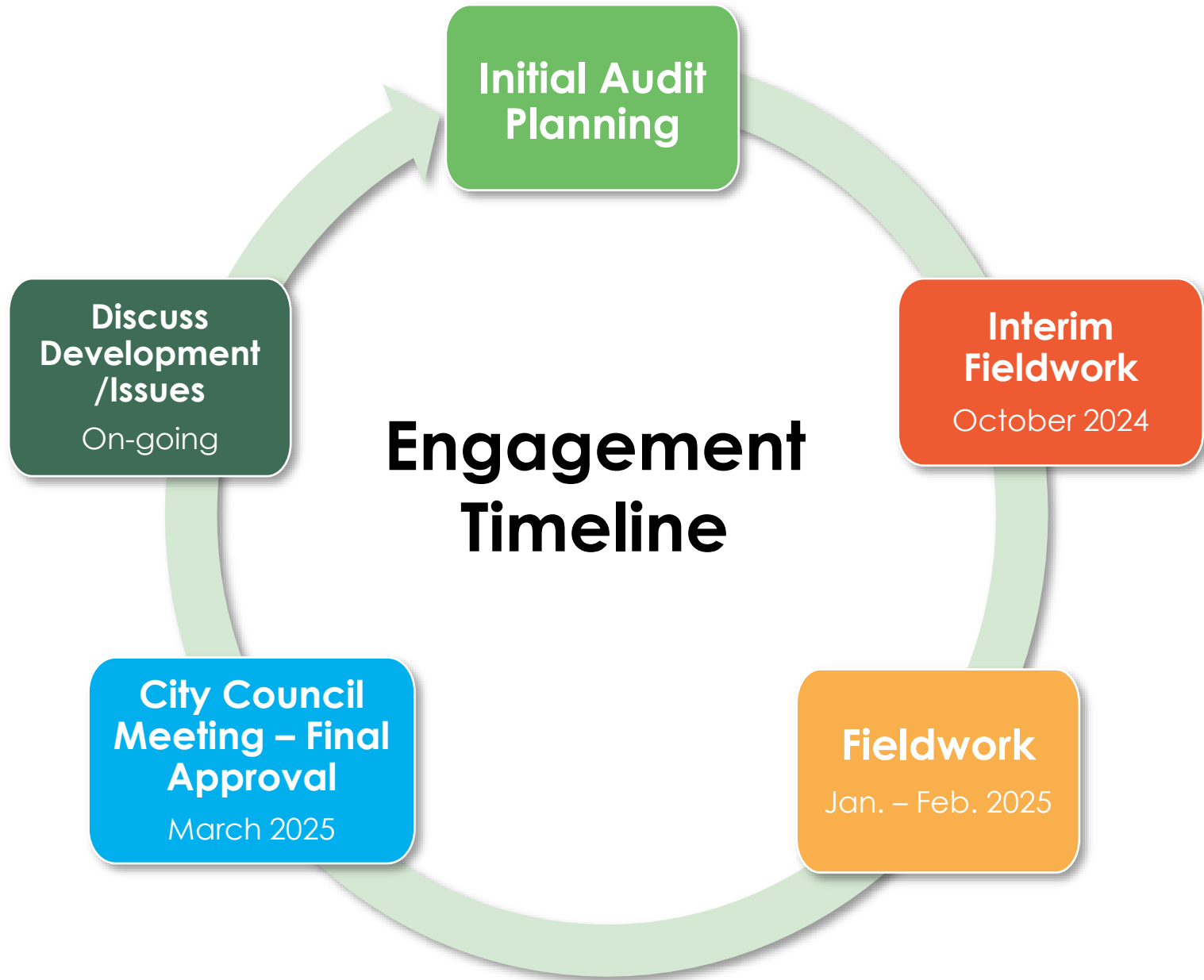
100+ LOCAL & REGIONAL ENTITIES



50+ GFOA AWARD RECIPIENTS

Audit Process





Overview

SIGNIFICANT CHANGES TO OUR PLANNED AUDIT STRATEGY

- » There were no changes to our planned audit approach from those communicated to you during the interim meeting with those charged with governance.
- » There were no changes to our significant risks originally identified and communicated to you.
 - » Significant Risks included:
 - » Improper Revenue Recognition - Charges for Services: Utilities
 - » Improper Revenue Recognition - Federal and State Grants

RESULTS OF WORK PERFORMED

- » During the course of our audit, we identified no uncorrected misstatements. There were also no misstatements identified by us and corrected by management.
- » There are no identified significant deficiencies or material weaknesses.
- » There are no independence matters to report.

OUR AUDIT REPORT

- » We issued an unmodified audit report on the financial statements.
- » We issued a report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards
- » We issued an unmodified audit report on compliance for each major federal and state program and on internal control over compliance required by Uniform Guidance and TxGMS. The major programs were: ARPA, CDBG, and Regional Toll Roadway (state grant)

OTHER MATTERS

- » As of the date of these communications, there are no outstanding items.

Significant Risks



The following significant risks were identified during the performance of our risk assessment procedures:

SIGNIFICANT RISK IDENTIFIED	RELATED ASSERTIONS	RESULTS OF WORK PERFORMED
Management Override of Controls <i>(Note: This is a presumed risk on all audit engagements.)</i>	Pervasive	Journal entry testing, incorporating elements of unpredictability into testing, and the review of significant estimates for bias. No audit findings noted.
Risk of Improper Revenue Recognition – <ul style="list-style-type: none"> • Charges for Services (Utilities) • Grants (Federal and State) 	Accuracy Cutoff Existence/Occurrence	Analytical procedures and detailed testing items including items that are individually immaterial. No audit findings noted.



Other Areas Tested:

- Fraud and non-compliance inquiries were made during the planning process and throughout our audit
- Information technology – review of processes and controls
- Utility Bill recalculations
- Adequacy of disclosures
- Long-term debt, including review of new issuances
- Tax revenues and collections
- Allowance for doubtful accounts
- Capital assets
- Investments
- Employee compensation
- Utilities operating revenues and expenses
- Landfill closure and post-closure estimate

Required Communications

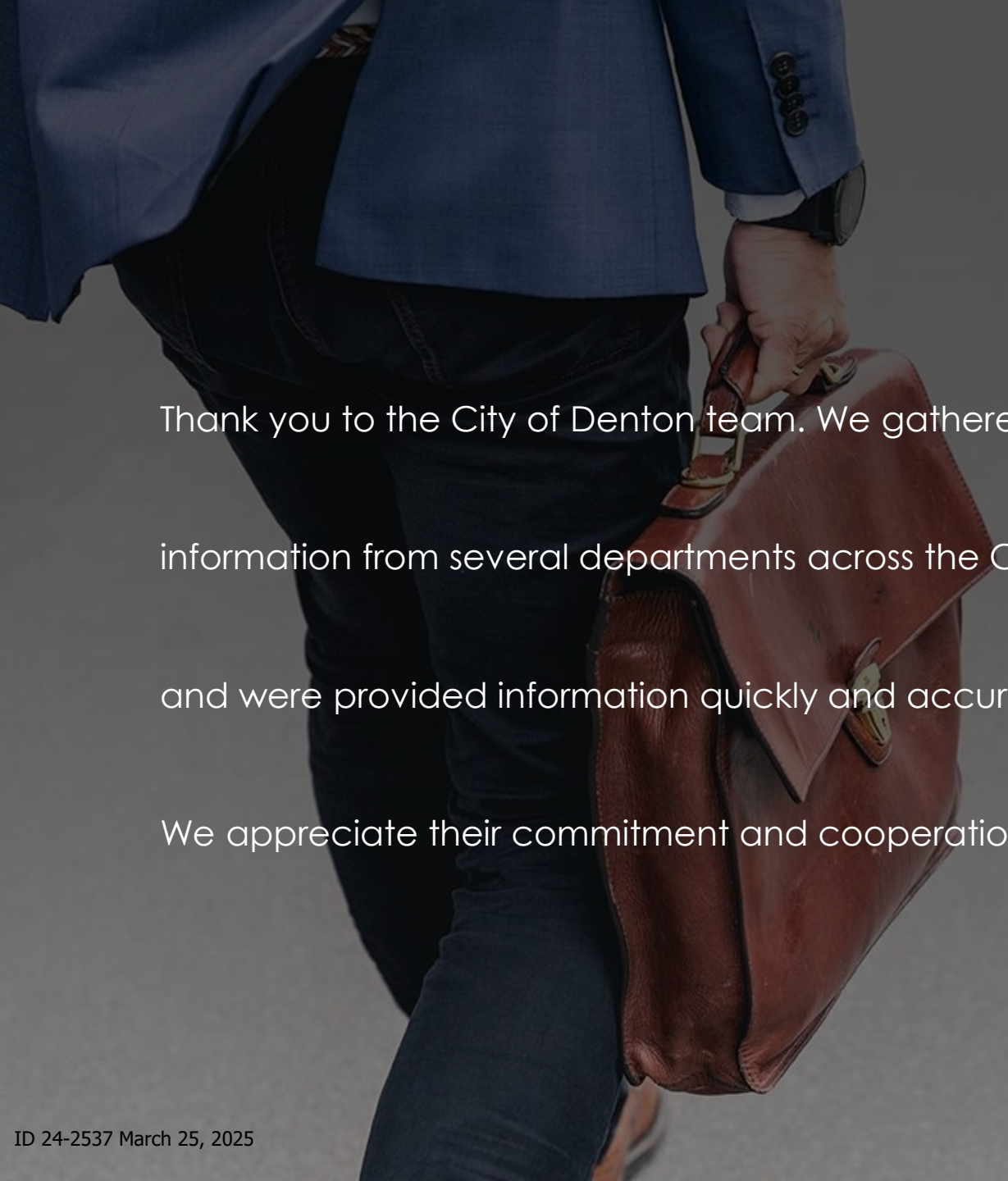
 REQUIRED COMMUNICATIONS	 COMMENTS
<p><i>Significant Accounting Policies</i></p>	<p>A summary of the significant accounting policies adopted by City is included in Note I to the financial statements.</p> <p>There have been no changes in significant accounting policies, but the City did implement GASB Statement 100 which had no financial impact on the City.</p> <p>No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
<p><i>Significant Accounting Estimates</i></p>	<p>The most sensitive accounting estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> • <i>Pension and Other Post Employment Benefits (OPEB) liabilities and expenses, related deferred balances</i> • <i>Incurred but not Reported (IBNR) liabilities</i> <p>We evaluated the key factors and assumptions used to develop the accounting estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.</p>

Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<i>Financial Statement Disclosures</i>	The most sensitive disclosures affecting City's financial statements relate to: <ul style="list-style-type: none"> • <i>Revenue Recognition</i> • <i>Contingencies</i> • <i>Estimates</i>
<i>Significant Unusual Transactions</i>	No significant unusual transactions were identified during the course of the audit.
<i>Identified or Suspected Fraud</i>	No identified or suspected fraud noted.
<i>Significant Difficulties Encountered during the Audit</i>	We encountered no difficulties in dealing with management relating to the performance of the audit.
<i>Disagreements with Management</i>	No such disagreements arose during the course of the audit.

Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<i>Representations Requested from Management</i>	We received written representations from management in the form of a letter addressed to Weaver and Tidwell, L.L.P.
<i>Management's Consultations with Other Accountant's</i>	Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.
<i>Other Significant Matters, Findings, or Issues</i>	We encountered no other matters that require communication at this time.

A person wearing a blue suit jacket and dark pants is walking, carrying a brown leather briefcase. The background is a solid grey color.

Thank you to the City of Denton team. We gathered information from several departments across the City and were provided information quickly and accurately. We appreciate their commitment and cooperation.





Sara Dempsey, CPA

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Sector Services

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