



# External Audit Results

---

Communications with City Council

For the Year Ended September 30, 2025

# Weaver Team

## City of Denton Engagement Team

**Sara Dempsey, CPA**  
Engagement Partner

**Bryant Sanchez, CPA**  
Engagement Senior Manager

**Jacqueline Diaz**  
Engagement Supervisor

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



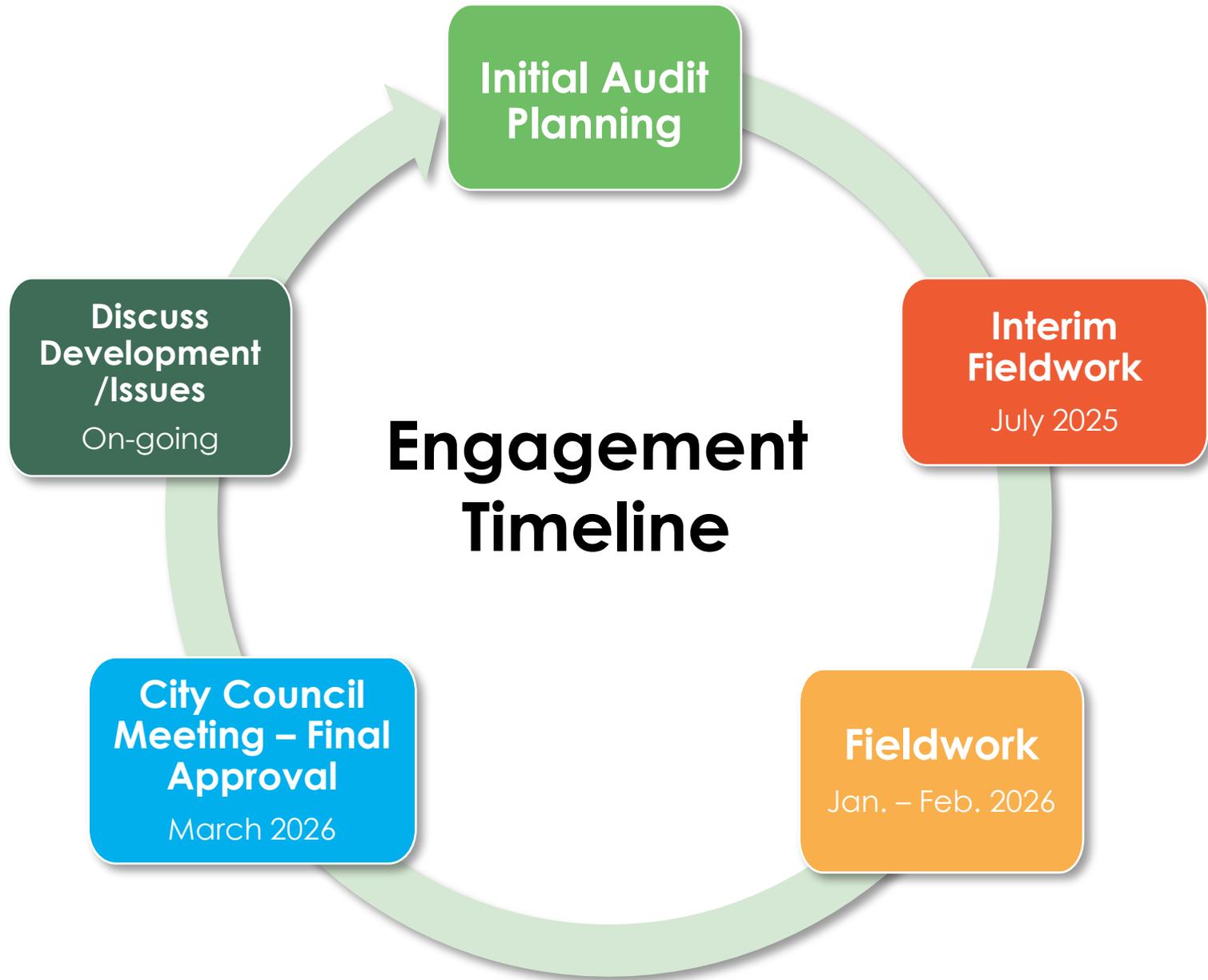
100+ LOCAL  
& REGIONAL  
ENTITIES



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 the 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:
  - » Federal - HOME and Highway Planning & Construction.
  - » State - Regional Toll Roadway (RTR)

## OTHER MATTERS

- » There are no outstanding items as of the date of these communications,

# 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"><li>• Charges for Services (Utilities)</li><li>• Grants (Federal and State)</li></ul>	Accuracy Cutoff Existence/Occurrence	Analytical procedures and detailed testing items including items that are individually immaterial.  No audit findings noted.

# Other Area 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

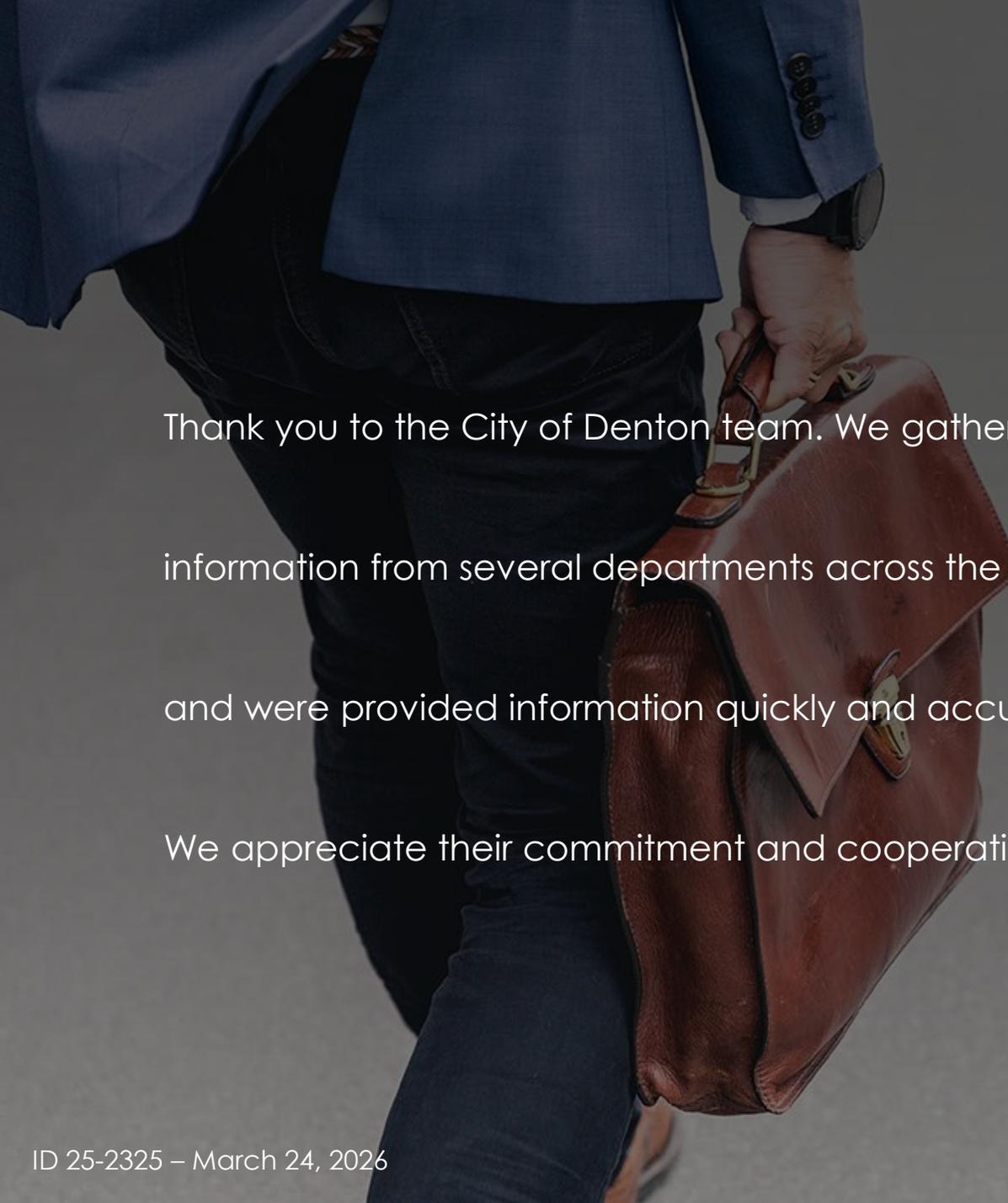
 REQUIRED COMMUNICATIONS	 COMMENTS
<b>Significant Accounting Policies</b>	<p>A summary of the significant accounting policies adopted by City is included in Note I to the financial statements.</p> <p>There have been no changes in significant accounting policies, but the City did implement GASB Statements 101 and 102, which had no material 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>
<b>Significant Accounting Estimates</b>	<p>The most sensitive accounting estimates affecting the financial statements are:</p> <ul style="list-style-type: none"><li>• <i>Pension and Other Post Employment Benefits (OPEB) liabilities, expenses, and related deferred balances</i></li><li>• <i>Incurred but not Reported (IBNR) liabilities</i></li></ul> <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
<b><i>Financial Statement Disclosures</i></b>	The most sensitive disclosures affecting City's financial statements relate to: <ul style="list-style-type: none"><li>• <i>Revenue Recognition</i></li><li>• <i>Contingencies</i></li><li>• <i>Estimates</i></li></ul>
<b><i>Significant Unusual Transactions</i></b>	No significant unusual transactions were identified during the course of the audit.
<b><i>Identified or Suspected Fraud</i></b>	No identified or suspected fraud noted.
<b><i>Significant Difficulties Encountered during the Audit</i></b>	We encountered no difficulties in dealing with management relating to the performance of the audit.
<b><i>Disagreements with Management</i></b>	No such disagreements arose during the course of the audit.

# Required Communications

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

A person wearing a blue suit jacket and dark pants is carrying a brown leather briefcase. The person is walking, and the background is a light gray surface. The text is overlaid on the left side of the image.

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**

Partner-in-Charge, Public  
Sector Services

972-448-6958

sara.dempsey@weaver.com

## **Bryant Sanchez, CPA**

Senior Manager, Public Sector  
Services

972-448-9849

bryant.sanchez@weaver.com