

# City of Wylie

---

## City Council Meeting

January 27, 2026



# Overview

- ▶ Introduction
- ▶ Audit Process
- ▶ Audit Results
- ▶ Required Communications
- ▶ Financial Highlights
- ▶ Discussion

# Engagement Leadership



## Sara Dempsey, CPA

Partner-in-charge, Audit  
Public Sector & Assurance  
Services

## Lauren Futch, CPA

Manager,  
Assurance Services

- ✓ 20+ years of public accounting experience
- ✓ Dedicated to serving public sector clients
- ✓ AICPA State and Local Government Expert Panel
- ✓ GFOA Special Review Committee Member

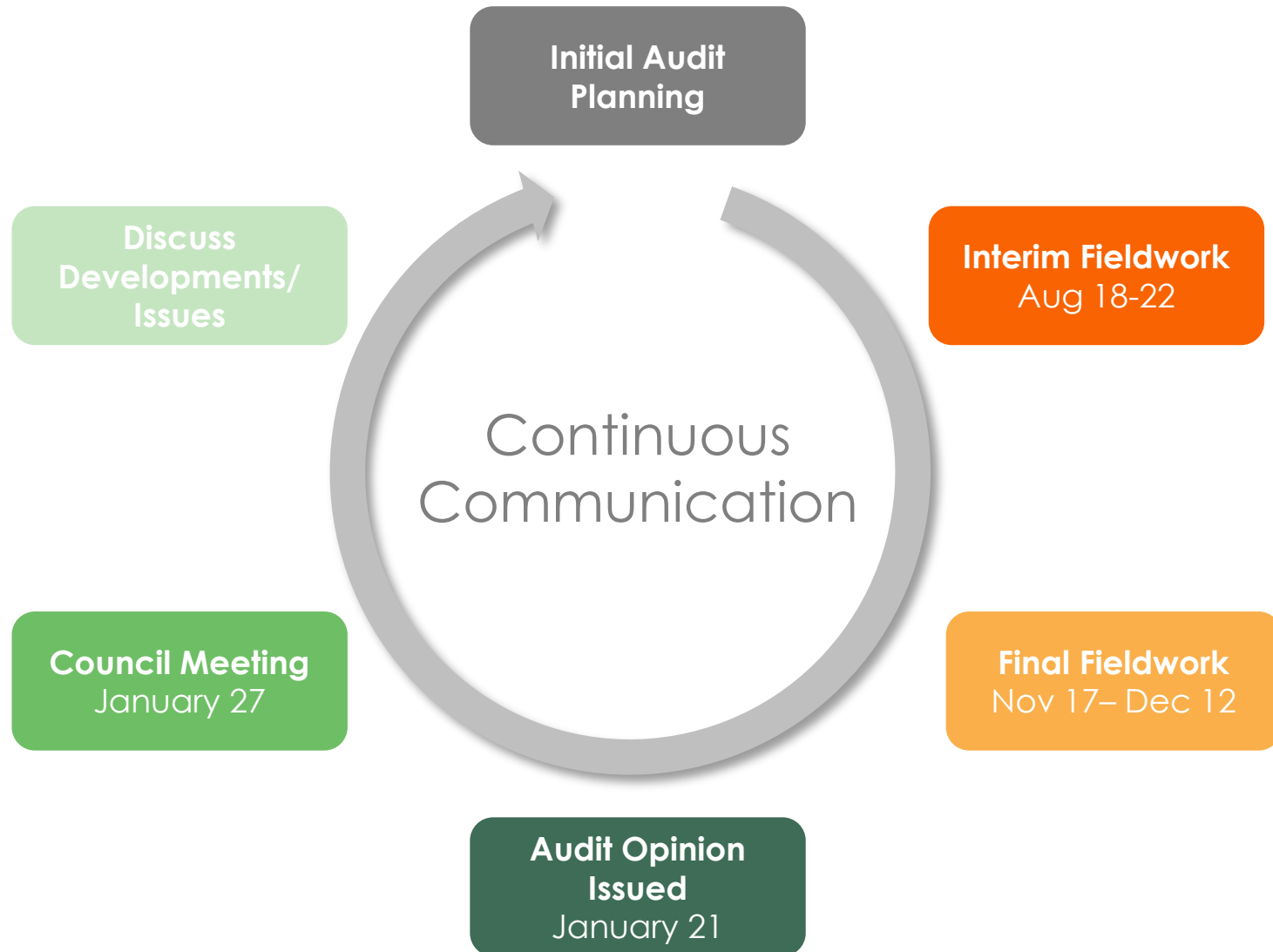
- ✓ 9+ years of public accounting and public sector experience
- ✓ Dedicated to serving public sector clients

Available Throughout the Year to Discuss Issues

# Audit Process



# Engagement Timeline



# Audit Process

- The audit was performed in accordance with **Generally Accepted Auditing Standards (GAAS)**, **Generally Accepted Government Auditing Standards (GAGAS)**, and **The Uniform Guidance**.
- The audit process was a **risk-based approach** in which we identified potential areas of risk that could lead to material misstatement of the financial statements. We tailored our audit programs and resources to specifically address areas of risk, such as:
  - **Revenue recognition and related receivables**
  - Capital projects, purchasing and compliance with bidding procedures
  - Payables, accrued liabilities, and expenditures
  - Cash and Investments
  - Long-term debt



## Interim fieldwork and risk assessment were performed in August 2025. Procedures included:

- **Walkthroughs** of accounting controls over significant transaction cycles:
  - A. Cash Disbursements and Purchases
  - B. Payroll Disbursements (including TMRS data)
  - C. Cash Receipts
    - A. Utility Billing Receipts
    - B. Municipal Court
    - C. Parks and Recreation
    - D. Other
  - D. Budget and Financial Close Process
- **Tests of compliance** with the Public Funds Investment Act
- **Control testing** over cash disbursements and payroll

## Final fieldwork- performed in November and December 2025 - Procedures included:

- **Testing** account balances and current year activity using a combination of:
  - analytics, vouching of material transactions, and sampling
- **Assisted** with preparation of the annual comprehensive financial report (ACFR)



The background of the slide features a close-up, sepia-toned photograph of a pencil tip resting on a piece of paper. A semi-transparent green horizontal band is positioned across the upper portion of the image, serving as a backdrop for the title text.

# Audit Results

Weaver**Views**

# Auditor Results

- We issued the Independent Auditor's Report on the financial statements
  - **Unmodified (Clean) Opinion**
- We issued the Independent Auditor's 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
  - **No material weaknesses noted**



# Auditor Communications

for the year ended September 30, 2025



Weaver**Views**

# Required Communications to Those in Charge of Governance

Communication	Results
Generally accepted auditing standards	<p>The financial statements are the responsibility of the City. Our audit was designed to provide for reasonable rather than absolute assurance that the financial statements are free of material misstatement. Our responsibility is to express an opinion about whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.</p> <p>The audit of the fiscal year 2025 financial statements is complete and <b>we have issued an unmodified (“clean”) opinion.</b></p>

# Required Communications to Those in Charge of Governance

Communication	Results
Generally accepted government auditing standards	<p>In addition to the GAAS responsibilities, we are required to issue a written report on our consideration of internal controls and identify significant deficiencies, including material weaknesses, if any. Our reports do not provide assurance on internal controls. We design our audit to provide reasonable assurance of detecting material misstatements resulting from noncompliance with provisions of contracts or grant agreements that have a direct or material effect on the financial statements. We issue a written report on the results of these procedures; however, our report does not express an opinion on compliance.</p> <p><b>No findings noted.</b></p>

# Required Communications to Those in Charge of Governance

Communication	Results
Unusual transactions and the adoption of new accounting principles	<p>The significant accounting policies used by the City are described in Note 1 to the financial statements.</p> <p>Pronouncements implemented in 2025 included GASB Statement No. 101, “<i>Compensated Absences</i>” and GASB Statement No. 102, “<i>Certain Risk Disclosures</i>”. GASB 101 and GASB 102 had no effect on the City’s FY2025 financial statements.</p> <p>We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus.</p>

# Required Communications to Those in Charge of Governance

Communication	Results
Fraud and illegal acts	No material errors, irregularities, or illegal acts were noted.
Material weakness in internal control	No material weaknesses noted.
Other information contained in documents containing audited financial statements	We provided an “in relation to opinion” on supplementary information accompanying the financial statements. We performed limited procedures on the required supplementary information. We did not provide any assurance on this information. The Introductory and Statistical sections were both unaudited.
Management judgments and accounting estimates	Management's estimates of net pension and OPEB liabilities, allowance for uncollectible receivables, and estimated useful lives for capital assets were evaluated and determined to be reasonable in relation to the financial statements as a whole.

# Required Communications to Those in Charge of Governance

Communication	Results
Difficulties encountered	No difficulties or disagreements arose during the course of our audit.
Management representations	We requested certain representations from management that were included in the management representation letter.
Management consultations	We are not aware of management consulting with other accountants for a second opinion.
Auditor independence	No independence issues noted.
Audit adjustments	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There was one passed adjustment noted during the audit regarding SBITA that was considered immaterial.</p> <p>We made no material audit adjustments as a result of our audit procedures.</p>





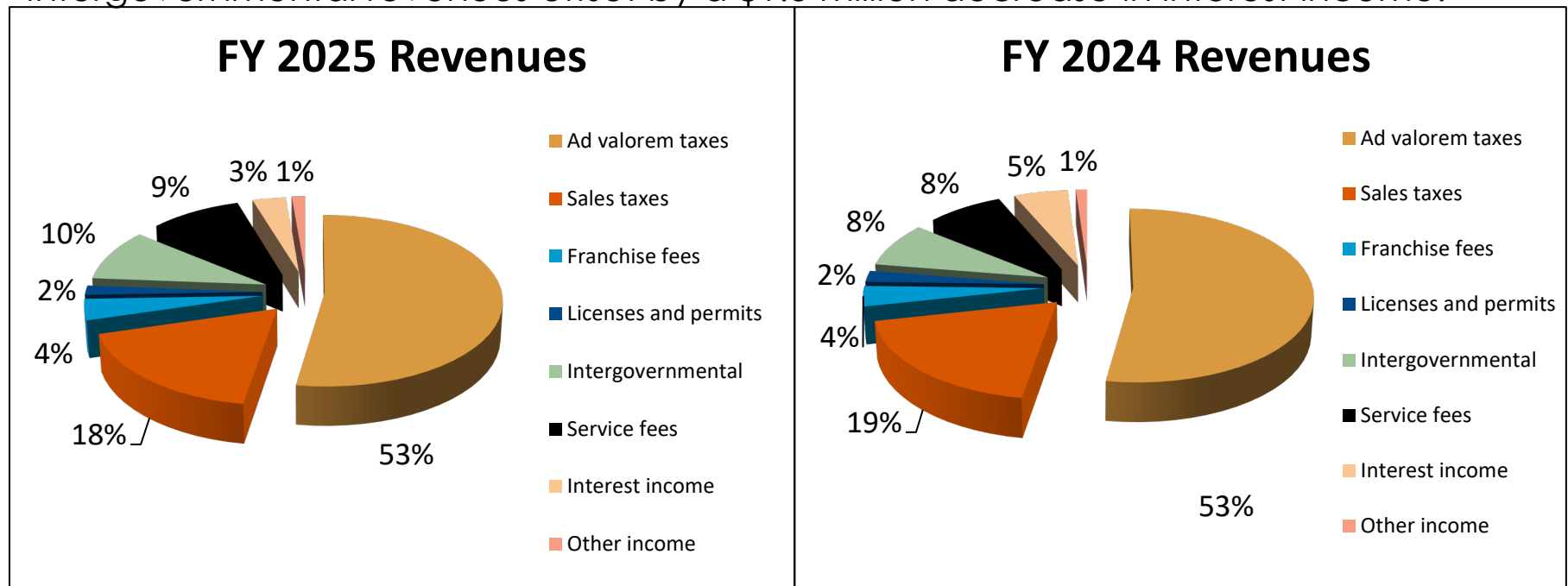
# Financial Highlights

Weaver**Views**

# Financial Highlights

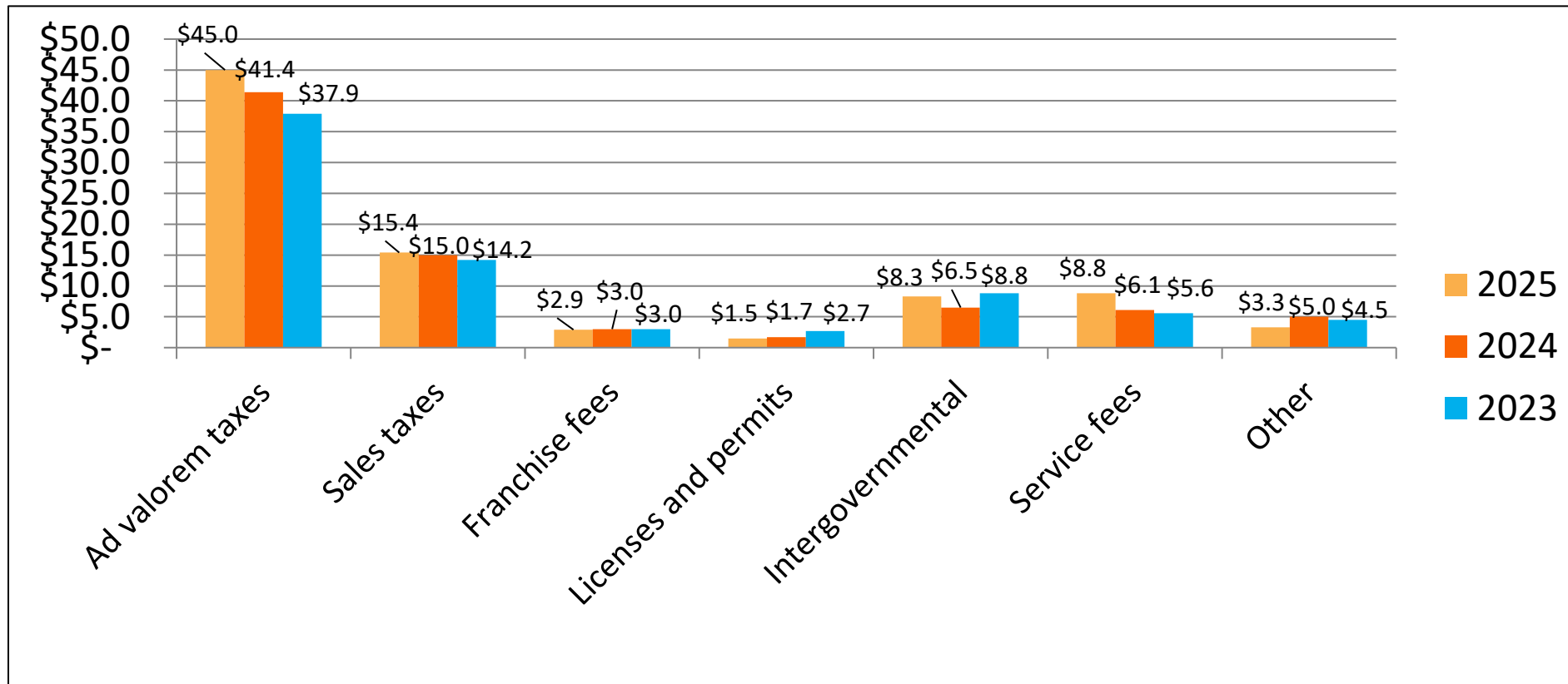
## Comparison of Revenues by Source

Governmental Funds Revenues for the FY 2025 totaled \$85.2 million, a \$6.5 million or 8.3% increase. This increase is attributed primarily related to a \$3.6 million increase in ad valorem taxes, a \$1.9 million increase in Service fees, a \$1.8 million increase in Intergovernmental revenues offset by a \$1.3 million decrease in interest income.



# Financial Highlights

## Comparison of Governmental Funds Revenues by Source

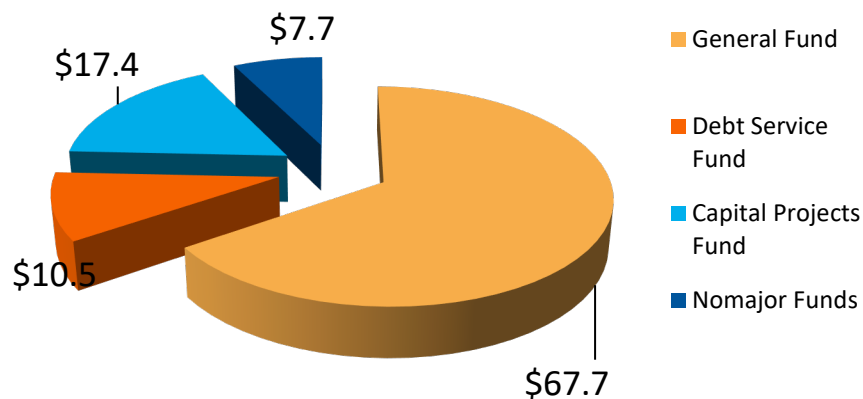


(3-year comparison in millions of dollars)

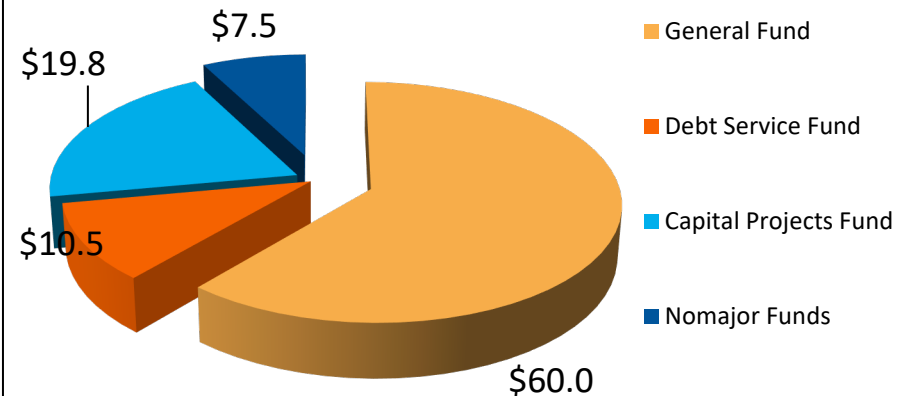
# Financial Highlights

## Comparison of Governmental Expenditures by Fund (In millions of dollars)

**Fiscal Year 2025**



**Fiscal Year 2024**

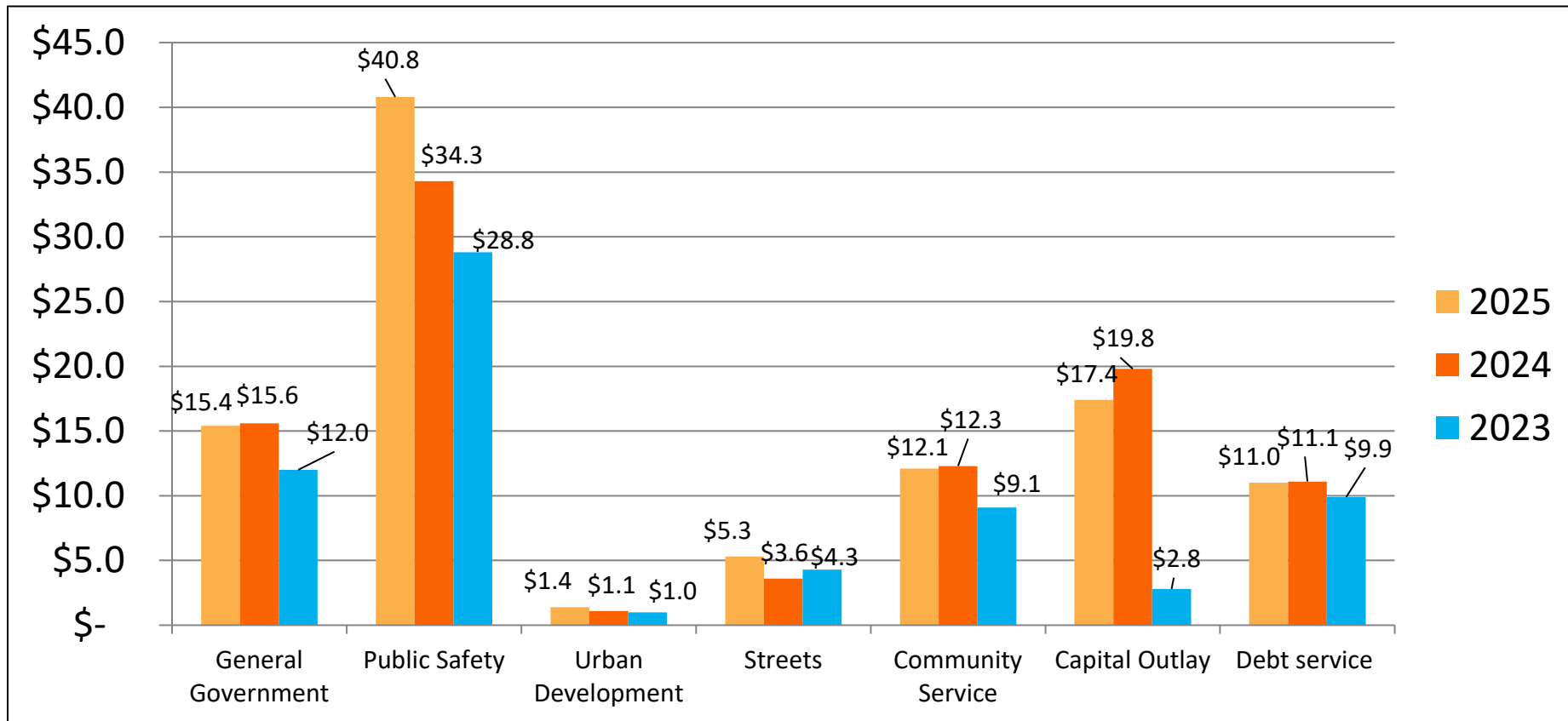


**Governmental Funds Expenditures for FY2025 totaled \$103.3 million, a \$5.5 million or 5.6% increase.**

- Public safety expenditures increased \$6.5 million
- Streets expenditures increased \$1.7 million offset with \$2.5 million decrease in Capital Outlay expenditures.

# Financial Highlights

## Comparison of Governmental Funds Expenditures \*



\*(3-year comparison in millions of dollars)

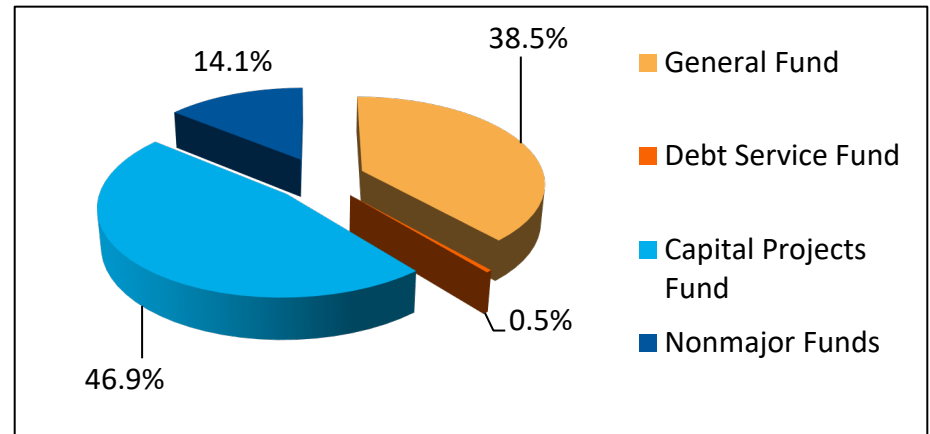
# Financial Highlights

## Fund Balances

### Governmental Funds' Fund Balances

The City's governmental funds reported a combined ending fund balance of \$64.4 million as of September 30, 2025 as follows:

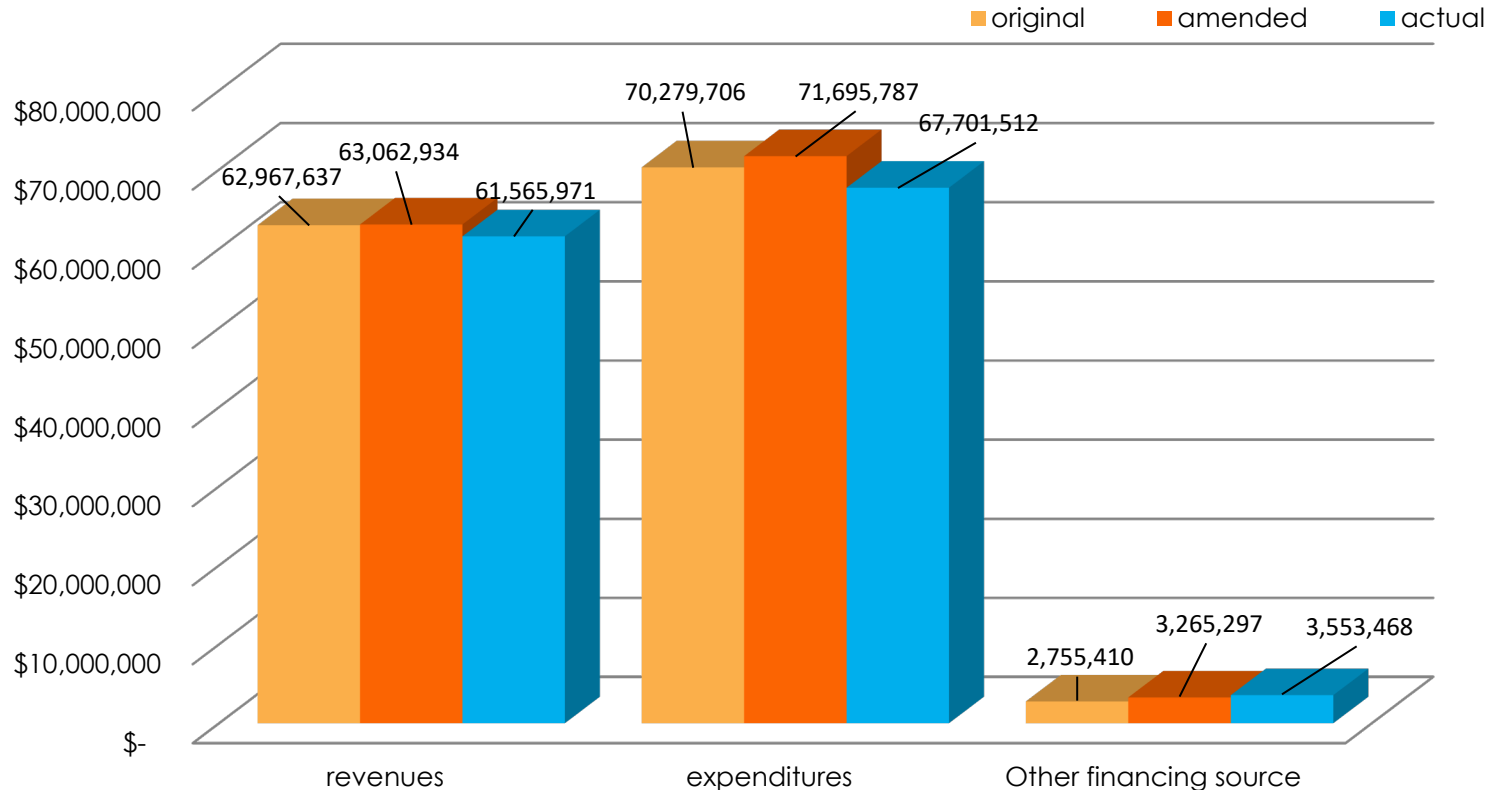
• General Fund	\$24,767,823
• Debt Service	250,064
• Capital Projects	30,213,582
• Other Funds	<u>9,157,780</u>
	<u>\$64,389,249</u>



- Governmental funds' fund balance decreased by \$14.6 million, primarily due to a \$10.9 million decrease in the Capital Projects Fund, the result of current year capital projects funded by bonds issued in the prior year.
- Unassigned fund balance in the General Fund (\$23.2 million) represents 34.2% of general fund expenditures.

# General Fund Budget vs Actual

## FY2025 General Fund Budget and Actual



Overall, positive budgetary variance of \$2.5 million:

- Actual Revenues were under budget by \$1.5 million.
- Actual Expenditures were \$4.0 million below budget.
- Other Financing Sources were \$0.3 million above budgeted amounts.

# Water and Sewer Fund- Current and Prior Year



	<u>2025</u>	<u>2024</u>	<u>\$ Change</u>	<u>% Change</u>
<b>Operating Revenues</b>	32,382,680	31,381,498	1,001,182	3%
<b>Operating Expenses</b>	(27,392,243)	(24,736,636)	(2,655,607)	11%
<b>Net Non-Operating Revenues</b>	1,580,671	1,715,277	(134,606)	-8%
<b>Transfers and Contributions</b>	(1,946,408)	(1,332,312)	(614,096)	46%
<b>Change in Net Position</b>	4,624,700	7,027,827	(2,403,127)	-34%

Net position increased by \$4.6 million in FY25.

- Operating revenues increased \$1.0 million – primarily due to rate increases and increased consumption.
- Operating expenses increased by \$2.6 million – primarily due to increased water costs and wastewater treatment costs.
- Nonoperating revenue –increased \$0.1 million – primarily due to decreased interest income.
- Transfers and Contributions decreased \$0.6 million primarily due to a \$0.4 million reduction in capital contributions of infrastructure and impact fees and a reduction of \$0.2 million in developer's contributions.



We appreciate the  
opportunity to work with  
**City of Wylie** and look forward  
to our continued relationship.



# Discussion



## Contact Us

**Sara Dempsey, CPA**

Engagement Partner

972.448.6958 | [sara.dempsey@weaver.com](mailto:sara.dempsey@weaver.com)

**Lauren Futch, CPA**

Audit Manager

972.448.9867 | [lauren.futch@weaver.com](mailto:lauren.futch@weaver.com)