

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

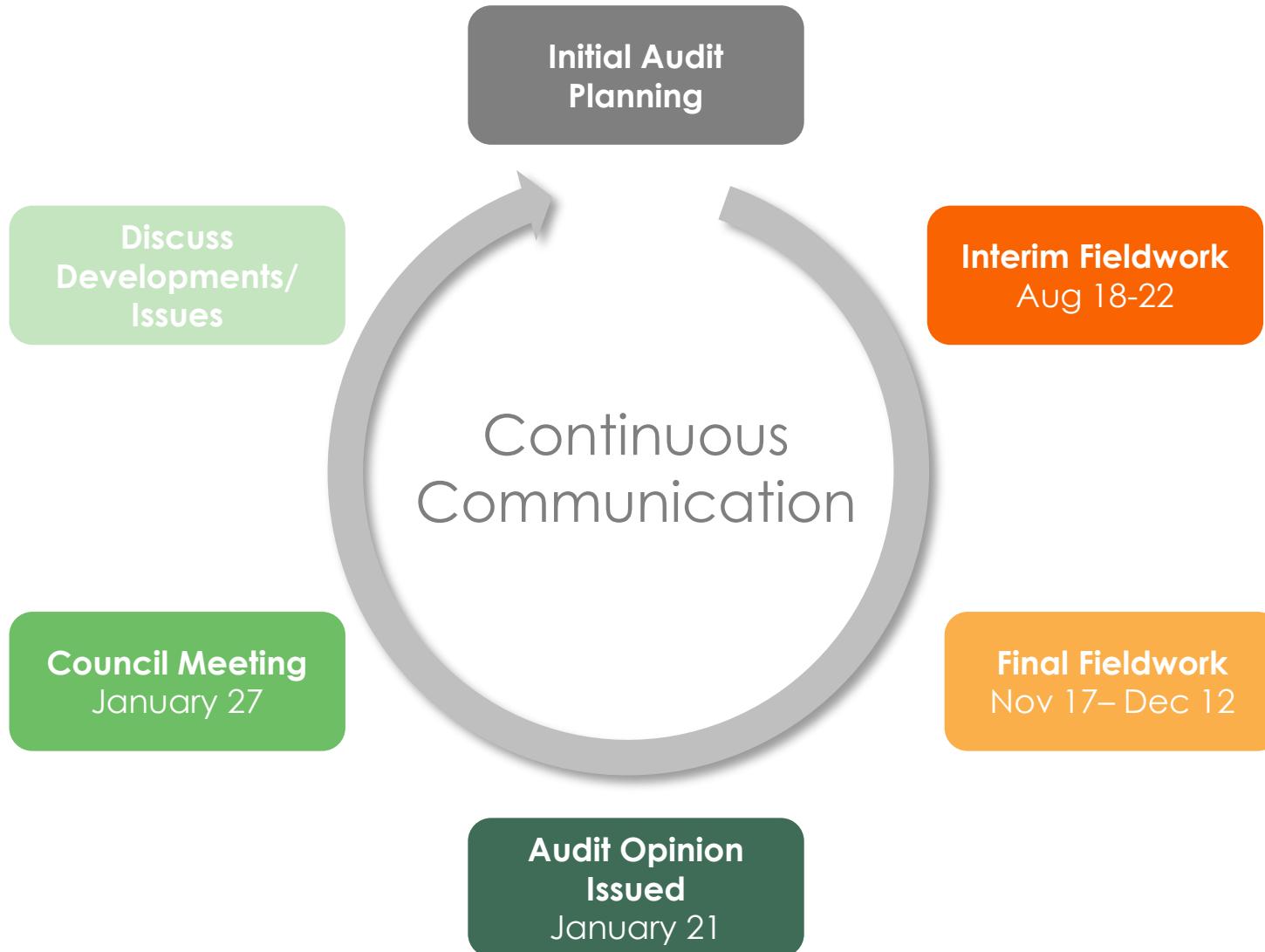
Audit Process

Quality

Audit

Management

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



Audit Process

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

Audit Process



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)

Audit Results

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 we have issued an unmodified ("clean") opinion.</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>No findings noted.</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, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures". 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	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. We made no material audit adjustments as a result of our audit procedures.

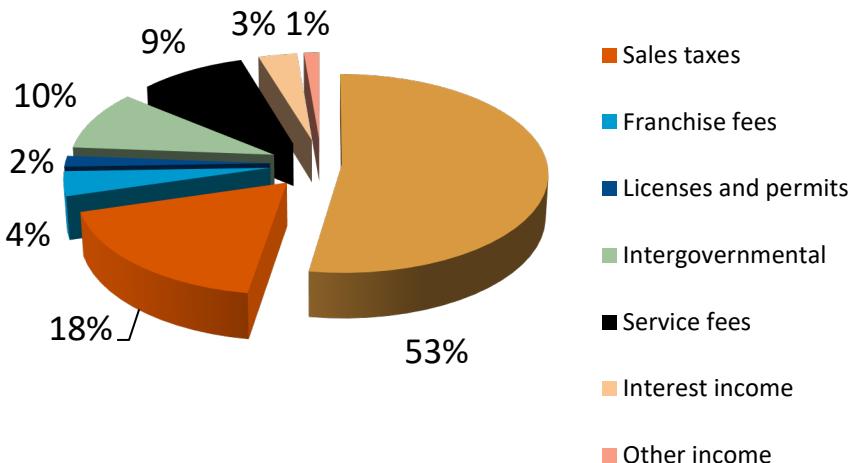
Financial Highlights

Financial Highlights

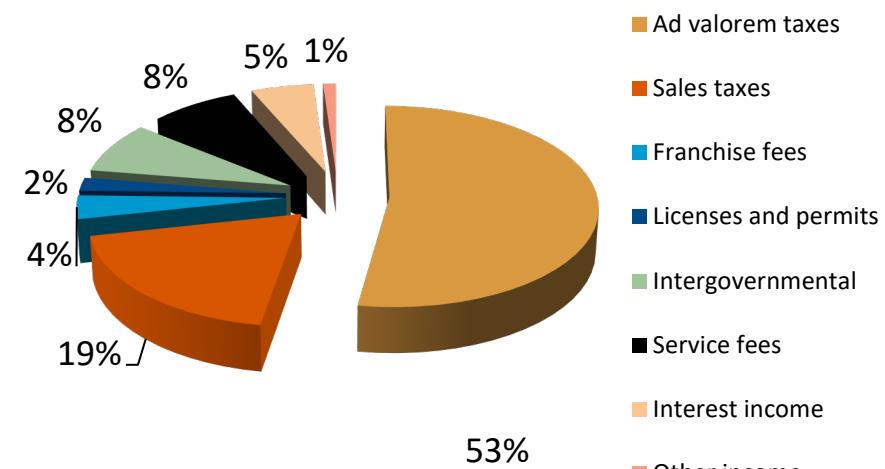
Comparison of Revenues by Source

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.

FY 2025 Revenues

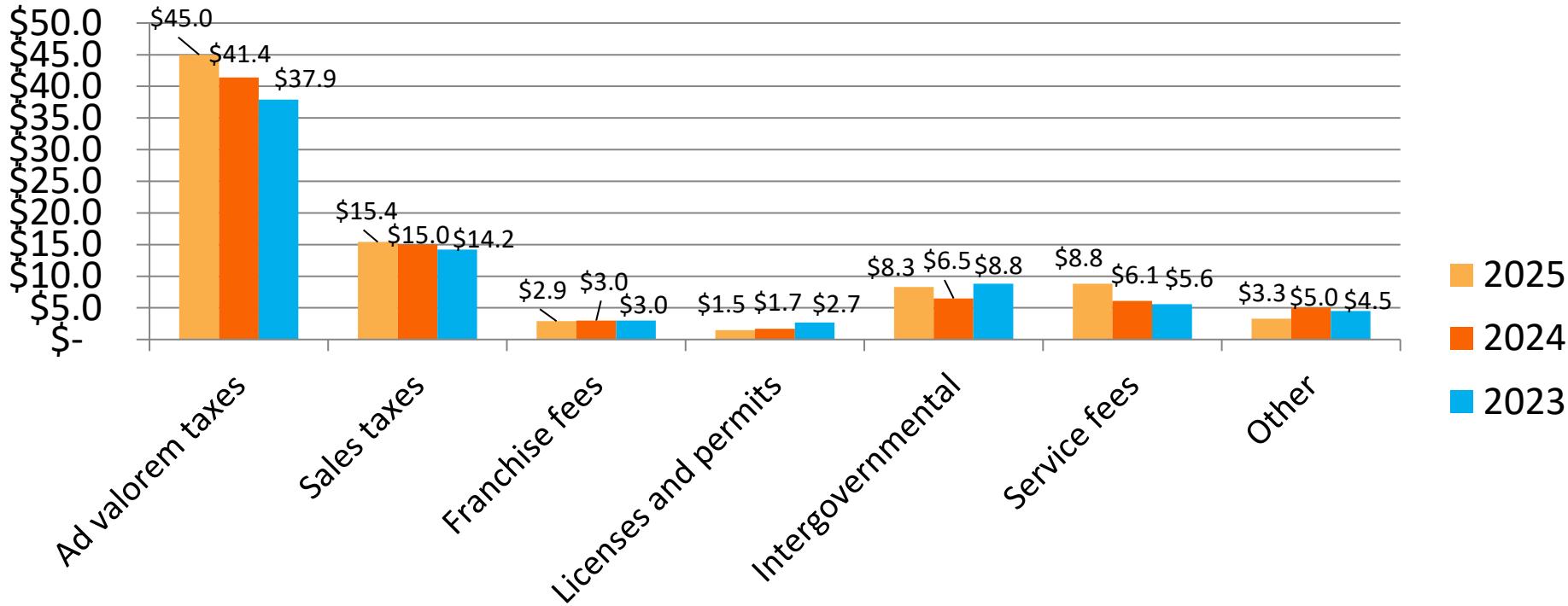


FY 2024 Revenues



Financial Highlights

Comparison of Governmental Funds Revenues by Source

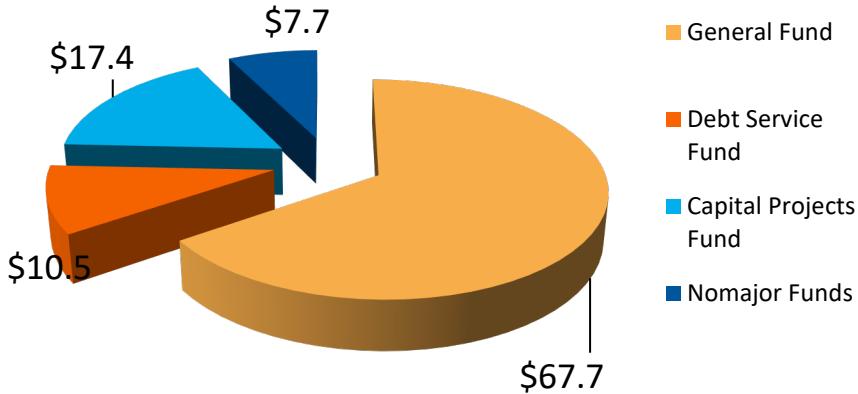


(3-year comparison in millions of dollars)

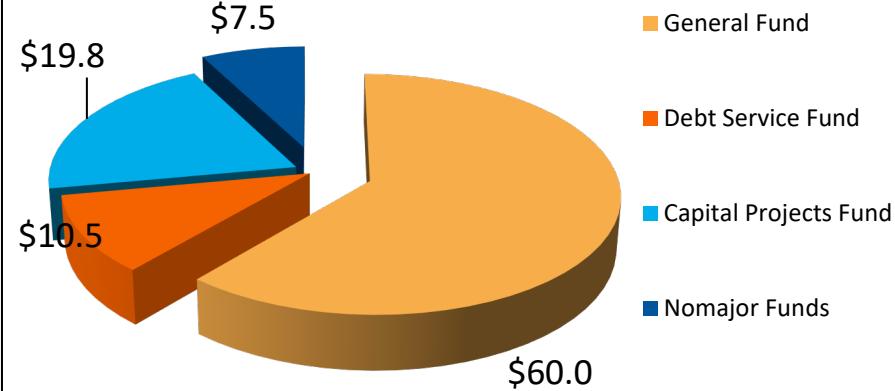
Financial Highlights

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

Fiscal Year 2025



Fiscal Year 2024

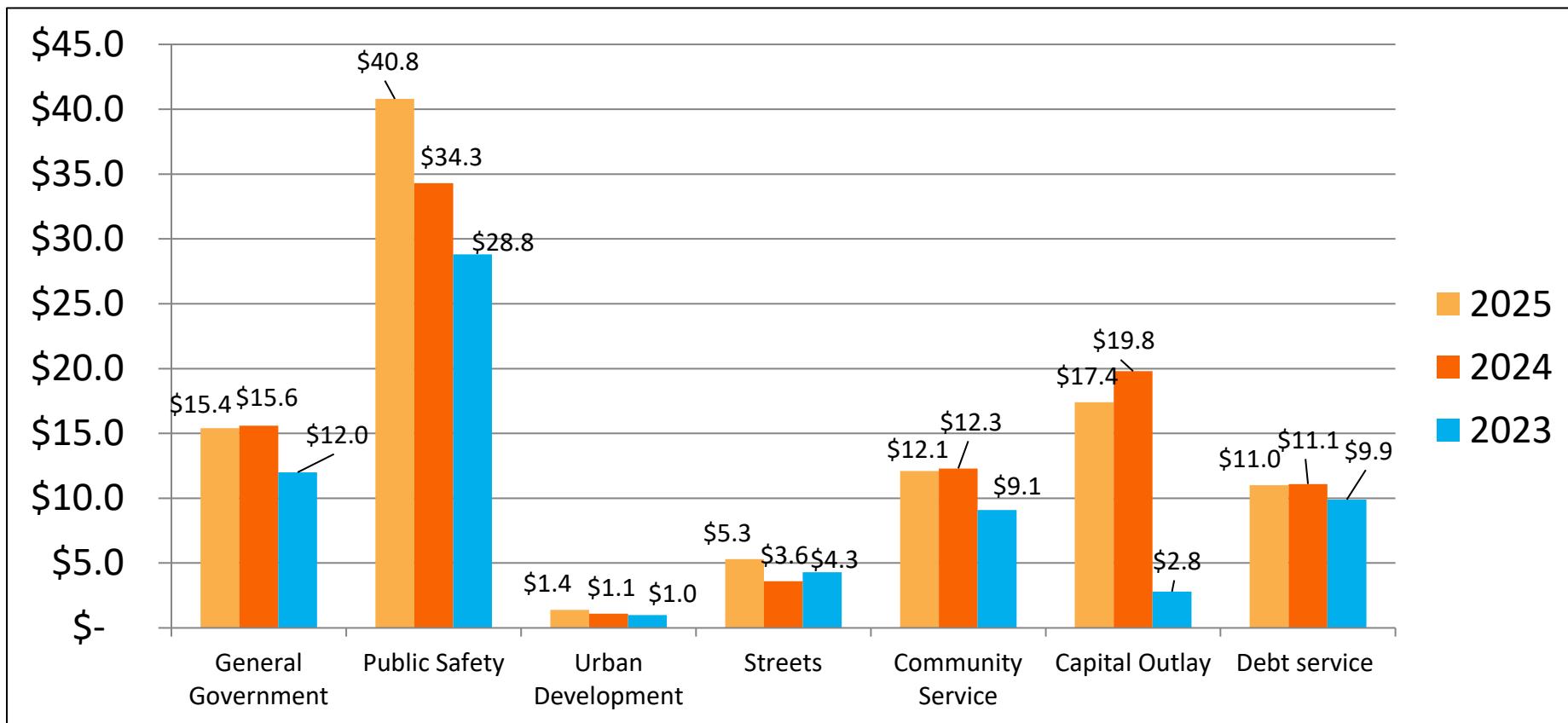


Governmental Funds Expenditures for FY2025 totaled \$103.3 million, a \$5.5 million or 5.6% increase.

- 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)

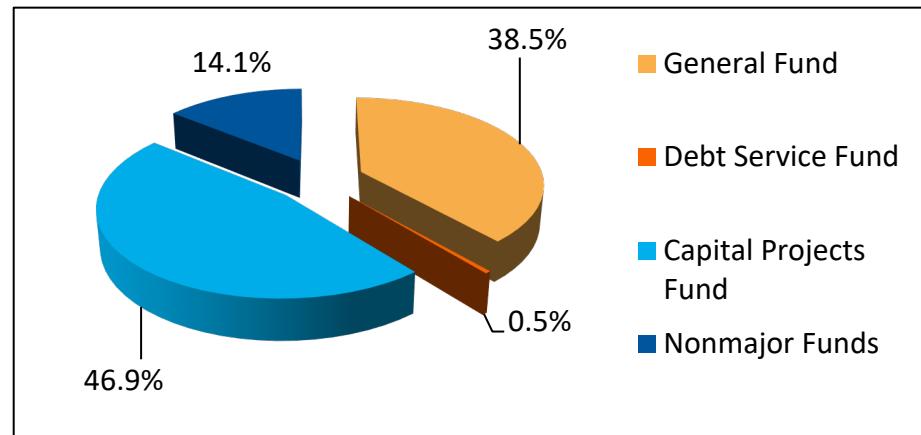
Financial Highlights

Fund Balances

Governmental Funds' Fund Balances

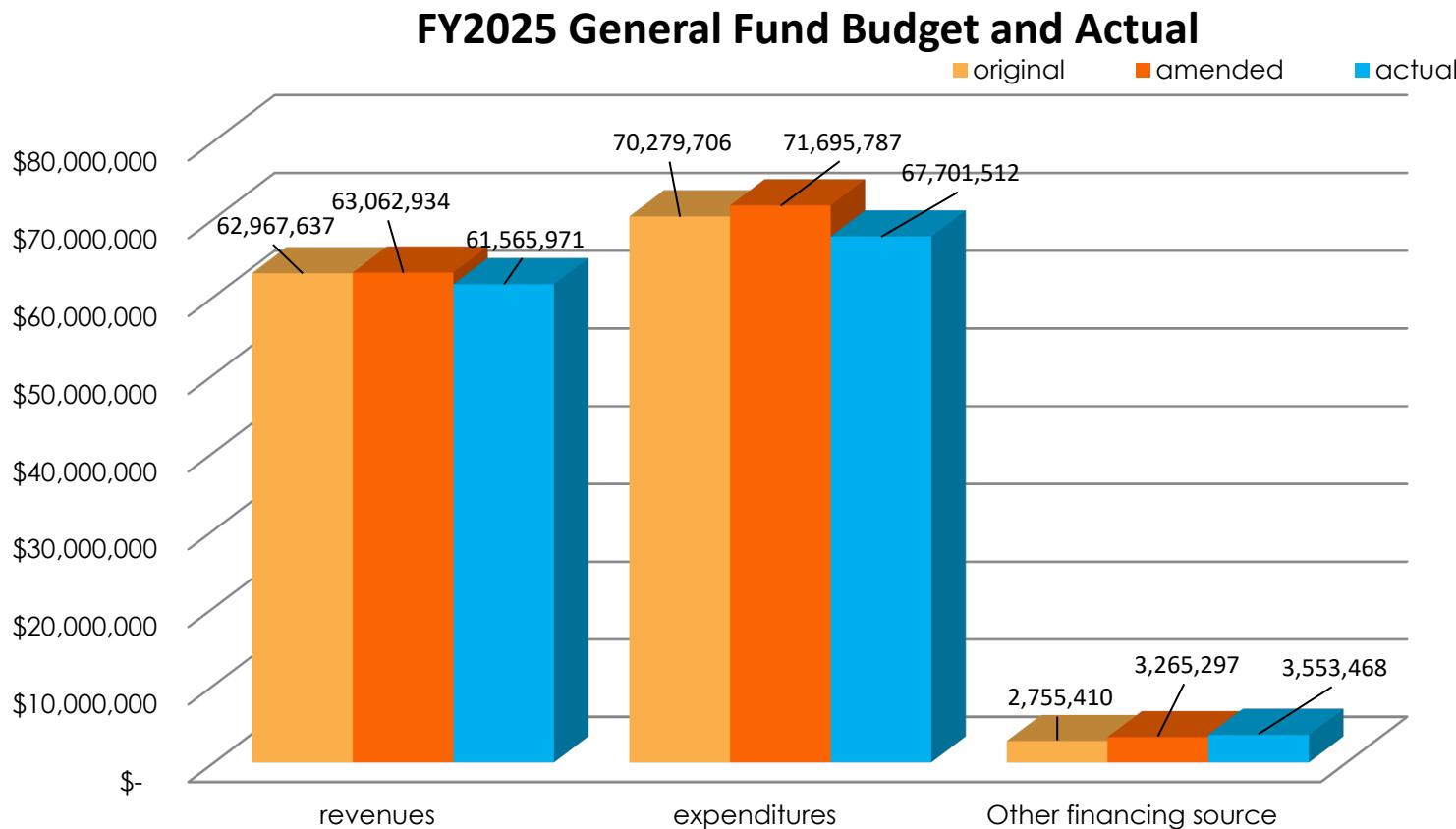
The City's governmental funds reported a combined ending fund balance of \$64.4 million as of September 30, 2025 as follows:

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



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



	2025	2024	\$ Change	% Change
Operating Revenues	32,382,680	31,381,498	1,001,182	3%
Operating Expenses	(27,392,243)	(24,736,636)	(2,655,607)	11%
Net Non-Operating Revenues	1,580,671	1,715,277	(134,606)	-8%
Transfers and Contributions	(1,946,408)	(1,332,312)	(614,096)	46%
Change in Net Position	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

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