

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities referenced herein may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such



PRELIMINARY OFFICIAL STATEMENT

Ratings:
Moody's: "Aa1"
S&P: "AA+"
(See "OTHER INFORMATION - Ratings" herein)

(See "Continuing Disclosure of Information" herein)

Dated May 1, 2026

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

THE BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$13,585,000*
CITY OF WYLIE, TEXAS
(Collin, Dallas and Rockwall Counties)
GENERAL OBLIGATION BONDS, SERIES 2026

Dated Date: May 1, 2026
Interest Accrues from Delivery Date

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the \$13,585,000* City of Wylie, Texas, General Obligation Bonds, Series 2026 (the "Bonds") will accrue from the delivery date, anticipated to be June 9, 2026 (the "Delivery Date"), will be payable February 15 and August 15 of each year, commencing February 15, 2027, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1331, Texas Government Code, as amended, and an election held in the City on November 2, 2021, and an ordinance anticipated to be adopted by the City Council of the City of Wylie, Texas (the "City") on May 12, 2026, authorizing the issuance of the Bonds (the "Bond Ordinance"), and constitute direct obligations of the City payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Bond Ordinance (see "The Bonds and Contractual Obligations - Authority for Issuance" and "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Bonds will be used for the purposes of (i) developing, expanding, constructing, reconstructing, improving, repairing, extending, and enhancing McMillen Drive, Park Boulevard and Ballard/Sachse Road, including sidewalks and necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (ii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks including necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (iii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks in the Wylie downtown historic district, including necessary and related storm drainage facilities and improvements, utility relocations, street lighting, signage, noise abatements traffic signalization and controls equipment and the acquisitions of any needed land and rights-of-way therefor, and (iv) professional services rendered in relation to such projects and the financing thereof.

MATURITY SCHEDULE*

CUSIP Prefix: 983064⁽¹⁾

<u>Amount</u>	<u>Feb. 15 Maturity</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>	<u>Amount</u>	<u>Feb. 15 Maturity</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 300,000	2027				\$ 680,000	2037			
435,000	2028				715,000	2038			
455,000	2029				755,000	2039			
480,000	2030				795,000	2040			
505,000	2031				830,000	2041			
530,000	2032				865,000	2042			
560,000	2033				900,000	2043			
585,000	2034				935,000	2044			
615,000	2035				975,000	2045			
650,000	2036				1,020,000	2046			

(1) CUSIP numbers are included solely for the convenience of the owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisor or the Initial Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof within a maturity, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . If two or more consecutive maturities of the Bonds are grouped into a single maturity (the "Term Bonds") by the Initial Purchaser, such Term Bonds will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Bond Ordinance and will be described in the final Official Statement (see "The Bonds and Contractual Obligations- Mandatory Sinking Fund Redemption").

SEPARATE ISSUES . . . The Bonds are being offered by the City concurrently with the "City of Wylie, Texas, Public Property Finance Contractual Obligations, Series 2026" (the "Contractual Obligations"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on June 9, 2026.

SEALED BIDS DUE MAY 12, 2026, AT 10:30 AM, CDT

* Preliminary, subject to change. See "THE BONDS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions"

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. The securities referenced herein may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such



(See "Continuing Disclosure of Information" herein)

PRELIMINARY OFFICIAL STATEMENT

Dated May 1, 2026

Ratings:
Moody's: "Aa1"
S&P: "AA+"
(See "OTHER INFORMATION - Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

THE CONTRACTUAL OBLIGATIONS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.



\$7,000,000*
CITY OF WYLIE, TEXAS
(Collin, Dallas and Rockwall Counties)
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2026

Dated Date: May 1, 2026
Interest Accrues from Delivery Date

Due: February 15, as shown below

PAYMENT TERMS . . . Interest on the \$7,000,000* City of Wylie, Texas, Public Property Finance Contractual Obligations, Series 2026 (the "Contractual Obligations") will accrue from the date of initial delivery, anticipated to be June 9, 2026 (the "Delivery Date"), will be payable February 15 and August 15 of each year commencing February 15, 2027, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Contractual Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Contractual Obligations may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Contractual Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Contractual Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Contractual Obligations. See "The Bond and Contractual Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Contractual Obligations are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and an ordinance anticipated to be adopted by the City Council of the City of Wylie, Texas (the "City") on May 12, 2026, authorizing the issuance of the Certificates (the "Contractual Obligation Ordinance"), and constitute direct obligations of the City payable from a continuing annual ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the Contractual Obligation Ordinance (see "The Bonds and Contractual Obligations - Authority for Issuance" and "Security and Source of Payment").

PURPOSE . . . Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for the (i) purchase of fire and emergency medical services apparatus and equipment - quint, ambulance, lifepak, heart monitors traffic signal pre-emption system; emergency communications radio consoles; dump truck, traffic cabinet standardization and school zone flashing lights and (ii) professional services rendered in connection therewith.

MATURITY SCHEDULE*

CUSIP Prefix: 983064⁽¹⁾

<u>Amount</u>	<u>Feb. 15 Maturity</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
\$ 545,000	2027			
615,000	2028			
640,000	2029			
670,000	2030			
695,000	2031			
720,000	2032			
740,000	2033			
765,000	2034			
790,000	2035			
820,000	2036			

(1) CUSIP numbers are included solely for the convenience of the owners of the Contractual Obligations. CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services ("CGS") is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, the Municipal Advisor or the Initial Purchaser is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Contractual Obligations maturing on February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof within a maturity, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

MANDATORY SINKING FUND REDEMPTION . . . If two or more consecutive maturities of the Contractual Obligations are grouped into a single maturity (the "Term Contractual Obligations") by the Initial Purchaser, such Term Contractual Obligations will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Contractual Obligations Ordinance and will be described in the final Official Statement (see "The Bonds and Contractual Obligations - Mandatory Sinking Fund Redemption").

SEPARATE ISSUES . . . The Contractual Obligations are being offered by the City concurrently with the "City of Wylie, Texas, General Obligation Bonds, Series 2026" (the "Bonds"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

LEGALITY . . . The Contractual Obligations are offered for delivery when, as and if issued and received by the Initial Purchaser subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Dallas, Texas, Bond Counsel (see Appendix C, "Forms of Bond Counsel's Opinions").

DELIVERY . . . It is expected that the Contractual Obligations will be available for delivery through DTC on June 9, 2026.

SEALED BIDS DUE MAY 12, 2026, AT 11:00 AM, CDT

* Preliminary, subject to change. See "The CONTRACTUAL OBLIGATIONS - Adjustment of Principal Amounts and/or Types of Bids" in the "Notice of Sale and Bidding Instructions"

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This Preliminary Official Statement, which includes the cover page and Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation or sale.

No dealer, broker, salesperson or other person has been authorized to give information or to make any representation other than those contained in this Preliminary Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Obligations that has been deemed "final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the promise or guarantee of the Municipal Advisor. This Preliminary Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized.

The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

NONE OF THE CITY, ITS MUNICIPAL ADVISOR, OR THE INITIAL PURCHASER OF THE OBLIGATIONS MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY ONLY SYSTEM OR THE BOND INSURER, IF ANY, AND ITS MUNICIPAL BOND INSURANCE POLICY.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Obligations to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE CITY..... The City of Wylie, Texas (the "City") is a political subdivision and municipal corporation of the State, located primarily in Collin County, Texas with portions of the City extending into Dallas and Rockwall Counties, Texas. The City covers approximately 37 square miles (see "Introduction - Description of the City").

THE BONDS The Bonds are issued as \$13,585,000* General Obligation Bonds, Series 2026. The Bonds are to mature on February 15 in each of the years 2027 through 2046, inclusive (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

THE CONTRACTUAL

OBLIGATIONS..... The Contractual Obligations are issued as \$7,000,000* Public Property Finance Contractual Obligations, Series 2026, together with the Bonds, the "Obligations". The Contractual Obligations are to mature on February 15 in each of the years 2026 through 2036, inclusive (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

PAYMENT OF INTEREST Interest on the Bonds and Contractual Obligations accrues from the date of initial delivery, anticipated to be June 9, 2026 (the "Delivery Date") and is payable February 15, 2027, and each February 15 and August 15 thereafter until maturity or prior redemption (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations" and "The Bonds and Contractual Obligations - Optional Redemption").

AUTHORITY FOR ISSUANCE The Bonds are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, including particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 2, 2021 and a Bond Ordinance to be passed by the City Council of the City (see "The Bonds and Contractual Obligations- Authority for Issuance").

The Contractual Obligations are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and the Contractual Obligation Ordinance to be passed by the City Council of the City (the "Contractual Obligation Ordinance" and, together with the Bond Ordinance, the "Ordinances") (see "The Bonds and Contractual Obligations - Authority for Issuance").

SECURITY FOR THE BONDS AND

CONTRACTUAL OBLIGATIONS. The Bonds and the Contractual Obligations constitute direct obligations of the City, payable from the levy and collection of a direct and continuing annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "The Bonds and Contractual Obligations - Security and Source of Payment").

REDEMPTION The City reserves the right, at its option, to redeem Obligations having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption"). Additionally, if two or more consecutive maturities of the Bonds or Contractual Obligations are grouped into a single maturity (the "Term Bonds" or "Term Contractual Obligations") by the Initial Purchaser, such Term Bonds or Term Contractual Obligations will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Ordinances and will be described in the final Official Statement.

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "Tax Matters" herein.

* Preliminary, subject to change.

USE OF PROCEEDS Proceeds from the sale of the Bonds will be used for (i) developing, expanding, constructing, reconstructing, improving, repairing, extending, and enhancing McMillen Drive, Park Boulevard and Ballard/Sachse Road, including sidewalks and necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (ii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks including necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (iii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks in the Wylie downtown historic district, including necessary and related storm drainage facilities and improvements, utility relocations, street lighting, signage, noise abatements traffic signalization and controls equipment and the acquisitions of any needed land and rights-of-way therefor, and (iv) professional services rendered in relation to such projects and the financing thereof

Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for (i) purchase of fire and emergency medical services apparatus and equipment - quint, ambulance, lifepak, heart monitors traffic signal pre-emption system; emergency communications radio consoles; dump truck, traffic cabinet standardization and school zone flashing lights and (ii) professional services rendered in connection therewith.

RATINGS The Obligations and presently outstanding tax supported debt of the City are rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings, a division on S&P Global Inc. ("S&P") (see "Other Information - Ratings").

BOOK-ENTRY-ONLY SYSTEM..... The definitive Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Obligations may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations (see "The Bonds and Contractual Obligations - Book-Entry-Only System").

PAYMENT RECORD The City has never defaulted on the payment of its bonded indebtedness.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Funded Tax Debt	Per Capita Funded Tax Debt	Ratio Funded	
						Taxable Assessed Valuation	% of Total Tax Collections
2022	60,876	\$ 5,289,616,023	\$ 86,892	\$ 71,460,000	\$ 1,174	1.35%	99.65%
2023	61,814	6,199,028,298	100,285	79,545,000	1,287	1.28%	99.87%
2024	62,434	7,835,495,596	125,500	70,740,000	1,133	0.90%	99.76%
2025	63,790	8,618,573,976	135,109	61,480,000	964	0.71%	99.81%
2026	64,428	9,158,685,376	142,154	72,760,000 ⁽²⁾	1,129	0.79%	93.50% ⁽³⁾

(1) Provided by City Staff

(2) Projected; includes the March 31, 2026.

For additional information regarding the City, please contact:

Brent Parker City Manager City of Wylie 300 Country Club Road Wylie, Texas 75098 (972) 516-6000	or	Melissa Brown Finance Director City of Wylie 300 Country Club Road Wylie, Texas 75098 (972) 516-6120	or	Nick Bulaich Hilltop Securities, Inc. 777 Main Street, Suite 1525 Fort Worth, Texas 76102 (817) 332-9710
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CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Matthew Porter Mayor and Councilmember	6 Years	May 2026	Regional Director of Operations - Healthcare Industry
David R. Duke Councilmember, Place 1	7 Years	May 2028	Information Technology Professional
Dave Strang Councilmember, Place 2	6 Years	May 2027	Solutions Engineer
Todd Pickens Councilmember, Place 3	1 Year	May 2028	Engineer
Scott Williams Councilmember, Place 4	5 Years	May 2027	Business Owner/General Contractor
Sid Hoover Councilmember, Place 5	3 Years	May 2026	Training Manager
Gino Mulliqi Mayor Pro Tem, Place 6	3 Years	May 2026	Business Owner

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Length of Service with City</u>	<u>Total Governmental Service</u>
Brent Parker	City Manager	22 Years	22 Years
Melissa Brown	Finance Director	20 Years	27 Years
Richard Abernathy	City Attorney	29 Years	29 Years
Stephanie Storm, TRMC	City Secretary	19 Years	19 Years

CONSULTANTS AND ADVISORS

Auditors	Weaver and Tidwell, L.L.P. Dallas, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Municipal Advisor	Hilltop Securities Inc. Fort Worth, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

CITY OF WYLIE, TEXAS

\$13,585,000*

CITY OF WYLIE, TEXAS

GENERAL OBLIGATION BONDS, SERIES 2026

\$7,000,000*

CITY OF WYLIE, TEXAS

**PUBLIC PROPERTY FINANCE CONTRACTUAL
OBLIGATIONS, SERIES 2026**

INTRODUCTION

This Official Statement, which includes Appendices hereto, provides certain information regarding the issuance of \$13,585,000* City of Wylie, Texas, General Obligation Bonds, Series 2026 (the "Bonds") and \$7,000,000* City of Wylie, Texas, Public Property Finance Contractual Obligations, Series 2026 (the "Contractual Obligations", and collectively with the Bonds, the "Obligations"). The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance" with respect to the Bonds, and the "Contractual Obligation Ordinance" with respect to the Contractual Obligations) adopted by the City Council of the City of Wylie, Texas (the "City"), but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders, and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Ordinance and Contractual Obligation Ordinance to be adopted on the date of sale of the Obligations (collectively, the "Ordinances"), which will authorize the issuance of the Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Municipal Advisor, Hilltop Securities Inc. ("HilltopSecurities"), Fort Worth, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City first adopted its Home Rule Charter in 1985 and last amended it in May 2025. The City operates under the Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers (the "City Council"). The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sewer utilities, health and social services, culture-recreation, and general administrative services. The 2020 Census population for the City was 57,526, while the 2026 estimated population is 64,428. The City covers approximately 37 square miles.

PLAN OF FINANCING

PURPOSE . . . Proceeds from the sale of the Bonds will be used for (i) developing, expanding, constructing, reconstructing, improving, repairing, extending, and enhancing McMillen Drive, Park Boulevard and Ballard/Sachse Road, including sidewalks and necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (ii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks including necessary and related storm drainage facilities and improvements, utility relocations and the acquisition of any needed land and rights-of-way therefor; (iii) developing, engineering, constructing, reconstructing, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys and sidewalks in the Wylie downtown historic district, including necessary and related storm drainage facilities and improvements, utility relocations, street lighting, signage, noise abatements traffic signalization and controls equipment and the acquisitions of any needed land and rights-of-way therefor, and (iv) professional services rendered in relation to such projects and the financing thereof.

Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for (i) purchase of fire and emergency medical services apparatus and equipment - quint, ambulance, lifepak, heart monitors traffic signal pre-emption system; emergency communications radio consoles; dump truck, traffic cabinet standardization and school zone flashing lights and (ii) professional services rendered in connection therewith. .

* Preliminary, subject to change.

SOURCES AND USES OF PROCEEDS . . . The proceeds from the sale of the Obligations will be applied approximately as follows:

	<u>The Bonds</u>	<u>The Contractual Obligations</u>
<u>Sources of Funds</u>		
Par Amount	\$ -	\$ -
Cash Premium from Initial Purchaser	-	-
Total Sources of Funds	<u>\$ -</u>	<u>\$ -</u>
 <u>Uses of Funds</u>		
Deposit to Project Fund	\$ -	\$ -
Cost of Issuance	-	-
Total Uses of Funds	<u>\$ -</u>	<u>\$ -</u>

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THE BONDS AND CONTRACTUAL OBLIGATIONS

DESCRIPTION OF THE BONDS AND CONTRACTUAL OBLIGATIONS . . . The Obligations are dated May 1, 2026 (the "Dated Date") and mature on February 15 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from Delivery Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2027, until maturity or prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Obligations will be made to the owners thereof.** Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "Book-Entry-Only System" herein.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or upon earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

AUTHORITY FOR ISSUANCE . . . The Bonds are being issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas, particularly Chapter 1331, Texas Government Code, as amended, an election held within the City on November 2, 2021 and by the Bond Ordinance to be passed by the City Council.

The Contractual Obligations are being issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas, particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), and the Contractual Obligation Ordinance to be passed by the City Council of the City.

SECURITY AND SOURCE OF PAYMENT . . . The principal of and interest on the Obligations is payable from a direct and continuing annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt, within the limits prescribed by law, Article XI, Section 5, of the Texas Constitution limits the maximum ad valorem tax rate for home-rule cities to \$2.50 per \$100 taxable assessed valuation for all purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum of \$2.50 per \$100 taxable assessed valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all debt service on ad valorem tax-supported debt, as calculated at the time of issuance.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem the Bonds or Contractual Obligations, or both, having stated maturities on and after February 15, 2036, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2035, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Obligations are to be redeemed, the City may select the maturities of Obligations, as the case may be, to be redeemed. If less than all of the Obligations of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Obligations are in Book-Entry-Only form) shall determine by lot the Obligations, or portions thereof, within such maturity to be redeemed. If an Obligation (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Obligation (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION . . . If two or more consecutive maturities of the Bonds or Contractual Obligations are grouped into a single maturity (the "Term Bonds" or "Term Contractual Obligations") by the Initial Purchaser, such Term Bonds or Term Contractual Obligations will be subject to mandatory sinking fund redemption in accordance with applicable provisions of the Ordinances and will be described in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Obligations, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Obligations to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. If an Obligation (or any portion of its principal sum) shall have been duly called for redemption and any other condition to redemption satisfied, then upon the redemption date such Obligation (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

With respect to any optional redemption of the Obligations, unless certain prerequisites to such redemption required by the respective Ordinances have been met and money sufficient to pay the principal of and premium, if any, and interest on the Obligations to be redeemed will have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not fulfilled, such notice will be of no force and effect, the City will not redeem such Obligations, and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Obligations have not been redeemed.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Obligations, will send any notice of redemption, notice of proposed amendment to the Ordinances or other notices with respect to the Obligations only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Obligation called for redemption or any other action premised or any such notice. Redemption of portions of the Obligations by the City will reduce the outstanding principal amount of such Obligations held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Obligation held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Obligation from the beneficial owners. Any such selection of Obligations to be redeemed will not be governed by the Ordinances and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Obligations or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Obligations for redemption. See "The Bonds and the Contractual Obligations - Book-Entry-Only-System" herein.

DEFEASANCE . . . The respective Ordinances provide for the defeasance of the Bonds or Contractual Obligations when the payment of the principal of and premium, if any, on the Bond or Contractual Obligations, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the paying agent/registrars or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Obligations. The respective Ordinances provide that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America and (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The City has additionally reserved the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

Upon such deposit as described above, such Bonds and Contractual Obligations shall no longer be regarded to be outstanding or unpaid. The City has reserved the option, however, to be exercised at the time of the defeasance of the Bonds or Contractual Obligations, to call for redemption, at an earlier date, those Obligations which have been defeased to their maturity date, if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds or Contractual Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds or Contractual Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds or Contractual Obligations. Because the respective Ordinances do not contractually limit such investments, registered owners may be deemed to have consented to defeasance with

such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or those for any other defeasance security will be maintained at any particular rating category.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation certificates will be issued for each maturity and series of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices for the Obligations shall be sent to DTC. If less than all of the Obligations within a maturity and series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable dates in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Participants.

DTC may discontinue providing its services as depository with respect to one or both series of the Obligations at any time by giving reasonable notice to the City or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, obligation certificates, will be printed and delivered.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Municipal Advisor or the Initial Purchasers of the Obligations.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System of the Obligations is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "The Bonds and Contractual Obligations - Transfer, Exchange and Registration" below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas (the "Paying Agent/Registrar"), Texas. In the respective Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Obligations are duly paid and any successor Paying Agent/Registrar shall be a bank, a trust company, financial institution, or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Obligations. Upon any change in the Paying Agent/Registrar for the Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Obligations affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the

payment of the principal of or interest on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, the Obligations will be printed and delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. The Obligations may be assigned by the execution of an assignment form on the respective Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Obligations issued in an exchange or transfer of Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount and series as the Obligations surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Obligation called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of an Obligation, as applicable.

RECORD DATE FOR INTEREST PAYMENT . . . The record date ("Record Date") for the interest payable on the Obligations on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Holder of a Bond or Contractual Obligation appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

OBLIGATIONHOLDERS' REMEDIES . . . The Ordinances do not specify events of default with respect to the Obligations. If the City defaults in the payment of the principal of or interest on any of the Obligations when due or the City defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Ordinances, any registered owner is entitled to seek a writ of mandamus from a court of proper jurisdiction requiring the City to make such payment or observe and perform such covenants, obligations, or conditions. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or the obligations under the Ordinances and the City's obligations are not uncertain or disputed. The remedy of mandamus is controlled by equitable principles, so it rests with the discretion of the court, but it may not be arbitrarily refused. There is no acceleration of maturity of any of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances do not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinances, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners.

On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed *Wasson* again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based upon the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (2006), that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous language." Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Obligations may not be able to bring such a suit against the City for breach of the covenants in the Obligations or in the Ordinances. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations.

Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors, including holders of the Obligations, of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce remedies would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Obligations will be Cede & Co., the nominee of DTC. See "The Bonds and Contractual Obligations - Book-Entry-Only System" above for a description of the duties of DTC with regard to ownership of the Obligations.

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AD VALOREM PROPERTY TAXATION

The following is a summary of certain provisions of State law as it relates to ad valorem taxation and is not intended to be complete. Prospective investors are encouraged to review Title I of the Texas Tax Code, as amended (the "Property Tax Code"), for identification of property subject to ad valorem taxation, property exempt or which may be exempted from ad valorem taxation if claimed, the appraisal of property for ad valorem tax purposes, and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

VALUATION OF TAXABLE PROPERTY. . . The Property Tax Code provides for countywide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district and an appraisal review board (the "Appraisal Review Board") responsible for appraising property for all taxing units within the county. The appraisal of property within the City is the responsibility of the Collin Central Appraisal District, Dallas Central Appraisal District and Rockwall Central Appraisal District (collectively, the "Appraisal District"). Except as generally described below, the Appraisal District is required to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, the Appraisal District is required to consider the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and use the method the chief appraiser of the Appraisal District considers most appropriate. The Property Tax Code requires appraisal districts to reappraise all property in its jurisdiction at least once every three (3) years. A taxing unit may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the taxing unit by petition filed with the Appraisal Review Board.

State law requires the appraised value of an owner's principal residence ("homestead" or "homesteads") to be based solely on the property's value as a homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a homestead to the lesser of (1) the market value of the property or (2) 110% of the appraised value of the property for the preceding tax year plus the market value of all new improvements to the property.

Effective January 1, 2024, an appraisal district is prohibited from increasing the appraised value of real property during the 2024 tax year on certain non-homestead properties (the "Subjected Property") whose appraised values are not more than \$5,000,000 (the "maximum property value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property. After the 2024 tax year, through December 31, 2026 (unless extended by the State Legislature), the maximum property value may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in the consumer price index, as applicable, to the maximum property value. For the 2026 tax year, the maximum property value was increased to \$5,320,000.

State law provides that eligible owners of both agricultural land and open-space land, including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified as both agricultural and open-space land.

The appraisal values set by the Appraisal District are subject to review and change by the Appraisal Review Board. The appraisal rolls, as approved by the Appraisal Review Board, are used by taxing units, such as the City, in establishing their tax rolls and tax rates (see "AD VALOREM PROPERTY TAXATION – City and Taxpayer Remedies").

STATE MANDATED HOMESTEAD EXEMPTIONS. . . State law grants, with respect to each taxing unit in the State, various exemptions for disabled veterans and their families, surviving spouses of members of the armed services killed in action and surviving spouses of first responders killed or fatally wounded in the line of duty.

LOCAL OPTION HOMESTEAD EXEMPTIONS. . . The governing body of a taxing unit, including a city, county, school district, or special district, at its option may grant: (1) an exemption of up to 20% of the appraised value of all homesteads (but not less than \$5,000) and (2) an additional exemption of at least \$3,000 of the appraised value of the homesteads of persons sixty-five (65) years of age or older and the disabled. Each taxing unit decides if it will offer the local option homestead exemptions and at what percentage or dollar amount, as applicable. Cities, counties and school districts that adopted an optional homestead exemption described in (1), above, for the 2022 tax year are prohibited from repealing or reducing the exemption through December 31, 2027. The exemption described in (2), above, may also be created, increased, decreased or repealed at an election called by the governing body of a taxing unit upon presentment of a petition for such creation, increase, decrease, or repeal of at least 20% of the number of qualified voters who voted in the preceding election of the taxing unit.

LOCAL OPTION FREEZE FOR THE ELDERLY AND DISABLED. . . The governing body of a county, municipality or junior college district may, at its option, provide for a freeze on the total amount of ad valorem taxes levied on the homesteads of persons 65 years of age or older or of disabled persons above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon voter initiative, an election may be held to determine by majority vote whether to establish such a freeze on ad valorem taxes. Once the freeze is established, the total amount of taxes imposed on such homesteads cannot be increased except for certain improvements, and such freeze cannot be repealed or rescinded.

PERSONAL PROPERTY. . . Tangible personal property (furniture, machinery, supplies, inventories, etc.) used in the “production of income” is taxed based on the property’s market value. Taxable personal property includes income-producing equipment and inventory. Intangibles such as goodwill, accounts receivable, and proprietary processes are not taxable. Tangible personal property not held or used for production of income, such as household goods, automobiles or light trucks, and boats, is exempt from ad valorem taxation unless the governing body of a taxing unit elects to tax such property. Effective January 1, 2026, a person is entitled to an exemption from taxation by a taxing unit of \$125,000 of the appraised value of the tangible personal property the person owns that is held or used for the production of income and has taxable situs at the same location in the taxing unit. A person who leases tangible personal property is also entitled to a tax exemption of \$125,000, regardless of where the property is located in the taxing unit.

FREEPORT AND GOODS-IN-TRANSIT EXEMPTIONS. . . Certain goods that are acquired in or imported into the State to be forwarded outside the State, and are detained in the State for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication (“Freeport Property”) are exempt from ad valorem taxation unless a taxing unit took official action to tax Freeport Property before April 1, 1990 and has not subsequently taken official action to exempt Freeport Property. Decisions to continue taxing Freeport Property may be reversed in the future; decisions to exempt Freeport Property are not subject to reversal.

Certain goods, that are acquired in or imported into the State to be forwarded to another location within or without the State, stored in a location that is not owned by the owner of the goods and are transported to another location within or without the State within 175 days (“Goods-in-Transit”), are generally exempt from ad valorem taxation; however, the Property Tax Code permits a taxing unit, on a local option basis, to tax Goods-in-Transit if the taxing unit takes official action, after conducting a public hearing, before January 1 of the first tax year in which the taxing unit proposes to tax Goods-in-Transit. Goods-in-Transit and Freeport Property do not include oil, natural gas or petroleum products, and Goods-in-Transit does not include aircraft or special inventories such as manufactured housing inventory, or a dealer’s motor vehicle, boat, or heavy equipment inventory.

A taxpayer may receive only one of the Goods-in-Transit or Freeport Property exemptions for items of personal property.

OTHER EXEMPT PROPERTY. . . Other major categories of exempt property include property owned by the State or its political subdivisions if used for public purposes, property exempt by federal law, property used for pollution control, farm products owned by producers, property of nonprofit corporations used for scientific research or educational activities benefitting a college or university, designated historic sites, solar and wind-powered energy devices, and certain classes of intangible personal property. Beginning with the 2026 tax year, all intangible personal property is exempt from taxation.

TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY A DISASTER . . . The Property Tax Code entitles the owner of certain qualified (i) tangible personal property used for the production of income, (ii) improvements to real property, and (iii) manufactured homes located in an area declared by the governor to be a disaster area following a disaster and is at least 15 percent damaged by the disaster, as determined by the chief appraiser, to an exemption from taxation of a portion of the appraised value of the property. The amount of the exemption ranges from 15 percent to 100 percent based upon the damage assessment rating assigned by the chief appraiser. Except in situations where the territory is declared a disaster on or after the date the taxing unit adopts a tax rate for the year in which the disaster declaration is issued, the governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. If a taxpayer qualifies for the exemption after the beginning of the tax year, the amount of the exemption is prorated based on the number of days left in the tax year following the day on which the governor declares the area to be a disaster area. For more information on the exemption, reference is made to Section 11.35 of the Property Tax Code. Section 11.35 of the Property Tax Code was enacted during the 2019 legislative session, and there is no judicial precedent for how the statute will be applied. Texas Attorney General Opinion KP-0299, issued on April 13, 2020, concluded a court would likely find the Texas Legislature intended to limit the temporary tax exemption to apply to property physically harmed as a result of a declared disaster.

TAX INCREMENT REINVESTMENT ZONES. . . A city or county, by petition of the landowners or by action of its governing body, may create one or more tax increment reinvestment zones (“TIRZ”) within its boundaries. At the time of the creation of the TIRZ, a “base value” for the real property in the TIRZ is established and the difference between any increase in the assessed valuation of taxable real property in the TIRZ in excess of the base value is known as the “tax increment”. During the existence of the TIRZ, all or a portion of the taxes levied against the tax increment by a city or county, and all other overlapping taxing units that elected to participate, are restricted to paying only planned project and financing costs within the TIRZ and are not available for the payment of other obligations of such taxing units.

TAX ABATEMENT AGREEMENTS. . . Taxing units may also enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The taxing unit, in turn, agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

For a discussion of how the various exemptions described above are applied by the City, see “Ad Valorem Property Taxation – City Application of Property Tax Code” herein.

CITY AND TAXPAYER REMEDIES. . . Under certain circumstances, taxpayers and taxing units, including the City, may appeal the determinations of the Appraisal District by timely initiating a protest with the Appraisal Review Board. Additionally, taxing units such as the City may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

Owners of certain property with a taxable value in excess of the current year “minimum eligibility amount,” as determined by the State Comptroller, and situated in a county with a population of 1.2 million or more, may protest the determinations of an appraisal district directly to a three-member special panel of the appraisal review board, appointed by the chairman of the appraisal review board, consisting of highly qualified professionals in the field of property tax appraisal. The minimum eligibility amount is set at \$62,883,169 for the 2026 calendar year, and is adjusted annually by the State Comptroller to reflect the inflation rate.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the City and provides for taxpayer referenda that could result in the repeal of certain tax increases (see “Ad Valorem Property Taxation – Public Hearing and Maintenance and Operations Tax Rate Limitations”). The Property Tax Code also establishes a procedure for providing notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

LEVY AND COLLECTION OF TAXES. . . The City is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. Taxes are due October 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the City. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes for certain taxpayers. Furthermore, the City may provide, on a local option basis, for the split payment, partial payment, and discounts for early payment of taxes under certain circumstances.

CITY’S RIGHTS IN THE EVENT OF TAX DELINQUENCIES. . . Taxes levied by the City are a personal obligation of the owner of the property. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the City, having power to tax the property. The City’s tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the City is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the City may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the City must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer’s debt.

Federal bankruptcy law provides that an automatic stay of actions by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases, post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

PUBLIC HEARING AND MAINTENANCE AND OPERATIONS TAX RATE LIMITATIONS. . . The following terms as used in this section have the meanings provided below:

“adjusted” means lost values are not included in the calculation of the prior year’s taxes and new values are not included in the current year’s taxable values.

“de minimis rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted), plus the rate that produces an additional \$500,000 in tax revenue when applied to the current year’s taxable value, plus the debt service tax rate.

“foregone revenue amount” means the greater of zero or the amount expressed in dollars calculated according to the following formula: the voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year, less the actual tax rate, then multiplied by the taxing unit’s current total value in the applicable preceding tax year.

“no-new-revenue tax rate” means the combined maintenance and operations tax rate and debt service tax rate that will produce the prior year’s total tax levy (adjusted) from the current year’s total taxable values (adjusted).

“special taxing unit” means a city for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per \$100 of taxable value.

“unused increment rate” means the greater of (i) zero; or (ii) the sum of the foregone revenue amount for each of the tax years 2023 through 2025 divided by the current total value.

“voter-approval tax rate” means the maintenance and operations tax rate that will produce the prior year’s total maintenance and operations tax levy (adjusted) from the current year’s values (adjusted) multiplied by 1.035, plus the debt service tax rate, plus the “unused increment rate”.

The City’s tax rate consists of two components: (1) a rate for funding of maintenance and operations expenditures in the current year (the “maintenance and operations tax rate”), and (2) a rate for funding debt service in the current year (the “debt service tax rate”). Under State law, the assessor for the City must submit an appraisal roll showing the total appraised, assessed, and taxable values of all property in the City to the City Council by August 1 or as soon as practicable thereafter.

A city must annually calculate its voter-approval tax rate and no-new-revenue tax rate in accordance with forms prescribed by the State Comptroller and provide notice of such rates to each owner of taxable property within the city and the county tax assessor-collector for each county in which all or part of the city is located. A city must adopt a tax rate before the later of September 30 or the 60th day after receipt of the certified appraisal roll, except that a tax rate that exceeds the voter-approval tax rate must be adopted not later than the 71st day before the next occurring November uniform election date. If a city fails to timely adopt a tax rate, the tax rate is statutorily set as the lower of the no-new-revenue tax rate for the current tax year or the tax rate adopted by the city for the preceding tax year.

Furthermore, during the 89th Regular Session, the Legislature adopted Senate Bill 1851 ("SB 1851"), which will become effective in connection with the adoption of an ad valorem tax rate for tax year 2026 and thereafter. Under SB 1851, if the Texas Attorney General determines that a city has (a) not had its records and accounts audited and an annual financial statement prepared based on the audit or (b) failed to file its financial statements and auditor's opinion on such financial statements with the city secretary or city clerk before the 180th day after the city's fiscal year end, the city may not adopt an ad valorem tax rate that exceeds the city's no-new-revenue tax rate for (i) the tax year that begins on or after the date of the Attorney General's determination or (ii) a subsequent tax year that begins before the date the city has had an annual audit completed and financial statements prepared or filed the financial statement and auditor's opinion on such financial statement with the city secretary, as applicable.

As described below, the Property Tax Code provides that if a city adopts a tax rate that exceeds its voter-approval tax rate or, in certain cases, its de minimis rate, an election must be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

A city may not adopt a tax rate that exceeds the lower of the voter-approval tax rate or the no-new-revenue tax rate until each appraisal district in which such city participates has delivered notice to each taxpayer of the estimated total amount of property taxes owed and the city has held a public hearing on the proposed tax increase.

For cities with a population of 30,000 or more as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the voter-approval tax rate, that city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

For cities with a population less than 30,000 as of the most recent federal decennial census, if the adopted tax rate for any tax year exceeds the greater of (i) the voter-approval tax rate or (ii) the de minimis rate, the city must conduct an election on the next occurring November uniform election date to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate. However, for any tax year during which a city has a population of less than 30,000 as of the most recent federal decennial census and does not qualify as a special taxing unit, if a city’s adopted tax rate is equal to or less than the de minimis rate but greater than both (a) the no-new-revenue tax rate, multiplied by 1.08, plus the debt service tax rate or (b) the city’s voter-approval tax rate, then a valid petition signed by at least three percent of the registered voters in the city would require that an election be held to determine whether or not to reduce the adopted tax rate to the voter-approval tax rate.

Any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city’s total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred.

State law provides cities and counties in the State the option of assessing a maximum one-half percent (1/2%) sales and use tax on retail sales of taxable items for the purpose of reducing its ad valorem taxes, if approved by a majority of the voters in a local option election. If the additional sales and use tax for ad valorem tax reduction is approved and levied, the no-new-revenue tax rate and voter-approval tax rate must be reduced by the amount of the estimated sales tax revenues to be generated in the current tax year.

The calculations of the no-new-revenue tax rate and voter-approval tax rate do not limit or impact the City’s ability to set a debt service tax rate in each year sufficient to pay debt service on all of the City’s tax-supported debt obligations, including the Obligations.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

2025 REGULAR AND SPECIAL LEGISLATIVE SESSIONS . . . The regular session of the 89th Texas Legislature convened on January 14, 2025 and concluded on June 2, 2025 (the "89th Regular Session "). The Texas Legislature (the "Legislature ") meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor may call one or more special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Governor has called and the Legislature has concluded two special sessions since the conclusion of the 89th Regular Session. During the 89th Regular Session, the Legislature adopted a general appropriations act and legislation affecting ad valorem taxation procedures and the procedures of issuing debt affecting cities among other legislation affecting cities. Adopted legislation affecting ad valorem taxation procedures includes legislation that (i) changes the procedure for the adoption of and imposes limits on the amount of an M&O tax increase that may be adopted in response to declared disasters, (ii) makes technical modifications to the tax rate setting process, and (iii) makes intangible personal property exempt from ad valorem taxation. The City is reviewing the impact of the legislation approved during the 89th Regular Session and the two called special sessions and cannot make any representations regarding the likelihood of future legislative sessions or the full impact of the legislation approved during the 89th Regular Session or the two called special sessions at this time.

CITY APPLICATION OF PROPERTY TAX CODE . . . The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$30,000, and the disabled are also granted an exemption of \$30,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads; minimum exemption of \$5,000.

See Table 1 for a listing of the amounts of the exemptions described above.

The City has adopted the tax freeze for citizens who are disabled or are 65 years of age or older. The act of the City Council to provide a tax freeze on homesteads of persons 65 and older or disabled occurred in May 2004. As a result of the adoption of the freeze, total City taxes on the residence homestead of a disabled person or persons 65 years of age or older residing in the City will be frozen at the level of taxes billed for the 2004-05 fiscal year, or to the amount of taxes imposed in the year such residence qualified for such exemption. In order to qualify for the exemption, a taxpayer must make application to the Appraisal District. The City has not made a comprehensive study regarding the impact that the freeze will have on the taxable assessed value of the City in future years. However, based upon data obtained from the Appraisal District as to the number of properties in the City that currently qualify for the City's over 65 and disabled local option homestead exemption, the City does not believe that the tax freeze will be significant, at least in the short-term, but as the population of the City ages, the freeze could have a greater impact on the City's ad valorem tax revenues.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Collin County Tax Office collects taxes for the City.

The City does not permit split payments of taxes, and discounts for the early payment of taxes are not allowed, although such provisions are authorized on a local option basis by the Property Tax Code.

The City exempts freeport property from taxation.

The City does tax goods-in-transit.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City does not participate in any tax increment reinvestment zones.

TAX ABATEMENT POLICY . . . The City considers economic development incentives on a case-by-case basis, including criteria pertaining to job creation and property value enhancement. Consideration is also given to a project's impact on future development and location in an area that might not otherwise be developed. Under State law, projects are eligible for a tax abatement of up to 100% for a period of up to 10 years. The value of the property subject to abatement is set forth in Table 1 - Valuation, Exemptions and General Obligation Debt.

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TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2025/26 Market Valuation Established by the Appraisal District		\$ 10,433,279,667
Less Exemptions/Reductions at 100% Market Value:		
Residence Homestead Exemption Over 65	\$ 82,332,484	
Disabled Persons/Veterans Exemptions	133,856,128	
Agricultural Land Use Reductions	50,898,962	
Homestead Cap Loss	125,127,067	
Circuit Breaker Limitation	27,722,020	
Pollution	3,153,554	
Solar	1,093,110	
Other Exemptions	28,863,554	
Totally Exempt Property	<u>821,547,412</u>	<u>1,274,594,291</u>
2025/26 Taxable Assessed Valuation		\$ 9,158,685,376
City Funded Debt Payable from Ad Valorem Taxes (as of 3/31/26)		
General Obligation Debt	\$ 52,175,000	
The Bonds	13,585,000 ⁽¹⁾	
The Contractual Obligations	<u>7,000,000 ⁽¹⁾</u>	
Funded Debt Payable from Ad Valorem Taxes as of 3/31/2026		\$ 72,760,000
Less Self-Supporting Debt: ⁽²⁾		
Waterworks and Sewer System General Obligation Debt		<u>\$ 6,360,000</u>
General Purpose Funded Debt Payable from Ad Valorem Taxes		\$ 66,400,000
Interest and Sinking Fund as of 3/31/26		\$ 1,604,590
Ratio Total Funded Debt to Taxable Assessed Valuation		0.79%
Ratio Net Funded Debt to Taxable Assessed Valuation		0.72%

2026 Estimated Population - 64,428
Per Capita Taxable Assessed Valuation - \$142,154
Per Capita Total Funded Debt - \$1,129
Per Capita Net Funded Debt - \$1,031

(1) Preliminary, subject to change.

(2) General obligation debt in the amounts shown for which repayment is provided from water and sewer system revenues and 4B local sales and use tax revenues. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from such revenues; however, this policy is subject to change in the future. In the event the City chooses to discontinue such transfers or such revenues are not otherwise available to pay debt service on such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds, including financial reserves, if any, of the City in amounts sufficient to pay the debt service on such general obligation debt. See "Table 10 – Computation of Self-Supporting Debt."

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2026		2025		2024	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 7,439,121,239	71.30%	\$ 7,230,320,094	77.77%	\$ 6,858,829,934	78.20%
Real, Residential, Multi-Family	462,749,962	4.44%	426,019,079	4.58%	420,901,669	4.80%
Real, Vacant Lots Tracts	122,341,003	1.17%	112,313,456	1.21%	116,730,968	1.33%
Real, Acreage (Land Only)	51,118,006	0.49%	49,960,469	0.54%	41,477,181	0.47%
Real, Farm and Ranch Improvements	29,020,875	0.28%	21,002,786	0.23%	26,593,103	0.30%
Real, Commercial and Industrial	975,648,142	9.35%	904,170,560	9.73%	765,404,954	8.73%
Real and Intangible Personal, Utilities	67,185,997	0.64%	69,238,066	0.74%	80,424,292	0.92%
Tangible Personal, Business	324,402,705	3.11%	314,596,295	3.38%	313,046,768	3.57%
Tangible Personal, Other	47,602,823	0.46%	46,146,565	0.50%	45,550,016	0.52%
Special Inventory	64,027,332	0.61%	122,711,768	1.32%	102,253,273	1.17%
Totally Exempt Property	850,061,583	8.15%	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 10,433,279,667	100.00%	\$ 9,296,479,138	100.00%	\$ 8,771,212,158	100.00%
Adjustments	-		-		-	
Less: Total Exemption/Reductions	(1,274,594,291)		(677,905,162)		(935,716,562)	
Taxable Assessed Value	<u>\$ 9,158,685,376</u>		<u>\$ 8,618,573,976</u>		<u>\$ 7,835,495,596</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2023		2022	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 5,946,623,792	77.40%	\$ 4,536,513,788	75.73%
Real, Residential, Multi-Family	369,534,235	4.81%	270,025,943	4.51%
Real, Vacant Lots Tracts	85,789,068	1.12%	74,251,814	1.24%
Real, Acreage (Land Only)	49,131,451	0.64%	47,356,646	0.79%
Real, Farm and Ranch Improvements	13,400,926	0.17%	12,272,398	0.20%
Real, Commercial and Industrial	700,932,999	9.12%	627,847,339	10.48%
Real, Inventory	-	0.00%	70,768,524	1.18%
Real and Tangible Personal, Utilities	76,703,661	1.00%	71,161,841	1.19%
Tangible Personal, Business	299,309,936	3.90%	246,435,478	4.11%
Tangible Personal, Other	42,621,039	0.55%	32,227,445	0.54%
Special Inventory	98,928,442	1.29%	1,139,478	0.02%
Total Appraised Value Before Exemptions	\$ 7,682,975,549	100.00%	\$ 5,990,000,694	100.00%
Adjustments	(646,196,668)		(7,214,086)	
Less: Total Exemption/Reductions	(837,750,583)		(693,170,585)	
Taxable Assessed Value	<u>\$ 6,199,028,298</u>		<u>\$ 5,289,616,023</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal Districts updates records.

TABLE 3 - VALUATION AND TAX SUPPORTED DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	G.O. Tax Debt Outstanding at End of Year	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2022	60,876	\$ 5,289,616,023	\$ 86,892	\$ 71,460,000	1.35%	\$ 1,174
2023	61,814	6,199,028,298	100,285	79,545,000	1.28%	1,287
2024	62,434	7,835,495,596	125,500	70,740,000	0.90%	1,133
2025	63,790	8,618,573,976	135,109	61,480,000	0.71%	964
2026	64,428	9,158,685,376	142,154	72,760,000 ⁽²⁾	0.79%	1,129

(1) Source: City Staff.

(2) Projected; includes the Obligations. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY, AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% Current Collections	% Total Collections
		General Fund	Interest and Sinking Fund			
2022	\$ 0.64375	\$ 0.49186	\$ 0.15189	\$ 36,838,809	99.45%	99.65%
2023	0.56233	0.42792	0.13441	37,764,209	99.58%	99.87%
2024	0.53888	0.39841	0.14047	41,299,803	99.75%	99.76%
2025	0.53430	0.41724	0.11706	44,909,896	99.60%	99.81%
2026	0.54344	0.42205	0.12139	49,771,775	93.60% ⁽¹⁾	93.50% ⁽¹⁾

(1) Preliminary information as of March 31, 2026, provided by City staff.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2025/26 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
LPRE Wylie LLC	Real Estate	\$ 59,612,562	0.65%
BVF-V Wylie LLC	Real Estate/Apartments	56,947,433	0.62%
Seventy8 & Westgate LP	Real Estate/Apartments	54,434,277	0.59%
VHP Owner LLC	Real Estate/Apartments	46,649,733	0.51%
Woodbridge Wylie Owner LLC	Retail	46,362,386	0.51%
Mack (Wylie) LLC	Real Estate	41,529,360	0.45%
Tower Extrusion LTD	Manufacturing	44,478,162	0.49%
Sanden International (USA) Inc.	Manufacturing	34,169,103	0.37%
Oncor Electric Delivery Company	Electric Utility	31,347,680	0.34%
2000 Country Club Road LLC	Real Estate/Apartments	28,708,909	0.31%
		<u>\$ 444,239,605</u>	<u>4.85%</u>

GENERAL OBLIGATION DEBT LIMITATION . . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "The Bonds and Contractual Obligations – Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

2026 Principal and Interest Requirements	\$ 10,550,962
\$0.1176 Tax Rate at 98% Collection Produces	\$ 10,555,202
Average Annual Principal and Interest Requirements, 2026 - 2046	\$ 4,593,730
\$0.0512 Tax Rate at 98% Collection Produces	\$ 4,595,462
Maximum Principal and Interest Requirements, 2028	\$ 12,665,462
\$0.1412 Tax Rate at 98% Collection Produces	\$ 12,673,422

(1) Includes the Obligations, less self-supporting debt (See "Table 10 – Computation of Self-Supporting Debt"). Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2025/26 Taxable Assessed Value	2025/26 Tax Rate	Total Tax Debt	Estimated % Applicable	City's Overlapping Tax Debt 3/31/2026	Authorized But Unissued Debt As of 3/31/2026
City of Wylie	\$ 9,158,685,376	\$0.54344	\$ 66,400,000 ⁽¹⁾	100.00%	\$ 66,400,000	\$ 13,600,000
Collin County	270,998,282,005	0.14900	910,405,000	3.25%	29,588,163	272,532,864
Collin County Community College District	245,013,219,037	0.08100	438,250,000	3.25%	14,243,125	-
Dallas County	431,262,097,321	0.21600	179,530,000	0.05%	89,765	-
Dallas County Community College District	442,387,293,421	0.10700	217,720,000	0.05%	108,860	-
Dallas County Hospital District	414,014,886,764	0.21200	511,285,000	0.05%	255,643	-
Community ISD	3,106,956,481	1.20800	425,055,000	0.13%	552,572	272,104,000
Farmersville Independent School District	1,356,005,642	1.21500	126,550,000	0.02%	25,310	20,690,000.00
Garland Independent School District	31,407,907,568	1.17100	918,090,000	0.59%	5,416,731	329,645,000.00
Plano Independent School District	67,949,269,533	1.04000	1,291,905,000	0.19%	2,454,620	-
Princeton Independent School District	5,426,504,998	1.20700	661,274,480	0.18%	1,190,294	539,000,000
Rockwall County	25,298,517,655	0.25100	161,570,000	0.60%	969,420	100,000,000
Rockwall Independent School District	15,418,117,064	1.06700	903,942,666	0.70%	6,327,599	-
Wylie Independent School District	10,115,909,796	1.17500	629,119,927	63.57%	399,931,538	-
Total Direct and Overlapping Tax Debt					\$ 527,553,637	
Ratio of Direct and Overlapping Tax Debt to Taxable Assessed Valuation					5.76%	
Per Capita Direct and Overlapping Tax Debt					\$ 8,188	

(1) As of March 31, 2026. Includes the Obligations, less self-supporting debt. Preliminary, subject to change.

TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt ⁽¹⁾			The Bonds ⁽²⁾			The Contractual Obligations ⁽³⁾			Total Outstanding Debt	Less:	Total Debt Less Self-Supporting Requirements ⁽⁴⁾	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total		Water and Sewer Self-Supporting Requirements ⁽⁴⁾		
2026	\$ 9,305,000	\$ 2,300,131	\$ 11,605,131	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,605,131	\$ 1,054,169	\$ 10,550,962	
2027	9,750,000	1,856,756	11,606,756	300,000	741,077	1,041,077	545,000	290,495	835,495	13,483,328	1,049,944	12,433,384	
2028	9,910,000	1,410,356	11,320,356	435,000	606,725	1,041,725	615,000	220,600	835,600	13,197,681	532,219	12,665,462	
2029	3,690,000	1,116,131	4,806,131	455,000	584,475	1,039,475	640,000	195,500	835,500	6,681,106	531,519	6,149,587	
2030	2,055,000	1,001,306	3,056,306	480,000	561,100	1,041,100	670,000	169,300	839,300	4,936,706	537,219	4,399,487	47.34%
2031	2,145,000	920,731	3,065,731	505,000	536,475	1,041,475	695,000	142,000	837,000	4,944,206	539,394	4,404,812	
2032	2,240,000	839,350	3,079,350	530,000	510,600	1,040,600	720,000	116,850	836,850	4,956,800	540,838	4,415,962	
2033	2,280,000	758,228	3,038,228	560,000	483,350	1,043,350	740,000	94,500	834,500	4,916,078	546,463	4,369,616	
2034	2,375,000	675,294	3,050,294	585,000	454,725	1,039,725	765,000	71,925	836,925	4,926,944	551,156	4,375,787	
2035	2,470,000	588,119	3,058,119	615,000	424,725	1,039,725	790,000	46,625	836,625	4,934,469	554,906	4,379,562	69.29%
2036	2,570,000	496,466	3,066,466	650,000	393,100	1,043,100	820,000	16,400	836,400	4,945,966	557,675	4,388,291	
2037	2,675,000	399,906	3,074,906	680,000	359,850	1,039,850	-	-	-	4,114,756	564,366	3,550,391	
2038	2,200,000	313,684	2,513,684	715,000	324,975	1,039,975	-	-	-	3,553,659	-	3,553,659	
2039	1,655,000	249,031	1,904,031	755,000	288,225	1,043,225	-	-	-	2,947,256	-	2,947,256	
2040	1,710,000	192,350	1,902,350	795,000	249,475	1,044,475	-	-	-	2,946,825	-	2,946,825	87.85%
2041	1,770,000	133,581	1,903,581	830,000	213,000	1,043,000	-	-	-	2,946,581	-	2,946,581	
2042	1,495,000	75,525	1,570,525	865,000	179,100	1,044,100	-	-	-	2,614,625	-	2,614,625	
2043	1,185,000	23,700	1,208,700	900,000	143,800	1,043,800	-	-	-	2,252,500	-	2,252,500	
2044	-	-	-	935,000	105,931	1,040,931	-	-	-	1,040,931	-	1,040,931	
2045	-	-	-	975,000	65,344	1,040,344	-	-	-	1,040,344	-	1,040,344	98.76%
2046	-	-	-	1,020,000	22,313	1,042,313	-	-	-	1,042,313	-	1,042,313	100.00%
	<u>\$ 61,480,000</u>	<u>\$ 13,350,647</u>	<u>\$ 74,830,647</u>	<u>\$ 13,585,000</u>	<u>\$ 7,248,364</u>	<u>\$ 20,833,364</u>	<u>\$ 7,000,000</u>	<u>\$ 1,364,195</u>	<u>\$ 8,364,195</u>	<u>\$ 104,028,206</u>	<u>\$ 7,559,866</u>	<u>\$ 96,468,340</u>	

DEBT INFORMATION

(1) "Outstanding Debt" does not include lease/purchase obligations. Includes self-supporting debt.

(2) Average life of the Bonds – 11.840 years. Interest calculated at 4.08% for purposes of illustration. Preliminary, subject to change.

(3) Average life of the Contractual Obligations – 5.509 years. Interest calculated at 3.33% for purposes of illustration. Preliminary, subject to change.

(4) General obligation debt in the amounts shown for which repayment is provided from water and sewer system revenues and 4B sales tax revenues, as applicable. The amount of self-supporting debt is based on the percentages of revenue support as shown in Table 10. It is the City's current policy to provide these payments from such revenues; however, this policy is subject to change in the future. In the event the City chooses to discontinue such transfers or such revenues are not otherwise available to pay debt service on such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds, including financial reserves, if any, of the City in amounts sufficient to pay the debt service on such general obligation debt. See "Table 10 – Computation of Self-Supporting Debt."

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION ⁽¹⁾

Budgeted Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-26		\$ 10,566,962
Budgeted Interest and Sinking Fund Balance, 9-30-25	\$ 250,064	
Budgeted Interest and Sinking Fund Tax Levy	10,800,071	
Interest Income	60,000	
Budgeted Transfers	<u>-</u>	<u>11,110,135</u>
Estimated Balance, 9-30-26		\$ 543,173

(1) Source: City's 2025/26 Budget. Includes fiscal agent charges.

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT ⁽¹⁾

Water and Sewer System Revenue Supported Debt

Revenue from Waterworks and Sewer System, Fiscal Year Ended 9-30-25	\$ 9,508,983
Less: Revenue Bond Requirements, 2026 Fiscal Year	<u>-</u>
Balance Available for Other Purposes	\$ 9,508,983
System General Obligation Bond Requirements, 2026 Fiscal Year	<u>1,054,169</u>
Balance	\$ 8,454,814
Percentage of System General Obligation Bonds Self Supporting	100.00%

(1) The City considers the general obligation debt identified in Table 10 to be self-supporting from the City's water and sewer system (the "System"); however, the System revenues are pledged to the City's general obligation debt. It is the City's current policy to provide these payments from System revenues, but this policy is discretionary and may be discontinued by the City, in whole or in part, at any time. In the event the City chooses to discontinue such transfer of System revenues or such revenues are not otherwise available to pay debt service on such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds, including financial reserves, if any, of the City in amounts sufficient to pay the debt service on such general obligation debt.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount	Amount	Unissued Balance
			Heretofore Issued	Being Issued	
McMillan Drive, Park Blvd & Ballard/Sachse Road Improvements	11/2/2021	\$ 35,100,000	\$ 17,500,000	\$ 7,000,000	\$ 10,600,000
General Street and Alley Improvements	11/2/2021	10,000,000	4,000,000	3,000,000	3,000,000
Downtown Historic Street Improvements	11/2/2021	<u>5,000,000</u>	<u>1,000,000</u>	<u>4,000,000</u>	<u>-</u>
		\$ 50,100,000	\$ 22,500,000	\$ 14,000,000	\$ 13,600,000

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT . . . The City anticipates issuing the remainder of the 2021 authorization in Fiscal Year 2027.

TABLE 12 - OTHER OBLIGATIONS

The City has no unfunded debt outstanding as of September 30, 2025.

PENSION FUND . . . The City participates as one of more than 940 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly-benefit payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	149
Inactive Employees Entitled to But Not Yet Receiving Benefits	282
Active Employees	<u>424</u>
	855

Contribution . . . Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7.0% of their annual compensation during the fiscal year. The contribution rates for the City were 15.30% and 15.61% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025 (including \$70,007 of contributions by WEDC) were \$5,391,192 and were equal to the required contributions.

Net Pension Liability . . . The City's Net Pension Liability (NPL) was measured as of December 31, 2023 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% adjusted down for population declines, if any
Investment Rate of Return	6.75%
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll; closed

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 . to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3.0% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013, Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Public and Private Markets	4.0%	7.30%
Total	100.0%	

Discount Rate . . . The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability	Fiduciary Net Position	Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2023	\$ 118,210,909	\$ 101,366,752	\$ 16,844,157
Changes for the year:			
Service cost	6,490,108	-	\$ 6,490,108
Interest	8,085,649	-	8,085,649
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,971,473	-	3,971,473
Changes of assumptions	-	-	-
Contributions - employer	-	5,391,192	(5,391,192)
Contributions - employee	-	2,506,870	(2,506,870)
Net investment income	-	10,565,359	(10,565,359)
Benefit payments, including refunds of employee contributions	(3,337,152)	(3,337,152)	-
Administrative expense	-	(67,549)	67,549
Other changes	-	(1,580)	1,580
Net changes	<u>15,210,078</u>	<u>15,057,140</u>	<u>152,938</u>
Balance at 12/31/2024	\$ 133,420,987	\$ 116,423,892	\$ 16,997,095

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. . . The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City	\$38,092,235	\$16,776,379	\$ (501,357)
WEDC	501,155	220,716	(6,596)
Total	<u>\$38,593,390</u>	<u>\$16,997,095</u>	<u>\$ (507,953)</u>

Pension Plan Fiduciary Net Position. . . Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmr.com.

For the year ended September 30, 2025, the City recognized pension expense of \$6,218,814 (including \$80,754 recognized by WEDC). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		WEDC		Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	\$ 4,146,066	\$ 141,773	\$ 54,547	\$ 1,865	\$ 4,200,613	\$ 143,638
Changes in actuarial assumptions	-	15,711	-	2,067	-	159,178
Difference between projected and actual investment earnings	-	1,341,258	-	17,646	-	1,358,904
Contributions subsequent to the measurement date	4,285,380	-	56,380	-	4,341,760	-
Total	<u>\$ 8,431,446</u>	<u>\$ 1,498,742</u>	<u>\$ 110,927</u>	<u>\$ 21,578</u>	<u>\$ 8,542,373</u>	<u>\$ 1,661,720</u>

The \$4,341,760 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will reduce the net pension liability during the year ending September 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended			
Sept. 30:	City	WEDC	Total
2026	\$ 989,751	\$ 13,021	\$ 1,002,772
2027	2,059,030	27,089	2,086,119
2028	(560,266)	(7,371)	(567,637)
2029	17,409	230	17,639
Total	<u>\$ 2,505,924</u>	<u>\$ 32,969</u>	<u>\$ 2,538,893</u>

Allocations . . . The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities, business-type activities, and the discretely presented component unit using a contribution-based method.

OTHER POST-EMPLOYMENT BENEFITS . . . Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	90
Inactive Employees Entitled to But Not Yet Receiving Benefits	36
Active Employees	<u>424</u>
	550

Contributions . . . The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.04% in calendar years 2024 and 2025. The City's contributions to the SDBF for the year ended September 30, 2025 (including \$181 of contributions by WEDC) were \$5,617 and were equal to the required contributions.

Total OPEB Liability . . . The City's Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

The Total OPES Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08%
Retiree's share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence)

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by scale UMP.

Actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The discount rate used to measure the Total OPES Liability was 4.08% and was based on the Bond Buyer "20-Bond GO Index" rate closest to, but not later than December 31, 2024. This was a 0.31% increase from the 3.77% discount rate used in the December 31, 2023 valuation.

	Total OPEB Liability (a)
Balance at 12/31/2023	<u>\$ 602,449</u>
Changes for the year:	
Service cost	45,264
Interest on total OPEB liability	23,303
Difference between expected and actual experience	(13,399)
Changes of assumptions or other inputs	(37,556)
Benefit payments	<u>(13,927)</u>
Net Change	<u>3,685</u>
Balance at 12/31/2024	<u><u>\$ 606,134</u></u>

Total OPEB Liability as a Percentage of Covered Payroll 1.74%

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City	<u>\$ 730,446</u>	<u>\$ 598,263</u>	<u>\$ 496,595</u>
WEDC	<u>9,610</u>	<u>7,871</u>	<u>6,533</u>
Total OPEB Liability	<u><u>\$ 740,056</u></u>	<u><u>\$ 606,134</u></u>	<u><u>\$ 503,128</u></u>

For the year ended September 30, 2025, the City recognized OPEB expense of \$45,651 (including \$593 recognized by WEDC). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		WEDC		Totals	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
	of Resources	of Resources	of Resources	of Resources	of Resources	of Resources
Difference between expected and actual economic experience	\$ -	\$ 33,015	\$ -	\$ 434	\$ -	\$ 33,449
Changes in assumptions and other inputs	102,695	231,167	1,351	3,042	104,046	234,209
Contributions subsequent to the measurement date	13,726	-	181	-	13,907	-
Change of benefit terms	-	-	-	-	-	-
Total	\$ 116,421	\$ 264,182	\$ 1,532	\$ 3,476	\$ 117,953	\$ 267,658

The \$13,907 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended	City	WEDC	Total
Sept. 30:			
2026	\$ (26,306)	\$ (346)	\$ (26,652)
2027	(21,927)	(288)	(22,215)
2028	(29,077)	(383)	(29,460)
2029	(38,189)	(502)	(38,691)
2030	(38,702)	(510)	(39,212)
Thereafter	(7,286)	(96)	(7,382)
Total	\$ (161,487)	\$ (2,125)	\$ (163,612)

FINANCIAL OBLIGATION TO NORTH TEXAS MUNICIPAL WATER DISTRICT . . . The City has entered into a contract with the North Texas Municipal Water District ("NTMWD") to provide for the construction, operation and maintenance of the NTMWD's Regional Muddy Creek Wastewater System ("System") for the purpose of providing facilities to receive, transport, treat, and dispose of wastewater. The City remains obligated to pay its pro rata portion of the costs of constructing and operating the System, including repayment of bonds issued by NTMWD for the System, which is calculated each year based on the City's actual flow into the System. The City's obligations are an annual payment that is factored into the City budget each fiscal year. For more information regarding the System and the City's long-term financial obligations related to the System, please see APPENDIX B – Excerpts from the City's Comprehensive Annual Financial Report.

FINANCIAL INFORMATION

TABLE 13 – CHANGES IN NET ASSETS

	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Revenues:					
<u>Program Revenues</u>					
Charges for Services	\$ 12,287,534	\$ 9,989,648	\$ 9,507,600	\$ 9,137,190	\$ 8,125,454
Operating Grants and Contributions	1,258,727	914,644	7,069,298	663,356	730,139
Capital Grants and Contributions	5,925,051	3,424,299	5,136,507	7,619,607	10,810,966
<u>General Revenues</u>					
Ad Valorem Taxes	44,926,219	41,463,584	37,982,291	36,723,108	35,629,027
Sales Taxes	15,394,203	14,993,518	14,193,327	12,951,476	11,832,404
Other Taxes and Fees	2,968,338	3,029,760	3,080,512	2,929,590	2,675,866
Interest	4,921,336	6,401,944	2,829,070	307,155	31,845
Gain (Loss) Disposal of Capital Assets	99,033	7,079	132,421	2,706,165	1,109
Miscellaneous	974,059	421,833	485,740	610,600	276,181
Total Revenues	<u>\$ 88,754,500</u>	<u>\$ 80,646,309</u>	<u>\$ 80,416,766</u>	<u>\$ 73,648,247</u>	<u>\$ 70,112,991</u>
Expenses:					
General Government	\$ 17,631,180	\$ 16,475,644	\$ 14,412,031	\$ 13,682,957	\$ 12,690,079
Public Safety	41,285,911	33,866,636	29,893,415	25,164,617	23,478,532
Urban Development	1,429,717	1,033,568	1,083,325	1,020,885	1,121,650
Streets	11,864,540	13,643,998	11,434,006	10,393,464	9,133,138
Community Service	12,205,076	10,873,557	9,999,916	9,217,814	9,309,304
Interest on Long-term Debt	1,703,111	2,187,465	2,179,116	2,118,360	2,235,277
Total Expenses	<u>\$ 86,119,535</u>	<u>\$ 78,080,868</u>	<u>\$ 69,001,809</u>	<u>\$ 61,598,097</u>	<u>\$ 57,967,980</u>
Increase in Net Assets Before Transfers	\$ 2,634,965	\$ 2,565,441	\$ 11,414,957	\$ 12,050,150	\$ 12,145,011
Transfers	2,719,410	2,640,204	2,562,305	2,488,646	2,416,161
Increase in Net Assets	<u>\$ 5,354,375</u>	<u>\$ 5,205,645</u>	<u>\$ 13,977,262</u>	<u>\$ 14,538,796</u>	<u>\$ 14,561,172</u>
Net Assets - October 1	233,398,347	228,192,702	214,215,440	199,676,644	185,115,472
Change in Accounting Principle	-	-	-	-	-
Net Assets - September 30	<u><u>\$ 238,752,722</u></u>	<u><u>\$ 233,398,347</u></u>	<u><u>\$ 228,192,702</u></u>	<u><u>\$ 214,215,440</u></u>	<u><u>\$ 199,676,644</u></u>

TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURES HISTORY

<u>Revenues</u>	Fiscal Year Ended September 30,				
	2025	2024	2023	2022	2021
Taxes	\$ 48,161,122	\$ 43,390,427	\$ 41,128,337	\$ 39,319,709	\$ 37,638,093
Licenses and Permits	899,363	1,022,222	1,409,965	1,350,938	1,278,509
Intergovernmental	3,811,247	3,107,965	8,717,961	2,759,195	4,971,524
Charges for Services	6,749,997	4,972,384	4,490,107	4,292,868	4,224,910
Fines and Forfeitures	512,572	346,206	319,233	315,067	290,479
Interest	1,106,876	1,475,331	1,390,278	174,728	18,218
Miscellaneous	324,794	247,289	345,548	526,831	278,442
Total Revenues	<u>\$ 61,565,971</u>	<u>\$ 54,561,824</u>	<u>\$ 57,801,429</u>	<u>\$ 48,739,336</u>	<u>\$ 48,700,175</u>
<u>Expenditures</u>					
General Government	\$ 15,370,849	\$ 15,648,127	\$ 11,967,582	\$ 11,645,070	\$ 11,253,180
Public Safety	40,414,299	34,058,863	28,746,177	25,434,629	22,577,916
Public Works	5,286,193	3,609,196	4,261,461	3,563,540	2,926,280
Urban Development	1,391,846	1,072,418	1,028,608	1,052,931	1,085,839
Community Services	5,180,141	5,380,570	4,900,892	4,950,022	4,563,265
Debt Service	58,184	187,008	-	-	-
Total Expenditures	<u>\$ 67,701,512</u>	<u>\$ 59,956,182</u>	<u>\$ 50,904,720</u>	<u>\$ 46,646,192</u>	<u>\$ 42,406,480</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,135,541)	\$ (5,394,358)	\$ 6,896,709	\$ 2,093,144	\$ 6,293,695
<u>Other Financing Sources (Uses)</u>					
Budgeted Transfers In (Out)	\$ 2,755,410	\$ 2,674,404	\$ 2,767,955	\$ 2,518,646	\$ 2,238,386
Premium on Bonds Issued	-	-	(12,099,649)	(7,006,321)	-
Sale of Fixed Assets	104,674	7,079	180,277	2,706,165	93,287
Insurance Recovery	693,384	204,883	209,054	133,861	15,443
Proceeds from Capital Leases	-	219,282	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 3,553,468</u>	<u>\$ 3,105,648</u>	<u>\$ (8,942,363)</u>	<u>\$ (1,647,649)</u>	<u>\$ 2,347,116</u>
Net Change in Fund Balances	\$ (2,582,073)	\$ (2,288,710)	\$ (2,045,654)	\$ 445,495	\$ 8,640,811
Beginning Fund Balance	<u>27,349,896</u>	<u>29,638,606</u>	<u>31,684,260</u>	<u>31,238,765</u>	<u>22,597,954</u>
Ending Fund Balance	<u>\$ 24,767,823</u>	<u>\$ 27,349,896</u>	<u>\$ 29,638,606</u>	<u>\$ 31,684,260</u>	<u>\$ 31,238,765</u>

TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the City's General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2022	\$ 8,373,812	22.73%	\$ 0.1583	\$ 138
2023	9,286,481	24.59%	0.1498	150
2024	9,829,031	23.80%	0.1254	157
2025	10,114,724	22.52%	0.1174	159
2026 ⁽¹⁾	3,383,186	6.80%	0.0369	53

(1) Collections as of March 31, 2026.

In November 1989, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development under Section 4A of the Economic Development Act (now codified as V.T.C.A., Local Government Code, Title 12, Subtitle C1, specifically Chapters 501 and 504) which is administered by the Wylie Economic Development Corporation ("WEDC"). In January 1994, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for park and recreational facilities development which is administered under Section 4B of the Economic Development Act (now codified as V.T.C.A., Local Government Code, Title 12, Subtitle C1, specifically Chapters 501 and 505) by the Wylie Park and Recreational Facilities Development Corporation ("WPRFDC").

Fiscal Year Ended 9/30	4A Sales Tax Collected	4B Sales Tax Collected
2022	\$ 4,186,905	\$ 4,186,905
2023	4,643,241	4,643,241
2024	4,914,516	4,914,516
2025	5,057,362	5,057,362
2026 ⁽¹⁾	1,691,593	1,691,593

(1) Collections as of March 31, 2026.

The sales tax breakdown for the City is as follows:

WEDC (4A)	0.50¢
WPRFDC (4B)	0.50¢
City Sales & Use Tax	1.00¢
State Sales & Use Tax	<u>6.25¢</u>
Total	<u>8.25¢</u>

FINANCIAL POLICIES

Basis of Accounting . . . In June 1999, the Governmental Accounting Standards Board ("GASB") issued Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" ("GASB 34"). The City implemented GASB 34 beginning with its fiscal year ending September 30, 2003. The purpose of GASB 34 is to create new information and restructure much of the information that governments have presented in the past to provide a more comprehensive demonstration of their annual financial performance on a system-wide basis. Among the significant changes effected by the new accounting standard are new presentations for proprietary or business-type operations of the City, such as those reported for the City's water and waste water operations (the "Proprietary Funds"). As required by the newly adopted accounting principles, the City's annual report consists of three basic financial statements for the Proprietary Funds: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows. Those statements are included in the financial statements of the City for the fiscal year ended September 30, 2025 in Appendix B. In addition, a discussion of GASB 34 is set forth in the Management Discussion and Analysis and in various notes to the City's financial statements in Appendix B.

Use of Certificate Proceeds, Grants, etc. . . . The City's policy is to use bond proceeds, grants, revenue sharing or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning each October 1. The various departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August. The City Council shall hold a public hearing on the budget after giving at least 7 days notice of the hearing in the official newspaper of the City. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to October 1.

Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

INVESTMENTS

The City invests its investable funds in investments authorized by State law and in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than "A" or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in the State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025 Texas Government Code; or (ii) a depository institution with a main office or branch office in the State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) certificates of deposit where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R.

Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are secured by a combination of cash and obligations described in clause (1), require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the value of the securities loaned under the program must be not less than 100% collateralized, including accrued income, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have either (a) a duration of one year or more and are invested exclusively in obligations described in this paragraph or (b) have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than "AAA" or "AAA-m" or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal, (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest, (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Except as stated above or inconsistent with its investment policy, the City may invest in obligations of any duration without regard to their credit rating, if any. If an obligation ceases to qualify as an eligible investment after it has been purchased, the City is not required to liquidate the investment unless it no longer carries a required rating, in which case the City is required to take prudent measures to liquidate the investment that are consistent with its investment policy.

INVESTMENT POLICIES . . . Under State law, the City is required to adopt and annually review written investment policies and must invest its funds in accordance with its policies. The policies must identify eligible investments and address investment diversification, yield, maturity, and the quality and capability of investment management. For investments whose eligibility is rating dependent, the policies must adopt procedures to monitor ratings and liquidate investments if and when required. The policies must require that all investment transactions settle on a delivery versus payment basis. The City must adopt a written investment strategy for each fund group to achieve investment objectives in the following order of priority: (1) suitability, (2) preservation and safety of principal, (3) liquidity, (4) marketability, (5) diversification, and (6) yield.

State law requires the City's investments be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment considering the probable safety of capital and the probable income to be derived." The City is required to perform an annual audit of the management controls on investments and compliance with its investment policies and provide regular training for its investment officers.

TABLE 15 - CURRENT INVESTMENTS

As of March 31, 2026, the City's investable funds were invested in the following categories:

<u>Description</u>	<u>Percent</u>	<u>Amount</u>
TexPool ⁽¹⁾	49.15%	\$ 18,068,265
TexStar ⁽¹⁾	50.85%	18,692,367
	<u>100.00%</u>	<u>\$ 36,760,632</u>

- (1) A portion of the City's investments are invested in TexSTAR and TexPool, each of which is an investment pool that has an investment objective of achieving and maintaining a stable net asset value of \$1.00 per share. Daily investment or redemption of funds is allowed by the participants. TexSTAR is a local government investment pool for whom Hilltop Securities Asset Management, Inc., a Hilltop Holdings Company, an affiliate of the City's financial advisor, provides customer service and marketing.

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Obligations is subject to the opinions of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. Forms of Bond Counsel's opinions are reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinions are not a guarantee of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt Obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt Obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Obligations. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Obligations.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS . . . The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of a Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits corporation subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt Obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount and, allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Obligations (the "Premium Obligations") paid by an owner may be greater than the amount payable on such Obligations at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Obligation over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Obligation in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Obligation, the yield based on a call date that results in the lowest yield on the Obligations).

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

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CONTINUING DISCLOSURE OF INFORMATION

In the Ordinances the City has made the following undertakings for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the undertakings while it remains obligated to advance funds to pay such Obligations. Under the undertakings the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB on an annual basis in an electronic format that is prescribed by the MSRB and available via EMMA. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2026. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in and after 2026. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site identified above or filed with the United States Securities and Exchange Commission (the "SEC"), as permitted by SEC Rule 15c2-12 (the "Rule").

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by March 31 in each year, and audited financial statements, or unaudited financial statements if audited financial statements are not yet available, by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such Financial Obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such Financial Obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information or operating data in accordance with its agreement described above under "Annual Reports".

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. "Financial Obligation" means, for purposes of the events in clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. Additionally, the City intends the words used in clauses (15) and (16) of the preceding paragraph to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Obligations in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provisions of the Ordinances that authorizes such amendment) of the outstanding Obligations consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Obligations. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter of the initial public offering of the Obligations from lawfully purchasing or selling Obligations in such offering. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City believes it has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Obligations and the presently outstanding tax supported debt of the City are rated "Aa1" by Moody's and "AA+" by S&P. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Obligations.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending or threatened litigation or other proceeding against the City that would have a material adverse financial impact upon the City or its operations.

CYBERSECURITY

Computer networks and data transmission and collection are vital to the operations of the City. Information technology and infrastructure of the City may be subject to attacks by outside or internal hackers and may be subject to breach by employee error, negligence or malfeasance. An attack or breach could compromise systems and the information stored thereon, result in the loss of confidential or proprietary data and disrupt the operations of the City. To mitigate these risks, the City continuously endeavors to improve the range of control for digital information operations, enhancements to the authentication process, and additional measures toward improving system protection/security posture, including required training for City staff and administration.

REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish to the Initial Purchasers a complete transcript of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and Initial Contractual Obligation, and to the effect that such Obligations are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described in "Tax Matters" herein. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Obligations will also be furnished. Though it may represent the Municipal Advisor and the Initial Purchaser from time to time in matters unrelated to the issuance of the Obligations, Bond Counsel has been engaged by and only represents the City in the issuance of the Obligations. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notices of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Notices of Sale and Bidding Instructions, the Official Bid Form and the Official Statement to verify that such information conforms to the provisions of the Ordinances. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinions will accompany the Obligations deposited the DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

The legal opinions to be delivered concurrently with the delivery of the Obligations express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

At the time of payment for and delivery of the Obligations, the Initial Purchasers will be furnished a certificate, executed by an authorized officer of the City acting in such official's official capacity, to the effect that to the best of such official's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Obligations and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION

The financial data and other information contained herein have been obtained from City records, audited and unaudited financial statements and other sources, which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and Ordinances contained in this Preliminary Official Statement are made subject to all of the provisions of such statutes, documents and Ordinances. These summaries do not purport to be complete statements of such provisions and reference is made to such statutes, documents and Ordinances for further information. Reference is made to original documents in all respects.

MUNICIPAL ADVISOR

Hilltop Securities Inc. ("HilltopSecurities") is employed as Municipal Advisor to the City in connection with the issuance of the Obligations. The Municipal Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. HilltopSecurities, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASERS OF THE OBLIGATIONS

After requesting competitive bids for the Bonds, the City accepted the bid of _____ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium (if any) of \$ _____. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Bonds.

After requesting competitive bids for the Contractual Obligations, the City accepted the bid of _____ (the "Initial Purchaser of the Contractual Obligations") to purchase the Contractual Obligations at the interest rates shown on page 3 of the Official Statement at a price of par plus a cash premium (if any) of \$ _____. The Initial Purchaser of the Contractual Obligations can give no assurance that any trading market will be developed for the Contractual Obligations after their sale by the City to the Initial Purchaser of the Contractual Obligations. The City has no control over the price at which the Contractual Obligations are subsequently sold and the initial yield at which the Contractual Obligations will be priced and reoffered will be established by and will be the sole responsibility of the Initial Purchaser of the Contractual Obligations.

The Initial Purchaser of the Bonds and the Initial Purchaser of the Certificates of Obligation are sometimes referred to as the Initial Purchasers.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Obligations, the City will furnish to the Initial Purchasers a certificate, executed by a proper City officer, acting in such officer's official capacity, to the effect that to the best of such officer's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement, or amendment thereto, on the date of the Official Statement, on the date of sale of the Obligations, and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS

The Ordinances authorizing the issuance of the Obligations will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchasers.

MATTHEW PORTER
Mayor
City of Wylie, Texas

ATTEST:

STEPHANIE STORM, TRMC
City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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LOCATION . . . The City is located in the southeast corner of Collin County on State Highway 78, approximately 25 miles north of downtown Dallas. The City's corporate boundaries encompass approximately 37 square miles.

ECONOMY . . . Accelerated industrial and commercial development within the past 5 to 10 years in the City, and its close proximity to the Cities of Dallas, Plano and Garland, has created a balanced economy based on manufacturing and agriculture.

ECONOMIC AND POPULATION GAINS . . . The City has noted significant population increase and economic growth in the last decade. Population of the City at the 1960 Census was 1,804 ... at the 1970 Census 2,675 ... at the 1980 Census 3,152 ... at the 1990 Census 8,716 ... at the 2000 Census 15,132 ... at the 2010 Census 41,461 ... and the estimated 2026 population is 64,428.

EMPLOYMENT DATA ⁽¹⁾

	January	Average Annual			
	2026	2025	2024	2023	2022
Civilian Labor Force	701,426	703,565	680,301	664,539	635,039
Employed	672,293	676,281	654,384	640,361	614,007
Unemployed	29,133	27,284	25,917	24,178	21,032
Percent Unemployed	4.15%	3.88%	3.81%	3.64%	3.31%
Percent Unemployed:					
State of Texas	4.50%	4.19%	4.08%	4.00%	3.94%
Collin County	4.15%	3.88%	3.81%	3.64%	3.31%

(1) Employment data from Texas Employment Commission.

INDUSTRY AND BUSINESS . . . More than 40 diversified manufacturing plants are located in the City. The ten largest employers are as follows:

Company	Product	Estimated Number of Employees
Wylie Independent School District	Public Education	3,496
North Texas Municipal Water District	Regional Water Treatment	988
City of Wylie	Municipal Government	520
Extruders/Tower Extrusion	Aluminum Extrusion	436
Wal-Mart	Retail	335
Kroger	Retail	240
Home Depot	Retail	240
Target	Retail	238
Sanden Intl. (USA), Inc.	Auto A/C Compressors	225
Avanti Windows and Doors	Manufacturer	163

Other manufacturers produce pre-fab homes, automobile and bicycle parts, photo equipment, bathroom fixtures and marble sinks and tubs. Many residents of the City are employed in the nearby Cities of Dallas, Plano, Garland and Richardson.

CONSTRUCTION PERMITS

<u>Fiscal Year Ended 9-30</u>	<u>Single Family Residential Permits Issued</u>
2021	577
2022	402
2023	397
2024	297
2025	192

TRANSPORTATION . . . State Highway 78, which runs north-south, bisects the City and connects the City with the City of Garland. F.M. 544 which runs east-west, connects the City with the City of Plano on its west. Additionally, Interstate Highway 30 (east-west) is 7 miles east of the City.

EDUCATIONAL FACILITIES . . . The Wylie Independent School District, which serves the City, covers a 41 square mile area in Collin County and serves over 19,000 students. The District is accredited by the Southern Association of Colleges and Schools by the Texas Education Agency and is organized under a K-4, 5-6, 7-8, and 9-12 grade arrangement. Twenty-One campuses, all climate-controlled and well equipped with library, media and physical education facilities, serve the student population. The staff consists of over 2,300 members.

Higher education facilities in the area include the Collin County Community College District Campuses in McKinney, Plano, and a new campus in Wylie, the University of Texas at Dallas, Southern Methodist University in Dallas, University of North Texas and Texas Woman's University in Denton.

RECREATION . . . Excellent recreational facilities are available to the residents of the City. The City is located on the shores of Lake Lavon, consisting of 380,000 acre feet of potable water storage. The City also has seven parks with baseball/softball fields, volleyball courts and basketball courts.

APPENDIX B

EXCERPTS FROM THE
CITY OF WYLIE, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2025

The information contained in this Appendix consists of excerpts from the City of Wylie, Texas Annual Comprehensive Financial Report for the Year Ended September 30, 2025, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

The Honorable Mayor
and Members of the City Council
City of Wylie, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wylie, Texas (the City) as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension and other postemployment benefits information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
January 21, 2026



City of Wylie, Texas

Management's Discussion and Analysis

September 30, 2025

As management of the City of Wylie (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i through v of this report.

Financial Highlights

- The unassigned portion of the General Fund fund balance at the end of the year was \$23,162,890 or 34.21 percent of total General Fund expenditures. This includes the 25% of General Fund expenditures which is required to be held in General Fund fund balance per the City Council approved Financial Management Policies. That amount is \$16,925,378. The remainder represents funds which may be used for one-time expenditures or unforeseen needs which the Council allocates for a specific purpose. The unassigned General Fund fund balance can be seen on page 18 of this report on the Balance Sheet-Governmental Funds. It is part of the total General Fund fund balances, September 30, 2025, shown on page 21 of this report on the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2025, by \$358,081,863 (net position). Of this amount, \$63,560,271 (unrestricted portion of net position) may be used to meet the government's ongoing obligations to citizens and creditors. Included in the unrestricted portion of net position are monies from all the City's various funds which are not restricted for other purposes.
- Total assets were \$459,065,378 which includes capital assets and current assets such as cash, prepaids, inventory, and receivables. Total liabilities were \$108,433,318 which includes long-term liabilities from debt, compensated absences, pension liabilities, and OPEB liabilities and other liabilities such as accrued interest, accounts payables, unearned deposits and accrued liabilities. The statement of net position also includes deferred outflows and inflows from pension and OPEB liabilities along with deferred losses from refunding of debt.
- The City's total net position increased by \$9,979,075 primarily due to an increase in sales and property tax receipts. Interest earnings were also significantly higher than previous years due to the economic environment. Developer contributions of over \$950 thousand for streets, alleys, drainage, as well as \$261 thousand for water/sewer infrastructure also increased net position. Impact fees for water/sewer added \$513 thousand and \$540 thousand was added from thoroughfare impact fees. Service charges for business-type activities exceeding operating costs also contributed to the net position increase. The effects of these changes can be seen in Table 2.
- The City's governmental funds reported combined ending fund balances of \$64,389,249, a decrease of \$14,591,589 in comparison to the previous year. The General Fund ending balance was lower than 2024 by \$2.6 million, while Capital Projects Funds decreased by \$10.9 million as projects move forward in the construction phase.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**City of Wylie, Texas
Management's Discussion and Analysis
September 30, 2025**

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Wylie's finances. This is done in a manner similar to a private-sector business. Two statements, the Statement of Net Position and the Statement of Activities, are utilized to provide this financial overview. The Statement of Net Position presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide statements distinguish between governmental activities and business-type activities. Governmental activities basically account for those activities supported by taxes and intergovernmental revenues. On the other hand, business-type activities are basically supported by user fees and charges. Most City services are reported in governmental activities while business-type activities are reported in the Enterprise Fund.

The government-wide statements include not only the City but also a discretely presented component unit, the Wylie Economic Development Corporation (WEDC). Although legally separate, WEDC is financially accountable to the City.

Fund financial statements. The City, like other state and local governments, utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seventeen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund and the General Obligation Debt Service Fund. All Capital Projects Funds are combined for a single, aggregated presentation. Data from the non-major funds are combined and reported in a single column. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City maintains one type of proprietary fund, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer operations.

**City of Wylie, Texas
Management's Discussion and Analysis
September 30, 2025**

Proprietary funds financial statements provide the same type of information as the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to gain a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found after the notes to the financial statements.

Government-Wide Financial Analysis

At the end of fiscal year 2025, the City's net position (assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources) totaled \$358,081,863. This analysis focuses on the net position (Table 1) and changes in net position (Table 2).

Net Position. The largest portion of the City's net position, \$265,608,095, or 74.2%, reflects its investment in capital assets (land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any related debt used to acquire those assets that is still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City reports its capital assets net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$28,913,497, or 8.1% represents resources that are subject to external restrictions on how they may be used. The unrestricted portion of net position which is \$63,560,271 (17.8%) may be used to meet the government's ongoing obligations to citizens and creditors.

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 83,171,880	\$ 96,713,441	\$ 58,458,466	\$ 54,628,916	\$ 141,630,346	\$ 151,342,357
Capital assets	244,596,119	235,057,501	72,838,913	73,755,337	317,435,032	308,812,838
Total Assets	327,767,999	331,770,942	131,297,379	128,384,253	459,065,378	460,155,195
Deferred outflows of resources	8,567,114	8,025,380	787,013	673,140	9,354,127	8,698,520
Long term liabilities	80,297,238	89,317,541	10,305,427	11,376,490	90,602,665	100,694,031
Other liabilities	15,549,158	16,383,494	2,281,495	2,913,071	17,830,653	19,296,565
Total liabilities	95,846,396	105,701,035	12,586,922	14,289,561	108,433,318	119,990,596
Deferred inflows of resources	1,735,995	696,940	168,329	63,391	1,904,324	760,331
Net Position:						
Net investment in capital assets	200,223,841	190,502,993	65,384,254	70,288,707	265,608,095	260,791,700
Restricted for debt service	98,632	691,268	-	-	98,632	691,268
Restricted for capital projects	14,141,784	17,475,560	7,731,246	7,294,077	21,873,030	24,769,637
Restricted for economic development	5,536,119	6,087,792	-	-	5,536,119	6,087,792
Restricted for tourism	950,275	904,896	-	-	950,275	904,896
Restricted for other	455,441	393,713	-	-	455,441	393,713
Unrestricted	17,346,630	17,342,125	46,213,641	37,121,657	63,560,271	54,463,782
Total Net Position	\$ 238,752,722	\$ 233,398,347	\$ 119,329,141	\$ 114,704,441	\$ 358,081,863	\$ 348,102,788

**City of Wylie, Texas
Management's Discussion and Analysis
September 30, 2025**

Changes in Net Position

Governmental Activities. Governmental activities increased the City's net position by \$5,354,375 from the prior year. This was primarily due to developer contributions of streets, alleys and drainage totaling \$955,353 and interest earnings of \$4.9 million. There also was a slight increase in ad valorem revenue from new residential construction and an increase in sales taxes due to favorable economic conditions.

Business-type Activities. Net position from business-type activities increased by \$4,624,700 from the prior year. Utility revenues from the growth of our customer base are partially responsible, as well as developer contributions for water and sewer infrastructure of approximately \$261 thousand.

**Table 2
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 12,287,534	\$ 9,989,648	\$ 32,382,680	\$ 31,381,498	\$ 44,670,214	\$ 41,371,146
Operating grants and contributions	1,258,727	914,644	-	-	1,258,727	914,644
Capital grants and contributions	5,925,051	3,424,299	773,002	1,307,892	6,698,053	4,732,191
General revenues:						
Ad valorem taxes	44,926,219	41,463,584	-	-	44,926,219	41,463,584
Sales taxes	15,394,203	14,993,518	-	-	15,394,203	14,993,518
Other taxes and fees	2,968,338	3,029,760	-	-	2,968,338	3,029,760
Interest	4,921,336	6,401,944	1,574,799	1,812,289	6,496,135	8,214,233
Gain (loss) disposal of capital assets	99,033	7,079	-	-	99,033	7,079
Miscellaneous	974,059	421,833	240,708	180,780	1,214,767	602,613
Total revenues	88,754,500	80,646,309	34,971,189	34,682,459	123,725,689	115,328,768
Expenses:						
General government	17,631,180	16,475,644	-	-	17,631,180	16,475,644
Public safety	41,285,911	33,866,636	-	-	41,285,911	33,866,636
Urban development	1,429,717	1,033,568	-	-	1,429,717	1,033,568
Streets	11,864,540	13,643,998	-	-	11,864,540	13,643,998
Community service	12,205,076	10,873,557	-	-	12,205,076	10,873,557
Interest on long-term debt	1,703,111	2,187,465	-	-	1,703,111	2,187,465
Water and sewer operations	-	-	27,627,079	25,014,428	27,627,079	25,014,428
Total expenses	86,119,535	78,080,868	27,627,079	25,014,428	113,746,614	103,095,296
Increase in net position before transfers	2,634,965	2,565,441	7,344,110	9,668,031	9,979,075	12,233,472
Transfers	2,719,410	2,640,204	(2,719,410)	(2,640,204)	-	-
Increase in net position	5,354,375	5,205,645	4,624,700	7,027,827	9,979,075	12,233,472
Net position - October 1	233,398,347	228,192,702	114,704,441	107,676,614	348,102,788	335,869,316
Net position - September 30	\$ 238,752,722	\$ 233,398,347	\$ 119,329,141	\$ 114,704,441	\$ 358,081,863	\$ 348,102,788

Government-Wide Financial Analysis

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Wylie, Texas Management's Discussion and Analysis September 30, 2025

As of the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$64,389,249.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance was \$23,162,890. The overall fund balance of the General Fund decreased by \$2,582,073 during the current fiscal year. The reason for the decrease is primarily related to the intentional use of unassigned fund balance for one time equipment and vehicle purchases.

The General Obligation Debt Service Fund reported a decrease of \$630,542 in fund balance. This was due to the intentional use of part of the fund balance to reduce I&S portion of the tax rate. The Capital Projects Fund decreased \$10,904,598 as construction projects moved forward. Other governmental funds' combined fund balances decreased \$474,376 primarily due to intentional use of 4B Sales Tax Fund fund balance to cover costs related to the community investment fund projects. These costs were associated with capital items and by nature, one-time expenses only.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide statements, but in more detail.

Unrestricted net position of the Utility Fund at the end of the year was \$46,213,641. This represents an increase of \$9,091,984 over prior year's unrestricted net position. This is largely attributable to the increases in water and sewer operating revenues. The year included a planned rate increase, which is based on a five-year water and sewer rate study. There also was an increase in the system's customer base. This year's operating income was \$4,990,437.

General Fund Budgetary Highlights. In FY 2025, the General Fund expenditure budget was increased by \$8,563,355 over the 2024 budget with approximately \$471,000 funding new personnel requests. These requests included two Equipment Operators for the streets department, one Compliance Officer for the code enforcement department, an Operations Support Technician for the facilities department, a Records Clerk for the police department, and a Public Safety Data Analyst for the emergency communications department. \$1,221,250 of non-personnel requests were also funded. These included 4 vehicles and body-worn cameras for the police department, one code compliance officer vehicle, and the replacement of the exterior doors at the municipal complex to make them ADA compliant. A replacement ambulance and 5 automated CPR devices for the EMS department, an armored vehicle and equipment for patrol vehicles purchased in FY2024 for the police department, two replacement vehicles for the fire department, and a six-yard dump truck for the streets department were approved as purchases to be made from unassigned fund balance. The FY2025 budget also included an average 3% merit for general employees. Each year, the City performs a mid-year review of the budget. If the City Manager determines that funds are available, certain amendments are proposed to the City Council for their review and approval. Expenditures were amended throughout the year with the majority occurring during mid-year reviews. These amendments increased General Fund appropriations by \$1,416,081 or 2.01 percent.

In the General Fund, the actual revenue received in comparison to the final budget was under by \$1,496,963. This negative variance is most noticeable in ad valorem tax, licenses and permits, intergovernmental revenue and interest income. General Fund expenditures had a final budget-to-actual positive variance of \$3,994,275 prior to other financing sources/uses. This amount is attributable to intentional savings made by all departments, incomplete or postponed projects and personnel savings due to turnover and unfilled vacancies.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of September 30, 2025, amounts to \$317,435,032 (net of accumulated depreciation/amortization). The investment in capital assets includes land, buildings, improvements other than buildings, right-to-use machinery and equipment, machinery and equipment, and construction in progress. The total increase in the City's investment in capital assets for the current year was \$8,622,194.

**City of Wylie, Texas
Management's Discussion and Analysis
September 30, 2025**

**Table 3
Capital Assets at Year-end
Net of Accumulated Depreciation/Amortization (000's)**

Asset	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 46,059	\$ 45,767	\$ 101	\$ 101	\$ 46,160	\$ 45,868
Other non-depreciable assets	1,316	1,316	-	-	1,316	1,316
Buildings	48,362	49,567	2,212	2,345	50,574	51,912
Improvements	107,504	110,138	68,052	61,476	175,556	171,614
Right-to-use machinery and equipment	114	171	-	-	114	171
Machinery and equipment	11,424	7,132	2,034	1,244	13,458	8,376
Construction in progress	29,817	20,967	440	8,589	30,257	29,556
	<u>\$ 244,596</u>	<u>\$ 235,058</u>	<u>\$ 72,839</u>	<u>\$ 73,755</u>	<u>\$ 317,435</u>	<u>\$ 308,813</u>

Additional information on the City's capital assets can be found in the notes to the financial statements in Note 5.

Debt Administration. At the end of the current fiscal year, the City of Wylie had total bonded debt outstanding of \$65.9 million, all of which is backed by the full faith and credit of the City.

**Table 4
Outstanding Bonded Debt at Year End (000's)**

Type of Debt	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation	\$ 44,285	\$ 52,150	\$ 985	\$ 1,445	\$ 45,270	\$ 53,595
Combination tax & revenue	10,835	11,420	5,375	5,725	16,210	17,145
Unamortized premium (discount)	4,179	5,226	259	330	4,438	5,556
Total	<u>\$ 59,299</u>	<u>\$ 68,796</u>	<u>\$ 6,619</u>	<u>\$ 7,500</u>	<u>\$ 65,918</u>	<u>\$ 76,296</u>

Total bonded debt of the City decreased primarily due to the principal payment of debt and amortization of premiums.

The City continues to maintain favorable ratings from bond rating agencies. The current General Obligation, Combination Tax and Revenue Certificates of Obligation, and Revenue Bonds ratings are as follows.

	Moody's	Standard
	<u>Investors Service</u>	<u>& Poor's</u>
General obligation bonds	Aa1	AA+
Certificates of obligation	Aa1	AA+
Revenue bonds	A1	A+

Additional information on the City's long-term debt can be found in the notes to the financial statements in Note 8.

**City of Wylie, Texas
Management's Discussion and Analysis
September 30, 2025**

Economic Factors and Next Year's Budgets and Rates

Steady growth is the predominant characteristic of the City with \$155,237,170 of new assessed valuation added to the tax roll from new construction for FY2026. This value brought an additional \$844,000 to the budget, allowing the City to maintain its current service levels. As steady growth continues, the upward trend in property values remains evident. The City's Freeze-adjusted taxable property values showed an increase of 4.9% from FY2025 to FY2026. Our growth pattern is also projected to continue into FY2026 but the City recognizes that as we get closer to build-out, redevelopment will fuel the City's growth of tax base. As is the City's pattern, fiscal conservatism continues to play a major role in the development of the FY2026 operating budget. The FY2026 adopted tax rate (\$.543438 per \$100 of assessed valuation) was 2.2 cents above the new revenue rate, but under the voter-approval tax rate (when you include the unused incremental rate).

In FY2026, General Fund revenues are budgeted to increase by 3.6% over FY2025 due to the increase in ad valorem taxes. Expenditures prior to transfers out are budgeted to decrease .05% compared to FY2025 due to the elimination of using excess unassigned fund balance to fund one-time purchases. This will provide a 31.7% estimated fund balance at FY2026 year-end, which exceeds the goal of 25%.

FY2026 Utility Fund revenues are budgeted to increase by 10.9% from FY2025 revenues and expenses are projected to increase by 6.1% from FY2025.

The City works with an independent firm to annually review water and sewer rates. The rates needed to fund current and future operating and infrastructure needs were identified. Also included in the study were estimated future water and sewer charges from North Texas Municipal Water District as well as future capital needs. Therefore, in the Utility Fund, water and sewer rates were adjusted for the FY2026 budget year in accordance with this study.

During FY2006, voters authorized the City to issue \$73,950,000 in bonds. \$35,325,000 was issued in 2006 with the remaining \$38,625,000 issued in 2008. The issuance of these bonds was expected to cause an increase in the I & S tax rate to cover the principal and interest payments on the additional debt. However, the total tax rate went unchanged from FY2009 through FY2012. FY2013 began a trend of a tax rate reduction, but Council voted to increase the tax rate for 2026, the first time in fourteen years. The current increase was \$.009137; however, the tax rate has still been reduced by \$.355462 over the last fourteen-years. The current rate of \$.543438 per \$100 of assessed property valuation allows Wylie to be at a competitive level with other area cities while still providing adequate revenue to fund the needs of our growth.

In November of 2021, voters authorized the City to issue \$50,100,000 in bonds for expansion and reconstruction of three major roads: McMillen Drive, Park Boulevard and South Ballard Avenue/Sachse Road. The propositions also included city-wide street and alley repair/replacement as well as improvements to Wylie's Historic Downtown District. Bonds will only be issued when projects are ready to proceed to minimize the impact on the I&S tax rate. \$5.1 million was issued in FY2022 and the additional debt was absorbed in the M&O rate instead of increasing the I&S. In FY2023, \$16 million was issued and two cents was added to the I&S portion of the tax rate. No bonds were issued in FY2025.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 300 Country Club Road, Wylie, Texas, 75098.



BASIC FINANCIAL STATEMENTS



**CITY OF WYLIE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

EXHIBIT A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 73,188,231	\$ 44,807,971	\$ 117,996,202	\$ 11,149,856
Receivables (net of allowance for uncollectibles)	9,303,270	5,623,587	14,926,857	1,964,707
Inventories	191,427	297,303	488,730	15,994,176
Prepaid items	468,264	-	468,264	2,000
Restricted assets:				
Cash and cash equivalents	20,688	7,729,605	7,750,293	-
Capital assets (net of accumulated depreciation/amortization):				
Land	46,059,192	101,045	46,160,237	-
Other non-depreciable assets	1,316,294	-	1,316,294	-
Construction in progress	29,816,902	440,318	30,257,220	-
Buildings	48,361,968	2,212,111	50,574,079	-
Improvement other than buildings	107,503,810	68,051,401	175,555,211	-
Right-to-use machinery and equipment	114,218	-	114,218	-
Machinery and equipment	11,423,735	2,034,038	13,457,773	-
Total assets	327,767,999	131,297,379	459,065,378	29,110,739
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	774,820	31,440	806,260	-
Deferred outflows - pensions	7,686,164	745,282	8,431,446	110,927
Deferred outflows - OPEB	106,130	10,291	116,421	1,532
Total deferred outflows of resources	8,567,114	787,013	9,354,127	112,459
LIABILITIES				
Accounts payable and other current liabilities	8,980,837	1,742,814	10,723,651	1,123,619
Accrued interest payable	285,401	29,171	314,572	44,849
Due to other governments	124,584	-	124,584	-
Liabilities payable from restricted assets	-	509,510	509,510	-
Unearned revenue	6,158,336	-	6,158,336	-
Non current liabilities:				
Due within one year	10,009,362	1,299,529	11,308,891	855,737
Due in more than one year	70,287,876	9,005,898	79,293,774	20,509,497
Total liabilities	95,846,396	12,586,922	108,433,318	22,533,702
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	1,495,165	144,977	1,640,142	21,578
Deferred inflows - OPEB	240,830	23,352	264,182	3,476
Total deferred inflows of resources	1,735,995	168,329	1,904,324	25,054
NET POSITION				
Net investment in capital assets	200,223,841	65,384,254	265,608,095	-
Restricted for:				
Debt service	98,632	-	98,632	-
Capital projects	14,141,784	7,731,246	21,873,030	-
Economic development	5,536,119	-	5,536,119	-
Tourism	950,275	-	950,275	-
Other	455,441	-	455,441	-
Unrestricted	17,346,630	46,213,641	63,560,271	6,664,442
Total net position	\$ 238,752,722	\$ 119,329,141	\$ 358,081,863	\$ 6,664,442

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF WYLIE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	\$ 17,631,180	\$ 4,635,478	\$ 286,582	\$ -
Public safety	41,285,911	5,882,519	97,399	65,381
Urban development	1,429,717	1,125,242	-	-
Streets	11,864,540	-	-	4,796,698
Community service	12,205,076	644,295	874,746	1,062,972
Interest on long-term debt	1,703,111	-	-	-
Total governmental activities	86,119,535	12,287,534	1,258,727	5,925,051
Business-type activities:				
Utility	27,627,079	32,382,680	-	773,002
Total business-type activities	27,627,079	32,382,680	-	773,002
Total primary government	\$ 113,746,614	\$ 44,670,214	\$ 1,258,727	\$ 6,698,053
Component unit:				
Wylie Economic Development Corp	\$ 12,430,601	\$ -	\$ -	\$ -
Total component units	\$ 12,430,601	\$ -	\$ -	\$ -

General revenues:
Ad valorem taxes
Sales taxes
Franchise taxes
Unrestricted investment earnings
Miscellaneous income
Gain on disposal of assets
Transfers
Total general revenues and transfers

Change in net position

Net position - Beginning of year

Net position - Ending

The accompanying notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Component Unit
\$ (12,709,120)	\$ -	\$ (12,709,120)	\$ -
(35,240,612)	-	(35,240,612)	-
(304,475)	-	(304,475)	-
(7,067,842)	-	(7,067,842)	-
(9,623,063)	-	(9,623,063)	-
(1,703,111)	-	(1,703,111)	-
<u>(66,648,223)</u>	<u>-</u>	<u>(66,648,223)</u>	<u>-</u>
-	5,528,603	5,528,603	-
-	5,528,603	5,528,603	-
<u>\$ (66,648,223)</u>	<u>\$ 5,528,603</u>	<u>\$ (61,119,620)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,430,601)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,430,601)</u>
44,926,219	-	44,926,219	-
15,394,203	-	15,394,203	5,014,688
2,968,338	-	2,968,338	-
4,921,336	1,574,799	6,496,135	363,587
974,059	240,708	1,214,767	9,897
99,033	-	99,033	232,238
2,719,410	(2,719,410)	-	-
<u>72,002,598</u>	<u>(903,903)</u>	<u>71,098,695</u>	<u>5,620,410</u>
5,354,375	4,624,700	9,979,075	(6,810,191)
<u>233,398,347</u>	<u>114,704,441</u>	<u>348,102,788</u>	<u>13,474,633</u>
<u>\$ 238,752,722</u>	<u>\$ 119,329,141</u>	<u>\$ 358,081,863</u>	<u>\$ 6,664,442</u>

**CITY OF WYLIE, TEXAS
BALANCE SHEET-GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>General Fund</u>	<u>General Obligation Debt Service</u>
ASSETS		
Cash and cash equivalents	\$ 25,733,079	\$ 268,767
Receivables (net of allowance for uncollectibles):		
Ad valorem taxes	323,305	103,489
Franchise taxes	1,102,034	-
Sales taxes	1,732,777	-
Accounts	624,426	-
Other	803,991	-
Restricted cash	20,688	-
Inventories, at cost	191,427	-
Prepaid items	468,264	-
Total assets	<u>\$ 30,999,991</u>	<u>\$ 372,256</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES:		
Accounts payable	\$ 1,633,472	\$ 5,625
Other payables and accruals	2,293,780	-
Retainage payable	-	-
Due to other governments	124,584	-
Unearned revenue	572,369	-
Total liabilities	<u>4,624,205</u>	<u>5,625</u>
DEFERRED INFLOWS OF RESOURCES:		
Unavailable resources	1,607,963	116,567
Total deferred inflows of resources	<u>1,607,963</u>	<u>116,567</u>
FUND BALANCES:		
Nonspendable		
Inventory and prepaid items	659,691	-
Restricted		
Debt service	-	250,064
Capital projects	-	-
Economic development	-	-
Municipal court	-	-
Tourism	-	-
Law enforcement	308,761	-
Committed		
Park acquisition and improvement	-	-
Fire training	-	-
Fire development	-	-
Public arts	601,860	-
Assigned		
Law enforcement	14,096	-
Streets	20,525	-
Unassigned	23,162,890	-
Total fund balances	<u>24,767,823</u>	<u>250,064</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,999,991</u>	<u>\$ 372,256</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT A-3

<u>Capital Projects Fund</u>	<u>Non major Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 38,622,377	\$ 8,564,008	\$ 73,188,231
-	-	426,794
-	-	1,102,034
-	855,707	2,588,484
-	-	624,426
3,627,777	129,764	4,561,532
-	-	20,688
-	-	191,427
-	-	468,264
<u>\$ 42,250,154</u>	<u>\$ 9,549,479</u>	<u>\$ 83,171,880</u>
\$ 3,675,006	\$ 99,277	\$ 5,413,380
-	244,609	2,538,389
1,029,068	-	1,029,068
-	-	124,584
5,538,154	47,813	6,158,336
<u>10,242,228</u>	<u>391,699</u>	<u>15,263,757</u>
1,794,344	-	3,518,874
<u>1,794,344</u>	<u>-</u>	<u>3,518,874</u>
-	-	659,691
-	17,402	267,466
30,213,582	-	30,213,582
-	5,536,119	5,536,119
-	145,851	145,851
-	950,275	950,275
-	829	309,590
-	956,017	956,017
-	220,914	220,914
-	1,330,373	1,330,373
-	-	601,860
-	-	14,096
-	-	20,525
-	-	23,162,890
<u>30,213,582</u>	<u>9,157,780</u>	<u>64,389,249</u>
<u>\$ 42,250,154</u>	<u>\$ 9,549,479</u>	<u>\$ 83,171,880</u>

**CITY OF WYLIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2025**

EXHIBIT A-4

Total fund balances-governmental funds balance sheet	\$ 64,389,249
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	244,596,119
Deferred losses on refunding are reported as deferred outflows of resources in the government-wide statement of net position.	774,820
Revenues earned but not available within sixty days of the fiscal year-end are not recognized as revenue in the fund financial statements.	3,518,874
Deferred outflows of resources, \$7,686,164, related to the City's net pension liability result in an increase in net position in the government-wide financial statements while deferred inflows (\$1,495,165) result in a decrease in net position.	6,190,999
Deferred outflows of resources, \$106,130, related to the City's net OPEB liability result in an increase in net position in the government-wide financial statements while deferred inflows (\$240,830) result in a decrease in net position.	(134,700)
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.	(285,401)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the fund financial statements.	<u>(80,297,238)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of net position	<u><u>\$ 238,752,722</u></u>

The accompanying notes to the basic financial statements are an integral part of this statement.

CITY OF WYLIE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

EXHIBIT A-5

	General Fund	General Obligation Debt Service	Capital Projects Fund	Non major Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 35,100,024	\$ 9,851,013	\$ -	\$ -	\$ 44,951,037
Sales taxes	10,114,724	-	-	5,279,479	15,394,203
Franchise fees	2,946,374	-	-	-	2,946,374
Licenses and permits	899,363	-	540,013	76,494	1,515,870
Intergovernmental	3,811,247	-	4,488,533	-	8,299,780
Service fees	6,749,997	-	-	1,268,996	8,018,993
Court fees	512,572	-	-	38,103	550,675
Development fees	-	-	-	197,399	197,399
Interest income	1,106,876	57,883	1,434,564	295,821	2,895,144
Miscellaneous income	324,794	-	-	77,974	402,768
Total revenues	<u>61,565,971</u>	<u>9,908,896</u>	<u>6,463,110</u>	<u>7,234,266</u>	<u>85,172,243</u>
EXPENDITURES					
Current:					
General government	15,370,849	-	-	-	15,370,849
Public safety	40,414,299	-	-	351,481	40,765,780
Urban development	1,391,846	-	-	-	1,391,846
Streets	5,286,193	-	-	-	5,286,193
Community service	5,180,141	-	-	6,969,827	12,149,968
Capital outlay	-	-	17,367,708	-	17,367,708
Debt service:					
Principal	55,882	8,065,000	-	385,000	8,505,882
Interest and fiscal charges	2,302	2,474,438	-	5,775	2,482,515
Total expenditures	<u>67,701,512</u>	<u>10,539,438</u>	<u>17,367,708</u>	<u>7,712,083</u>	<u>103,320,741</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>(6,135,541)</u>	<u>(630,542)</u>	<u>(10,904,598)</u>	<u>(477,817)</u>	<u>(18,148,498)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,755,410	-	-	390,775	3,146,185
Transfers out	-	-	-	(426,775)	(426,775)
Proceeds from sale of property	104,674	-	-	-	104,674
Insurance recovery	693,384	-	-	39,441	732,825
Total other financing sources (uses)	<u>3,553,468</u>	<u>-</u>	<u>-</u>	<u>3,441</u>	<u>3,556,909</u>
Net change in fund balances	<u>(2,582,073)</u>	<u>(630,542)</u>	<u>(10,904,598)</u>	<u>(474,376)</u>	<u>(14,591,589)</u>
Fund balances October 1, 2024	<u>27,349,896</u>	<u>880,606</u>	<u>41,118,180</u>	<u>9,632,156</u>	<u>78,980,838</u>
Fund balances September 30, 2025	<u>\$ 24,767,823</u>	<u>\$ 250,064</u>	<u>\$ 30,213,582</u>	<u>\$ 9,157,780</u>	<u>\$ 64,389,249</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF WYLIE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO
THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

EXHIBIT A-6

Net change in fund balances- total governmental funds.	\$ (14,591,589)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	20,434,991
Depreciation and amortization expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation and amortization expense is not reported as expenditures in the governmental funds.	(11,933,691)
Disposal of capital assets decreases net position in the government-wide financial statements and gets netted with the proceeds of the sale that is recorded at the fund level statements.	(5,641)
The repayment of the principal of long term debt consumes the current financial resources of governmental funds, but has no effect on net position. The amortization of bond premiums and deferred gain/loss on refunding of long term debt is reported in statement of activities but does not require the use of current financial resources. Therefore, the effect of the amortization of these various items are not reported in the statement of revenues, expenses, and changes in fund balance. This amount represents the net effect of the following items:	
o Principal payments of \$8,450,000 on bonds and \$55,882 on leases	
o Amortization of premium on bonds of \$1,046,513 and deferred loss on refunding of (\$364,669)	9,187,726
The net change in net pension liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore is not reported as an expenditure in the governmental funds.	(137,158)
The net change in OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore is not reported as expenditures in the governmental funds.	(19,963)
Current year changes in accrued interest payable do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	47,642
Current year changes in the long-term liability for compensated absences do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds.	(420,018)
Governmental funds do not recognize assets contributed by developers. However, in the statement of activities, the fair market value of those assets is recognized as revenue, then allocated over the useful life of the assets and reported as depreciation expense.	955,353
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	<u>1,836,723</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES - statement of activities	<u>\$ 5,354,375</u>

The accompanying notes to the basic financial statements
are an integral part of this statement.



**CITY OF WYLIE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2025**

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 44,807,971
Accounts receivables (net of allowances for uncollectibles)	5,279,241
Other receivables	344,346
Inventories, at cost	297,303
Restricted assets	
Cash and cash equivalents	<u>7,729,605</u>
Total current assets	<u>58,458,466</u>
Non-current assets	
Capital assets:	
Land	101,045
Buildings	3,956,304
Waterworks system	67,652,645
Sewer system	46,747,377
Machinery and equipment	4,528,912
Construction in progress	440,318
Accumulated depreciation	<u>(50,587,688)</u>
Total capital assets (net of accumulated depreciation)	<u>72,838,913</u>
Total non-current assets	<u>72,838,913</u>
Total assets	<u>131,297,379</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	31,440
Pensions	745,282
OPEB	<u>10,291</u>
Total deferred outflows of resources	<u>787,013</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

EXHIBIT A-7

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,239,217
Other payables and accruals	503,597
Compensated absences payable - current	125,566
General obligation bonds payable - current	480,000
Combination bonds - tax and revenue - current	360,000
Financed purchases payable - current	333,963
Accrued interest payable	29,171
Customer deposits	509,510
Total current liabilities	<u>3,581,024</u>
Non-current liabilities:	
Compensated absences payable	283,733
General obligation bonds payable	505,000
Combination bonds - tax and revenue and premiums	5,273,768
Financed purchases payable	1,407,597
Net pension liability	1,482,918
OPEB	52,882
Total noncurrent liabilities	<u>9,005,898</u>
Total liabilities	<u>12,586,922</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	144,977
OPEB	23,352
Total deferred inflows of resources	<u>168,329</u>
NET POSITION	
Net investment in capital assets	65,384,254
Restricted for construction	7,731,246
Unrestricted	46,213,641
Total net position	<u>\$ 119,329,141</u>

**CITY OF WYLIE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND
NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

EXHIBIT A-8

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
OPERATING REVENUES	
Water	\$ 15,106,342
Sewer	16,909,093
Penalties	208,055
Water taps	75,010
Sewer taps	34,980
Reconnect fees	<u>49,200</u>
Total operating revenues	<u>32,382,680</u>
OPERATING EXPENSES	
Water purchases	7,790,721
Sewer treatment	8,870,904
Utility administration	665,708
Water department	2,490,768
Sewer department	1,769,474
Utility billing	1,659,673
Engineering	276,369
Combined services	924,879
Depreciation	<u>2,943,747</u>
Total operating expenses	<u>27,392,243</u>
Operating income	<u>4,990,437</u>
NON-OPERATING REVENUES (EXPENSES)	
Investment revenue	1,574,799
Miscellaneous income	240,708
Interest expense	<u>(234,836)</u>
Total non-operating revenues (expenses)	<u>1,580,671</u>
Net income before transfers and contributions	<u>6,571,108</u>
TRANSFERS AND CONTRIBUTIONS	
Capital contributions	260,715
Impact fees	512,287
Transfers out	<u>(2,719,410)</u>
Total transfers and contributions	<u>(1,946,408)</u>
Change in net position	4,624,700
Net position, October 1	<u>114,704,441</u>
Net position, September 30	<u>\$ 119,329,141</u>

The accompanying notes to the basic financial statements are an integral part of this statement.

**CITY OF WYLIE, TEXAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

EXHIBIT A-9

	<u>Enterprise Fund</u>
	<u>Utility Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 32,899,169
Cash payments to employees for services	(3,256,385)
Cash payments to other suppliers for goods and services	<u>(21,502,861)</u>
Net cash provided by operating activities	<u>8,139,923</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>(2,719,410)</u>
Net cash used in non-capital financing activities	<u>(2,719,410)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal and interest paid	(1,432,466)
Acquisition or construction of capital assets	(1,766,608)
Water and sewer impact fee revenue	<u>512,287</u>
Net cash used in capital and related financing activities	<u>(2,686,787)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends on investments	<u>1,574,799</u>
Net cash provided by investing activities	<u>1,574,799</u>
Net increase in cash and cash equivalents	4,308,525
Cash and cash equivalents at beginning of year	<u>48,229,051</u>
Cash and cash equivalents at end of year	<u>\$ 52,537,576</u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 44,807,971
Restricted cash and cash equivalents	<u>7,729,605</u>
Total cash and cash equivalents	<u>\$ 52,537,576</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 4,990,437
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	2,943,747
Miscellaneous income	240,708
Pension and OPEB expense	97,395
Effects of changes in assets and liabilities:	
Decrease (increase) in receivables	230,356
Decrease (increase) in inventories	17,384
Decrease (increase) in restricted receivables	231,235
Decrease (increase) in deferred outflows for pensions and OPEB	(129,263)
Increase (decrease) in deferred inflows for pensions and OPEB	104,938
Increase (decrease) in accounts payable	(331,064)
Increase (decrease) in other payables and other accruals	(341,312)
Increase (decrease) in compensated absences	39,937
Increase (decrease) in customer deposits	<u>45,425</u>
Total adjustments	<u>3,149,486</u>
Net cash provided by operating activities	<u>\$ 8,139,923</u>
NONCASH ITEMS	
Developer contributions of capital assets	<u>\$ 260,715</u>

The accompanying notes to the basic financial statements are an integral part of this statement.



CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Wylie (the City) was incorporated in 1887. The City operates under a Council-Manager form of government as a duly incorporated home rule city as authorized under the constitution of the State of Texas, and provides the following services: public safety (police and fire), streets, water, sewer and sanitation, public improvements, culture, planning and zoning, parks and recreation, and general administrative services.

The City reports in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The accounting and reporting framework and the more significant accounting principles and practices are discussed in subsequent sections of this Note. The remainder of the notes are organized to provide concise explanations, including required disclosures of budgetary matters, assets, liabilities, fund balance, revenues, expenditures/expenses, and other information considered important to gaining a clear picture of the City's financial activities for the fiscal year ended September 30, 2025.

A. Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities, business-type activities and activities of its discretely presented component unit on the statement of net position and statement of activities. Significantly, the City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation and amortization expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the governmental funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City also presents Management's Discussion and Analysis, which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison statement is presented that compares the original adopted and final amended General Fund budget with actual results.

B. Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. In evaluating how to define the government for financial reporting purposes, management has considered all entities for which the City is considered to be financially accountable. The City is a home rule municipality governed by an elected Mayor and six-member City Council, who appoint a City Manager. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Financial Reporting Entity – Continued

Blended Component Unit

The Wylie Park and Recreation Facilities Development Corporation (“the 4B Corporation”) is presented in the basic financial statements as a blended component unit of the City. The 4B Corporation’s board is substantively the same as the City Council. All members of the 4B Corporation other than the board are City employees. The City Manager is the Chief Executive Operating Officer of the 4B Corporation. The purpose of the 4B Corporation, which is financed with a voter-approved half-cent sales tax, is to promote economic development within the City through the construction of park and recreation facilities. The 4B Corporation has a September 30 year-end. The 4B Corporation’s financial budget, treasury, and personnel functions are totally integrated with the City’s (thus the City has operational responsibility for the 4B Corporation). All of the 4B Corporation’s financial information is presented in the basic and combining financial statements along with the notes to these financial statements. The 4B Corporation does not issue separate financial statements.

Discretely Presented Component Unit

The Wylie Economic Development Corporation (WEDC) is a discretely presented component unit in the combined financial statements. The governing body of the WEDC is appointed by the City Council and the WEDC’s operating budget is subject to approval of the City Council. The WEDC’s board is not substantially the same as the City Council. The purpose of the WEDC, which is financed with a voter-approved half-cent City sales tax, is to aid, promote and further the economic development within the City. The WEDC is presented as a governmental fund type and has a September 30 year-end. Under a contract with the WEDC, the financial, budget, treasury and personnel functions of the WEDC are integrated with the City. All of WEDC’s financial information is presented in the combined and combining financial statements along with the notes to these financial statements. There are no separately issued financial statements of the WEDC.

C. Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. Additionally, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Urban Development, etc.) or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program. Program revenues include: a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program, b) grants and contributions that are restricted to meeting the operational requirements of a particular function or program, or c) grants and contributions that are restricted to meeting the capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated resources are also reported as general revenues rather than as program revenues.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Government-Wide and Fund Financial Statements – Continued

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the general fund, the general obligation debt service fund, and the capital projects fund. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a column in the fund financial statements. The non-major funds are detailed in the combining section of the financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The government-wide and proprietary fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. The governmental fund financial statements follow the accounting set forth by the Governmental Accounting Standards Board.

Property taxes, franchise fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the State and merchants at year-end on behalf of the City are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

Fund Accounting

The following major funds are used by the City:

1. Governmental Funds:

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income determination. The following is a description of the major Governmental Funds of the City:

- a. The **General Fund** is the operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.
- b. The **General Obligation Debt Service Fund** is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general obligation long-term debt paid from taxes levied by the City.
- c. The **Capital Projects Fund** is used to account for the acquisition or construction of capital facilities, except those being financed by proprietary funds.

In addition, the City reports the following non-major governmental funds.

- a. **4B Sales Tax Revenue Fund** accounts for sales tax monies specifically restricted for promoting economic development within the City by developing, implementing, providing and financing park and recreation projects.
- b. **Parks Acquisition and Improvement Fund** accounts for the development and improvement of City parks.
- c. **Fire Training Center Fund** accounts for First Responder fees specifically committed for the construction of the Fire Training Center.
- d. **Fire Development Fees Fund** accounts for contributions specifically committed for use of the fire department.
- e. **Municipal Court Technology Fund** accounts for court fines specifically restricted for improvements in court technology.
- f. **Municipal Court Building Security Fund** accounts for court fines specifically restricted for additions/improvements to court security.
- g. **Hotel Tax Fund** accounts for occupancy taxes charged to hotels.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued

- h. Federal Seizure Fund** accounts the City's share of forfeiture proceeds at the federal level and is restricted for law enforcement additions/improvements only.
- i. Judicial Efficiency Fund** accounts court fines specifically restricted to improving the efficiency of the administration of justice.
- j. Truancy Court Fund** accounts for court fines restricted for the efficiency of Juvenile Court truancy cases.
- k. Municipal Judicial Fund** accounts for fines restricted for efficiency of the municipal court.
- l. Local Youth Diversion Fund** accounts for fines restricted for juvenile case manager services. Designed to reduce the number of juvenile referrals to court.
- m. Municipal Court Fees Fund** accounts for court fines specifically restricted for municipal courts.
- n. 4B Debt Service 2005 Fund** account for the accumulation of resources to be used for the payment of principal and interest on the 4B Sales Tax Revenue Bonds – Series 2005.

Governmental funds with legally adopted annual budgets include the General Fund, the General Obligation Debt Service Fund, and the 4B Debt Service Fund, and all special revenue funds.

2. Proprietary Funds:

Proprietary Funds are accounted for using an economic resources measurement focus. The accounting objectives are a determination of net income, financial position, and changes in cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its statement of net position.

The proprietary funds are financed and operated in a manner similar to private business enterprise. The costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges. Periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The following is a description of the major proprietary fund of the City:

The Utility Fund is used to account for the operations of the water distribution system, wastewater pumping stations and collection systems. The City contracts with North Texas Municipal Water District for wastewater treatment.

E. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Cash and Cash Equivalents - Continued

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligation, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (A) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (B) secured by obligations that are described by (1), pledged with third party selected or approved by the City, and placed through a primary government securities dealer.

Investments maturing within one year of date of purchase are stated at cost or amortized cost, all other investments are stated at fair value which is based on quoted market prices.

F. Inventories and Prepaid Items

Inventory is valued at cost (first-in, first-out). The cost of governmental fund type inventory is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by non-spendable fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of fund balance. The City is not required to maintain a minimum level of inventory. Inventories in the Proprietary Funds consist of supplies and are recorded at the lower of cost or market.

Prepaid balances represent payments made by the City for which benefits extend beyond fiscal year-end, and non-spendable fund balance is reported to signify that a portion of fund balance is not available for other subsequent expenditures.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by non-spendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 60 days comprise the trade accounts receivable allowance for uncollectibles.

H. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Customer deposits received for water and wastewater service are, by law, considered to be restricted assets. These balances are included in the Utility Fund. Certain deposits recorded in the general fund are restricted for investigative and other purposes.

**CITY OF WYLIE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), as well as right-to-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	20 - 30
Improvements other than buildings	20 - 50
Machinery and equipment	5 - 20

Right-to-use assets are amortized over the term of the contract agreement.

J. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. A percentage of accrued sick leave is payable on a longevity basis at the time of termination. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee benefit account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, with limits on accumulation. Vacation benefits are eligible for payment upon separation from employment, with limitations.

Sick Leave

The City's policy permits employees to accumulate earned but unused sick leave benefits, with limits on accumulation. Sick leave benefits are eligible for payment upon separation from employment, with limitations.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

J. Compensated Absences– Continued

A liability for the estimated value of leave benefits that will be paid upon separation of service or used by employees as time off is included in the liability for compensated absences.

K. Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Losses on refunding are deferred and amortized over the life of the new issuance or the existing debt using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

L. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Information regarding the City's Total Pension Liability and Total OPEB Liability is obtained from TMRS through reports prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

M. Leases

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Leases - Continued

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

N. Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting as deferred outflows:

Deferred Loss on Refunding – these deferred outflows result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions/ OPEB – these deferred outflows result from pension/OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and/or differences between expected and actual economic experience and changes in actuarial assumptions (amortized over the average remaining service lives of the members), and differences between expected and actual investment earnings (amortized over a closed 5-year period).

Deferred inflows of resources represent the acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow or resources (revenue) until that time. The City reports certain deferred inflows related to pensions and OPEB on the government-wide statement of position and unavailable tax revenues at the fund level. Deferred inflows related to Pension/OPEB include differences between expected and actual experience and changes in the assumptions and other inputs (amortized over the average remaining service life of the members).

O. Fund Balance

The City has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing government fund type definitions. The statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54 are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Fund Balance – Continued

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of constraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

In accordance with GASB 54, the City classifies governmental fund balances as follows:

Non-spendable fund balance – includes amounts that are not in a spendable form or are required to be maintained intact. (i.e., inventories, prepaid items)

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers either constitutionally or through enabling legislation (i.e., debt service, capital projects, economic development, municipal court security, municipal court technology, tourism).

Committed fund balance – includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (City Council). Commitments may be changed or lifted only by the government taking the same formal action (resolution) that imposed the constraint originally. (i.e., park acquisition and improvement, recreation, fire training, fire development, public arts).

Assigned fund balance – comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The City Council has authorized the City Manager as the official authorized to assign fund balance to a specific purpose as approved by the fund balance policy. Assigned fund balance includes balances for streets, renovations, project for public safety buildings, and law enforcement. Restricted funds for law enforcement must be spent before assigned monies for law enforcement may be spent.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned balance in that fund.

Order of Expenditure of Funds – When multiple categories of fund balance are available for expenditure, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

Minimum General Fund Unassigned Fund Balance – It is the goal of the City to achieve and maintain an unassigned fund balance in the general fund equal to 25% of expenditures. The City considers a balance of less than 20% to be cause for concern, barring unusual or deliberate circumstances. If unassigned fund balance falls below the goal or has a deficiency, the City will appropriate funds in future budgets to replenish the fund balance based on a time-table deemed adequate by the City Council.

**CITY OF WYLIE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2025**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Fund Balance – Continued

Net Position – In the statement of net position, the amount of net position restricted for other consists of the following as of September 30, 2025:

Municipal court	\$ 145,851
Law enforcement	<u>305,590</u>
Total	<u>\$ 451,441</u>

P. Adoption of New Accounting Standards

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 was implemented in the City’s fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

GASB Statement No. 102, *Certain Risk Disclosures* (GASB 102), improves financial reporting by providing users of financial statements with essential information regarding certain concentrations of constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this statement are effective for reporting periods beginning after June 15, 2024, with earlier application encouraged. GASB 102 was implemented in the City’s fiscal year 2025 financial statements with no impact to amounts or disclosures previously reported.

Q. Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 103 will be implemented in the City’s fiscal year 2026 financial statements and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this statement are effective for reporting periods beginning after June 15, 2025, with earlier application encouraged. GASB 104 will be implemented in the City’s fiscal year 2026 financial statements and the impact has not yet been determined.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. CASH AND INVESTMENTS

At year end, the carrying amount of the City's deposits was \$100,451,920 and the bank balance was \$102,470,801. All of the bank balances were covered by Federal deposit insurance and collateralized by the pledging financial institution's City's safekeeping account at the Federal Reserve or held by a third party custodian. The custodian serves contractually as the City's agent.

Cash and investments as of September 30, 2025 consist of and are classified in the accompanying financial statements as follows:

Statement of net position:

Primary Government	
Cash and cash equivalents	\$ 117,996,202
Restricted cash and cash equivalents	<u>7,750,293</u>
Total Primary Government	125,746,495
Component Unit	
Cash and cash equivalents	<u>11,149,856</u>
Total cash and investments	<u>\$ 136,896,351</u>
Cash on hand	\$ 50,088
Deposits with financial institution	100,451,920
Investments	<u>36,394,343</u>
Total cash and investments	<u>\$ 136,896,351</u>

The table below identifies the investment types that are authorized for the City by the Public Funds Investment Act. (Government Code Chapter 2256) The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury obligations	5 years	100%	None
U.S. Agency obligations	5 years	100%	None
Certificates of deposit	18 months	25%	None
Direct repurchase agreements	2 years	100%	None
Investment pools	90 days	None	None

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 2. CASH AND INVESTMENTS - CONTINUED

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

In accordance with its investment policy, the City manages its exposure to declines in fair value by limiting the weighted average maturity of its portfolio to less than three years.

Disclosures relating to interest rate risk – Continued

As of September 30, 2025, the City had the following investments:

<u>Investment Type</u>	<u>Amount</u>	<u>Weighted Average Maturity</u>
TexPool	\$ 17,887,955	41 Days
TexStar	<u>18,506,388</u>	49 Days
	<u>\$ 36,394,343</u>	

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the City’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>
TexPool	\$ 17,887,955	N/A	AAA-m
TexStar	<u>18,506,388</u>	N/A	AAA-m
	<u>\$ 36,394,343</u>		

Concentration of credit risk

The City’s investment policy does not allow for an investment in any one issuer (other than investment pools) that is in excess of five percent of the fair value of the City’s total investments.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits:

The Public Funds Investment Act requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

The City requires all deposits to be covered by Federal Depository Insurance Corporation (FDIC) insurance and/or collateralized by qualified securities pledged by the City's depository in the City's name and held by the depository's agent.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City has no recurring fair value measurements.

As of September 30, 2025, the City deposits with financial institutions in excess of federal depository insurance limits were fully collateralized.

The City is a voluntary participant in TexPool. The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule 2A7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than the fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares. There are no significant limitations or restrictions on participant withdrawals.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 2. CASH AND INVESTMENTS – CONTINUED

Custodial credit risk – Continued

TexStar is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. Together these organizations bring to the TexStar program the powerful partnership of two leaders in financial services with a proven and noted track record in local government investment pool management. TexStar is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexStar uses amortized costs rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in TexStar is the same as the value of TexStar shares. There are no significant limitations or restrictions on participant withdrawals.

NOTE 3. PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and certain personal property located within the City. Appraised values are established by the Collin County Central Appraisal District at 100% of estimated market value and certified by the Appraisal Review Board. The assessed value upon which the tax year 2025 levy was based was \$7,732,424,935. Taxes are due on October 1 and are delinquent after the following January 31.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. The combined tax rate to finance general governmental services including the payment of principal and interest on long-term debt for the year ended September 30, 2025 was \$0.5434 per \$100 of assessed valuation.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the no new revenue tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 3.5%, it triggers an automatic election to determine whether to limit the tax rate to no more than 3.5% above the tax rate of the previous year.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 4. RECEIVABLES

Year-end receivables balances for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities				Total	Business-Type
	General	General Obligation Debt Service	Capital Projects	Non Major Governmental Funds		Utility
Receivables						
Property taxes	\$ 396,426	\$ 128,691	\$ -	\$ -	\$ 525,117	\$ -
Franchise taxes	1,102,034	-	-	-	1,102,034	-
Sales taxes	1,732,777	-	-	855,707	2,588,484	-
Accounts	955,549	-	-	-	955,549	7,362,075
Other	860,851	-	3,627,777	129,764	4,618,392	344,346
Gross receivables	5,047,637	128,691	3,627,777	985,471	9,789,576	7,706,421
Less: allowance	(461,104)	(25,202)	-	-	(486,306)	(2,082,834)
Net total receivables	<u>\$ 4,586,533</u>	<u>\$ 103,489</u>	<u>\$ 3,627,777</u>	<u>\$ 985,471</u>	<u>\$ 9,303,270</u>	<u>\$ 5,623,587</u>

The Enterprise Fund accounts receivable balance includes unbilled charges for services rendered of \$2,866,186 at September 30, 2025.

Receivables in the discretely presented component unit consist of \$855,707 of sales taxes receivable due from the State, \$1,109,000 in loans receivable from private businesses. If certain contractual obligations are met by some of these private businesses at a future date, a portion and/or all of the amounts owed from the private businesses may be forgiven.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	\$ 45,766,722	\$ 292,470	\$ -	\$ -	\$ 46,059,192
Other non-depreciable assets	1,316,294	-	-	-	1,316,294
Construction in progress	20,967,478	14,051,874	-	(5,202,450)	29,816,902
Total capital assets, not being depreciated/amortized	68,050,494	14,344,344	-	(5,202,450)	77,192,388
Capital assets being depreciated/amortized:					
Buildings	75,192,364	968,102	-	326,758	76,487,224
Improvements other than buildings	239,728,827	2,232,669	-	3,079,616	245,041,112
Right-to-use asset - machinery and equipment	230,416	-	(11,134)	-	219,282
Machinery and equipment	21,873,653	3,927,194	(1,051,454)	1,796,076	26,545,469
Total capital assets being depreciated/amortized	337,025,260	7,127,965	(1,062,588)	5,202,450	348,293,087
Less accumulated depreciation/amortization for:					
Buildings	(25,625,249)	(2,500,007)	-	-	(28,125,256)
Improvements other than buildings	(129,591,244)	(7,946,058)	-	-	(137,537,302)
Right-to-use asset - machinery and equipment	(59,780)	(56,418)	11,134	-	(105,064)
Machinery and equipment	(14,741,980)	(1,431,208)	1,051,454	-	(15,121,734)
Total accumulated depreciation/amortization	(170,018,253)	(11,933,691)	1,062,588	-	(180,889,356)
Total capital assets being depreciated/amortized, net	167,007,007	(4,805,726)	-	5,202,450	167,403,731
Governmental activities capital assets, net	\$ 235,057,501	\$ 9,538,618	\$ -	\$ -	\$ 244,596,119

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 101,045	\$ -	\$ -	\$ -	\$ 101,045
Construction in progress	8,589,380	945	-	(8,150,007)	440,318
Total capital assets, not being depreciated	8,690,425	945	-	(8,150,007)	541,363
Capital assets being depreciated:					
Buildings	3,956,304	-	-	-	3,956,304
Water system	59,350,619	356,325	-	7,945,701	67,652,645
Sewer system	45,940,798	695,970	-	110,609	46,747,377
Machinery and equipment	3,652,443	974,083	(191,311)	93,697	4,528,912
Total capital assets being depreciated	112,900,164	2,026,378	(191,311)	8,150,007	122,885,238
Less accumulated depreciation for:					
Buildings	(1,611,482)	(132,711)	-	-	(1,744,193)
Water system	(22,788,618)	(1,449,867)	-	-	(24,238,485)
Sewer system	(21,026,534)	(1,083,602)	-	-	(22,110,136)
Machinery and equipment	(2,408,618)	(277,567)	191,311	-	(2,494,874)
Total accumulated depreciation	(47,835,252)	(2,943,747)	191,311	-	(50,587,688)
Total capital assets being depreciated, net	65,064,912	(917,369)	-	8,150,007	72,297,550
Business-type activities capital assets, net	\$ 73,755,337	\$ (916,424)	\$ -	\$ -	\$ 72,838,913

**CITY OF WYLIE, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2025**

NOTE 5. CAPITAL ASSETS – CONTINUED

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 2,403,073
Public safety	1,626,551
Streets	6,351,994
Community service	<u>1,552,073</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 11,933,691</u>
Business-type activities:	
Water and Sewer	<u>\$ 2,943,747</u>

Construction Commitments

The City has active construction projects as of September 30, 2025. The projects include construction, park improvements, and drainage improvements.

Commitments for construction in progress are composed of the following:

Project	Funding Source	Project Budget Appropriation	Spent-to-date	Remaining Commitment
McMillen Road	(A), (C), (D)	\$ 26,890,000	\$ 12,199,928	\$ 14,690,072
Stone Road Phase 3 (East FM 544)	(A), (C), (D)	14,800,000	10,080,879	4,719,121
Park Boulevard	(A), (C), (D)	12,000,000	1,821,143	10,178,857
Eubanks Road	(E), (F)	3,758,000	3,232,815	525,185
Stone Road	(B), (C)	<u>6,809,000</u>	<u>1,044,553</u>	<u>5,764,447</u>
Total		<u>\$ 64,257,000</u>	<u>\$ 28,379,318</u>	<u>\$ 35,877,682</u>

- | | |
|-------------------------------|--------------------------------|
| (A) General Obligation Bonds | (D) Future Bonds Issuances |
| (B) GFFB Community Investment | (E) NTMWD Interlocal Agreement |
| (C) County Proceeds | (F) Impact Fees |

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 6. TRANSFERS AND INTERFUND RECEIVABLES AND PAYABLES

Transfers are used to provide funds for debt service, contributions for capital construction, cost allocations and other operational costs as determined by the City’s annual budget. Transfers between funds during the year were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>	<u>Purpose</u>
General fund	Utility fund	\$ 2,719,410	To cover indirect costs associated with utility fund operations
Nonmajor governmental funds	Nonmajor governmental funds	390,775	To cover annual debt service payments and to cover costs associated with new infrastructure in the Fire Training Center Fund
General fund	Nonmajor governmental funds	<u>36,000</u>	To cover costs associated with City events
Total		<u>\$ 3,146,185</u>	

NOTE 7. UNEARNED REVENUE/DEFERRED INFLOWS OF RESOURCES

Governmental funds report *deferred inflows of resources* in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned (unearned revenue). At the end of the current fiscal year, the various components of unearned revenue and deferred inflows of resources reported in the governmental funds were as follows:

	<u>General Fund</u>	<u>General Obligation Debt Service</u>	<u>Capital Projects Fund</u>	<u>Non major Governmental Funds</u>	<u>Total</u>
Deferred inflows of resources:					
Property taxes	\$ 369,272	\$ 116,567	\$ -	\$ -	\$ 485,839
Court fines	242,156	-	-	-	242,156
Franchise fees	996,535	-	-	-	996,535
Capital Contributions	-	-	1,794,344	-	1,794,344
Total	<u>\$ 1,607,963</u>	<u>\$ 116,567</u>	<u>\$ 1,794,344</u>	<u>\$ -</u>	<u>\$ 3,518,874</u>
Unearned revenue:					
Advance construction payment	\$ -	\$ -	\$ 5,538,154	\$ -	\$ 5,538,154
Grant funding	572,369	-	-	-	572,369
Recreation center memberships	-	-	-	47,813	47,813
Total	<u>\$ 572,369</u>	<u>\$ -</u>	<u>\$ 5,538,154</u>	<u>\$ 47,813</u>	<u>\$ 6,158,336</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 8. LONG-TERM DEBT

General Obligation Bonds, Combination Tax and Revenue Bonds, Financed Purchases Payable and Leases

The City of Wylie issues general obligation bonds and combination tax and revenue bonds and enters into financed purchase and lease agreements to provide funds for the acquisition and construction of major capital facilities and equipment. Financed purchase agreements have been entered into for equipment purchased for governmental activities and for a water meter project for business-type activities. These issues are direct obligations and pledge the full faith and credit of the City.

<u>General Obligation Bonds</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Governmental</u>	<u>Business-Type</u>
\$21,240,000 Series 2015 Refunding	2027	2.00 - 5.00%	\$ 5,200,000	\$ -
\$34,250,000 Series 2016 Refunding	2028	2.00 - 5.00%	10,470,000	985,000
\$4,855,000 Series 2021 Refunding	2028	3.00 - 4.00%	2,080,000	-
\$12,005,000 Series 2022 Refunding & Improvement	2042	3.00 - 4.00%	11,485,000	-
\$16,010,000 Series 2023 General Obligation Bonds	2043	4.00 - 5.00%	15,050,000	-
Total General Obligation Bonds			<u>\$ 44,285,000</u>	<u>\$ 985,000</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 8. LONG-TERM DEBT – CONTINUED

General Obligation Bonds, Combination Tax and Revenue Bonds, Financed Purchases Payable and Leases- Continued

<u>Combination Tax and Revenue Bonds</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Governmental</u>	<u>Business-Type</u>
\$7,175,000 Series 2017 Improvements	2037	2.00 - 4.00%	\$ -	\$ 5,375,000
\$8,500,000 Series 2018 Improvements	2038	1.75 - 3.375%	6,275,000	-
\$5,310,000 Series 2021 Improvements	2041	1.50 - 4.00%	4,560,000	-
Total Combination Tax and Revenue Bonds			<u>\$ 10,835,000</u>	<u>\$ 5,375,000</u>

Financed Purchases

The City reports one financed purchase outstanding for business type activities used for the City's meter replacement project. The City entered into a financed purchase agreement on June 30, 2020 for \$3,333,667. Principal and interest payments of \$370,597 are due on March 1 starting in 2021 until 2030. The carrying amount of the assets acquired through financed purchases by business-type activities at September 30, 2025 was \$1,741,560.

<u>Financed Purchases</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Business-Type</u>
Meter Project Replacement	2030	2.10%	\$ 1,741,560
Total Financed Purchases			<u>\$ 1,741,560</u>

Leases

The City has entered into lease agreements as a lessee. The leases allow the right to use copiers and postage machines over the term of the leases. The City is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending balance are as follows:

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 8. LONG-TERM DEBT – CONTINUED

General Obligation Bonds, Combination Tax and Revenue Bonds, Financed Purchases Payable and Leases- Continued

<u>Governmental Activities - Leases</u>	<u>Final Maturity</u>	<u>Interest Rate(s)</u>	<u>Liability at Commencement</u>	<u>Ending Balance</u>
Copiers	2028	1.58%	\$ 218,282	\$ 115,784
			<u>\$ 218,282</u>	<u>\$ 115,784</u>

Changes in Long-term Liabilities:

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2025, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due within One year</u>
Governmental activities:					
General obligation bonds	\$ 52,150,000	\$ -	\$ (7,865,000)	\$ 44,285,000	\$ 7,860,000
Combination tax and revenue bonds	11,420,000	-	(585,000)	10,835,000	605,000
Unamortized bond premium	5,225,737	-	(1,046,513)	4,179,224	-
Total bonds payable	68,795,737	-	(9,496,513)	59,299,224	8,465,000
Leases	171,666	-	(55,882)	115,784	55,104
Compensated absences	4,535,765	1,015,246	(507,623)	5,043,388	1,489,258
OPEB liability	546,086	-	(705)	545,381	-
Net pension liability	15,268,287	25,174	-	15,293,461	-
Total governmental activities	\$ 89,317,541	\$ 1,040,420	\$ (10,060,723)	\$ 80,297,238	\$ 10,009,362
Business-type activities:					
General obligation bonds	\$ 1,445,000	\$ -	\$ (460,000)	\$ 985,000	\$ 480,000
Combination tax and revenue bonds	5,725,000	-	(350,000)	5,375,000	360,000
Unamortized bond premium	330,080	-	(71,312)	258,768	-
Total bonds payable	7,500,080	-	(881,312)	6,618,768	840,000
Financed purchases payable	2,068,643	-	(327,083)	1,741,560	333,963
Compensated absences	369,362	79,874	(39,937)	409,299	125,566
OPEB liability	49,670	3,212	-	52,882	-
Net pension liability	1,388,735	94,183	-	1,482,918	-
Total business-type activities	\$ 11,376,490	\$ 177,269	\$ (1,248,332)	\$ 10,305,427	\$ 1,299,529

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 8. LONG-TERM DEBT – CONTINUED

Changes in Long-term Liabilities - Continued

The annual aggregate maturities for each long-term liability type are as follows:

General Obligation Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 7,860,000	\$ 1,781,675	\$ 9,641,675	\$ 480,000	\$ 37,250	\$ 517,250
2027	8,245,000	1,402,225	9,647,225	505,000	12,625	517,625
2028	8,875,000	1,009,150	9,884,150	-	-	-
2029	2,610,000	755,075	3,365,075	-	-	-
2030	930,000	677,875	1,607,875	-	-	-
2031 - 2035	5,240,000	2,690,075	7,930,075	-	-	-
2036 - 2040	6,410,000	1,427,450	7,837,450	-	-	-
2041 - 2043	4,115,000	229,875	4,344,875	-	-	-
Total	\$ 44,285,000	\$ 9,973,400	\$ 54,258,400	\$ 985,000	\$ 49,875	\$ 1,034,875

Combination Tax and Revenue Bonds

Fiscal Year Ending September 30,	Governmental Activities			Business Activities		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 605,000	\$ 304,287	\$ 909,287	\$ 360,000	\$ 176,919	\$ 536,919
2027	630,000	279,587	909,587	370,000	162,319	532,319
2028	650,000	253,987	903,987	385,000	147,219	532,219
2029	680,000	229,537	909,537	400,000	131,519	531,519
2030	705,000	206,212	911,212	420,000	117,219	537,219
2031 - 2035	3,915,000	713,890	4,628,890	2,355,000	377,757	2,732,757
2036 - 2040	3,315,000	186,950	3,501,950	1,085,000	37,037	1,122,037
2041 - 2045	335,000	2,931	337,931	-	-	-
Total	\$ 10,835,000	\$ 2,177,381	\$ 13,012,381	\$ 5,375,000	\$ 1,149,989	\$ 6,524,989

Financed Purchases

Fiscal Year Ending September 30,	Business Activities		
	Principal	Interest	Total
2026	\$ 333,963	\$ 36,634	\$ 370,597
2027	340,988	29,609	370,597
2028	348,161	22,436	370,597
2029	355,485	15,113	370,598
2030	362,963	7,635	370,598
Total	\$ 1,741,560	\$ 111,427	\$ 1,852,987

Leases

Fiscal Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 55,104	\$ 1,428	\$ 56,532
2027	55,977	555	56,532
2028	4,703	8	4,711
Total	\$ 115,784	\$ 1,991	\$ 117,775

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued sick and vacation leave for which employees are entitled to be paid upon termination. The retirement of this liability is typically paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 8. LONG-TERM DEBT – CONTINUED

Net Pension Liability/ OPEB liability

The general fund has typically been used to liquidate governmental activities' pension and OPEB liabilities.

Discretely Presented Component Unit – Wylie Economic Development Corporation (WEDC)

The following is a summary of WEDC long-term transactions for the year ended September 30, 2025:

Description	Balance 9/30/2024	Increases	Decreases	Balance 9/30/2025	Due Within One Year
Loans payable	\$ 14,882,098	\$ 6,800,500	\$ (625,254)	\$ 21,057,344	\$ 823,436
Compensated Absences	64,330	29,936	(14,963)	79,303	32,301
OPEB liability	6,693	1,178	-	7,871	-
Net pension liability	187,135	33,581	-	220,716	-
Total long-term liabilities	<u>\$ 15,140,256</u>	<u>\$ 6,865,195</u>	<u>\$ (640,217)</u>	<u>\$ 21,365,234</u>	<u>\$ 855,737</u>

WEDC Loans Payable as of September 30, 2025 are as follows:

Description	Balance
\$300,000, payable to bank, made September 2016, payable in monthly installments of \$3,109, including interest at 4.50%, through final payment in December 2026.	\$ 45,268
\$8,100,000, payable to bank, made October 2021, payable in monthly installments of \$46,940 through October 2041, including interest at 3.48%	6,930,208
\$8,100,000, payable to bank, made August 2022, payable in monthly installments of \$52,617 through July 2042, including interest at 4.80%	7,281,368
\$6,800,500, payable to bank, made September 2025, payable in monthly installments of \$50,602.66 through September 2045, including interest at 6.475%	6,800,500
	<u>\$ 21,057,344</u>

Annual debt service requirements to maturity for WEDC debt is:

Year	Principal	Interest	Total
2026	\$ 823,436	\$ 1,015,793	\$ 1,839,229
2027	833,869	977,378	1,811,247
2028	863,664	950,238	1,813,902
2029	904,685	909,641	1,814,326
2030	947,778	854,142	1,801,920
2031-2035	5,465,984	3,543,615	9,009,599
2036-2040	6,926,138	2,048,938	8,975,076
2041-2045	4,291,790	512,172	4,803,962
Total	<u>\$ 21,057,344</u>	<u>\$ 10,811,917</u>	<u>\$ 31,869,261</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN

A. Plan Description

The City participates as one of 934 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual Report) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

B. Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly-benefit payments options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN – CONTINUED

B. Benefits Provided – Continued

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	149
Inactive employees entitled to but not yet receiving benefits	282
Active employees	<u>424</u>
	<u>855</u>

C. Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of Member's total compensation, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7.0% of their annual compensation during the fiscal year. The contribution rates for the City were 15.30% and 15.61% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2025 (including \$70,007 of contributions by WEDC) were \$5,391,192 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

The Total Pension Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%
Actuarial cost method	Entry Age Normal
Amortization Method	Level percentage of payroll; closed

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN – CONTINUED

D. Net Pension Liability – Continued

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021, to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale MP-2021 to account for future mortality improvements subject to the 3.0% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013, Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of arithmetic real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.10%
Core Fixed Income	6.0%	5.00%
Non-Core Fixed Income	6.0%	6.80%
Hedge Funds	5.0%	6.40%
Private Equity	13.0%	8.50%
Private Debt	13.0%	8.20%
Real Estate	12.0%	6.70%
Infrastructure	6.0%	6.00%
Other Public and Private Markets	4.0%	7.30%
Total	100.0%	

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN - CONTINUED

D. Net Pension Liability – Continued

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/23	\$ 118,210,909	\$ 101,366,752	\$ 16,844,157
Changes for the year:			
Service cost	6,490,108	-	6,490,108
Interest	8,085,649	-	8,085,649
Change of benefit terms	-	-	-
Difference between expected and actual experience	3,971,473	-	3,971,473
Changes of assumptions	-	-	-
Contributions - employer	-	5,391,192	(5,391,192)
Contributions - employee	-	2,506,870	(2,506,870)
Net investment income	-	10,565,359	(10,565,359)
Benefit payments, including refunds of employee contributions	(3,337,152)	(3,337,152)	-
Administrative expense	-	(67,549)	67,549
Other changes	-	(1,580)	1,580
Net Changes	<u>15,210,078</u>	<u>15,057,140</u>	<u>152,938</u>
Balance at 12/31/24	<u>\$ 133,420,987</u>	<u>\$ 116,423,892</u>	<u>\$ 16,997,095</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN – CONTINUED

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75%) or 1 percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City	\$ 38,092,235	\$ 16,776,379	\$ (501,357)
WEDC	501,155	220,716	(6,596)
Total	<u>\$ 38,593,390</u>	<u>\$ 16,997,095</u>	<u>\$ (507,953)</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.tmr.com.

For the year ended September 30, 2025, the City recognized pension expense of \$6,218,814 (including \$80,754 recognized by WEDC). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		WEDC		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,146,066	\$ 141,773	\$ 54,547	\$ 1,865	\$ 4,200,613	\$ 143,638
Changes in actuarial assumptions	-	157,111	-	2,067	-	159,178
Difference between projected and actual investment earnings	-	1,341,258	-	17,646	-	1,358,904
Contributions subsequent to the measurement date	4,285,380	-	56,380	-	4,341,760	-
Total	<u>\$ 8,431,446</u>	<u>\$ 1,640,142</u>	<u>\$ 110,927</u>	<u>\$ 21,578</u>	<u>\$ 8,542,373</u>	<u>\$ 1,661,720</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 9. PENSION PLAN – CONTINUED

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – continued

The \$4,341,760 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will reduce the net pension liability during the year ending September 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended Sept. 30:	City	WEDC	Total
2026	\$ 989,751	\$ 13,021	\$ 1,002,772
2027	2,059,030	27,089	2,086,119
2028	(560,266)	(7,371)	(567,637)
2029	17,409	230	17,639
Total	<u>\$ 2,505,924</u>	<u>\$ 32,969</u>	<u>\$ 2,538,893</u>

Allocations

The City’s net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities, business-type activities, and the discretely presented component unit using a contribution-based method.

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

Texas Municipal Retirement System (“TMRS”) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

B. Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500.

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>424</u>
	<u><u>550</u></u>

C. Contributions

The member city contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.04% in calendar years 2024 and 2025. The City’s contributions to the SDBF for the year ended September 30, 2025 (including \$181 of contributions by WEDC) were \$5,617 and were equal to the required contributions.

D. Total OPEB Liability

The City’s Total OPEB Liability (TOL) was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

E. Actuarial Assumptions

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.60% to 11.85% including inflation
Discount rate	4.08%
Retiree's share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates -service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%.The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Salary increases were based on a service-related table. Mortality rates for post-retirement were based on the 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis by scale UMP.

Actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The discount rate used to measure the Total OPEB Liability was 4.08% and was based on the Bond Buyer “20-Bond GO Index” rate closest to, but not later than December 31, 2024. This was a 0.31% increase from the 3.77% discount rate used in the December 31, 2023 valuation.

F. Changes in Total OPEB Liability

	Total OPEB Liability
Balance at 12/31/2023	\$ 602,449
Changes for the year:	
Service cost	45,264
Interest on total OPEB liability	23,303
Difference between expected and actual experience	(13,399)
Changes of assumptions or other inputs	(37,556)
Benefit payments	(13,927)
Net changes	<u>3,685</u>
Balance at 12/31/24	<u>\$ 606,134</u>
Total OPEB Liability as a Percentage of Covered Payroll	1.74%

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 10. OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN – CONTINUED

G. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.08%) or 1 percentage-point higher (5.08%) than the current rate:

	1% Decrease in Discount Rate (3.08%)	Discount Rate (4.08%)	1% Increase in Discount Rate (5.08%)
City	\$ 730,446	\$ 598,263	\$ 496,595
WEDC	9,610	7,871	6,533
Total OPEB Liability	<u>\$ 740,056</u>	<u>\$ 606,134</u>	<u>\$ 503,128</u>

H. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2025, the City recognized OPEB expense of \$45,651 (including \$593 recognized by WEDC). At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City		WEDC		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 33,015	\$ -	\$ 434	\$ -	\$ 33,449
Changes in assumptions and other inputs	102,695	231,167	1,351	3,042	104,046	234,209
Contributions subsequent to the measurement date	<u>13,726</u>	<u>-</u>	<u>181</u>	<u>-</u>	<u>13,907</u>	<u>-</u>
Total	<u>\$ 116,421</u>	<u>\$ 264,182</u>	<u>\$ 1,532</u>	<u>\$ 3,476</u>	<u>\$ 117,953</u>	<u>\$ 267,658</u>

The \$13,907 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2026. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended Sept. 30:	City	WEDC	Total
2026	\$ (26,306)	\$ (346)	\$ (26,652)
2027	(21,927)	(288)	(22,215)
2028	(29,077)	(383)	(29,460)
2029	(38,189)	(502)	(38,691)
2023	(38,702)	(510)	(39,212)
Thereafter	<u>(7,286)</u>	<u>(96)</u>	<u>(7,382)</u>
Total	<u>\$ (161,487)</u>	<u>\$ (2,125)</u>	<u>\$ (163,612)</u>

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 11. NORTH TEXAS MUNICIPAL WATER DISTRICT

The North Texas Municipal Water District (the District) is a conservation and reclamation district and political subdivision of the State of Texas, created and functioning under Chapter 62, Acts of 1951, 52nd Legislature, Regular Session, as amended, originally compiled as Vernon's Article 8270-141 (the Act), pursuant to Article 16, Section 59 of the Texas Constitution. The District comprises all of the territory of its member cities, viz., Allen, Garland, Princeton, Plano, Mesquite, Wylie, Rockwall, Farmersville, McKinney, Richardson, Forney and Royse City (the "Member Cities"). The District was created for the purpose of providing a source of water supply for municipal, domestic and industrial use and for the treatment processing and transportation of such water to its Member Cities and to its other customers located in North Central Texas, all within the Dallas Standard Metropolitan Statistical Area.

Under the Act, including specifically Section 27 thereof, and under the Constitution and Statutes of the State of Texas, the District has broad powers to (1) impound, control, store, preserve, treat, transmit, and use storm and flood water, the water of rivers and streams and underground water, for irrigation, power and all other useful purposes and to supply water for municipal, domestic, power, industrial and commercial uses and purposes and all other beneficial uses and purposes; and (2) collect, transport, process, treat, dispose of, and control all municipal, domestic, industrial or commercial waste whether in fluid, solid or composite state, including specifically the control, abatement or reduction of all types of pollution. The City retains no ongoing financial interest equity investments and/or responsibilities for the District other than the contractual arrangements discussed more fully herein.

NOTE 12. MUDDY CREEK REGIONAL WASTEWATER SYSTEM

In May 1999, the Cities of Wylie and Murphy in Collin County entered into a contract with the District to provide for the acquisition, construction, improvement, operation, and maintenance of the Regional Muddy Creek Wastewater System (System) for the purpose of providing facilities to adequately receive, transport, treat, and dispose of wastewater. The District will own the System with Wylie and Murphy as the initial participants. The District will issue approximately \$20 million in bonds to construct this new facility. Budget calculations for operating costs and debt service for the System on the service commencement date is based on the following estimated flow ratio: City of Wylie – 2/3 and Murphy – 1/3. "Service Commencement Date" means the first date upon which the System is available to treat wastewater from the participants. Wylie's long-term commitment to the System's debt service component is approximately \$13.3 million.

The District will send each participant a letter detailing the annual requirement necessary to operate the System each year. The annual requirement budget will include an operation and maintenance component and a bond service component. The budgeting ratio described earlier is only valid for the first year of System operations. In subsequent years, budgets and year-end audits will be based on actual flow ratios. For example, if the flow measurements indicate that 60% of the flow is produced by Wylie and 40% by Murphy, then the next year's operating and debt service components would be allocated using a 60/40 split. If in the future, additional participants are added, then the flow ratios will be adjusted using the above method.

The contract with the District has a clause for "Credit for Payments Relating to the System. "This clause states: "Each participant shall be entitled to a credit in an amount equal to any funds advanced by such Participant with the approval of the District for land, engineering, construction or other costs related to the System and/or the financing thereof". All credits for advance made prior to the Service Commencement Date shall bear interest from the date of such advance at a rate equal to the net effective interest rate on the initial issue of the bonds hereunder. The City of Wylie has four such credits at this time. All credits for advances made prior to the Service Commencement Date shall be amortized over a period of twenty years, with such amortization to commence on October 1 of the Fiscal Year following the Service Commencement Date. At September 30, 2005, the City recorded \$3,188,849 as a restricted accounts receivable. This amount is being amortized over a twenty-year period commencing with fiscal year 2006. The amortization expense was \$231,235 for 2025, completing the amortization of the restricted accounts receivable as of September 30, 2025.

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 13. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City periodically is a defendant in various lawsuits. At September 30, 2025, after consultation with the City's attorney, the City is not aware of any pending litigation.

As described in Note 8 above, the general revenues of the City are contingently liable for the \$985,000 payable in General Obligation Bonds which are currently outstanding and recorded as obligations of the Enterprise Fund.

The City contracts for garbage disposal with a third party. Under the terms of the agreement the City bills and collects the residential billing and remits that amount to the contracting party. The contractor bills the commercial customers and remits a franchise fee to the City based on total revenues received from the contract.

The Wylie Economic Development Corporation provides monetary incentives to companies to relocate within the City of Wylie. At September 30, 2025, these commitments totaled \$712,000.

NOTE 14. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City purchases commercial insurance to indemnify it in event of loss. For the past three years, settlements did not exceed coverage.

NOTE 15. TAX ABATEMENTS

The City enters into economic development agreements authorized under Chapter 380 of the Texas Local Government Code and Chapter 312 of the Texas Tax Code. These agreements are planning tools designed to stimulate economic activity, redevelopment, community improvement, and provide a return on investment for the community. These programs abate or rebate property and/or sales taxes and may include other incentive payments such as fee reductions or construction costs reimbursements. Economic development agreements are considered on a case-by-case basis by the City Council and generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

Other Economic Agreements

Chapter 380 of the Texas Local Government Code allows the City to provide grants for the purpose of promoting local economic development. These grants are based on a percentage of property and/or sales tax received by the City. For the fiscal year ending September 30, 2025, the City rebated \$37,032 in sales taxes and provided \$100,000 in incentive-based economic assistance.

CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025

NOTE 16. CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNIT

Following is selected condensed financial statement information for the fund basis financial statements of the Wylie Economic Development Corporation:

<u>Balance Sheet</u>	<u>WEDC</u>
Assets	
Cash and equivalents	\$ 11,149,856
Receivables	1,964,707
Inventory	15,994,176
Prepays	<u>2,000</u>
Total Assets	<u>\$ 29,110,739</u>
Liabilities	
Accounts payable	\$ 512,291
Accrued liabilities	<u>611,328</u>
Total Liabilities	<u>1,123,619</u>
Fund Balance	<u>27,987,120</u>
Total Liabilities and Fund Balance	<u>\$ 29,110,739</u>
Statement of Revenues, Expenditures and Changes in Fund Balance	
<u>Statement of Revenues, Expenditures and Changes in Fund Balance</u>	<u>WEDC</u>
Revenues:	
Sales tax revenue	\$ 5,014,688
Interest income	363,587
Miscellaneous income	<u>9,897</u>
Total Revenues	5,388,172
Expenditures:	
Expenditures	<u>13,000,490</u>
Other financing sources:	
Loss from sale of assets	<u>232,238</u>
Net change in fund balance	(579,580)
Fund balance 10/1/24	<u>28,566,700</u>
Fund balance 9/30/25	<u>\$ 27,987,120</u>

**CITY OF WYLIE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2025**

NOTE 16. CONDENSED FINANCIAL INFORMATION FOR DISCRETELY PRESENTED COMPONENT UNIT – CONTINUED

Following are reconciliations between the government-wide financial statements and the fund basis financial statements for WEDC:

Reconciliation of fund balance to net position:

Total fund balance	\$ 27,987,120
Deferred outflows - pensions, \$110,927 and OPEB, \$1,532	112,459
Deferred inflows - pensions (\$21,578) and OPEB (\$3,476)	(25,054)
Payables for compensated absences	(79,303)
Accrued interest payable	(44,849)
Payable for loan principal, net pension liability and OPEB liability	<u>(21,285,931)</u>
Net position	<u>\$ 6,664,442</u>

Reconciliation of change in fund balance to change in net position:

Change in fund balance	\$ (579,580)
Change in payables for compensated absences	(14,973)
Change in accrued interest payable	(17,183)
Net effect of net pension and OPEB activity	(23,209)
Issuance of debt	(6,800,500)
Payment of loan principal	<u>625,254</u>
Change in net position	<u>\$ (6,810,191)</u>

NOTE 17. LAND ACQUISITION

The WEDC owns real property with a carrying value of \$15,994,176 as of September 30, 2025. This property is recorded and classified as inventory as it is held for resale and as an incentive to attract businesses.



REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF WYLIE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

EXHIBIT A-10

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amount</u>	
REVENUES				
Ad valorem taxes	\$ 35,230,839	\$ 35,230,839	\$ 35,100,024	\$ (130,815)
Non-property taxes	10,063,234	10,063,234	10,114,724	51,490
Franchise fees	2,955,800	2,955,800	2,946,374	(9,426)
Licenses and permits	1,046,000	1,046,000	899,363	(146,637)
Intergovernmental	5,038,026	5,103,407	3,811,247	(1,292,160)
Services fees	6,459,688	6,459,688	6,749,997	290,309
Court fees	350,750	350,750	512,572	161,822
Interest income	1,522,800	1,522,800	1,106,876	(415,924)
Miscellaneous income	300,500	330,416	324,794	(5,622)
Total revenues	62,967,637	63,062,934	61,565,971	(1,496,963)
EXPENDITURES				
Current				
General government				
City council	83,048	94,360	62,349	32,011
City manager	1,453,815	1,472,955	1,431,657	41,298
City secretary	482,614	505,635	485,439	20,196
City attorney	170,000	320,000	324,673	(4,673)
Finance	1,507,275	1,524,786	1,435,444	89,342
Building and fleet maintenance	1,461,644	1,461,529	1,439,995	21,534
Municipal court	720,968	724,336	696,027	28,309
Human resources	976,654	998,662	916,285	82,377
Purchasing	364,229	365,027	349,843	15,184
Information technology	2,480,643	2,505,099	2,454,576	50,523
Combined services/general	6,666,860	6,460,531	5,774,561	685,970
Total general government	16,367,750	16,432,920	15,370,849	1,062,071
Public safety				
Police	17,073,286	17,512,573	17,724,303	(211,730)
Fire	14,747,531	14,779,994	14,782,390	(2,396)
Emergency communications	4,518,919	4,481,739	2,698,172	1,783,567
Animal control	5,075,382	5,598,770	5,209,434	389,336
Total public safety	41,415,118	42,373,076	40,414,299	1,958,777
Urban development				
Planning	431,938	445,316	425,061	20,255
Building inspection	594,422	576,329	531,559	44,770
Code enforcement	448,938	455,047	435,226	19,821
Total urban development	1,475,298	1,476,692	1,391,846	84,846
Streets				
Streets	5,840,023	5,975,987	5,286,193	689,794
Total streets	5,840,023	5,975,987	5,286,193	689,794

**CITY OF WYLIE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

**EXHIBIT A-10
(CONCLUDED)**

Community service				
Parks	2,382,994	2,598,404	2,421,398	177,006
Library	2,760,523	2,796,971	2,758,743	38,228
Total community service	<u>5,143,517</u>	<u>5,395,375</u>	<u>5,180,141</u>	<u>215,234</u>
Debt Service				
Principal	32,000	41,737	55,882	(14,145)
Interest	6,000	-	2,302	(2,302)
Total debt service	<u>38,000</u>	<u>41,737</u>	<u>58,184</u>	<u>(16,447)</u>
Total expenditures	<u>70,279,706</u>	<u>71,695,787</u>	<u>67,701,512</u>	<u>3,994,275</u>
Excess (deficiency) of revenues over expenditures	<u>(7,312,069)</u>	<u>(8,632,853)</u>	<u>(6,135,541)</u>	<u>2,497,312</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,755,410	2,755,410	2,755,410	-
Insurance recovery	-	509,887	693,384	183,497
Proceeds from sale of property	-	-	104,674	104,674
Total other financing sources (uses)	<u>2,755,410</u>	<u>3,265,297</u>	<u>3,553,468</u>	<u>288,171</u>
Net change in fund balances	<u>(4,556,659)</u>	<u>(5,367,556)</u>	<u>(2,582,073)</u>	<u>2,785,483</u>
Fund balances, October 1	<u>27,349,896</u>	<u>27,349,896</u>	<u>27,349,896</u>	<u>-</u>
Fund balances, September 30	<u>\$ 22,793,237</u>	<u>\$ 21,982,340</u>	<u>\$ 24,767,823</u>	<u>\$ 2,785,483</u>

**CITY OF WYLIE, TEXAS
NOTES TO BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED SEPTEMBER 30, 2025**

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City follows the following procedures in establishing the budgetary date reflected in the financial statements:

1. Public hearings are conducted to obtain taxpayer comments.
2. Prior to October 1, the budget is legally enacted through passage of an ordinance.
3. The City Manager is authorized to transfer budgeted amounts between programs within a department; however, any revisions between departments, or that alter the total expenditures of any fund must be approved by the City Council. Therefore, the department level is the legal level of control.
4. Budgeted amounts are as originally adopted or as amended by the City Council. During 2025, individual amendments were not material in relation to the original appropriations. All budget appropriations automatically lapse at year-end.
5. Formal budgetary integration is employed as a management control device during the year. The legally adopted budget is adopted on a basis consistent with generally accepted accounting principles.
6. During the fiscal year ended September 30, 2025, expenditures exceeded appropriations as follows:
 - City Attorney (\$4,673)
 - Police (\$211,730)
 - Fire (\$2,396)



**CITY OF WYLIE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN MEASUREMENT YEARS
(UNAUDITED)**

	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017
Total pension liability:			
Service cost	\$ 2,884,478	\$ -	\$ 3,534,169
Interest	3,586,805	3,725,815	4,298,623
Changes of benefit terms	-	-	-
Difference between expected and actual experience	215,566	4,180,949	404,285
Change in assumptions	(245,250)	-	-
Benefit payments, including refunds of employee contributions	(999,126)	(1,085,194)	(1,290,431)
Net change in total pension liability	5,442,473	6,821,570	6,946,646
Total pension liability - beginning	50,297,389	55,739,862	62,561,432
Total pension liability - ending (a)	55,739,862	62,561,432	69,508,078
Plan fiduciary net position:			
Contributions - employer	2,291,479	2,630,201	2,978,969
Contributions - employee	1,149,849	1,274,657	1,392,972
Net investment income	58,730	2,858,337	6,646,053
Benefit payments, including refunds of employee contributions	(999,126)	(1,085,194)	(1,290,431)
Administrative expense	(35,762)	(32,250)	(34,403)
Other	(1,766)	(1,738)	(1,744)
Net change in plan fiduciary net position	2,463,404	5,644,013	9,691,416
Plan fiduciary net position - beginning	39,789,882	42,253,286	47,897,299
Plan fiduciary net position - ending (b)	42,253,286	47,897,299	57,588,715
Net pension liability - ending (a) - (b)	\$ 13,486,576	\$ 14,664,133	\$ 11,919,363
Plan fiduciary net position as a percentage of total pension liability	75.80%	76.56%	82.85%
Covered payroll	\$ 16,426,414	\$ 18,184,351	\$ 19,887,590
Net pension liability as a percentage of covered payroll	82.10%	80.64%	59.93%

Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.

Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
\$ 3,732,706	\$ 3,856,949	\$ 4,164,056	\$ 4,267,960	\$ 4,679,641	\$ 5,218,765	\$ 6,490,108
4,761,659	5,258,675	5,818,955	6,315,835	6,808,244	7,350,172	8,085,649
-	-	-	-	-	(1,057,583)	-
577,776	524,371	(321,331)	(439,930)	628,699	1,257,257	3,971,473
-	406,608	-	-	-	(259,608)	-
<u>(1,662,660)</u>	<u>(1,879,475)</u>	<u>(1,919,943)</u>	<u>(2,784,954)</u>	<u>(3,324,552)</u>	<u>(3,275,461)</u>	<u>(3,337,152)</u>
7,409,481	8,167,128	7,741,737	7,358,911	8,792,032	9,233,542	15,210,078
<u>69,508,078</u>	<u>76,917,559</u>	<u>85,084,687</u>	<u>92,826,424</u>	<u>100,185,335</u>	<u>108,977,367</u>	<u>118,210,909</u>
76,917,559	85,084,687	92,826,424	100,185,335	108,977,367	118,210,909	133,420,987
3,142,231	3,287,746	3,479,670	3,678,159	4,019,003	4,468,567	5,391,192
1,470,396	1,538,384	1,627,099	1,668,335	1,829,005	2,048,348	2,506,870
(1,728,139)	9,105,849	5,384,137	10,362,682	(6,745,606)	10,214,786	10,565,359
(1,662,660)	(1,879,475)	(1,919,943)	(2,784,954)	(3,324,552)	(3,275,461)	(3,337,152)
(33,340)	(51,343)	(34,763)	(47,839)	(58,231)	(64,777)	(67,549)
<u>(1,741)</u>	<u>(1,542)</u>	<u>(1,356)</u>	<u>327</u>	<u>69,487</u>	<u>(452)</u>	<u>(1,580)</u>
1,186,747	11,999,619	8,534,844	12,876,710	(4,210,894)	13,391,011	15,057,140
<u>57,588,715</u>	<u>58,775,462</u>	<u>70,775,081</u>	<u>79,309,925</u>	<u>92,186,635</u>	<u>87,975,741</u>	<u>101,366,752</u>
<u>58,775,462</u>	<u>70,775,081</u>	<u>79,309,925</u>	<u>92,186,635</u>	<u>87,975,741</u>	<u>101,366,752</u>	<u>116,423,892</u>
<u>\$ 18,142,097</u>	<u>\$ 14,309,606</u>	<u>\$ 13,516,499</u>	<u>\$ 7,998,700</u>	<u>\$ 21,001,626</u>	<u>\$ 16,844,157</u>	<u>\$ 16,997,095</u>
76.41%	83.18%	85.44%	92.02%	80.73%	85.75%	87.26%
\$ 21,008,953	\$ 21,977,303	\$ 23,236,919	\$ 23,830,037	\$ 26,128,649	\$ 29,138,830	\$ 34,818,176
86.35%	65.11%	58.17%	33.57%	80.38%	57.81%	48.82%

**CITY OF WYLIE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)**

	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Actuarially determined contribution	\$ 2,611,189	\$ 2,924,821	\$ 3,144,978
Contribution in relation to the actuarially determined contribution	<u>2,611,189</u>	<u>2,924,821</u>	<u>3,144,978</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 18,212,187	\$ 19,547,995	\$ 20,843,290
Contributions as a percentage of covered payroll	14.34%	14.96%	15.09%

Note: GASB #68, paragraph 81.2.b requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Ten years of data is presented in accordance with GASB #68, paragraph 138.

Notes to Schedule:

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset Valuation Method	10-year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.60% to 11.85% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% Public Safety Table used for males and the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021
Other information	Adopted 70% non-retroactive repeating COLA Adopted buy-back provision.

Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
\$ 3,283,399	\$ 3,359,419	\$ 3,596,280	\$ 3,958,173	\$ 4,410,196	\$ 5,047,193	\$ 5,990,378
<u>3,283,399</u>	<u>3,359,419</u>	<u>3,596,280</u>	<u>3,958,173</u>	<u>4,410,196</u>	<u>5,047,193</u>	<u>5,990,378</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 21,773,201	\$ 22,277,304	23,369,269	25,796,021	28,452,877	32,562,535	38,163,097
15.08%	15.08%	15.39%	15.34%	15.50%	15.50%	15.70%

TEXAS MUNICIPAL RETIREMENT SYSTEM

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT MEASUREMENT YEARS (UNAUDITED)

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019	Measurement Year 2020	Measurement Year 2021	Measurement Year 2022	Measurement Year 2023	Measurement Year 2024
Total OPEB liability:								
Charges for the year								
Service cost	\$ 27,859	\$ 35,710	\$ 30,768	\$ 44,150	\$ 57,192	\$ 67,934	\$ 32,053	\$ 45,264
Interest	13,862	14,885	16,242	15,686	14,575	14,894	21,890	23,303
Changes of benefit terms	-	-	-	-	-	-	-	-
Difference between expected and actual experience	-	(22,724)	(15,356)	(6,015)	(14,293)	(5,930)	(1,540)	(13,399)
Change in assumptions	39,365	(35,164)	96,541	102,727	26,689	(316,876)	31,396	(37,556)
Benefit payments	(1,990)	(2,101)	(2,198)	(2,324)	(7,149)	(10,451)	(11,656)	(13,927)
Net change in total OPEB liability	79,096	(9,394)	125,997	154,224	77,014	(250,429)	72,143	3,685
Total OPEB liability - beginning	353,798	432,894	423,500	549,497	703,721	780,735	530,306	602,449
Total OPEB liability - ending	\$ 432,894	\$ 423,500	\$ 549,497	\$ 703,721	\$ 780,735	\$ 530,306	\$ 602,449	\$ 606,134
Covered-employee payroll	\$ 19,887,590	\$ 21,008,953	\$ 21,977,303	\$ 23,236,919	\$ 23,830,037	\$ 26,128,649	\$ 29,138,830	\$ 34,818,176
Total OPEB liability as a percentage of covered-employee payroll	2.18%	2.02%	2.50%	3.03%	3.28%	2.03%	2.07%	1.74%

Note: Only eight years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (there are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan); therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

**CITY OF WYLIE, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF OPEB CONTRIBUTIONS
LAST EIGHT FISCAL YEARS
(UNAUDITED)**

EXHIBIT A-14

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Actuarially determined contribution	\$ 2,086	\$ 2,160	\$ 2,228	\$ 2,337	2,580	5,101	5,617	6,417
Contributions in relation to the actuarially determined contribution	<u>2,086</u>	<u>2,160</u>	<u>2,228</u>	<u>2,337</u>	<u>2,580</u>	<u>5,101</u>	<u>5,617</u>	<u>6,417</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 20,843,290	\$ 21,773,201	\$ 22,277,304	\$ 23,369,269	25,796,021	28,452,877	32,562,535	38,163,097
Contributions as a percentage of covered-employee payroll	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%

Note: GASB #75, paragraph 57 requires that the data in this schedule be presented as of the City's fiscal year as opposed to the time period covered by the measurement date.

Note: Only eight years of data is presented in accordance with GASB #75. Additional years' information will be displayed as it becomes available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan (there are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan).

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APPENDIX C

FORMS OF BOND COUNSEL'S OPINIONS

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[Closing Date]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201-7932
United States

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IN REGARD to the authorization and issuance of the “City of Wylie, Texas, General Obligation Bonds, Series 2026,” dated May 1, 2026, in the principal amount of \$_____ (the “Bonds”), we have examined into their issuance by the City of Wylie, Texas (the “City”), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 15 in each of the years specified in an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), and existing regulations, published rulings, and court decisions

thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[Closing Date]

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
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United States

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IN REGARD to the authorization and issuance of the “City of Wylie, Texas, Public Property Finance Contractual Obligations, Series 2026,” dated May 1, 2026, in the principal amount of \$_____ (the “Contractual Obligations”), we have examined into their issuance by the City of Wylie, Texas (the “City”), solely to express legal opinions as to the validity of the Contractual Obligations and the exclusion of the interest on the Contractual Obligations from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Contractual Obligations, or the sufficiency of the security for or the value or marketability of the Contractual Obligations.

THE CONTRACTUAL OBLIGATIONS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Contractual Obligations mature on February 15 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Contractual Obligations (the “Ordinance”), unless redeemed prior to maturity in accordance with the terms stated on the Contractual Obligations. The Contractual Obligations accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Contractual Obligations, including the Ordinance and an examination of the initial Contractual Obligation executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Contractual Obligations and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Contractual Obligations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Contractual Obligations have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Contractual Obligations for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Contractual Obligations. Ownership of tax-exempt obligations such as the Contractual Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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