

WYLIE NORTHEAST
SPECIAL UTILITY DISTRICT
AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

MCPA, PC
Certified Public Accountants

Wylie Northeast Special Utility District
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September 30, 2024

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ANNUAL FILING AFFIDAVIT

STATE OF TEXAS COUNTY OF COLLIN

I, JIMMY C. BEACH of the

(Name of Duly Authorized District Representative)

WYLIE NORTHEAST SPECIAL UTILITY DISTRICT

(Name of District)

hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of the Directors of the District on the 17th day of December its annual audit report for the fiscal year or period ended SEPTEMBER 30, 2024 and those copies of the annual audit report have been filed in the district office, located at:

745 PARKER ROAD, WYLIE, TEXAS 75098

(Address of District)

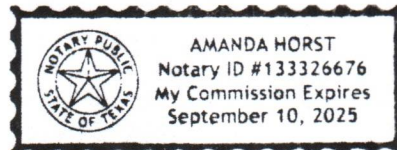
The annual filing affidavit and the attached copy of the audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: 12-17-24 By: Jimmy C Beach
(Signature of District Representative)

Jimmy C. Beach President
(Typed Name & Title of above District Representative)

Sworn to and Subscribed to before me by this 17 day of December
(SEAL)

Amanda Horst
(Signature of Notary)



My Commission Expires On: 9-10-25
Notary Public in the State of Texas.

MCPA, PC

Certified Public Accountants

KYLE CAPERTON, CPA | ERIC PASCHALL, CPA | KYLE ALLIS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wylie Northeast Special Utility District
Wylie, Texas

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the accompanying financial statements of the business-type activities of the Wylie Northeast Special Utility District ("District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Wylie Northeast Special Utility District, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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. 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 Wylie Northeast Special Utility District 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 opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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 Wylie Northeast Special Utility District'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 generally accepted 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 generally accepted 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 Wylie Northeast Special Utility District'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 Wylie Northeast Special Utility District'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 GASB 68 pension schedules on pages 6-8 and 26-30 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 auditing standards generally accepted in the United States of America, 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 District's basic financial statements. The Texas Supplementary Information (TSI) schedules on pages 32-39 are presented for purposes of additional analysis and are not a required part of the basic financial statements. These 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the TSI schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

MCPA, PC

MCPA, P.C.
Certified Public Accountants
Forney, Texas
December 9, 2024

Wylie Northeast Special Utility District
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2024

Schedule
Reference
Number

Findings

(None noted)

Wylie Northeast Special Utility District
Corrective Actions Planned
For the Year Ended September 30, 2024

Schedule
Reference
Number

Actions Planned

(None)

Wylie Northeast Special Utility District
Management's Discussion and Analysis
September 30, 2024

This section of Wylie Northeast Special Utility District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the year ended September 30, 2024. Please read it in conjunction with the District's basic financial statements.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$31,993,077 (net assets) as compared to the prior year amount of \$26,662,681 (net assets with prior period adjustment). Of the \$31,993,077 in net assets, \$12,993,217 (unrestricted net assets) may be used to meet the District's ongoing obligations to customers and creditors.
- During the year ended September 30, 2024, the District's revenues of \$10,375,078 from charges for services, customer charges and fees and investments for business-type activities exceeded expenses of \$5,044,682 (including depreciation & amortization of \$892,469) by \$5,330,396 as compared to the prior year when revenues exceeded expenses by \$3,572,294.

OVERVIEW OF THE FINANCIAL STATEMENTS

Three components of the District's annual financial report include: 1) management's discussion and analysis, 2) the basic financial statements, and 3) other supplementary information.

District-wide financial statements

The District's annual report includes two district-wide financial statements.

The first of these financial statements is the *Statement of Net Assets*. This is a statement of financial position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, the increases or decreases of net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

The second financial statement is the *Statement of Activities and Changes in Net Assets*, which reports how the District's net assets changed during the current fiscal year. All current year revenue and expenses are included regardless of when cash is received or paid.

Both financial statements distinguish the functions of the District that are principally supported by functions that collect user fees and charges (business-type activities) used to recover all or a significant portion of their costs.

Utility Funds are reported in the fund financial statements and generally report services for which the District charges customers a fee. The District maintains one utility fund.

Wylie Northeast Special Utility District
Management's Discussion and Analysis
September 30, 2024

Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the financial statements. The notes to the financial statements begin immediately following the basic financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

As year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$31,993,077. Of this amount, 59.39% reflects its investments in capital assets such as land, buildings, distribution system, improvements, machinery and equipment and construction in progress, less any debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to customers and are therefore not available for future spending. The following table provides a summary of the District's net assets at September 30:

SUMMARY OF NET ASSETS

	<u>Sept. 30, 2024</u>	<u>Sept. 30, 2023</u>
Assets:		
Cash and Investments	\$ 13,094,135	\$ 11,166,940
Other Assets	783,520	817,144
Longterm Assets, net	<u>25,029,590</u>	<u>22,038,817</u>
Total assets	<u>\$ 38,907,246</u>	<u>\$ 34,022,901</u>
Liabilities:		
Current Liabilities	\$ 268,260	\$ 423,980
Longterm Liabilities	<u>6,645,909</u>	<u>6,936,240</u>
Total Liabilities	<u>6,914,169</u>	<u>7,360,220</u>
Net assets:		
Invested in capital assets, net of related debt	18,999,860	15,719,675
Unrestricted	<u>12,993,217</u>	<u>10,943,006</u>
Total net assets	<u>31,993,077</u>	<u>26,662,681</u>
Total Liabilities and Net Assets	<u>\$ 38,907,246</u>	<u>\$ 34,022,901</u>

Wylie Northeast Special Utility District
Management's Discussion and Analysis
September 30, 2024

ANALYSIS OF THE DISTRICT'S OPERATIONS

Comparative data is accumulated and presented to assist analysis. The following table provides a summary of the District's changes in net assets for the year ended September 30, 2024 and 2023. Business-type activities increased the District's net assets by \$1,888,057 before any contributions from developers and member paid in capital.

SUMMARY OF CHANGES IN NET ASSETS

	<u>Year ended</u> <u>September 30, 2024</u>	<u>Year ended</u> <u>September 30, 2023</u>
Program Revenues:		
Charges for Services	\$ 6,175,468	\$ 6,007,201
General Revenues:		
Investments Earnings	667,013	500,316
Other Misc Income	<u>3,532,597</u>	<u>1,489,925</u>
Total revenues	<u>10,375,078</u>	<u>7,997,442</u>
Expenses:		
Water Utilities	5,044,682	4,425,148
Loss on Disposal of Assets	<u>-</u>	<u>-</u>
Total expenses	<u>5,044,682</u>	<u>4,425,148</u>
Increase (Decrease) in Net Assets	5,330,396	3,572,294
Prior Period Adjustment		5,800,219
Beginning net assets	<u>26,662,681</u>	<u>17,290,168</u>
Ending net assets	<u>\$ 31,993,077</u>	<u>\$ 26,662,681</u>

ECONOMIC ENVIRONMENT AND NEXT YEAR'S BUDGETS AND RATES

At this time, Wylie Northeast Special Utility District is not aware of any decisions or conditions that would negatively impact the District's operations through 2025.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District'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 Wylie Northeast Special Utility District, P. O. Box 1029, Wylie, Texas 75098.

Wylie Northeast Special Utility District
Statement of Net Assets
Utility Fund
September 30, 2024

	Business-type Activities-Enterprise (Utility Fund)
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 10,457,837
Cash and cash equivalents - Restricted	2,612,233
Investments (NOTE 3)	24,066
Accounts receivable (net of allowance)	562,337
Inventory	221,183
Total Current Assets	13,877,655
Non-current assets:	
Capital assets (plant, property and equipment)	30,399,380
Less accumulated depreciation	(5,440,520)
Net capital assets (NOTE 2)	24,958,860
Net Pension Asset (NOTE 4)	8,283
Deferred Outflows Pensions (NOTE 4)	62,447
Total Non-Current Assets	25,029,590
TOTAL ASSETS	\$ 38,907,246
LIABILITIES	
Current liabilities:	
Accounts payable	188,704
Accrued expenses	79,556
Total current liabilities	268,260
Longterm liabilities:	
Deferred Inflows Pensions (NOTE 4)	11,934
Customer deposits payable (NOTE 7)	674,975
Bonds Payable (NOTE 5)	
Due within one year	306,000
Due in more than one year	5,653,000
Total longterm liabilities	6,645,909
TOTAL LIABILITIES	6,914,169
NET ASSETS	
Invested in capital assets, net of related debt	18,999,860
Unrestricted	12,993,217
TOTAL NET ASSETS	31,993,077
TOTAL LIABILITIES AND NET ASSETS	\$ 38,907,246

The accompanying notes are an integral part of the financial statements.

Wylie Northeast Special Utility District
Statement of Activities and Changes in Net Assets
Utility Fund
For the Year Ended September 30, 2024

	Business-type Activities-Enterprise (Utility Fund)
Operating revenues:	
Charges for Services	\$ 6,025,720
Tap Connection & Inspections	99,651
Late & Special Charges	50,097
Miscellaneous Income	56,258
Total operating revenues	6,231,726
Operating expenses:	
Water expense	\$ 1,630,889
System & Equipment Maintenance	791,764
Professional Fees	52,775
Payroll and benefit expense	916,106
Regulatory Assessments & Fees	20,608
Insurance expense	35,873
Contract Services	51,290
Directors Fees	19,890
Bank & Credit Card Charges	214,478
Utilities	74,416
Equipment & Storage Rental	1,235
Dues & Subscriptions	4,791
Office Printing, Postage & Data Processing	120,238
Depreciation and amortization	892,469
Total operating expenses	4,826,822
Operating income (loss)	1,404,904
Nonoperating revenue (expenses):	
Capital Reimbursements	\$ 3,442,339
Interest Income	667,013
Gain/(loss) on disposal of capital assets	34,000
Interest Expense	(217,860)
Total nonoperating revenue (expenses):	3,925,492
Change in net assets	5,330,396
Total net assets-beginning	26,662,681
Total net assets-ending	\$ 31,993,077

The accompanying notes are an integral part of the financial statements.

Wylie Northeast Special Utility District
Statement of Cash Flows
Utility Fund
For the Year Ended September 30, 2024

	Business-type Activities-Enterprise (Utility Fund)
Cash flows from operating activities:	
Receipts from customers and users	\$ 6,275,990
Payments to suppliers	(3,186,583)
Payments to employees	(916,106)
Net cash provided (used) by operating activities	2,173,301
Cash flows from capital and related financing activities:	
Developer contributed	3,442,339
Addition to bonds payable	-
Principle Paid on Bonds Payable	(295,000)
Interest Paid on Bonds Payable	(217,860)
Disposal of fixed asset (Trade in)	34,000
Acquisition and construction of capital assets	(3,877,655)
Net cash provided (used) by capital and related financing activities	(914,176)
Cash flows from investing activities:	
Interest income	667,013
Net cash provided (used) by investing activities	667,013
Net increase (decrease) in cash and cash equivalents	1,926,138
Cash and cash equivalents at beginning of year	11,143,932
Cash and cash equivalents at end of year	\$ 13,070,070
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 1,404,904
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization	892,469
(Increase) decrease in accounts receivable	33,624
(Increase) decrease in inventory	-
(Increase) decrease in deferred outflows pensions	(9,276)
Increase (decrease) in accounts payable	(161,933)
Increase (decrease) in accrued expenses	5,155
Increase (decrease) in deferred inflows pensions	(2,282)
Increase (decrease) in customer deposits	10,640
Total adjustments	768,397
Net cash provided by operating activities	\$ 2,173,301

The accompanying notes are an integral part of the financial statements.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wylie Northeast Water Supply Corporation was organized in 1964 by a group of local patrons, created for the purpose of providing water service to an area designated by the Texas Commission on Environmental Quality (TCEQ). On September 20, 2005, Wylie Northeast Water Supply Corporation converted to Wylie Northeast Special Utility District. Wylie Northeast Special Utility District is an organization as set forth under the terms and conditions of Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 65 of the Texas Water Code.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles of the District follow.

Reporting Entity

The Board of Directors (Board) is a five-member group elected by the public. The Board has governance responsibilities over all activities related to providing water services to customers within the jurisdiction of the Wylie Northeast Special Utility District. The Board has the authority to make decisions, appoint administrators and managers, and significantly influence operations, and has the primary accountability for financial matters.

The District is not included in any other governmental “Reporting Entity” as defined by GASB in its Statement No. 14, “The Financial Reporting Entity.” There are no component units presented.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements, applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The District’s reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The proprietary financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when they are both measurable and available. Revenues are considered available within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if collected within sixty days after the current fiscal period. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. However, materials and supplies inventories are not considered expenditures until they are consumed. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the statement of net assets.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges for customers for sales or services and fees charged with the intention of recovering costs associated with connecting new customers. Principal operating expenses are the costs of providing the water services and include administrative expenses and depreciation of capital assets. All revenues and expenses not meeting these criteria are reported as general revenues and expenses.

Budget

The annual budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end. The budget for the next year is finalized, and formally approved by the Board before the end of the preceding fiscal year.

Other Significant Accounting Policies

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers cash on hand, demand deposits and all highly liquid investments with a maturity of three months or less from the acquisition date, to be cash and cash equivalents.

Investments – The investments of the District are recorded at their fair value at September 30, 2024.

Receivables – Accounts receivable as presented in the statement of net assets reflect the amounts that management expects to collect from its customers net of allowance for uncollectible accounts. The allowance for doubtful accounts at September 30, 2024 is \$5,000 and is consistent with prior year write offs.

Inventory and prepaid items – Inventories are valued using (FIFO) the first-in/first-out method. Governmental fund inventories are recorded as an expense as they are used rather when purchased.

Capital Assets - The District's capital assets include buildings, property, equipment, vehicles, improvements and distribution system. Additions are recorded at cost or, if contributed property, at its estimated fair value at the time of contribution. Repairs and maintenance are directly expensed in the period incurred; rebuilds and significant improvements are capitalized and depreciated. Sales or dispositions of capital assets are recorded by removing the historical cost and related accumulated depreciation from the statement of net assets and any resulting gain or loss recorded as appropriate to non-operating income or expense.

Outlays for major capital asset additions 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 constructed assets less any interest earned on the invested proceeds over the same period.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

<u>Assets</u>	<u>Years</u>
Building & Improvements	10-39
Water Distribution System	10-50
Vehicles	5
Water Service Equipment	5-10
Office Equipment	3-10
Billing Software	10

Depreciation and Amortization expense for the year ended September 30, 2024 was \$892,469.

Impairment of Long-lived Assets – The District reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset’s carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flows is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of September 30, 2024, no impairment of long-lived assets is necessary.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reporting amounts and disclosures. Accordingly, actual results could vary from those estimates.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Assets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has only one item that qualifies for reporting in this category, deferred outflows related to pensions, which arise only under an accrual basis of accounting. This amount is deferred and amortized over the actuarial-determined recognition period.

In addition to liabilities, the Statement of Net Assets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, deferred inflow related to pensions, which arises only under an accrual basis of accounting that qualifies for reporting in this category. This amount is deferred and amortized over the actuarial-determined recognition period.

Pensions – For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas County & District Retirement System (TCDRS) and additions to/deductions from TCDRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TCDRS. 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. See NOTE 4 below for further details.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

NOTE 2 – CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2024:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land and Improvements	\$ 213,338	\$ -	\$ -	\$ 213,338
Distribution System	24,342,035	1,852,758	-	26,194,792
Buildings and Improvements	1,192,718	4,500	-	1,197,218
Vehicles	519,066	65,537	(68,575)	516,027
Machinery and Equipment	235,699	1,954,860	(25,161)	2,165,399
Office Equipment	47,333	-	-	47,333
Billing Software	65,273	-	-	65,273
Construction in Progress	-	-	-	-
Total capital assets at hist. cost	26,615,462	3,877,655	(93,736)	30,399,380
Less accumulated depreciation for:				
Total accumulated depreciation	<u>(4,641,787)</u>	<u>(892,469)</u>	<u>93,736</u>	<u>(5,440,520)</u>
Capital assets, net	<u>\$ 21,973,674</u>	<u>\$ 2,985,186</u>	<u>\$ -</u>	<u>\$ 24,958,860</u>

***During FY2024 the District completed several large projects including a \$125k - line along Parker Road. Other large water and sewer infrastructure projects were contributed by the Developer for Inspiration Phase 6A, 7 A-B, 8A-B, and 9. The District also purchased a new Dodge Ram 3500, storage container, Kubota, Big Tex Trailer, and radio read meters. The districted disposed of a trailer, Dodge Ram 2500, and an Excavator Bobcat.*

NOTE 3 - DEPOSITS, SECURITIES AND INVESTMENTS

District investments are being held by various banks. All investments are currently invested in cash, money market funds, and fixed income investments, such as certificates of deposit. The District has complied with all requirements of the Texas Public Funds Investment Act.

The District’s funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District’s agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank’s dollar amount of Federal Deposit Insurance Corporation (“FDIC”) insurance.

- Cash Deposits – At September 30, 2024, the carrying amount of the District’s deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$13,094,135. The District’s cash deposits at September 30, 2024 and during the year ended September 30, 2024 were entirely covered by pledged securities and FDIC.
- Each of the 3 bond notes require the District to maintain a restricted debt reserve fund in an interest-bearing bank account. The District complied with restricted funds in the bank totaling \$2,612,233 as of September 30, 2024.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

Investments can be categorized according to three levels of custodial credit risk, they are:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the financial institution's trust department or agency in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the financial institution or by its trust department or agent but not in the District's name.

The following table categorizes the District's investment at September 30, 2024, utilizing the levels of custodial credit risk as described above:

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Certificate of Deposits	<u>24,066</u>	<u>-</u>	<u>-</u>	<u>24,066</u>
Total	<u>\$ 24,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,066</u>

GASB Statement No. 40 requires determination as to whether the District was exposed to the following specific investment risks at year end and if necessary, certain related disclosures:

- **Credit Risk**
Credit risk is related to the risk that an issuer or other party to an investment will not fulfill its obligations. The ratings of securities by nationally recognized agencies are designed to give an indication of credit risk. At September 30, 2024, the District was not significantly exposed to credit risk.
- **Custodial Credit Risk**
Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name. At September 30, 2024, the District was not exposed to custodial credit risk.
- **Concentration of Credit Risk**
This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At September 30, 2024, the District was not exposed to concentrations of credit risk.
- **Interest Rate Risk**
This is the risk that changing interest rates will have an adverse effect on the fair value of an investment. At September 30, 2024, the District was not significantly exposed to interest rate risk.
- **Foreign Currency Risk**
This is the risk that is associated with exchange rates and the possibility that they will adversely affect the fair value of an investment. At September 30, 2024, the District was not exposed to foreign currency risk.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

NOTE 4 – RETIREMENT PLAN

Wylie Northeast Special Utility District (TSUD) began participation in the Texas County & District Retirement System (TCDRS) as of Jan. 1, 2017.

- **Plan Information**

A description of the pension plan pursuant to Paragraph 40 of GASB Statement No. 68 is as follows:

1. Wylie Northeast SUD participates in the Texas County & District Retirement System (TCDRS), which is a statewide, agent multiple-employer, public employee retirement system.
2. A brief description of benefit terms:
 - a. All full- and part-time non-temporary employees participate in the plan, regardless of the number of hours they work in a year. Employees in temporary positions are not eligible for membership.
 - b. The plan provides retirement, disability and survivor benefits.
 - c. TCDRS is a savings-based plan. For the district’s plan, 7% of each employee’s pay is deposited into his or her TCDRS account. By law, employee accounts earn 7% interest on beginning of year balances annually. At retirement, the account is matched at an employer set percentage (current match is 100%) and is then converted to an annuity.
 - d. There are no automatic COLAs. Each year, the district may elect an ad hoc COLA for its retirees (if any). There are two COLA types, each limited by actual inflation.
 - e. Benefit terms are established under the TCDRS Act. They may be amended as of Jan. 1 each year but must remain in conformity with the Act.
3. Membership information is shown in the chart below.
4. The district’s contribution rate is calculated annually on an actuarial basis, although the employer may elect to contribute at a higher rate. The 1. Wylie Northeast SUD contribution rate is based on the TCDRS funding policy adopted by the TCDRS Board of Trustees and must conform with the TCDRS Act. The employee contribution rates are set by the district and are currently 5%. Contributions to the pension plan from the district for 2023 are shown in the Schedule of Employer Contributions.
5. The most recent comprehensive annual financial report for TCDRS can be found at the following link, www.tcdrs.org.

Members	Dec. 31, 2022	Dec. 31, 2023
Number of inactive employees entitled to but not yet receiving benefits	4	4
Number of active employees	9	10
Average monthly salary *(active employees)	\$4,625	\$4,640
Average age *	42.77	41.81
Average length of service in years *	8.00	8.18
Inactive Employees (or their Beneficiaries) Receiving Benefits		
Number of benefit recipients	0	0
Average monthly benefits	\$0	\$0

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

• **Actuarial assumptions:**

All actuarial methods and assumptions used for this GASB analysis were the same as those used in the December 31, 2023 funding valuation, except as noted below and throughout this report. Please see the Wylie Northeast Special Utility District December 31, 2023 Summary Valuation Report for further details.

The following are the key assumptions and methods used in this GASB analysis.

Valuation Timing

- Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial Cost Method

- Entry Age Normal (1)

Amortization Method

- Recognition of economic/demographic gains or losses Straight-Line amortization over Expected Working Life
- Recognition of assumptions changes or inputs Straight-Line amortization over Expected Working Life

Asset Valuation Method

- Smoothing period 5 years
- Recognition method Non-asymptotic
- Corridor None

Inflation

- Same as funding valuation

Salary Increases

- Same as funding valuation

Investment Rate of Return

- 7.60% (Gross of administrative expenses)

Cost-of-Living Adjustments

- Cost-of-Living Adjustments for Wylie Northeast Special Utility District are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.

Retirement Age

- Same as funding valuation

Turnover

- Same as funding valuation

Mortality

- Same as funding valuation

(1) Individual entry age normal cost method, as required by GASB 68, used for GASB calculations. Note that a slightly different version of the entry age normal cost method is used for the funding actuarial valuation.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

- ***Depletion of Plan Assets / GASB Discount Rate***

The discount rate is the single rate of return that, when applied to all projected benefit payments results in an actuarial present value of projected benefit payments equal to the total of the following:

1. The actuarial present value of benefit payments projected to be made in future periods in which (a) the amount of the pension plan's fiduciary net position is projected to be greater than the benefit payments that are projected to be made in that period and (b) pension plan assets up to that point are expected to be invested using a strategy to achieve the long-term rate of return, calculated using the long-term expected rate of return on pension plan investments.
2. The actuarial present value of projected benefit payments not included in (1), calculated using the municipal bond rate.

Therefore, if plan investments in a given future year are greater than projected benefit payments in that year and are invested such that they are expected to earn the long-term rate of return, the discount rate applied to projected benefit payments in that year should be the long-term expected rate of return on plan investments. If future years exist where this is not the case, then an index rate reflecting the yield on a 20-year, tax-exempt municipal bond should be used to discount the projected benefit payments for those years.

The determination of a future date when plan investments are not sufficient to pay projected benefit payments is often referred to as a depletion date projection. A depletion date projection compares projections of the pension plan's fiduciary net position to projected benefit payments and aims to determine a future date, if one exists, when the fiduciary net position is projected to be less than projected benefit payments. If an evaluation of the sufficiency of the projected fiduciary net position compared to projected benefit payments can be made with sufficient reliability without performing a depletion date projection, alternative methods to determine sufficiency may be applied.

In order to determine the discount rate to be used by the employer we have used an alternative method to determine the sufficiency of the fiduciary net position in all future years. Our alternative method reflects the funding requirements under the employer's funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
2. Under the TCDRS Act, the employer is legally required to make the contribution specified in the funding policy.
3. The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Based on the above, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments. Based on the expected level of cash flows and investment returns to the system, the fiduciary net position as a percentage of total pension liability is projected to increase from its current level in future years.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension liability of the employer is equal to the long-term assumed rate of return on investments. This long-term assumed rate of return should be net of investment expenses, but gross of administrative expenses for GASB 68 purposes.

Therefore, we have used a discount rate of 7.60%. This rate reflects the long-term assumed rate of return on assets for funding purposes of 7.50%, net of all expenses, increased by 0.10% to be gross of administrative expenses.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

• ***Investments – Long-term Expected Rate of Return***

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information shown below are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers shown are based on January 2024 information for a 10-year time horizon.

Note that the valuation assumption for the long-term expected return is re-assessed in detail at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2021 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice. Milliman relies on the expertise of Cliffwater in this assessment.

Asset Class	Benchmark	Target Allocation (1)	Geometric Real Rate of Return (2)
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.75%
Global Equities	MSCI World (net) Index	2.50%	4.75%
Int'l Equities - Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.75%
Int'l Equities - Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.75%
Investment-Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.35%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.65%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	7.25%
Distressed Debt	Cambridge Associates Distressed Securities Index (3)	4.00%	6.90%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.10%
Master Limited Partnerships	Alerian MLP Index	2.00%	5.20%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index (4)	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index (5)	25.00%	7.75%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	3.25%
Cash Equivalents	90-Day U. S. Treasury	2.00%	0.60%

(1) Target asset allocation adopted at the March 2024 TCDRS Board meeting.

(2) Geometric real rates of return equal the expected return minus the assumed inflation rate of 2.2%, per Cliffwater's 2024 capital market assumptions.

(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.

(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

• **Changes in Net Pension Liability (Asset)**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 12/31/2022	\$ 412,655	\$ 408,968	\$ 3,688
Changes for the year:			
Service cost	55,379		55,379
Interest on total pension liability (1)	35,571		35,571
Effect of plan changes (2)	1,517		1,517
Effect of economic/demographic gains / losses	9,244		9,244
Effect of assumptions changes or inputs	-		-
Refund of contributions	-	-	-
Benefit payments	-	-	-
Administrative expenses		(273)	273
Member contributions		38,367	(38,367)
Net investment income		45,589	(45,589)
Employer contributions		26,583	(26,583)
Other (3)	-	3,416	(3,416)
Balance at 12/31/2023	\$ 514,366	\$ 522,649	\$ (8,283)

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.

(2) Reflects plan changes adopted effective in 2024.

(3) Relates to allocation of system-wide items.

• **Sensitivity Analysis**

The following presents the net pension liability of the employer, calculated using the discount rate of 7.60%, as well as what the Wylie Northeast Special Utility District net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate.

	1% Decrease in Discount Rate (6.60%)	Discount Rate (7.60%)	1% Increase in Discount Rate (8.60%)
Total pension liability	\$ 603,246	\$ 514,366	\$ 441,257
Fiduciary net position	522,649	522,649	522,649
Net pension liability (asset)	\$ 80,597	\$ (8,283)	\$ (81,392)

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

• **Pension Expense / (Income)**

	January 1, 2023, to December 31, 2023
Service cost	\$ 55,379
Interest on total pension liability (1)	35,571
Effect of plan changes	1,517
Administrative expenses	273
Member contributions	(38,367)
Expected investment return net of investment expenses	(33,622)
Recognition of deferred inflows/outflows of resources	
Recognition of economic/demographic gains or losses	110
Recognition of assumption changes or inputs	2,068
Recognition of investment gains or losses	(1,253)
Other (2)	(3,416)
Pension Expense / (Income)	\$ 18,260

(1) Reflects the change in the liability due to the time value of money. TCDRS does not charge fees or interest.
(2) Relates to allocation of system-wide items.

• **Deferred Inflows / Outflows of Resources**

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 11,719	\$ 15,776
Changes of assumptions	215	16,124
Net difference between projected and actual earnings	-	8,029
Contributions made subsequent to measurement date (1)	N/A	Employer determined

(1) Reflects District matching contributions made between January 1 and September 30, 2024.

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

Year ended December 31:	
2024	\$ 2,665
2025	3,112
2026	11,181
2027	(2,170)
2028	2,180
Thereafter	\$ 9,074

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

NOTE 5 – LONG TERM DEBT

In August 2007, a Revenue Bond Series was issued to the District. The bond amount was \$2,005,000 and bears interest at the rate range of 4% - 5%. Payments are due annually for 30 years. The maturity of this bond is August 2037.

In August 2015, a Refunding Bond Series was issued to the District. The bond amount was \$755,000 and bears interest at the rate of 2.79%. Payments are due annually for 15 years. The maturity of this bond is August 2030.

In August 2022, the District entered into a State Infrastructure Bank (SIB) Loan Agreement with the Texas Transportation Commission to widen FM 2514 also known as Parker Road in Collin County. The loan amount was \$4,835,00 and bears interest at the rate of 3.16%. Payments are due annually for 19 years. The maturity of this bond is August 2042.

In 2024, the District entered into an Assignment and Assumption Agreement with Wells Fargo and Computershare for the management and servicing of the Wylie Northeast 2007 Series Bond. As of April 15, 2024. Computershare assumed the role of trustee and bond servicer from Wells Fargo. The terms and conditions of the bond, including its outstanding principle, interest rate, and maturity date, remain unchanged.

Principal and interest payments projected for the following five years:

	<u>Principal</u>	<u>Interest</u>
2025	306,000	199,567
2026	318,000	189,358
2027	329,000	187,258
2028	340,000	175,681
2029	352,000	163,668
Thereafter	4,314,000	1,002,762

During the year ended September 30, 2024, the following changes occurred in long-term notes for the District's Proprietary Funds:

<u>Balance</u>			<u>Balance</u>
<u>9/30/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>9/30/24</u>
6,254,000	-	(295,000)	5,959,000

Interest expense for the year ended September 30, 2024 was \$217,860.

NOTE 6 – OPERATING LEASE

On July 15, 2021, Wylie Northeast Special Utility District entered into an operating lease agreement for a postage machine option to lease up-to a 60-month lease term with a fixed quarterly payment of (\$246) two hundred and forty-six dollars per quarter beginning July 1, 2021, until July 31, 2026. Total rent for the 60-month period will be (\$4,920) four thousand, nine hundred and twenty dollars. As of September 30, 2024, the District does not have material leases that require capitalization under ASC 842.

Wylie Northeast Special Utility District
Notes to Financial Statements
September 30, 2024

NOTE 7 – OTHER INFORMATION

- A. Risk management - At any given time, the District is exposed to risks of loss related to torts, theft of, or physical damage to its assets, errors, injuries to employees, and natural disasters. Commercial insurance coverage in an amount that management believes is sufficient to cover these risks is maintained.
- B. Commitments - Wylie Northeast Special Utility District is committed to a contract with the Noth Texas Municipal Water District for the purchase of water. The contract requires a minimum purchase, and the rate is subject to review and adjustment by NTMWD annually. Previously the District was paying a monthly rate of \$148,434 but this decreased to \$136,528 effective August 2024. Additionally, this rate is subject to an annual overage evaluation.
- C. Developer Contributed Capital - The District receives unrestricted funds on occasion from various developers in return for Wylie Northeast Special Utility District agreeing to provide services to the end customers. At times, these agreements require the District to provide labor and supplies on a reimbursement basis. At other times, the developer completes the project using their own resources and then donates the completed assets to Wylie Northeast Special Utility District. During the year ended September 30, 2024, developers transferred assets to the District for the Inspiration Phase 6A, 7 A-B, 8A-B, and 9 in the amount of \$3,442,339 water distribution assets.
- D. Customer Deposits - Each new customer of the District is required to pay a refundable deposit to secure payment of the customer's water bill. At September 30, 2024, the District was obliged to its customers in the amount of \$674,975.
- E. Compensated Absences – It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service. Vacation is normally taken by December 31st of each year and not carried forward; therefore, no accrual has been made for unused vacation.

NOTE 8 – SUBSEQUENT EVENTS

Wylie Northeast Special Utility District has evaluated subsequent events through December 9, 2024, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Wylie Northeast Special Utility District
 Budgetary Comparison Schedule
 Utility Fund
 For the Year Ended September 30, 2024

	Proposed Budget	Final Budget	Actual	Variance
Operating revenues:				
Charges for Services	\$ 6,929,000	\$ 5,740,000	\$ 6,025,720	\$ 285,720
Tap Connection & Inspections	28,000	42,500	99,651	57,151
Late & Special Charges	35,000	46,000	50,097	4,097
Miscellaneous Income	55,000	56,195	56,258	63
Total operating revenues	<u>7,047,000</u>	<u>5,884,695</u>	<u>6,231,726</u>	<u>347,031</u>
Operating expenses:				
Water expense	1,747,000	1,631,000	1,630,889	(111)
System & Equipment Maintenance	869,500	917,000	791,764	(125,236)
Professional Fees	71,000	59,000	52,775	(6,225)
Payroll and benefit expense	938,600	926,600	916,106	(10,494)
Regulatory Assessments & Fees	46,200	46,200	20,608	(25,592)
Insurance expense	38,000	38,000	35,873	(2,127)
Contract Services	30,000	18,500	51,290	32,790
Directors Fees	-	26,000	19,890	(6,110)
Bank & Credit Card Charges	165,000	195,000	214,478	19,478
Utilities	93,500	80,000	74,416	(5,584)
Equipment & Storage Rental	1,500	1,500	1,235	(265)
Dues & Subscriptions	6,500	5,700	4,791	(909)
Office Printing, Postage & Data Processing	285,000	306,003	120,238	(185,765)
Depreciation and amortization	175,000	840,407	892,469	52,062
Total operating expenses	<u>4,466,800</u>	<u>5,090,910</u>	<u>4,826,822</u>	<u>(264,088)</u>
Operating income (loss)	<u>2,580,200</u>	<u>793,785</u>	<u>1,404,904</u>	<u>611,119</u>
Nonoperating revenue (expenses):				
Capital Reimbursements	\$ -	\$ -	\$ 3,442,339	\$ 3,442,339
Interest Income	-	-	667,013	667,013
Gain/(loss) on disposal of capital assets	(25,000)	(51,537)	34,000	85,537
Interest Expense	(145,000)	(217,860)	(217,860)	0
Total nonoperating revenue (expenses):	<u>(170,000)</u>	<u>(269,397)</u>	<u>3,925,492</u>	<u>4,194,889</u>
Change in net assets	2,410,200	524,388	5,330,396	4,806,008
Total net assets-beginning	<u>18,169,148</u>	<u>18,893,961</u>	<u>26,662,681</u>	<u>7,768,720</u>
Total net assets-ending	<u>\$ 20,579,348</u>	<u>\$ 19,418,349</u>	<u>\$ 31,993,077</u>	<u>\$ 12,574,728</u>

See independent auditor's report.

Wylie Northeast Special Utility District
 Required Supplementary Information
 Texas County & District Retirement System
 Schedule of Changes in Net Pension Liability and Related Ratios

LAST 10 CALENDAR YEARS*

	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Total Pension Liability	\$ 55,379	\$ 53,328	\$ 52,629	\$ 46,215	\$ 45,342	\$ 43,318	\$ 41,941	\$ 26,924
Service Cost	35,571	28,600	24,176	18,583	14,058	9,612	5,667	1,069
Interest on total pension liability	1,517	-	1,774	22,524	-	-	(432)	-
Effect of assumption changes or inputs	9,244	7,737	(16,748)	(895)	(1,068)	3,151	153	23
Effect of economic/demographic (gains) or losses	-	-	(8,471)	-	(6,554)	-	-	-
Benefit payments/refunds of contributions	101,711	89,665	53,360	86,427	51,778	56,081	47,329	28,016
Net Change in Total Pension Liability	412,655	322,990	269,631	183,203	131,426	75,346	28,017	-
Total Pension Liability - Beginning	\$ 514,366	\$ 412,655	\$ 322,991	\$ 269,630	\$ 183,204	\$ 131,427	\$ 75,346	\$ 28,016
Total Pension Liability - Ending (a)								
Plan Fiduciary Net Position								
Contributions - Employer	\$ 26,583	\$ 27,641	\$ 16,989	\$ 17,763	\$ 16,488	\$ 16,139	\$ 16,592	\$ 9,621
Contributions - Member	38,367	36,826	31,413	32,636	31,193	30,616	29,329	17,007
Investment income net of investment expenses	45,589	(26,724)	61,599	19,553	20,538	(935)	4,684	-
Benefit payments/refunds of contributions	-	-	(8,471)	-	(6,554)	-	-	-
Administrative Expense	(273)	(240)	(196)	(190)	(143)	(101)	(52)	-
Other	3,416	9,379	1,203	1,510	1,434	1,401	615	403
Net Change in Plan Fiduciary Net Position	113,682	46,882	102,537	71,272	62,956	47,120	51,168	27,031
Plan Fiduciary Net Position - Beginning	408,968	362,085	259,547	188,274	125,319	78,199	27,031	-
Plan Fiduciary Net Position - Ending (b)	\$ 522,650	\$ 408,967	\$ 362,084	\$ 259,546	\$ 188,275	\$ 125,319	\$ 78,199	\$ 27,031
Net Pension (Asset) Liability - Ending (a) - (b)	\$ (8,284)	\$ 3,688	\$ (39,093)	\$ 10,084	\$ (5,071)	\$ 6,108	\$ (2,853)	\$ 985
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	101.61%	99.11%	112.10%	96.26%	102.77%	95.35%	103.79%	96.48%
Pensionable covered payroll	\$ 548,102	\$ 526,086	\$ 448,757	\$ 466,230	\$ 445,618	\$ 437,366	\$ 418,989	\$ 242,954
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-1.51%	0.70%	-8.71%	2.16%	-1.14%	1.40%	-0.68%	0.41%

* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditor's Report

Wylie Northeast Special Utility District
 Required Supplementary Information
 Texas County & District Retirement System
 Schedule of Employer Contributions (1)

LAST 10 CALENDAR YEARS*

Year Ending December 31	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2016	\$ 9,621	\$ 9,621		\$ 242,954	4.0%
2017	\$ 16,592	\$ 16,592	\$ -	\$ 418,989	4.0%
2018	\$ 16,139	\$ 16,139	\$ -	\$ 437,366	3.7%
2019	\$ 16,488	\$ 16,488	\$ -	\$ 445,618	3.7%
2020	\$ 17,763	\$ 17,763	\$ -	\$ 466,230	3.8%
2021	\$ 16,989	\$ 16,989	\$ -	\$ 448,757	3.8%
2022	\$ 27,619	\$ 27,641	\$ (22)	\$ 526,086	5.3%
2023	\$ 26,583	\$ 26,583	\$ -	\$ 548,102	4.8%

(1) TCDRS calculates actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis as deferred outflows of resources on the following schedule.

(2) Payroll is calculated based on contributions as reported to TCDRS.

* Schedule is intended to show information for 10 years.
 Additional years will be displayed as they become available.

See Independent Auditor's Report

Wylie Northeast Special Utility District
Required Supplementary Information
Texas County & District Retirement System
Schedule of Deferred Inflows and Outflows of Resources

Expense / (Income) Calculation					Balances of Deferred Inflows and Outflows as of 12/31/2023	
Original Amount (A)	Date Established (B)	Original Recognition Period (1) (C)	Amount Recognized for 2022 (1) (A) / (C)		Inflows	Outflows
Investment (gains) or loses						
\$ (11,967)	12/31/2023	5.0	\$ (2,393)	\$	9,574	\$ -
\$ 56,988	12/31/2022	5.0	\$ 11,398	\$	-	\$ 34,192
\$ (40,347)	12/31/2021	5.0	\$ (8,069)	\$	16,140	\$ -
\$ (2,249)	12/31/2020	5.0	\$ (450)	\$	449	\$ -
\$ (8,703)	12/31/2019	5.0	\$ (1,739)	\$	-	\$ -
Economic / demographic (gains) or losses						
\$ 9,244	12/31/2023	8.0	\$ 1,156	\$	-	\$ 8,088
\$ 7,737	12/31/2022	8.0	\$ 967	\$	-	\$ 5,803
\$ (16,748)	12/31/2021	8.0	\$ (2,094)	\$	10,466	\$ -
\$ (895)	12/31/2020	12.0	\$ (75)	\$	595	\$ -
\$ (1,068)	12/31/2019	13.0	\$ (82)	\$	658	\$ -
\$ 3,151	12/31/2018	14.0	\$ 225	\$	-	\$ 1,801
\$ 153	12/31/2017	14.0	\$ 11	\$	-	\$ 76
\$ 23	12/31/2016	14.0	\$ 2	\$	-	\$ 8
Assumption changes or inputs						
\$ -	12/31/2023	8.0	\$ -	\$	-	\$ -
\$ -	12/31/2022	8.0	\$ -	\$	-	\$ -
\$ 1,774	12/31/2021	8.0	\$ 222	\$	-	\$ 1,108
\$ 22,524	12/31/2020	12.0	\$ 1,877	\$	-	\$ 5,016
\$ -	12/31/2019	13.0	\$ -	\$	-	\$ -
\$ -	12/31/2018	14.0	\$ -	\$	-	\$ -
\$ (432)	12/31/2017	14.0	\$ (31)	\$	215	\$ -
\$ -	12/31/2016	14.0	\$ -	\$	-	\$ -

Employer contributions made subsequent to measurement date (2)

(1) Investment (gains)/losses are recognized in pension expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the rounded average remaining service life for all active, inactive, and retired members. The current year recognition

<u>Status</u>	<u>Count</u>	<u>Remaining Service</u>	<u>Recognition Period</u>
Current Active Members	10	112	N/A
Current Inactive Members	4	0	N/A
Current Retirees and	0	0	N/A
Total	14	112	8

(2) Any eligible employer contributions made subsequent to the measurement date through the employer's fiscal year end of September 30.

See Independent Auditor's Report

Wylie Northeast Special Utility District
 Required Supplementary Information
 Texas County & District Retirement System
 Notes to Pension Schedules

Valuation Date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level percentage of payroll, closed
Remaining Amortization Period	17.7 years (based on contribution rate calculated in 12/31/2023 valuation)
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Salary Increases	Varies by age and service. 4.7% average over career including inflation.
Investment Rate of Return	7.50%, net of administrative and investment expenses, including inflation
Retirement Age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*

- 2015: New inflation, mortality and other assumptions were reflected.
- 2017: New mortality assumptions were reflected.
- 2019: New inflation, mortality and other assumptions were reflected.
- 2022: New investment return and inflation assumptions were reflected.

Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*

- Not applicable, prior to TCERS participation.
- 2016: No changes in plan provisions were reflected in the Schedule.
- 2017: New Annuity Purchase were reflected for benefits earned after 2017.
- 2018: No changes in plan provisions were reflected in the Schedule.
- 2019: No changes in plan provisions were reflected in the Schedule.
- 2020: No changes in plan provisions were reflected in the Schedule.
- 2021: No changes in plan provisions were reflected in the Schedule.
- 2022: No changes in plan provisions were reflected in the Schedule.
- 2023: No changes in plan provisions were reflected in the Schedule.

See Independent Auditor's Report

TEXAS SUPPLEMENTARY INFORMATION (TSI)
(Other Supplementary Information)

Wylie Northeast Special Utility District
 Services and Rates
 September 30, 2024

1. Services provided by the District:

- Retail Water Wholesale Water Drainage
 Retail Wholesaler Wholesale Wastewater Irrigation
 Parks/Recreation Fire Protection Security
 Solid Waste/Garbage Flood Control Roads
 Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
 Other (specify): Retail Sewer

2. Retail Rates Based on 5/8" Meter:

	<u>Flat Rate</u>	<u>Rate per 1000 Gallons</u>	<u>Usage Levels</u>
WATER:	<u>N</u>	\$ 7.46	- to 5,000
		8.44	5,001 to 10,000
		10.42	10,001 to 15,000
		11.57	15,001 to 20,000
		\$ 12.71	20,001 to Over

District employs winter averaging for wastewater usage? Yes No
 Total charges per 10,000 gallons usage: Water: \$ 109.50 Wastewater: \$ 59.30
 Basic water service \$ 30.00 per meter, sewer \$ 55.00

Water Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
≤ 3/4"	3,310	3,246	X 1.0	3,246
1"	53	52	X 2.5	130
1 1/2"	8	8	X 5.0	40
2"	37	27	X 8.0	216
3"	3	2	X 15.0	30
4"	2	2	X 25.0	50
6"	0	0	X 50.0	0
8"	2	2	X 80.0	160
10"	0	0	X 115.0	0
Total Water	3,415	3,339		3,872
Total Wastewater	1,873	1,873		

See independent auditor's report.

Wylie Northeast Special Utility District
 Services and Rates (continued)
 September 30, 2024

3. Total water consumption (rounded to the nearest 1,000) during the fiscal year:

Gallons pumped into system: (Oct. 2023 – Sept. 2024)	396,800,000
Gallons billed to customers:	368,187,293
Water Accountability Ratio:	93%

4. Standby Fees: District does not levy standby fees.

5. Location of District: 745 Parker Road Loop, Wylie, TX 75098

County(ies) in which district is located.

Is the District located entirely in one county? Yes No

City(ies) in which District is located: Collin

Is the District located within a city’s extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which District is located. : St. Paul, Wylie, Lucas, Parker

Is the general membership of the Board appointed by an office outside the District?
 Yes No

If yes, by whom? n/a

See independent auditor’s report.

Wylie Northeast Special Utility District
 Utility Fund Expenses
 September 30, 2024

Personnel Expenditures (including benefits)*	\$ 916,106
Professional Fees:	
Auditing	13,600
Legal	22,137
Engineering	17,039
Purchased Services For Resale:	
Bulk Water	1,630,889
Utilities	74,416
Repairs and Maintenance	
System Maintenance	179,716
Sewer Repairs & Maintenance	92,499
Sewer Usage Expense	472,261
Fleet Maintenance	47,288
Administrative Expenditures:	
Insurance	35,873
Contract Labor	51,290
Office expenses	120,219
General and Administrative	261,020
Other Expenditures	
Depreciation & Amortization	892,469
Miscellaneous	-
Interest Expense	<u>217,860</u>
TOTAL EXPENDITURES	<u>\$ 5,044,683</u>

* Number of persons employed by the District: 10 Full-Time ___ Part-Time

See independent auditor's report.

Wylie Northeast Special Utility District
 Temporary Investments
 September 30, 2024

<u>Money Market Fund</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>at End</u> <u>of Year</u>
Reserve Money Market #4321	5.62%	N/A	\$ 33,272
Reserve Money Market #9658	5.62%	N/A	54,085
Special Money Market #7215	5.62%	N/A	232,020
Building Money Market #1272	5.62%	N/A	2,319,766
Reserve Money Market #6769	5.62%	N/A	362,424
Reserve Money Market #9543	5.62%	N/A	1,437,307
Special Money Market #3743	5.62%	N/A	46,394
Building Money Market #6081	5.62%	N/A	<u>1,433,543</u>
 Total Money Market			 <u>\$ 5,918,813</u>
 Building Fund CD	 4.30%	 04/12/2024	 <u>\$ 24,066</u>
 Total Interest Bearing			 <u>\$ 5,942,878</u>

See independent auditor's report.

Wylie Northeast Special Utility District
 Long-Term Debt Service Requirements
 September 30, 2024

Fiscal Year End September 30	Principal	Interest	Total
2025	\$ 306,000	\$ 199,567	\$ 505,567
2026	318,000	189,358	507,358
2027	329,000	187,258	516,258
2028	340,000	175,681	515,681
2029	352,000	163,668	515,668
2030	364,000	151,192	515,192
2031	315,000	138,344	453,344
2032	325,000	126,734	451,734
2033	340,000	114,716	454,716
2034	350,000	102,132	452,132
2035	365,000	89,140	454,140
2036	380,000	75,582	455,582
2037	390,000	61,458	451,458
2038	280,000	46,926	326,926
2039	290,000	38,078	328,078
2040	295,000	28,914	323,914
2041	305,000	19,592	324,592
2042	315,000	9,954	324,954
	<u>\$ 5,959,000</u>	<u>\$ 1,918,294</u>	<u>\$ 7,877,294</u>

See independent auditor's report.

Wylie Northeast Special Utility District
Change in Long-Term Bonded Debt
September 30, 2024

	<u>Bond Series 2007</u>	<u>Bond Series 2015</u>	<u>SIB</u>
Beginning Bonds Outstanding	\$ 1,265,000	\$ 379,000	\$ 4,610,000
Issued during the year	-	-	-
Retired during the year	(65,000)	(50,000)	(180,000)
Ending Outstanding Balance	<u>\$ 1,200,000</u>	<u>\$ 329,000</u>	<u>\$ 4,430,000</u>
Interest Rates	4.00% - 5.00%	2.79%	3.16%
Maturity Dates	8/15/2037	8/15/2030	8/15/2042

See independent auditor's report.

Wylie Northeast Special Utility District
Comparative Schedule of Revenues and Expenses
Utility Fund
For the Years Ended September 30, 2024, 2023, and 2022

	2022		2023		2024	
	AMOUNTS	% OF FUND TOTAL REVENUE	AMOUNTS	% OF FUND TOTAL REVENUE	AMOUNTS	% OF FUND TOTAL REVENUE
OPERATING REVENUE						
Charges for Services	\$ 4,991,413	81.31%	\$ 5,844,587	96.40%	\$ 6,025,720	96.69%
Tap Connection & Inspections	1,021,187	16.64%	112,854	1.86%	99,651	1.60%
Late & Special Charges	60,353	0.98%	49,760	0.82%	50,097	0.80%
Miscellaneous Income	65,445	1.07%	55,843	0.92%	56,258	0.90%
TOTAL OPERATING REVENUE	6,138,398	100.00%	6,063,044	100.00%	6,231,726	100.00%
OPERATING EXPENSES						
Water expense	1,381,221	22.50%	1,627,102	26.84%	1,630,889	26.17%
System & Equipment Maintenance	474,173	7.72%	558,835	9.22%	791,764	12.71%
Professional Fees	41,698	0.68%	64,216	1.06%	52,775	0.85%
Payroll and benefit expense	807,661	13.16%	799,053	13.18%	916,106	14.70%
Regulatory Assessments & Fees	26,956	0.44%	34,416	0.57%	20,608	0.33%
Insurance expense	30,124	0.49%	27,713	0.46%	35,873	0.58%
Contract Services	45,604	0.74%	49,635	0.82%	51,290	0.82%
Directors Fees	13,200	0.22%	15,852	0.26%	19,890	0.32%
Bank & Credit Card Charges	114,366	1.86%	178,905	2.95%	214,478	3.44%
Utilities	62,045	1.01%	82,775	1.37%	74,416	1.19%
Equipment & Storage Rental	1,511	0.02%	1,244	0.02%	1,235	0.02%
Dues & Subscriptions	3,706	0.06%	4,746	0.08%	4,791	0.08%
Office Printing, Postage & Data Processing	118,735	1.93%	84,332	1.39%	120,238	1.93%
Depreciation and amortization	480,242	7.82%	702,550	11.59%	892,469	14.32%
TOTAL OPERATING EXPENSES	3,601,242	58.67%	4,231,374	69.79%	4,826,822	77.46%
NET OPERATING REVENUE (EXPENSES)	\$ 2,537,156	41.33%	\$ 1,831,670	30.21%	\$ 1,404,904	22.54%
NONOPERATING REVENUE (EXPENSES)						
Capital Reimbursements	\$ -	0.00%	\$ 1,419,582	23.41%	\$ 3,442,339	55.24%
Interest Income	81,863	1.33%	500,316	8.25%	667,013	10.70%
Gain *(loss) on disposal of capital assets	-	0.00%	14,500	0.24%	34,000	0.55%
Interest Expense	(77,978)	-1.27%	(193,774)	-3.20%	(217,860)	-3.50%
Total nonoperating revenue (expenses):	3,885	0.06%	1,740,624	28.71%	3,925,492	62.99%
NET REVENUE (EXPENSES)	\$ 2,541,041	41.40%	\$ 3,572,294	58.92%	\$ 5,330,396	85.54%

See independent auditor's report

Wylie Northeast Special Utility District
 Board Members, Key Personnel and Consultants
 September 30, 2024

Complete District Mailing Address: 745 Parker Rd. Wylie, TX 75098
 District Telephone Number: 972-442-2075
 Submission Date of the most recent District Registration Form:
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200

<u>Names:</u>	<u>Term of Office (Elected or Date Hired)</u>	<u>Fees of Office Paid 09/30/24</u>	<u>Expense Reimbursements 09/30/24</u>	<u>Title at Year End</u>
<u>Board Members:</u>				
Jimmy Beach	2022-2025	\$ 6,186	\$ -	President
Clinton Davis	2021-2024	\$ 3,536	-	Vice President
Ron Dawes	2022-2023	\$ 2,431	-	Director
Lance Ainsworth	2021-2024	\$ 3,536	-	Secretary
Jason West	2022-2026	\$ 3,536	-	Director
Christian Shamas	2024-2026	\$ 663	-	Director
<u>Key Administrative Personnel:</u>				
Chester W. Adams	8/2/2010	\$ 114,792	-	General Manager
Amanda Horst	7/5/2010	\$ 99,262	-	Office Manager
<u>Consultants:</u>				
James Wilson		\$ 22,137	-	Attorney
DUNAWAY DBI		\$ 56,576	-	Engineer
MCPA, P.C.		\$ 13,600	-	Auditor

See independent auditor's report.

MCPA, PC

Certified Public Accountants

KYLE CAPERTON, CPA | ERIC PASCHALL, CPA | KYLE ALLIS, CPA

December 9, 2024

To the Board of Directors and Management
Wylie Northeast Special Utility District

We have audited the financial statements of the business type activities of the Wylie Northeast Special Utility District (District) as of and for the year ended September 30, 2024, and have issued our report thereon dated December 9, 2024. Professional standards require that we advise you of the following matters relating to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

As communicated in our engagement letter dated September 11, 2024, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

PLANNED SCOPE AND TIMING OF THE AUDIT

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team has complied with all relevant ethical requirements regarding independence.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of the District's Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Wylie Northeast Special Utility District are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive estimate affecting the Wylie Northeast Special Utility District's financial statements was:

Management's estimate of the depreciation of the District's fixed assets is based upon management's estimate of the specific assets useful life and the cost of the assets is depreciated accordingly. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgement and are particularly sensitive because of their significance to financial statement users.

The disclosure of long-term bonds in Note 5 to the financial statements as these represent significant future debt payments in the form of interest and principal.

The financial statement disclosures are neutral, consistent, and clear.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no unusual transactions noted.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

These included adjustments to:

- Record the TCDRS GASB 68 Retirement Plan Valuation adjustments.
- Accrue the sewer usage invoice to accounts payable.
- Accrue for the trash reimbursement for the month of May 2024.
- Tie out year-end payroll accrued expenses.
- Tie out current versus long term debt to bond amortization schedules.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Wylie Northeast Special Utility District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Wylie Northeast Special Utility District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the MD&A, Budget and Actual schedules, GASB 68 Pension schedules, as well as the Texas Supplementary Information Schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

RESTRICTION ON USE

This information is intended solely for the information and use of the Board of Directors and management of the Wylie Northeast Special Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "MCPA, PC". The letters are bold and slightly slanted, with a comma between "MCPA" and "PC".

MCPA, P.C.