City of Lewisville, Texas

Federal Single Audit Report
Year Ended September 30, 2025

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council of
City of Lewisville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Lewisville, 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 and have issued our report thereon dated March 24, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The City's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
March 24, 2026

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The Woodlands, Texas 77380
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Independent Auditor's Report on Compliance for Each Major Federal Program, Report on Internal Control over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Mayor and City Council of
City of Lewisville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lewisville, Texas (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2025. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lewisville, Texas 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. We issued our report thereon, dated March 24, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

The Woodlands, Texas
March 24, 2026

City of Lewisville, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2025

Section 1. Summary of the Auditor's Results

Financial Statements

a. An unmodified opinion was issued on the financial statements.

b. Internal control over financial reporting:

Material weakness(es) identified?	____Yes	_X_No
Significant deficiency(ies) identified that are not considered a material weakness?	_X_Yes	____None Reported

c. Noncompliance material to financial statements noted? ____Yes _X_No

Major Federal Programs

d. Internal control over major federal programs:

Material weakness(es) identified?	____Yes	_X_No
Significant deficiency (ies) identified that are not considered a material weakness?	____Yes	_X_None Reported

e. An unmodified opinion was issued on compliance for major Federal programs.

f. Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? ____Yes _X_No

g. Identification of major federal program:

Program/Cluster Name	Federal Assistance Listing Number
Coronavirus State and Local Fiscal Recovery Funds	21.027

h. The dollar threshold used to distinguish between type A and type B programs. $1,000,000

i. Auditee qualified as a low-risk auditee? _X_Yes ____No

Section 2. Financial Statement Findings

Finding: 2025-001: Revenue Recognition

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Criteria: Management is responsible for the accuracy and completeness of all financial records and related information, as well as for establishing and maintaining effective internal control over financial reporting.

Condition: In October 2024, the City properly accrued $3.4 million of construction expenditures related to two invoices for services received in fiscal year 2024, which were pre-funded through an advanced funding agreement, as fiscal year 2024 expenditures. However, the City incorrectly posted the revenue recognition entry related to these charges in fiscal year 2025, rather than in fiscal year 2024, when the costs were incurred.

Cause: The error described above resulted from internal controls over revenue recognition not being effectively performed.

Effect or Potential Effect: As a result of the error, September 30, 2024 fund balance and liabilities in the capital projects fund were understated and overstated, respectively, by $3.4 million, and revenue for the year then ended was understated by $3.4 million.

Recommendation: We recommend the City review and improve, as needed, controls over revenue recognition related to advanced funding agreements to ensure that revenue is properly recognized in the correct period.

Views of Responsible Official(s) and Planned Corrective Actions: See corrective action plan.

Section 3. Findings and Questioned Costs for Federal Awards

None

City of Lewisville, Texas
Summary of Prior Year Audit Findings
For the Year Ended September 30, 2025

Section 4. Summary of Prior Year Audit Findings.

None

Finding: 2025-001
Significant Deficiency in internal Control over Financial Reporting: Revenue Recognition

Recommendation:
We recommend the City review and improve, as needed, controls over revenue recognition related to advanced funding agreements to ensure that revenue is properly recognized in the correct period.

Planned Corrective Action:
The City will enhance procedures and internal controls to ensure the timely and accurate recognition of revenue in accordance with applicable accounting standards. This includes implementing additional review procedures over revenue recorded at year-end and ensuring that unearned revenue balances are properly evaluated and adjusted. Coordination between the grants, accounts payable, and accounting teams will be strengthened to ensure that all relevant information is communicated and reflected in the financial records.

Contact Person Responsible for Corrective Action:
David Erb
Director of Finance

Anticipated Completion Date:
By fiscal year-end September 30, 2026

City of Lewisville, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

(1) Federal and State/ Pass-Through Grantor/ Program Title	(2) Federal Assistance Listing Number	(2A) Grant Number	(3) Federal Expenditures
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Governor's Division of Emergency Management/			
Homeland Security Grant Program:			
Homeland Security Investigations (HSI)	97.067	DA36C524DA0003	$ 5,228
HSCP/UASI (2023) Election Security Camera Trailers	97.067	4903101	128,362
HSCP/UASI (2024) Outdoor Warning Sirens	97.067	5248601	136,876
Total Assistance Listing No. 97.067			270,466
Clearpass Integration	97.137	5209501	39,202
Total Passed Through Governor's Division of Emergency Management/ Homeland Security Grant Program			309,668
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			309,668
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
CDBG - Entitlement Grants Cluster			
CDBG Program	14.218	B-21-MC-48-0039	202,641
CDBG Program	14.218	B-23-MC-48-0039	287,129
CDBG Program	14.218	B-24-MC-48-0039	123,806
CDBG-CV Program	14.218	B-20-MW-48-0039	21,112
Total CDBG - Entitlement Grants Cluster			634,689
CDBG HOME	14.239	B-25-MC-48-0039	21,541
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			656,230
U.S. DEPARTMENT OF JUSTICE			
Passed Through the Office of Justice Programs:			
Equitable Sharing	16.922	TX0610600	220,265
OCDETF	16.111	SWE-TXE-0426	21,736
Justice Assistance Grant (JAG)	16.738	15PBJA-24-GG-05136-JAGX	46,992
Department of Justice - DOJ COPS Grant	16.710	15JCOPS-24-GG-03751-UHPX	125,000
Total Passed Through the Office of Justice Programs			413,992
TOTAL U.S. DEPARTMENT OF JUSTICE			413,992
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Texas Department Of Transportation:			
Green Ribbon - Landscaping IH35/Valley Ridge/3040/SHB121	20.205	0364-03-102; 0196-02-136	40,729
Total Passed Through the Texas Department of Transportation			40,729
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			40,729
U.S. DEPARTMENT OF ENERGY			
Energy Efficiency and Conservation	81.128	EECEQ-00653	141,650
TOTAL U.S. DEPARTMENT OF ENERGY			141,650
U.S. DEPARTMENT OF THE TREASURY			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	1505-0271	6,434,514
TOTAL U.S. DEPARTMENT OF THE TREASURY			6,434,514
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Texas A&M:			
Community Forestry	10.675	CO-24-165	41,236
TOTAL U.S. DEPARTMENT OF AGRICULTURE			41,236
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 8,038,019

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Lewisville, Texas

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2025

Note 1. Basis of Presentation

The City accounts for its grants primarily in Special Revenue Funds. Special Revenue Funds are governmental funds which can be used to account for resources restricted to, or committed for, specific purposes by a grantor. Generally, unused balances are returned to the grantor at the close of specified project periods.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City, and is presented on the modified accrual basis of accounting as described in Note 1 to the basic financial statements for the year ended September 30, 2025.

The City elected not to use the de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.