WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, MARCH 11, 2024
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **Regular City Council Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

CALL TO ORDER (Council Members, City Staff, Members of the Public - when speaking during the meeting please speak directly into the microphones on the dais or podium)

ROLL CALL

INVOCATION

PLEDGE OF ALLEGIANCE United States and Texas Flags

ANNOUNCEMENTS

PRESENTATIONS

1. Presentation of Service Awards for the City of Watauga Employees celebrating a Milestone Anniversary during the month of March

2. Presentation of the Employee of the Month Award for the month of March

PUBLIC COMMENT If speaking for an organization or group, the speaker should identify the group represented. If speaking during Public Comment (for matters not posted on that particular meeting's agenda), members of the City Council and Staff may only provide a statement of factual information in response to the inquiry or recite existing policy in response (e.g., to correct a factual misstatement made by the citizen or provide factual information requested by the citizen). Any deliberation of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting. If necessary, the Chair will task the City Manager to respond to the citizen and report back to the City Council as soon as practicable. Such report to the-City Council shall not constitute a meeting called by the City Council nor shall it constitute deliberation or formal action. Individual citizens addressing the City Council during Public Comment shall not exceed three (3) minutes in their comments; however, the Chair may extend or reduce the speaker's allotted time in order to conduct an efficient and effective public meeting. The time allotted shall not be donated to others desiring to speak. Public Comment is not established to engage in a conversation with the Council and no formal Council action will be taken.

PUBLIC TESTIMONY FOR ACTION ITEMS Only those persons who submit a completed Request to Speak form prior to the agenda item being introduced by the Chair will be allowed to speak on agenda items set for action (this doesn't include presentations or reports). The Chair shall ask each person requesting to speak to approach the podium when called to speak. Speakers time shall generally not exceed three (3) minutes in their comments and all comments must be germane to the specific agenda item being discussed; however, the Chair may extend or reduce the speaker's allotted time. Speakers shall not be permitted to donate their time to other speakers. Members of the City Council may ask questions or discuss the item directly with the citizen during the citizen's testimony if necessary. Any discussion between a Council member and the citizen will not count toward the time limit and Council Members are encouraged not to speak until the citizen has first utilized their allocated time.

REPORTS

CONSENT AGENDA All of the items on the consent agenda are considered to be self-explanatory by the Council and will be enacted with one motion, one second, and one vote. There will be no separate discussion of these items.

1. Consider action to approve a revised Interlocal Cooperation Contract with Texas Department of Public Safety pursuant to Chapter 706 of the Texas Transportation Code
   Sandra Gibson, Director of Finance

2. Consider action on a grant awarded to the City of Watauga by the United States Department of Transportation; approving the grant award of $160,000 dollars and 20% non federal match; providing for repeal;providing severability; and providing an effective date
   Ben Davis, Grant & Recognition Program Manager
   Paul Hackleman, Director of Public Works
   Sandra Gibson, Director of Finance

3. Consider approve of the minutes for the January 22, 2024, Regular City Council meeting.
   Linda Proskey, City Secretary

4. Consider approval of the Council Workshop minutes for February 12, 2024.
   Linda Proskey, City Secretary

5. Consider action to declare the items shown on the 2024 Master Surplus List as surplus personal property assets of the city approved for sale or disposition
   Paul Hackleman, Director of Public Works

6. Consider action to approve the purchase and authorize the City Manager to execute a contract with Axon Enterprise, Inc. for the Watauga Police Department Drone Program and related costs
   Robert Parker, Police Chief

7. Consider action on approval of the Monthly Financial Report for the period ending January 31, 2024
   Sandra Gibson, Director of Finance

8. Consider the appointment of Sebastian Posada to Place 1 on the Planning and Zoning Commission.

PUBLIC HEARINGS

1. **SUP.24-01:** Public hearing to receive comments for or against a request for a specific use permit for a massage establishment at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition. The subject property known as Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

2. **P.24-02:** Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

ACTION ITEMS

1. Discuss and consider action to approve a resolution to accept the Annual Audit and Single Audit for the period October 1, 2022 - September 30, 2023
   Sandra Gibson, Director of Finance

2. Discuss and consider action to nominate an individual(s) for the Hometown Hero Award.
   Arthur Miner, Mayor

3. **SUP.24-01:** Consideration of a request from Wen Jing Xu for a specific use permit to allow for a massage establishment in a property commonly known as 8420 Denton Highway, being a portion of Watauga Towne Center which is located north of Bursey

Road and east of Denton Highway. Owner: Brookwillow Watauga LLC.
Applicant/Agent: Wen Jing Xu.
Jeannette Garcia, Planner I

4. **P.24-02:** Consideration of a request for a final plat out of Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots. Owner/applicant: Echo Court LLC, Kevin Wong.
Jeannette Garcia, Planner I

EXECUTIVE SESSION The City Council will recess its open meeting and reconvene in executive session to discuss the following items pursuant to the below referenced section(s) of the Texas Government Code:

RECONVENE The City Council will return to open session in the City Council Chamber for possible discussion and action as a result of the Executive Session.

ITEMS OF EXECUTIVE SESSION DELIBERATION

ITEMS FOR FUTURE AGENDAS

ADJOURNMENT

Meeting Notices and Reservation of Rights
The City Council may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the [City Council/Board/Commission/Committee] to address a subject matter on the agenda. Action, if any, will be taken in open session.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Linda Proskey, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on March 8, 2024, Before 5:00 pm in accordance with Chapter 551 of the Texas Government Code.

/S/ Linda Proskey

City Secretary

CITY OF WATAUGA, TEXAS

AGENDA MEMORANDUM

DATE: February 23, 2024

TO: Honorable City Council Members

FROM:

THROUGH:

SUBJECT: Presentation of Service Awards for the City of Watauga Employees celebrating a Milestone Anniversary during the month of March

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BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Employee Service Awards - March 2024

REVIEWED BY:

Juliet Rodriguez, Human Resources and Civil Service Director	Approved - 3/5/2024
Joshua Jones, City Manager	Approved - 3/6/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

Employee Service Awards

March 2024

Helen Newpher

Permit Technician

15 Years of Service

Thank You

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Honorable City Council Members

FROM:

THROUGH:

SUBJECT: Presentation of the Employee of the Month Award for the month of March

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BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Employee of the Month - March 2024

REVIEWED BY:

Juliet Rodriguez, Human Resources and Civil Service Director	Approved - 3/5/2024
Joshua Jones, City Manager	Approved - 3/6/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

March 2024

Employee of the Month

Jeannette Garcia

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: February 12, 2024

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Joshua Jones, City Manager

SUBJECT: Consider action to approve a revised Interlocal Cooperation Contract with Texas Department of Public Safety pursuant to Chapter 706 of the Texas Transportation Code

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BACKGROUND/INFORMATION:

The City of Watauga has an interlocal contract with the Department of Public Safety of the State of Texas (DPS) provide and establish an automated Failure to Appear (FTA) system that accurately stores information regarding violators subject to the provisions of the Texas Transportation Code Chapter 706. DPS uses the FTA system to properly deny renewal of a driver license to a person who is the subject of an FTA system entry.

A new contract is required due to changes made by House Bill 291, approved during the 88th Legislative session. The amendments to the contract include changes to the language and restructuring of the original contract to provide clarity regarding the specific responsibilities held by each party, inclusion of indigency into the program as mandated by House Bill 291, 88th Legislative session, and the addition of language to account for future changes to the current statute, either federal or state, ensuring the contract remains in compliance with the latest legal requirements until a revised contract is available.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:
Consider approval of the attached Interlocal Cooperation Contract Failure to Appear (FTA) Program

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Texas Failure to Appear Program Contract
2. Letter - Texas Dept. of Public Safety

REVIEWED BY:
Sandra Gibson, Director of Finance Approved - 2/12/2024

AGENDA MEMORANDUM

David Berman, City Attorney	Approved - 2/20/2024
Joshua Jones, City Manager	Approved - 2/20/2024
Linda Proskey, City Secretary	Final Approval - 2/21/2024

Approved as to form for inclusion on Agenda

Interlocal Cooperation Contract
Failure to Appear Program

State of Texas
County of ______________________

I. PARTIES AND AUTHORITY

This Interlocal Cooperation Contract (Contract) is entered into between the Department of Public Safety of the State of Texas (DPS), an agency of the State of Texas and the ____________________ Court of the [City or County] of ________________________ (Court), a political subdivision of the State of Texas, referred to collectively in this Contract as the Parties, under the authority granted in Tex. Transp. Code Chapter 706 and Tex. Gov't Code Chapter 791 (the Interlocal Cooperation Act).

II. BACKGROUND

A peace officer authorized to issue citations within the jurisdiction of the Court must issue a written warning to each person to whom the officer issues a citation for a traffic law violation. This warning must be provided in addition to any other warnings required by law. The warning must state in substance that if the person fails to appear in court for the prosecution of the offense or if the person fails to pay or satisfy a judgment ordering the payment of a fine and cost in the manner ordered by the Court, the person may be denied renewal of the person's driver license.

As permitted under Tex. Transp. Code § 706.008, DPS contracts with a private vendor (Vendor) to provide and establish an automated Failure to Appear (FTA) system that accurately stores information regarding violators subject to the provisions of Tex. Transp. Code Chapter 706. DPS uses the FTA system to properly deny renewal of a driver license to a person who is the subject of an FTA system entry generated from an FTA Report.

An FTA Report is a notice sent by Court requesting a person be denied renewal of a driver's license in accordance with this Contract. The Court may submit an FTA Report to DPS's Vendor if a person fails to appear or fails to pay or satisfy a judgment as required by law. There is no requirement that a criminal warrant be issued in response to the person's failure to appear.

III. PURPOSE

This Contract applies to each FTA Report submitted by the Court to DPS or its Vendor and accepted by DPS or its Vendor.

IV. PERIOD OF PERFORMANCE

This Contract will be effective on the date of execution and terminate five years from that execution date unless terminated earlier in accordance with Section VII.C, *General Terms and Conditions, Termination.*

V. COURT RESPONSIBILITIES

A. FTA Report

For a matter involving any offense which a Court has jurisdiction of under Tex. Code Crim. Proc. Chapter 4, where a person fails to appear for a complaint or citation or fails to pay or satisfy a judgment ordering payment of a fine and cost in the manner ordered by the Court, the Court will supply DPS, through its Vendor, an FTA report including the information that is necessary to deny renewal of the driver license of that person. The Court must make reasonable efforts to ensure that all FTA Reports are accurate, complete, and non-duplicative. The FTA Report must include the following information:

1. the jurisdiction in which the alleged offense occurred;
2. the name of the court submitting the report;
3. the name, date of birth, and Texas driver license number of the person who failed to appear or failed to pay or satisfy a judgment;
4. the date of the alleged violation;
5. a brief description of the alleged violation;
6. a statement that the person failed to appear or failed to pay or satisfy a judgment as required by law;
7. the date that the person failed to appear or failed to pay or satisfy a judgment; and
8. any other information required by DPS.

B. Clearance Reports

The Court that files the FTA Report has a continuing obligation to review the FTA Report and promptly submit appropriate additional information or reports to the Vendor. The clearance report must identify the person, state whether or not a fee was required, and advise DPS to lift the denial of renewal and state the grounds for the action. All clearance reports must be submitted immediately, but no later than two business days from the time and date that the Court receives appropriate payment or other information that satisfies the person's obligation to that Court.

To the extent that a Court uses the FTA system by submitting an FTA Report, the Court must collect the statutorily required $10.00 reimbursement fee from the person who failed to appear, pay or satisfy a judgment ordering payment of a fine and cost in the manner ordered by the Court. If the person is acquitted of the underlying offense for which the original FTA Report was filed or found indigent by the court, the Court will not require payment of the reimbursement fee.

Court must submit a clearance report for the following circumstances:

1. the perfection of an appeal of the case for which the warrant of arrest was issued or judgment arose;
2. the dismissal of the charge for which the warrant of arrest was issued or judgment arose;
3. the posting of a bond or the giving of other security to reinstate the charge for which the warrant was issued;
4. the payment or discharge of the fine and cost owed on an outstanding judgment of the Court; or
5. other suitable arrangement to satisfy the fine and cost within the Court's discretion.

After termination of the Contract, the Court has a continuing obligation to report dispositions and collect fees for all violators in the FTA system at the time of termination. Failure to comply with the continuing obligation to report will result in the removal of all outstanding entries of the Court in the FTA Report, resulting in the lifting of any denied driver license renewal status from DPS.

C. Quarterly Reports and Audits

Court must submit quarterly reports to DPS in a format established by DPS.

Court is subject to audit and inspection at any time during normal business hours and at a mutually agreed upon location by the state auditor, DPS, and any other department or agency, responsible for determining that the Parties have complied with the applicable laws. Court must provide all reasonable facilities and assistance for the safe and convenient performance of any audit or inspection.

Court must correct any non-conforming transactions performed by the Court, at its own cost, until acceptable to DPS.

Court must keep all records and documents regarding this Contract for the term of this Contract and for seven years after the termination of this Contract, or until DPS or the State Auditor's Office (SAO) is satisfied that all audit and litigation matters are resolved, whichever period is longer.

D. Accounting Procedures

Court must keep separate, accurate, and complete records of the funds collected and disbursed and must deposit the funds in the appropriate municipal or county treasury. Court may deposit such fees in an interest-bearing account and retain the interest earned on such accounts for the Court.

Court will allocate $6.00 of each $10.00 reimbursement fee received for payment to the Vendor and $4.00 for credit to the general fund of the municipal or county treasury.

E. Non-Waiver of Fees

Court will not waive the $10.00 reimbursement fee for any person that has been submitted on an FTA Report, unless any of the requirements in Tex. Trans. Code § 706.006(a) or §706.006(d) are met.

Failure to comply with this section will result in: (i) termination of this Contract for cause; and (ii) the removal of all outstanding entries of the Court in the FTA Report, resulting in the lifting of any denied driver license renewal status from DPS.

F. Litigation Notice

The Court must make a good-faith attempt to immediately notify DPS in the event that the Court becomes aware of litigation in which this Contract or Tex. Transp. Code Chapter 706 is subject to constitutional, statutory, or common-law challenge, or is struck down by judicial decision.

VI. DPS's RESPONSIBILITIES

DPS will not continue to deny renewal of the person's driver license after receiving notice from the Court that the FTA Report was submitted in error or has been destroyed in accordance with the Court's record retention policy.

VII. PAYMENTS TO VENDOR

Court must pay the Vendor a fee of $6.00 per person for each violation that has been reported to the Vendor and for which the Court has subsequently collected the statutorily required $10.00 reimbursement fee. In the event that the fee has been waived by Tex. Trans. Code § 706.006(a) or §706.006(d), no payment will be made to the Vendor.

Court agrees that payment will be made to the Vendor no later than the last day of the month following the close of the calendar quarter in which the payment was received by the Court.

DPS will not pay Vendor for any fees that should have been submitted by a Court.

VIII. GENERAL TERMS AND CONDITIONS

A. Compliance with Law. This Contract is governed by and construed under and in accordance with the laws of the State of Texas. The Court understands and agrees that it will comply with all local, state, and federal laws in the performance of this Contract, including administrative rules adopted by DPS.

B. Notice. The respective party will send the other party notice as noted in this section. Either party may change its information by giving the other party written notice and the effective date of the change.

Court	Department of Public Safety
Attn.:	Enforcement & Compliance Service 5805 North Lamar Blvd., Bldg A Austin, Texas 78752-0001 (512) 424-5311 [fax] Driver.Improvement@dps.texas.gov (512) 424-7172
Address:	
Address:	
Fax:	
Email:	
Phone:	

C. Termination.

Either party may terminate this Contract with 30 days' written notice.

DPS may also terminate this Contract for cause if Court doesn't comply with Section V.C., *Quarterly Reports and Audits* and V.E., *Non- Waiver of Fees.*

If either Party is subject to a lack of appropriations that are necessary for that Party's performance of its obligations under this Contract, the Contract is subject to immediate cancellation or termination, without penalty to either Party.

D. Amendments.

This contract may only be amended by mutual written agreement of the Parties.

E. Miscellaneous.

1. The parties shall use the dispute resolution process provided for in Chapter 2260 of the Texas Government Code to resolve any disputes under this Contract; provided

however nothing in this paragraph shall preclude either Party from pursuing any remedies available under Texas law.

2. This Contract shall not constitute or be construed as a waiver of any of the privileges, rights, defenses, remedies, or immunities available to either Party or the State of Texas.
3. Any alterations, additions, or deletions to the terms of the contract that are required by changes in federal or state law or regulations are automatically incorporated into the contract without written amendment hereto, and shall become effective on the date designated by such law or by regulation.

CERTIFICATIONS

The Parties certify that (1) the Contract is authorized by the governing body of each party; (2) the purpose, terms, rights, and duties of the Parties are stated within the Contract; and (3) each party will make payments for the performance of governmental functions or services from current revenues available to the paying party.

The undersigned signatories have full authority to enter into this Contract on behalf of the respective Parties.

Court*	Department of Public Safety
______________________	______________________
Authorized Signatory	**Driver License Division Chief or Designee**
______________________	
Title	
______________________	______________________
Date	**Date**

*An additional page may be attached if more than one signature is required to execute this Contract on behalf of the Court. Each signature block must contain the person's title and date.

TEXAS DEPARTMENT OF PUBLIC SAFETY

5805 N LAMAR BLVD • BOX 4087 • AUSTIN, TEXAS 78773-0001
512/424-2000
www.dps.texas.gov

January 29, 2024

WATAUGA MUNICIPAL COURT
7105 WHITLY RD
WATAUGA, TX 76148

Re: Notice of Interlocal Cooperation Contract (ICC) for Failure to Appear (FTA) Program

Dear Court Administrator,

Due to changes occurring in the 88th Legislative Session, the Department revised the FTA contract (ICC). This notice is to inform you of the changes and the need to sign a new contract to continue your participation in the FTA program. You must return the signed contract (ICC) **within 90 days** from the date of this notice to continue participating in the program.

The following changes have been made to the contract (ICC):

- Changes to language and restructuring of the original ICC to provide clarity regarding the specific responsibilities held by each party.
- Inclusion of indigency into the program as mandated by House Bill 291, 88th Legislative Session.
- Language to account for future changes to the current statute, either federal or state, ensuring that the ICC remains in compliance with the latest legal requirements until a revised ICC is available.

It is imperative that all participants in the FTA program adhere to these updated terms to ensure the program's continued effectiveness and compliance with relevant legislation. Submit the completed and signed contract (ICC) by mail, email, or fax. Please ensure you address this attention to FTA Program.

Mailing address:
Enforcement & Compliance Service
5805 North Lamar Blvd, Bldg A,
Austin, TX 78752-0300
E-mail: driver.improvement@dps.texas.gov
Fax: (512) 424-2848

Should you have any questions, please send an email to driver.improvement@dps.texas.gov. Thank you for your immediate attention to this matter.

Regards,
Manager
Enforcement and Compliance Service

Enclosure

AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, MARCH 11, 2024
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
6:30 PM

This notice is posted pursuant to the Texas Open Meetings Act. Notice is hereby given that a **Regular City Council Meeting** of the City of Watauga, Texas will be held at which time the following subjects will be discussed and may be acted upon.

DATE: February 8, 2024

TO: Honorable City Council Members

FROM: Ben Davis, Grant & Recognition Program Manager
Paul Hackleman, Director of Public Works
Sandra Gibson, Director of Finance

SUBJECT: Consider action on a grant awarded to the City of Watauga by the United States Department of Transportation; approving the grant award of $160,000 dollars and 20% non federal match; providing for repeal;providing severability; and providing an effective date

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BACKGROUND/INFORMATION:

The City of Watauga has been awarded $160,000 from the United States Department of Transportation Federal Highway Administration to develop a Comprehensive Safety Action Plan (CSAP) for the Safe Streets and Roads for all (SS4A) Program. The SS4A program supports the U.S. Department of Transportation's National Roadway Safety Strategy and the goal of zero roadway deaths using a Safe System Approach.

The total cost of the Action Plan is estimated to be $200,000 and will be procured through a Request for Qualifications procurement method. Once the consultant is selected, they will perform various tasks to facilitate the required criteria described by the SS4A Grant Program. Once the Action Plan has been completed, submitted, and approved, the City will be eligible for other grants to help with the construction or implementation of projects outlined in the Action Plan.

FINANCIAL IMPLICATIONS:
The City's match would be $40,000 and funds would be provided for in the Capital Projects Fund

RECOMMENDATION/ACTION DESIRED:
Accept the federal funding award, as well as agree to the 20% non federal match

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Watauga Resolution Accepting SSFA Grant Award

REVIEWED BY:

Paul Hackleman, Director of Public Works	Approved - 2/13/2024
Sandra Gibson, Director of Finance	Approved - 2/20/2024
David Berman, City Attorney	Approved - 2/27/2024
Joshua Jones, City Manager	Approved - 2/27/2024
Linda Proskey, City Secretary	Final Approval - 2/29/2024

Approved as to form for inclusion on Agenda

Meeting Notices and Reservation of Rights

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NOTICE

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I, Linda Proskey, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on March 8, 2024, Before 5:00 pm in accordance with Chapter 551 of the Texas Government Code.

/S/ Linda Proskey

City Secretary

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2024-_______

A RESOLUTION OF THE CITY COUNCIL OF WATAUGA, TEXAS, APPROVING A RESOLUTION APPROVING ACCEPTANCE OF THE SAFE STREETS FOR ALL GRANT SPONSORED BY THE UNITED STATES DEPARTMENT OF TRANSPORTATION AND THE FEDERAL HIGHWAY ADMINISTRATION OFFICE OF SAFETY; PROVIDING A REPEALING CLAUSE; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS**,** on November 15, 2021, the President of the United States of America signed into law H.R. 3684, the Infrastructure and Jobs Act, most commonly referred to as the Bipartisan Infrastructure Law, to provide a transformative effort to overhaul the nation's economy.

WHEREAS, on October 27, 2023, the City of Watauga was selected for an award of $160,000 dollars in Federal funding for the Safe Streets for All (SS4A) grant program; and

WHEREAS, the City of Watauga is expected to receive $160,000 in funding; grant recipients are required to contribute no less than a 20% non-federal match.

WHEREAS, The United States Department of Transportation has adopted guidance regarding the use of SS4A Funds; and

WHEREAS, the City of Watauga will follow the guidelines set forth by the United States Department of Transportation in the use of SS4A Funds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS:

SECTION 1. The City Council hereby approves acceptance of the Safe Streets For All grant award from the United States Department of Transportation in the expected amount of $160,000, and authorizes the City Manager to accept the grant on the City's behalf and to perform such acts and execute such documents as may be necessary or appropriate to receive grant proceeds.

SECTION 2. This resolution shall be and is hereby cumulative of all other resolutions of the Watauga City Council and this resolution shall not operate to repeal or affect any such other resolutions except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this resolution, in which event such conflicting provisions, if any, in such other resolution or resolutions are hereby repealed.

SECTION 3. If any section, subsection, sentence, clause, or phrase of this resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this resolution.

SECTION 4. This resolution shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon all subsequent approvals thereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas on this 11th day of March 2024.

APPROVED

____
Arthur L. Miner, Mayor

ATTEST:

____
Linda Proskey, Secretary

APPROVED AS TO FORM AND LEGALITY:

____
David Berman, City Attorney

AGENDA MEMORANDUM

DATE: February 22, 2024

TO: Honorable City Council Members

FROM: Linda Proskey, City Secretary

THROUGH: Linda Proskey, City Secretary

SUBJECT: Consider approve of the minutes for the January 22, 2024, Regular City Council meeting.

BACKGROUND/INFORMATION:
The meeting minutes for the January 22, 2024, City Council meeting.

FINANCIAL IMPLICATIONS:
None

RECOMMENDATION/ACTION DESIRED:
Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. January 22, 2024 regular CC Meeting - Draft Minutes

REVIEWED BY:

Joshua Jones, City Manager	Approved - 2/23/2024
Linda Proskey, City Secretary	Final Approval - 2/29/2024

Approved as to form for inclusion on Agenda

MINUTES
WATAUGA CITY COUNCIL
REGULAR MEETING
CITY HALL COUNCIL CHAMBER,
7105 WHITLEY ROAD,
JANUARY 22, 2024
6:30 PM

CALL TO ORDER

Mayor Arthur Miner called the meeting to order at 6:00 p.m.

ROLL CALL

The meeting convened with the following members present:

Arthur L. Miner	Mayor
Jan Hill	Mayor Pro Tem/Council Member Place 7
Pat Shelbourne	Council Member Place1
Tom Snyder	Council Member Place 2
Lovie Downey	Council Member Place 3
Andrew Neal	Council Member Place 4
Malissa Minucci	Council Member Place 5
Mark Taylor	Council Member Place 6

and

Joshua Jones	City Manager
Linda Proskey	City Secretary
David Berman	City Attorney
Sandra Gibson	Director of Finance
Timothy Hamilton	Director of Parks and Community Services
Randy Barkley	Assistant Fire Chief

INVOCATION

Pastor Lynn Nichols of the Northside Nazarene church gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Miner led the Pledge of Allegiance.

ANNOUNCEMENTS

Councilmember Neal announced the animal shelter is in need of cat food.

PRESENTATIONS

Presentation by Emergicon regarding proposed fee schedule changes and updates.

Sandra Gibson introduced Rahim Fancy, Vice President of Finance, with Emergicon, who went over the proposed fee changes on tonight's agenda.

Mr. Fancy recommends restructuring fees from an itemized to a bundled approach. He stated this would maximize reimbursement from Commercial Insurance Alliance, the agency with current industry standards, and can continue to work against the rising cost of supplies and labor that you all must provide for the community. He said bundling should give the city a higher reimbursement rate.

PUBLIC COMMENT

Cody Hickman 5401 ledge stone. Drive Fort Worth, TX 76132. Wants to open an events venue at 6700 Denton Highway, where a former church was for weddings, birthday parties, and special occasions. He owned a catering company for 14 years. Mr. Hickman wanted to ask the council for a special use permit.

Mayor Miner said he needed to go through the planning and zoning department, and they would go through the steps with him.

Joshua Jones, the City Manager, gave him his card to contact him about the process.

PUBLIC TESTIMONY FOR ACTION ITEMS

No requests for public testimony were received.

CONSENT AGENDA

1. **Consider action to approve the minutes from the December 11, 2023 Regular Council meeting.**

2. **Consider action to approve an Engineering Contract with Burgess Niple, Inc. for the design and construction administration of Community Development Block Grant (CDBG)-CV Round 4 Project (Plum Street Water Improvements)**

3. **Consider action to approve the purchase of one (1) Ford Truck from Silsbee Ford through the TIPS Cooperative purchasing program - Contract #210907.**

4. **Consider action on an ordinance of the City of Watauga, Texas, amending Chapter 12 Fee Schedule Sec. 12-16 (d) Ambulance service rates.**

5. **Consider the approval of the minutes from the January 8, 2024, Workshop meeting.**

6. **Consider action to renew the massage permits for Hightower Salon, Magic Massage, Niu Niu, and RR Massage.**

Mayor Miner called for a Motion. Mayor Pro Tem Hill made a motion to accept the item as presented. Councilmember Neal seconded the motion. Mayor Miner called for a vote.

Motion carried 7-0-0-0.

Ayes, Shelbourne, Snyder, Downey, Neal, Minucci, Taylor, Hill
Nays: None
Abstain: None
Absent: None

PUBLIC HEARINGS

ACTION ITEMS

1. Discuss and consider amending or repealing resolution 18-07-23-05: A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS DELEGATING TO THE CITY MANAGER PURSUANT TO SECTION 7.02(6) OF THE HOME RULE CHARTER THE AUTHORITY TO OVERSEE THE APPROVAL OF SICK LEAVE, VACATION LEAVE AND SPECIFIC ADMINISTRATIVE DUTIES IN CONNECTION WITH LIMITED SUPERVISION OF THE CITY SECRETARY; PROVIDING THAT ALL RESOLUTIONS IN CONFLICT HEREWITH ARE HEREBY REPEALED TO THE EXTENT THAT THEY ARE IN CONFLICT; PROVIDING A SAVINGS CLAUSE; PROVIDING AN EFFECTIVE DATE.

   Mayor Miner stated council members approached him about this. He is confident that the City Manager and City Secretary will work together, and according to the City Manager and the City Secretary, there are no issues.

   Joshua Jones, City Manager, stated that if this is or isn't in place, it isn't going to matter. It won't change anything.

   Councilmember Taylor explained that back in 2018, there was tension between the two departments, which is why the council implemented the resolution. He does not see a need for this any longer and, therefore, feels it should be repealed.

   Mayor Miner called for a Motion. Councilmember Taylor made a motion to repeal resolution 18-07-23-05. Mayor Pro Tem Hill seconded the motion. Mayor Miner called for a vote.

   Motion carried 6-1-0-0.

   Ayes, Shelbourne, Snyder, Downey, Minucci, Taylor, Hill
   Nays: Neal
   Abstain: None
   Absent: None

ITEMS FOR FUTURE AGENDAS

Mayor Miner would like the bee ordinance on the first February meeting.

ADJOURNMENT

Mayor Miner adjourned the meeting at 7:02 pm

Approved: this __________ day of ____________, 2024

Signed: this __________ day of ____________, 2024

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Linda Proskey, City Secretary

AGENDA MEMORANDUM

DATE: February 22, 2024

TO: Honorable City Council Members

FROM: Linda Proskey, City Secretary

THROUGH: Linda Proskey, City Secretary

SUBJECT: Consider approval of the Council Workshop minutes for February 12, 2024.

BACKGROUND/INFORMATION:
Council Workshop minutes from February 12, 2024.

FINANCIAL IMPLICATIONS:
None

RECOMMENDATION/ACTION DESIRED:
Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. 2.12.23 WORKSHOP Meeting - Draft Minutes

REVIEWED BY:

Joshua Jones, City Manager	Approved - 2/23/2024
Linda Proskey, City Secretary	Final Approval - 2/29/2024

Approved as to form for inclusion on Agenda

MINUTES
WATAUGA CITY COUNCIL
WORKSHOP MEETING
CITY HALL COUNCIL CHAMBER,
7105 WHITLEY ROAD,
FEBRUARY 12, 2024
5:30 PM

CALL TO ORDER

Mayor Arthur Miner called the meeting to order at 5:32 p.m.

ROLL CALL

The meeting convened with the following members present:

Arthur L. Miner	Mayor
Jan Hill	Mayor Pro Tem/Council Member Place 7
Pat Shelbourne	Council Member Place1
Tom Snyder	Council Member Place 2
Lovie Downey	Council Member Place 3
Andrew Neal	Council Member Place 4
Malissa Minucci	Council Member Place 5 (absent w/notice
Mark Taylor	Council Member Place 6

and

Joshua Jones	City Manager
Linda Proskey	City Secretary
David Berman	City Attorney
Sandra Gibson	Director of Finance
Timothy Hamilton	Director of Parks and Community Services
Robert Parker	Chief of Police
Juliet Rodriguez	Human Resource Director

ANNOUNCEMENTS

No announcements were made.

PRESENTATIONS

1. Discuss amending 10.09 Drug and Alcohol-Free Workplace Policy of the Personnel, Administration, and Financial Policies and Procedures Manual.

Julie Rodriguez, Director of Human Resources, presented the item. She updated the Council on the policy that went to the Council in December of 2023 but did not pass, and the Council requested a workshop. Revisions included verbiage regarding over-the-counter vaping products, such as THC, CBD, cannabis, cannabinoids, and synthetic stimulants. Also, she wanted to amend Section M, clarifying verbiage that if an employee's performance contributed to an accident or injury, they will be drug tested. Currently, the policy states that they may be tested. They also wanted to change the order for testing from reasonable suspicion, then accident or injuries, to accident or injuries, then reasonable suspicion. After the council meeting in December, she was approached by directors to address other herbal stimulants, like Kratom, and prescription drugs, such as medical marijuana. The city won't prohibit anybody using prescription drugs from working. But if it prohibits them from being able to do their job or impairs their judgment. The employee is instructed to notify their supervisor, and they should be bringing that to the human resources department so that we can investigate the matter. They are also verifying that the policy matches the D.O.T. regulations. She also stated that they can look into onsite testing.

ADJOURNMENT

Mayor Miner adjourned the meeting at 5:51pm

Approved: this _________ day of ___________, 2024

Signed: this _________ day of ___________, 2024

APPROVED:

____
Arthur L. Miner, Mayor

ATTEST:

____
Linda Proskey, City Secretary

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: February 26, 2024

TO: Honorable City Council Members

FROM: Paul Hackleman, Director of Public Works

THROUGH: Joshua Jones, City Manager

SUBJECT: Consider action to declare the items shown on the 2024 Master Surplus List as surplus personal property assets of the city approved for sale or disposition

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BACKGROUND/INFORMATION:

The surplus asset disposal policy allows for the Director of Public Works to recommend real property for the City Council to review and declare as surplus.

Once the property is declared surplus by City Council, surplus equipment maybe disposed of by one of the following methods:

1. Sold competitively by public auction or by sealed bids
2. Traded in for new equipment
3. If the item has no value, the City Manager or designee, may authorized such items to be sold as scrap

The attachments to this memo list all items by department that are being recommended to be declared surplus.

City employees/City Council Members and their immediate families may not purchase any surplus city property either by sealed bid, at an auction, or resale from trade-in.

FINANCIAL IMPLICATIONS:

Revenue from the sale of property shall be restored to the appropriate originating funds.

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends City Council declare the real property as attached to this agenda item as surplus property.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. 2023-24 SURPLUS MASTER SHEET

AGENDA MEMORANDUM

<u>REVIEWED BY:</u>

Paul Hackleman, Director of Public Works	Approved - 2/27/2024
David Berman, City Attorney	Approved - 2/27/2024
Joshua Jones, City Manager	Approved - 2/27/2024
Linda Proskey, City Secretary	Final Approval - 2/29/2024

Approved as to form for inclusion on Agenda

LOT#	BRAND	MODEL	DESCRIPTION	CONDITION
IT 1	HAVIS	DS-PAN-1204	TABLET MOUNT W/ KEYBOARD	Good
IT 2	NETGEAR	WAC720	Wireless Access Point	Good
	NETGEAR	N/A	ROUTER	Good
	NETGEAR	WC16A	PROSAFE WIRELESS CONTROLLER - 4JX473E4000D3	Good
	NEC	SV8100	TELCO - 0B2603220	Poor
	NEC	N/A	TELCO BATTERY BOX - 2B0295T2300027	Poor
	ARUBA	X414	4 POST RM KIT	Good
	D-LINK	DCS-933L	CAMERA - R3YC1D4010904	Good
	D-LINK	DGS-1024D	SWITCH - DRBW588000010	Good
	ARRIS	NVG468MQ	ROUTER - 48381391353840	Good
	LINKSYS	WRT320	ROUTER - 19811607805298	Good
	WESTELL	A90	ROUTER - 10AK07031092	Good
	HP	PROCURVE 408	SWITCH - TW534RA1IB	Good
	HP	PROCURVE 2824	SWITCH - SG509SJ00K	Good
	NETGEAR	GS108PE	SWITCH	Good
	NETGEAR	GS116	SWITCH	Good
	HP	PROCURVE 2600-PWR	SWITCH - J8762A	Good
	HP	PROCURVE 2910AL	SWITCH	Good
	3COM	V1900	SWITCH - CN20BT60GD	Good
	NETGEAR	PROSAFE 24 PORT	GIGABIT SWITCH - 2W025C5U00096	Good
	3COM	V1900	SWITCH - CN20BT6090	Good
	PANASONIC	CF-33	COMPUTER TABLET	Good
	LENOVO	IDEAPAD	LAPTOP - HDD REMOVED	Fair
	ASUS	X551M	LAPTOP - HDD REMOVED, NO CHARGER	Fair
	DELL	E5510	LAPTOP - JYLWWM1, HDD REMOVED	Fair
	GETAC	S400	LAPTOP - RD539S0751, HDD REMOVED	Fair
	LENOVO	80VG	LAPTOP - PF0JPFAN, NO HDD	Fair
	DELL	LATITUDE E5510	LAPTOP - 6ZLWWM1, NO HDD	Fair
	CISCO	5505	ASA	Good
	DELL	OPTIPLEX 3020	DESKTOP - JQ81S22	Poor
	LENOVO	N/A	DESKTOP - 11S305005290010561F1Y3	Fair
IT 3	VARIOUS	N/A	BOX OF KEYBOARDS/MOUSE (BOX 1)	Good
	VARIOUS	N/A	BOX OF CORDS (BOX 2)	Good
	VARIOUS	N/A	BOX OF RACK RAILS (BOX 3)	Good
	VARIOUS	N/A	BOX OF CABLE MANAGERS (BOX 4)	Good
	READYRAILS	A8	RACK RAILS	Good
	DOU YEE	N/A	ESD WRIST STRAPS	Good
	NIKON	COOLPIX	CAMERA - 33055706	Good
	ENGENIUS	FREESTYL1	CORDLESS TELEPHONE - 12A100943	Good
	SAMSUNG	SM-B690V	FLIPPHONE - 35563807474093	Good
	SONIM	XP5S	PHONE - 353288100308307	Good
	KYOCERA	E4810	FLIP PHONE	Good
	N/A	N/A	OFFICE CHAIR	Fair
	N/A	N/A	SHELVES	Good
	FIBERPLEX	FOM2 5400	380387	Good
	TRANSITION NETWORKS	J/FE-CF-04(SM)	100Base-FX to 100Base-TX	Good
	DMP	714-16	16 POINT, 340 ENC, GRAY	Good
	OTTLITE	CFO-002	LAMP	Good
	NEC	DT700	PHONE - 231ABA-G	Good
IT 4	AURORA	GAD101-A	TEMPERATURE MONITOR	Good
	AURORA	NEB215	TEMPERATURE MONITOR	Good
	APC	1500	UPS	Fair
	DELL	OPTIPLEX 380	DESKTOP	Good
IT 5	EPSON	TM-H60000IV	RECEIPT PRINTER - P6LF130672	Fair
	STAR	TSP100	RECEIPT PRINTER	Good
	HP	CZ183A	PRINTER - CNB8J3LKCK	Fair
	HP	COLOR LASERJET M454DN	PRINTER	Good

	HP	VARIOUS	TONER	Good
	NEAT	ND-1000	SCANNER - CNLF147S3040	Good
	HP	Officejet 7612	PRINTER - CN4511M1B9	Good
	ASUS	MX279	MONITOR - G1MRS038704, DEAD PIXELS	Poor
	DELL	N/A	MONITOR	Good
	DELL	N/A	MONITOR - BROKEN LCD	Poor
	SAMSUNG	E1920X	MONITOR - V894H9NZ323405V	Fair
	DELL	PAVILION	ALL IN ONE - 8CC6490858	Good
	LENOVO	IDEACENTRE AIO	ALL IN ONE DESKTOP W/KEYBOARDs	Good
	HP	LASERJET PRO M254DW	PRINTER - VNB3N47992	Good
	N/A	N/A	2 POST RACK W/ SHELVES	Good
P&R 1	FORD	F350	2012 (VIN #1FT8W3A60CEB54950) TRUCK UNIT #601	FAIR
P&R 2	WELLS CARGO	COVERED	1995 (1WC200J2252027925) TRAILER UNIT #611	FAIR
P&R 3	ROADMASTER	TRAILER	2006 (4HFBV32276A061384) TRAILER UNIT #631	FAIR
P&R 4	TRAILER		BLACK TRAILER #633	FAIR
P&R 5	MAXXD	GSX10225	2022 (VIN #5R8GF2523NM091258) UNIT 645	GOOD
Rec 1	Precor	C956i	heavy duty commercial treadmill	POOR
Rec 2	Precor	C956i	heavy duty commercial treadmill	FAIR
Rec 3	Life Fitness	2 ellipticals	2 S/N - CXX137229, CXX137228	FAIR
Rec 4	TRUE	2 recumbent bikes	LC900	FAIR
FIRE 1		3560945Y	YELLOW CYLINDER	FAIR
		3560946Y	YELLOW CYLINDER	FAIR
		3560947Y	YELLOW CYLINDER	FAIR
		3560948Y	YELLOW CYLINDER	FAIR
		3560949Y	YELLOW CYLINDER	FAIR
FIRE 2	COMP AIR	MAKO M 2000	AIR COMPRESSOR	FAIR
FIRE 3a	MURRAY 22"	#223310X8B	LAWN MOWER	FAIR
fIRE 3b	TORO/KOHLER		LAWN MOWER SERIAL #4432131098	FAIR
F&F 1	FORD	F450	1999 (VIN # 1FDXF47F7XEE76902) UNIT# 709	FAIR
POLICE 1	FORD	F150	2011 (VIN# 1FTNF1CF9BKD31709) TRUCK UNIT# 204	FAIR
POLICE 2	FORD	F150	2011 (VIN# 1FTNF1CF8BKD38361) TRUCK UNIT# 202	FAIR
POLICE 3	HONDA	CBR 600	2005 (VIN #JH2PC37075M210261)	FAIR
SDU 1	KUT KWIK	SSM38-72D	2013 SERIAL #53112 UNIT 515	FAIR
SDU 2	SHOP BUILT TRAILER	5X8 GREEN	1995 SERIAL #7800	POOR
W&S 1	TRAILER	BLACK SAW TRAILER	SERIAL 5CFFU0814XF001283	POOR

AGENDA MEMORANDUM

DATE: March 1, 2024

TO: Honorable City Council Members

FROM: Robert Parker, Police Chief

THROUGH: Joshua Jones, City Manager

SUBJECT: Consider action to approve the purchase and authorize the City Manager to execute a contract with Axon Enterprise, Inc. for the Watauga Police Department Drone Program and related costs

BACKGROUND/INFORMATION:

The Watauga Police department desires to use modern technology in crime fighting to fulfill our mission to provide the highest quality police services and safeguarding individual liberties while building positive community relationships. To aid in our mission and keep Watauga safe, the Watauga Police Department requested new technology. In the 2023-2024 budget process, the Watauga Police Department requested funding for a drone program for use in patrol functions such as searches, barricaded subjects, crime and crash scene documentation, as well as assisting with fire ground operations with the Watauga Fire Department. The program was approved by the CCD Board and City Council and funds are available to make this purchase.

Staff researched hardware, software and systems and found that the Axon program meets the needs of the department. The program works with existing Axon products and software such as Evidence.com for video storage and would provide for a seamless integration. Axon has provided a sole source letter for the program as they are the only source that was found to work seamlessly with our existing storage platform without additional cost.

The first year cost is $53,808.95 which includes the upfront hardware costs. The total 5-year program cost is $107,751.25 as listed on the attached quote.

FINANCIAL IMPLICATIONS:

Included in FY2023-2024 Adopted Budget utilizing Crime Control Prevention District funds and Certificate of Obligation proceeds

RECOMMENDATION/ACTION DESIRED:

Staff recommends approval of the purchase of the Axon drone program that was included in the FY2023-2024 Adopted Budget and authorization for the City Manager to execute the contract.

AGENDA MEMORANDUM

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Axon Drone Quote
2. Sole Source Incl Air

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 3/5/2024
Deby Woodard, Assistant Director of Finance	Approved - 3/5/2024
David Berman, City Attorney	Approved - 3/5/2024
Joshua Jones, City Manager	Approved - 3/6/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

Axon Enterprise, Inc.
17800 N 85th St.
Scottsdale, Arizona 85255
United States
VAT: 86-0741227
Domestic: (800) 978-2737
International: +1.800.978.2737

Q-549582-45338.665MS

Issued: 02/16/2024
Quote Expiration: 03/29/2024
Estimated Contract Start Date: 06/15/2024
Account Number: 108329
Payment Terms: N30
Delivery Method:

SHIP TO	BILL TO	SALES REPRESENTATIVE	PRIMARY CONTACT
Watauga Police Dept. - TX 7101 Whitley Rd Watauga, TX 76148-2024 USA	Watauga Police Dept. - TX 7101 Whitley Rd Watauga TX 76148-2024 USA Email:	Adam Smith Phone: 602-751-1798 Email: asmith@axon.com Fax: (480) 463-2201	Kevin Bell Phone: Email: kbell@wataugatx.org Fax:

Quote Summary

Program Length	60 Months
TOTAL COST	$107,751.25
ESTIMATED TOTAL W/ TAX	$107,751.25

Discount Summary

Average Savings Per Year	$254.40
TOTAL SAVINGS	$1,272.00

Payment Summary

Date	Subtotal	Tax	Total
May 2024	$53,808.95	$0.00	$53,808.95
May 2025	$12,702.87	$0.00	$12,702.87
May 2026	$13,210.99	$0.00	$13,210.99
May 2027	$13,739.43	$0.00	$13,739.43
May 2028	$14,289.01	$0.00	$14,289.01
Total	**$107,751.25**	**$0.00**	**$107,751.25**

Quote Unbundled Price:	**$109,023.25**
Quote List Price:	**$109,023.25**
Quote Subtotal:	**$107,751.25**

Pricing

All deliverables are detailed in Delivery Schedules section lower in proposal

Item	Description	Qty	Term	Unbundled	List Price	Net Price	Subtotal	Tax	Total
Program									
CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	60	$283.34	$283.34	$283.34	$34,000.80	$0.00	$34,000.80
CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	60	$183.34	$183.34	$183.34	$22,000.80	$0.00	$22,000.80
A la Carte Hardware									
100520	AXON AIR - DJI RC PLUS STRAP BRACKET KIT	2			$39.00	$39.00	$78.00	$0.00	$78.00
101116	AXON AIR - HM 3 FT DRONE LANDING PAD	2			$69.99	$69.99	$139.98	$0.00	$139.98
12343	AXON AIR - DJI WB37 INTELLIGENT BATTERY	4			$59.00	$59.00	$236.00	$0.00	$236.00
100689	AXON AIR - DJI MAVIC 3 ENTERPRISE SERIES-BATTERY KIT	2			$659.00	$659.00	$1,318.00	$0.00	$1,318.00
100522	AXON AIR - DJI MATRICE 30 SERIES INT FLIGHT BATTERY	12			$329.00	$329.00	$3,948.00	$0.00	$3,948.00
100684	AXON AIR - DJI MAVIC 3 THERMAL (NA) SP PLUS	2			$5,998.00	$5,998.00	$11,996.00	$0.00	$11,996.00
100518	AXON AIR - DJI MATRICE 30T (NA) SP PLUS	2			$9,456.00	$9,456.00	$18,912.00	$0.00	$18,912.00
A la Carte Software									
100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	60		$33.85	$33.85	$10,155.00	$0.00	$10,155.00
A la Carte Services									
101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8			$159.00	$0.00	$0.00	$0.00	$0.00
101078	AXON AIR - RTC VIRTUAL ONBOARDING	1			$1,666.67	$1,666.67	$1,666.67	$0.00	$1,666.67
101132	AXON AIR - FL FAA COA JURISDICTION	1			$3,300.00	$3,300.00	$3,300.00	$0.00	$3,300.00
Total							**$107,751.25**	**$0.00**	**$107,751.25**

Delivery Schedule

Hardware

Bundle	Item	Description	QTY	Estimated Delivery Date
A la Carte	100518	AXON AIR - DJI MATRICE 30T (NA) SP PLUS	2	05/15/2024
A la Carte	100520	AXON AIR - DJI RC PLUS STRAP BRACKET KIT	2	05/15/2024
A la Carte	100522	AXON AIR - DJI MATRICE 30 SERIES INT FLIGHT BATTERY	12	05/15/2024
A la Carte	100684	AXON AIR - DJI MAVIC 3 THERMAL (NA) SP PLUS	2	05/15/2024
A la Carte	100689	AXON AIR - DJI MAVIC 3 ENTERPRISE SERIES-BATTERY KIT	2	05/15/2024
A la Carte	101116	AXON AIR - HM 3 FT DRONE LANDING PAD	2	05/15/2024
A la Carte	12343	AXON AIR - DJI WB37 INTELLIGENT BATTERY	4	05/15/2024

Software

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
A la Carte					

Services

Bundle	Item	Description	QTY
A la Carte	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8
A la Carte	101078	AXON AIR - RTC VIRTUAL ONBOARDING	1
A la Carte	101132	AXON AIR - FL FAA COA JURISDICTION	1

Warranties

Bundle	Item	Description	QTY	Estimated Start Date	Estimated End Date
A la Carte					

Payment Details

May 2024

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Upfront Hardware + PSO	100518	AXON AIR - DJI MATRICE 30T (NA) SP PLUS	2	$18,912.00	$0.00	$18,912.00
Upfront Hardware + PSO	100520	AXON AIR - DJI RC PLUS STRAP BRACKET KIT	2	$78.00	$0.00	$78.00
Upfront Hardware + PSO	100522	AXON AIR - DJI MATRICE 30 SERIES INT FLIGHT BATTERY	12	$3,948.00	$0.00	$3,948.00
Upfront Hardware + PSO	100684	AXON AIR - DJI MAVIC 3 THERMAL (NA) SP PLUS	2	$11,996.00	$0.00	$11,996.00
Upfront Hardware + PSO	100689	AXON AIR - DJI MAVIC 3 ENTERPRISE SERIES-BATTERY KIT	2	$1,318.00	$0.00	$1,318.00
Upfront Hardware + PSO	101078	AXON AIR - RTC VIRTUAL ONBOARDING	1	$1,666.67	$0.00	$1,666.67
Upfront Hardware + PSO	101116	AXON AIR - HM 3 FT DRONE LANDING PAD	2	$139.98	$0.00	$139.98
Upfront Hardware + PSO	101132	AXON AIR - FL FAA COA JURISDICTION	1	$3,300.00	$0.00	$3,300.00
Upfront Hardware + PSO	12343	AXON AIR - DJI WB37 INTELLIGENT BATTERY	4	$236.00	$0.00	$236.00
Year 1	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	$1,874.89	$0.00	$1,874.89
Year 1	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8	$0.00	$0.00	$0.00
Year 1	CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	$4,061.94	$0.00	$4,061.94
Year 1	CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	$6,277.47	$0.00	$6,277.47
Total				**$53,808.95**	**$0.00**	**$53,808.95**

May 2025

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 2	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	$1,949.88	$0.00	$1,949.88
Year 2	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8	$0.00	$0.00	$0.00
Year 2	CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	$4,224.43	$0.00	$4,224.43
Year 2	CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	$6,528.56	$0.00	$6,528.56
Total				**$12,702.87**	**$0.00**	**$12,702.87**

May 2026

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 3	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	$2,027.88	$0.00	$2,027.88
Year 3	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8	$0.00	$0.00	$0.00
Year 3	CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	$4,393.40	$0.00	$4,393.40
Year 3	CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	$6,789.71	$0.00	$6,789.71
Total				**$13,210.99**	**$0.00**	**$13,210.99**

May 2027

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 4	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	$2,108.99	$0.00	$2,108.99
Year 4	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8	$0.00	$0.00	$0.00
Year 4	CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	$4,569.14	$0.00	$4,569.14
Year 4	CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	$7,061.30	$0.00	$7,061.30
Total				**$13,739.43**	**$0.00**	**$13,739.43**

May 2028

Invoice Plan	Item	Description	Qty	Subtotal	Tax	Total
Year 5	100112	AXON AIR - EVIDENCE.COM LICENSE - PILOT DATA	5	$2,193.35	$0.00	$2,193.35
Year 5	101050	AXON AIR - PI PART 107 - MADE EASY BUNDLE	8	$0.00	$0.00	$0.00
Year 5	CLASS1UAS	AXON AIR, CLASS 1 UAS BUNDLE	2	$4,751.89	$0.00	$4,751.89
Year 5	CLASS2UAS	AXON AIR, CLASS 2 UAS BUNDLE	2	$7,343.77	$0.00	$7,343.77
Total				**$14,289.01**	**$0.00**	**$14,289.01**

Tax is estimated based on rates applicable at date of quote and subject to change at time of invoicing. If a tax exemption certificate should be applied, please submit prior to invoicing.

Standard Terms and Conditions

Axon Enterprise Inc. Sales Terms and Conditions

Axon Master Services and Purchasing Agreement:

This Quote is limited to and conditional upon your acceptance of the provisions set forth herein and Axon's Master Services and Purchasing Agreement (posted at www.axon.com/legal/sales-terms-and-conditions), as well as the attached Statement of Work (SOW) for Axon Fleet and/or Axon Interview Room purchase, if applicable. In the event you and Axon have entered into a prior agreement to govern all future purchases, that agreement shall govern to the extent it includes the products and services being purchased and does not conflict with the Axon Customer Experience Improvement Program Appendix as described below.

ACEIP:

The Axon Customer Experience Improvement Program Appendix, which includes the sharing of de-identified segments of Agency Content with Axon to develop new products and improve your product experience (posted at www.axon.com/legal/sales-terms-and-conditions), is incorporated herein by reference. By signing below, you agree to the terms of the Axon Customer Experience Improvement Program.

Acceptance of Terms:

Any purchase order issued in response to this Quote is subject solely to the above referenced terms and conditions. By signing below, you represent that you are lawfully able to enter into contracts. If you are signing on behalf of an entity (including but not limited to the company, municipality, or government agency for whom you work), you represent to Axon that you have legal authority to bind that entity. If you do not have this authority, please do not sign this Quote.

Signature

Date Signed

2/16/2024

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January 4, 2023

To: United States state, local and municipal law enforcement agencies

Re: Sole Source Letter for Axon Enterprise, Inc.'s Axon brand products and Axon Evidence (Evidence.com) Data Management Solutions[1]

A sole source justification exists because the following goods and services required to satisfy the agency's needs are only manufactured and available for purchase from Axon Enterprise.

Axon Digital Evidence Solution Description

Axon Body 3 Video Camera (DVR)

- Improved video quality with reduced motion blur and better low-light performance
- Multi-mic audio—four built-in microphones
- Wireless upload option
- Gunshot detection and alerts
- Streaming audio and video capability
- "Find my camera" feature
- Verbal transcription with Axon Records (coming soon)
- End-to-end encryption
- Twelve-hour battery
- Up to 120-second buffering period to record footage before pressing record button

Axon Flex 2 Video Camera

- Video playback on mobile devices in the field via Bluetooth pairing
- Retina Low Light capability sensitive to less than 0.1 lux
- Audio tones to alert user of usage
- Low SD, high SD, low HD, and high HD resolution (customizable by the agency)
- Up to 120-second buffering period to record footage before pressing record button
- Multiple mounting options using magnetic attachment: head, collar, shoulder, helmet, ball cap, car dash, and Oakley sunglass mounts available
- 120-degree diagonal field of view camera lens, 102-degree horizontal field of view, and 55-degree vertical field of view

Axon Flex 2 Controller

- 12+ hours of battery operation per shift (even in recording mode)
- LED lights to show current battery level and operating mode
- Haptic notification available
- Tactical beveled button design for use in pocket
- Compatible with Axon Signal technology

Axon Air System

- Purpose-built solution for law enforcement UAV programs
- Supported applications on iOS and Android

[1] Axon is also the sole developer and offeror of the Evidence.com data management services. Evidence.com is both a division of Axon and a data management product solution offered by Axon. Evidence.com is not a separate corporate entity.

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- Automated tracking of pilot, aircraft, and flight logs
- Unlimited Storage of UAV data in Axon Evidence (Evidence.com)
- In application ingestion of data in Axon Evidence (Evidence.com)
- Axon Aware integration for live streaming and situational awareness

Axon Body 2 Video Camera

- Video playback on mobile devices in the field via Bluetooth pairing
- Retina Low Light capability sensitive to less than 1 lux
- Audio tones and haptic (vibration) notification to alert user of usage
- Audio mute during event option
- Wi-Fi capability
- High, medium, and low quality recording available (customizable by the agency)
- Up to 2-minute buffering period to record footage before pressing record button
- Multiple mounting options using holster attachment: shirt, vest, belt, and dash mounts available
- 12+ hours of battery operation per shift (even in recording mode)
- LED lights to show current battery level and operating mode
- 143-degree lens
- Includes Axon Signal technology

Axon Fleet 3 Camera

- High-definition Dual-View Camera with panoramic field of view, 12x zoom, and AI processing for automatic license plate reader (ALPR)
- High-definition Interior Camera with infrared illumination for back seat view in complete darkness
- Wireless Mic and Charging Base for capturing audio when outside of vehicle
- Fleet Hub with connectivity, global navigation satellite system (GNSS), secure solid-state storage, and Signal inputs
- Automatic transition from Buffering to Event mode with configurable Signals
- Video Recall records last 24 hours of each camera in case camera not activated for an event
- Intuitive mobile data terminal app, Axon Dashboard, for controlling system, reviewing video, quick tagging, and more
- Ability to efficiently categorize, play back and share all video and audio alongside other digital files on Evidence.com
- Multi-cam playback, for reviewing up to four videos, including body-worn and in-car footage, at the same time
- Fully integrated with Evidence.com services and Axon devices
- Automatic time synchronization with all Axon Fleet and other Axon on-officer cameras allows for multi-camera playback on Evidence.com.
- Prioritized upload to Evidence.com of critical event videos via 4G/LTE
- Wireless alerts from the TASER CEW Signal Performance Power Magazine (SPPM) and Signal Side Arm (SSA).
- Best-in-class install times, wireless updates and quick remote troubleshooting
- Optional Axon Aware live stream, alerts, and location updates for situational awareness
- Optional Axon ALPR hotlist alerts, plate read retention, and investigative search

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Axon Fleet 2 Camera

- Fully integrated with Axon Evidence services and Axon devices
- Automatic time synchronization with other Axon Fleet and Axon on-officer cameras allows for multi-camera playback on Axon Evidence.
- Immediate upload to Axon Evidence of critical event videos via 4G/LTE
- Wireless alerts from the TASER CEW Signal Performance Power Magazine (SPPM).
- Automatic transition from BUFFERING to EVENT mode in an emergency vehicle equipped with the Axon Signal Unit
- Decentralized system architecture without a central digital video recorder (DVR).
- Cameras that function independently and communicate wirelessly with the computer in the vehicle (MDT, MDC, MDU) for reviewing, tagging and uploading video.
- Wireless record alert based on Bluetooth communication from Axon Signal Vehicle when a configured input is enabled (e.g. emergency light, siren, weapon rack, etc.).
- Receives alerts from Axon Signal Sidearm.
- Plug-And-Play design allowing for cameras to be easily replaced and upgraded.
- Ability for an unlimited number of agency vehicles recording in the same vicinity with an Axon Fleet system to be automatically associated with one another when reviewing video in the video management platform. This feature is also supported across body cameras.

Axon Signal Unit (ASU)

- Communications device that can be installed in emergency vehicles.
- With emergency vehicle light bar activation, or other activation triggers, the Axon Signal Unit sends a signal. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode.

Axon Signal Performance Power Magazine (SPPM)

- Battery pack for the TASER X2 and X26P conducted electrical weapons
- Shifting the safety switch from the down (SAFE) to the up (ARMED) positions sends a signal from the SPPM. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode. Axon Signal technology only works with Axon cameras.

Axon Signal Sidearm Sensor

- Can be installed on common duty holsters
- Drawing a service handgun from the holster sends a signal from the Axon Signal Sidearm sensor. Upon processing the signal, an Axon system equipped with Axon Signal technology transitions from the BUFFERING to EVENT mode.

Axon Interview Solution

- High-definition cameras and microphones for interview rooms
- Covert or overt camera installations
- Touch-screen user interface
- Motion-based activation
- Up to 7-minute pre- and post-event buffering period
- Full hardware and software integration
- Upload to Axon Evidence services
- Interview room files can be managed under the same case umbrella as files from Axon on-officer cameras and Axon Fleet cameras; i.e., Axon video of an arrest and

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interview room video are managed as part of the same case in Axon Evidence
- Dual integration of on-officer camera and interview room camera with Axon Evidence digital evidence solution

Axon Signal Technology
- Sends a broadcast of status that compatible devices recognize when certain status changes are detected
- Only compatible with TASER and Axon products

Axon Dock
- Automated docking station uploads to Axon Evidence services through Internet connection
- No computer necessary for secure upload to Axon Evidence
- Charges and uploads simultaneously
- The Axon Dock is tested and certified by TUV Rheinland to be in compliance with UL 60950-1: 2007 R10.14 and CAN/ CSA-C22.2 N0.60950-l-07+Al:2011+A2:2014 Information Technology Equipment safety standards.

Axon Evidence Data Management System
- Software as a Service (SaaS) delivery model that allows agencies to manage and share digital evidence without local storage infrastructure or software needed
- SaaS model reduces security and administration by local IT staff: no local installation required
- Automatic, timely security upgrades and enhancements deployed to application without the need for any local IT staff involvement
- Securely share digital evidence with other agencies or prosecutors without creating copies or requiring the data to leave your agency's domain of control
- Controlled access to evidence based on pre-defined roles and permissions and pre-defined individuals
- Password authentication includes customizable security parameters: customizable password complexity, IP-based access restrictions, and multi-factor authentication support
- Automated category-based evidence retention policies assists with efficient database management
- Ability to recover deleted evidence within seven days of deletion
- Stores and supports all major digital file types: .mpeg, .doc, .pdf, .jpeg, etc.
- Requires NO proprietary file formats
- Ability to upload files directly from the computer to Axon Evidence via an Internet browser
- Data Security: Robust Transport Layer Security (TLS) implementation for data in transit and 256-bit AES encryption for data in storage
- Security Testing: Independent security firms perform in-depth security and penetration testing
- Reliability: Fault- and disaster-tolerant infrastructure in at least 4 redundant data centers in both the East and West regions of the United States
- Chain-of-Custody: Audit logs automatically track all system and user activity. These logs cannot be edited or deleted, even by account administrators and IT staff
- Protection: With no on-site application, critical evidence stored in Axon Evidence is protected from local malware that may penetrate agency infrastructure

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- Stability: Axon Enterprise is a publicly traded company with stable finances and funding, reducing concerns of loss of application support or commercial viability
- Application and data protected by a CJIS and ISO 27001 compliant information security program
- Dedicated information security department that protects Axon Evidence and data with security monitoring, centralized event log analysis and correlation, advanced threat and intrusion protection, and incident response capabilities
- Redact videos easily within the system, create tags, markers and clips, search 7 fields in addition to 5 category-based fields, create cases for multiple evidence files

Axon Evidence for Prosecutors

- All the benefits of the standard Axon Evidence services
- Ability to share information during the discovery process
- Standard licenses available for free to prosecutors working with agencies already using Axon Evidence services
- Unlimited storage for data collected by Axon cameras and Axon Capture

Attorney Premier

- All the benefits Axon Evidence for Prosecutors
- Purpose-built user interface optimizes evidence management, review functionalities, and case relevant information
- Unlimited AI transcription of playable video and audio files
- Native image and PDF redaction software
- Ability to natively play a wide variety of 3rd party video codecs (CCTV) and extract file into an MP4
- Ability to obtain evidence directly from members of the community via secure web link
- Unlimited storage and data collected and shared by Axon partner agencies via Axon Evidence (Evidence.com)
- Available unlimited 3rd party data source storage plan
- Pro Licenses – all users have access to pro license features, including the Redaction Studio, Transcription Assistant, and Multi-Cam, and Reporting functionalities
- Transcription is Unlimited and automatic (i.e. all videos ingested into Attorney Premier are automatically transcribed)
- Discovery module designed to optimize all aspects of discovery management

Axon Capture Application

- Free app for iOS and Android mobile devices
- Allows users to capture videos, audio recordings, and photos and upload these files to their Axon Evidence account from the field
- Allows adding metadata to these files, such as: Category, Title, Case ID, and GPS data

Axon Commander Services

- On-premises data management platform
- Chain of custody reports with extensive audit trail
- Automated workflows, access control, storage, and retention
- Compatible with multiple file formats

Axon View Application

- Free app for iOS and Android mobile devices
- Allows user to view the camera feed from a paired Axon Body, Axon Body 2, Axon Flex, or Axon Flex 2 camera in real-time
- Allows for playback of videos stored on a paired Axon Body, Axon Body 2, Axon Flex, or Axon Flex 2 system
- Allows adding meta-data to videos, such as: Category, Title, Case ID, and GPS data

Axon Records

- Continuously improving automated report writing by leveraging AI and ML on officer recorded video, photo, and audio from BWC, In-Car, Mobile App (Axon Capture), or other digital media
- Collaborative report writing through instantly synced workspaces allowing officers to delegate information gathering on scene
- Instant access to records allowing detectives to begin their investigation and records clerks to update information exchanges on things like missing people or stolen property as soon as possible
- Complete leveraging of Axon Evidence sharing to allow fast, efficient, digital, and secure sharing of records and cases to DAs and Prosecutors
- Robust API and SDK allows data to be easily ingested and pushed out to other systems—preventing data silos
- Deep integration with Axon Evidence putting video at the heart of the record and automating the process of tagging and categorizing digital evidence stored in Axon Evidence
- Automatic association of digital evidence to the record and incident through Axon Evidence integration
- In context search of master indexes (people, vehicles, locations, charges)—promoting efficient report writing through prefilling of existing data which promotes clean and deduped data in the system
- Quick views for users to track calls for service and reports in draft, ready for review, kicked back for further information, or submitted to Records for archiving.
- Federal and State IBRS fields are captured and validated—ensuring the officer knows what fields to fill and what information needs to be captured
- Intuitive validation ensures officers know what information to submit without being burdened by understanding the mapping of NIBRS to state or local crime codes
- Ability to create custom forms and add custom fields to incident reports—allowing your agency to gather the information you find valuable
- Software as a Service (SaaS) delivery model that allows agencies to write, manage, and share digital incident reports without local storage infrastructure or software needed
- SaaS model reduces security and administration by local IT staff: no local installation required
- Automatic, timely security upgrades and enhancements deployed to application without the need for any local IT staff involvement
- Securely share records and cases with other agencies or prosecutors without creating copies or requiring the data to leave your agency's domain of control
- Controlled access based on pre-defined users, groups, and permissions
- Password authentication includes customizable security parameters: customizable

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password complexity, IP-based access restrictions, and multi-factor authentication support
- Security Testing: Independent security firms perform in-depth security and penetration testing
- Reliability: Fault- and disaster-tolerant infrastructure in at least 4 redundant data centers in both the East and West regions of the United States
- Chain-of-Custody: Audit logs automatically track all system and user activity. These logs cannot be edited or deleted, even by account administrators and IT staff

Axon Standards
- Internal affairs and professional standards reporting
- Customizable information display, including custom forms
- Customizable workflows and user groups
- Automated alerts
- Compatible with digital documents, photos, and videos
- Connection with Transcription (beta)
- Shared Index with evidence.com and Records
- Data Warehouse allowing custom summary reports and integration into 3rd party analytic tools.
- Workflow analytics to provide SLA on throughputs
- Integration with the TASER 7 CEW for automatically pulling firing logs (alpha)
- Available as an option for Axon Records
- Automatically bundled with Officer Safety Plan 7+

Axon Professional Services
- Dedicated implementation team
- Project management and deployment best practices aid
- Training and train-the-trainer sessions
- Integration services with other systems

Axon Auto-Transcribe
- Transcribes audio to text, producing a time-synchronized transcript of incidents
- Allows searches for keywords (e.g., names, and addresses)
- Embedded time stamps when critical details were said and events occurred
- Produce transcripts in substantially less time than with manual methods
- Pull direct quotes and witness statements directly into reports

Axon Support Engineer:
- Dedicated Axon Regional/Resident Support Engineer Services
- Quarterly onsite visits
- Solution and Process Guidance custom to your agency
- White-Glove RMA and TAP (if applicable) Service for devices
- Monthly Product Usage Analysis
- Resident Support Engineer also includes onsite product maintenance, troubleshooting, and beta testing assistance

Axon Respond for Dispatch (CAD)
- Integration with Axon Respond for Devices (Axon Body 3) for location and/or live

streaming in CAD.
- Integration with TASER 7 CEW devices for enhanced situational awareness.
- Native ESRI based mapping with ability to connect to ESRI online communities and your agency's local ArcGIS data.
- SaaS model reduces security and administration by local IT staff: no local installation
- Robust API and SDK allows data to be easily ingested and pushed out to other systems -- preventing data silos.
- Complete leveraging of Axon Evidence (evidence.com) sharing to allow fast, efficient, digital and secure sharing of data to DAs and Prosecutors.
- Future versions/enhancements included with minimal down time and no need to purchase an upgrade to the latest version.
- Native integration with Axon Records.
- Reliability: Fault – and disaster – tolerant infrastructure in at least four redundant data centers in both the East and West regions of the United States.
- Security Testing: Independent security firms perform in depth security and penetration testing.
- Automatic, timely security upgrades and enhancements deployed to application without the need for any local IT staff involvement.

Axon Investigate

- Video analysis software
- Compatible with video from cell phones, on-officer cameras, in-car camera systems, social media, and other sources
- Oriented to investigators and prosecutors
- Integration with Axon Evidence services
- Automatically identify video file codecs, formats, hash values, and other metadata
- Automatically determine the required codec necessary to play a wide variety of video formats
- Play forwards/backwards and fast forward through almost any video file
- Scrub forwards/backwards through almost any video file
- Mark and auto export an unlimited number of tagged video frames
- Create subclips from any readable media
- Batch transcode files to standard file formats (including uncompressed, lossless h.264, wmv, and more)
- Add filters to transcode workflow (including resize, deinterlace, pad, crop, blur, concatenate, etc.)
- Provide enhancement capabilities, such as stabilization, brightness adjustments, and frame averaging
- Produce dynamic frame analysis spreadsheets to xml documents
- Validate results compared with hexadecimal analysis tools
- Build and share workflows with other users
- Transcode files directly to Avid Media Composer projects
- Identify duplicate files in any folder based on md5 hash
- Produce detailed written reports via interactive PDF with embedded video and image content within iNPUT-ACE
- Extract I-frames
- Decimate

- Canvas Editor (picture-in-picture)
- Add raw FFmpeg arguments
- Perform four types of macroblock analysis
  - 4x4 prediction removed
  - 8x8 prediction removed
  - Color coded block types
  - Quantization parameter evaluation

- Offered iNPUT-ACE Software (from Axon Enterprise)
- Variable frame rate (VFR) lightboard designed to accurately calculate time and vehicle speed from any video surveillance camera. This feature is designed to eliminate common errors that might occur during calculations based on frame rate.
- Camera match overlay tool that provides margin of error reports based on scanner, calibration, and resolution accuracy (e.g., a margin of error of +0.5 feet) for data collected from footage.

Axon Justice

- Productivity tool for prosecutors and defense attorneys
- Streamlined evidence management
- Unlimited Auto-Transcribe for audio and video
- Discovery workflows, fully integrated with Axon Evidence services
- Axon Evidence conversion and playback tools for third-party video, including body-worn, in-car, interview room, and CCTV video
- Chain of custody reports with extensive audit trail
- Free sharing with partners
- Customer-defined data retention policies

Axon Customer Support

- Online and email-based support available 24/7
- Human phone-based support available Monday–Friday 7:00 AM–5:00 PM MST; support is located in Scottsdale, AZ, USA
- Library of webinars available 24/7
- Remote-location troubleshooting

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Axon Brand Model Numbers

1. Axon Body 3 Camera Model: 73202

2. Axon Flex 2 Cameras:
   - Axon Flex 2 Camera (online) Model: 11528
   - Axon Flex 2 Camera (offline) Model: 11529

3. Axon Flex 2 Controller Model: 11532

4. Axon Flex 2 USB Sync Cable Model: 11534

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5. Axon Flex 2 Coiled Cable, Straight to Right Angle, 48″ (1.2 m)

6. Axon Flex 2 Camera Mounts:
   - Oakley Flak Jacket Kit Model: 11544
   - Collar Mount Model: 11545
   - Oakley Clip Model: 11554
   - Epaulette Mount Model: 11546
   - Ballcap Mount Model: 11547
   - Ballistic Vest Mount Model: 11555

7. Universal Helmet Mount Model: 11548

8. Axon Air System with Axon Evidence (Evidence.com) 5-Year License Model: 12332

9. Axon Body 2 Camera Model: 74001

10. Axon Body 2 Camera Mounts:
    - Axon RapidLock Velcro Mount Model: 74054

11. Axon Flex 2 Controller, Axon Body 2 Camera, and Axon Body 3 Camera Mounts:
    - Z-Bracket, Men’s, Axon RapidLock Model: 74018
    - Z-Bracket, Women’s Axon RapidLock Model: 74019
    - Magnet, Flexible, Axon RapidLock Model: 74020
    - Magnet, Outerwear, Axon RapidLock Model: 74021
    - Small Pocket, 4″ (10.1 cm), Axon RapidLock Model: 74022
    - Large Pocket, 6″ (15.2 cm), Axon RapidLock Model: 74023
    - MOLLE Mount, Single, Axon RapidLock Model: 11507
    - MOLLE Mount, Double, Axon RapidLock Model: 11508
    - Mini MOLLE Mount, Axon RapidLock Model: 11703
    - Belt Clip Mount, Axon RapidLock Model: 11509

12. Axon Fleet Camera
    - Axon Fleet 2 Front Camera: 71079
    - Axon Fleet 2 Front Camera Mount: 71080
    - Axon Fleet 2 Rear Camera: 71081
    - Axon Fleet 2 Rear Camera Controller: 71082
    - Axon Fleet 2 Rear Camera Controller Mount: 71083
    - Axon Fleet Battery System: 74024
    - Axon Fleet Bluetooth Dongle: 74027
    - Axon Fleet 3 Dual View Camera: 72000
    - Axon Fleet 3 Interior Camera: 72037
    - Axon Fleet Hub: 72010

13. Axon Signal Unit Model: 70112

14. Axon Dock Models:
    - Axon Dock – Individual Bay and Core for Axon Flex 2
    - Axon Dock – 6-Bay and Core for Axon Flex 2
    - Individual Bay for Axon Flex 2 Model: 11538

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- Core (compatible with all Individual Bays and 6-Bays) Model: 70027
- Wall Mount Bracket Assembly for Axon Dock: 70033
- Axon Dock – Individual Bay and Core for Axon Body 2 and Axon Fleet Model 74009
- Axon Dock – 6-Bay and Core for Axon Body 2 and Axon Fleet Model 74008
- Individual Bay for Axon Body 2 and Axon Fleet Model: 74011

15. Axon Signal Performance Power Magazine (SPPM) Model: 70116

16. Axon Investigate Standard Seat License Package, 1-Year Renewal Model: 8025

Axon Product Packages

1. **Officer Safety Plan:** Includes an X2 or X26P energy weapon, Axon camera and Dock upgrade, and Axon Evidence license and storage. See your Sales Representative for further details and Model numbers.
2. **Officer Safety Plan 7**: Includes a TASER 7 energy weapon, Axon Body 3 camera, Axon Dock, Axon Camera and Dock upgrade, Axon Evidence (Evidence.com) licenses and storage, Axon Aware, and Axon Records Core.
3. **Officer Safety Plan 7 Plus**: Includes a TASER 7 energy weapon, Axon Body 3 camera, Axon Evidence (Evidence.com) licenses and storage, Axon Records Core, Axon Aware +, Axon Auto-Tagging Services, Axon Performance, Axon Citizen for Communities, Axon Redaction Assistant, and Axon Signal Sidearm.
4. **Officer Safety Plan 7 Plus Premium**: Includes a TASER 7 energy weapon, Axon Body 3 camera, Axon Evidence (Evidence.com) licenses and storage, Axon Records Core, Axon Aware +, Axon Auto-Tagging Services, Axon Performance, Axon Citizen for Communities, Axon Redaction Assistant, Axon Signal Sidearm, Axon Auto-Transcribe, Axon VR Training, and unlimited first-party and unlimited third-party storage.
5. **TASER 7 Basic:** Pays for TASER 7 program in installments over 5 years including access to Axon Evidence services for energy weapon program management.
6. **TASER Assurance Plan (TAP):** Hardware extended warranty coverage, Spare Products, and Upgrade Models available for the X2 and X26P energy weapons, and the TASER CAM HD recorder. (The TAP is available only through Axon Enterprise, Inc.)
7. **TASER 7 Certification:** Pays for TASER 7 program in installments over 5 years including access to Evidence.com for energy weapon program management, annual training cartridges, unlimited duty cartridges and online training content.
8. **TASER Certification Add-On:** Allows the agency to pay an annual fee to receive an annual allotment of training cartridges, unlimited duty cartridges and online training content.
9. **TASER 7 Certification with Virtual Reality (VR):** Pays for the TASER 7 program in installments over 5 years including access to Evidence.com for energy weapon program management, annual training cartridges, unlimited duty cartridges, online training content, and VR training.
10. **TASER 60:** Pays for X2 and X26P energy weapons and Spare Products in installments over 5 years.

11. **Unlimited Cartridge Plan:** Allows the agency to pay an annual fee to receive annual training cartridges, unlimited duty cartridges and unlimited batteries for the X2 and X26P.
12. **TASER 60 Unlimited:** Pays for X2 and X26P energy weapons and Spare Products in installments over 5 years and receive unlimited cartridges and batteries.
13. **TASER 7 Close Quarters Dock Plan:** Pays for TASER 7 Close Quarters Plan over a 5-year period in installments including access to Evidence.com for energy weapon program management, rechargeable batteries, annual cartridge shipments, unlimited duty cartridges, and access to online training.
14. **Axon Core**: Pays for the TASER 7 CQ, TASER Dock, weapon Axon Evidence license, training and duty cartridges, Axon Body 3 camera, Professional Axon Evidence license, unlimited storage, camera hardware upgrade every 2.5 years, Axon Respond, Axon Signal Sidearm, and auto tagging.
15. **Axon Core+**: Pays for the TASER 7 energy weapon, TASER Dock, weapon Axon Evidence license, training and duty cartridges, Axon Body 3 camera, Professional Axon Evidence license, unlimited storage, camera hardware upgrade every 2.5 years, Axon Respond, Axon Signal Sidearm, and auto tagging.
16. **Corrections Officer Safety Plan**: Includes a TASER 7 energy weapon, Axon Body 3 Camera, Axon Dock, Axon Camera and Dock Upgrade, Axon Evidence Licenses and unlimited Axon storage.
17. **Corrections Post OSP**: Includes one TASER 7 energy weapon for every two licenses, one Axon Body 3 Camera for every two licenses, Axon Dock, Axon Camera and Dock Upgrade, Axon Evidence Licenses and unlimited Axon storage for each license.

SOLE AUTHORIZED DISTRIBUTOR FOR AXON BRAND PRODUCTS	SOLE AUTHORIZED REPAIR FACILITY FOR AXON BRAND PRODUCTS
Axon Enterprise, Inc. **17800 N. 85th Street, Scottsdale, AZ 85255** **Phone: 480-905-2000 or 800-978-2737** **Fax: 480-991-0791**	**Axon Enterprise, Inc.** **17800 N. 85th Street, Scottsdale, AZ 85255** **Phone: 480-905-2000 or 800-978-2737** **Fax: 480-991-0791**

Please contact your local Axon sales representative or call us at 1-800-978-2737 with any questions.

Sincerely,

Josh Isner
Chief Operating Officer
Axon Enterprise, Inc.

17800 N 85TH STREET
SCOTTSDALE, ARIZONA 85255

AXON.COM

AGENDA MEMORANDUM

DATE: March 1, 2024

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Joshua Jones, City Manager

SUBJECT: Consider action on approval of the Monthly Financial Report for the period ending January 31, 2024

BACKGROUND/INFORMATION:

The Monthly Financial Report for the period ending January 31, 2024 is attached for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Staff recommends approval of the Monthly Financial Report for the period ending January 31, 2024

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Council Report - January 2024 to Council March 11, 2024

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 3/4/2024
Joshua Jones, City Manager	Approved - 3/5/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

Monthly Financial Report Fiscal 2023-2024
For the period ending January 31, 2024

Sales Tax

Sales tax receipts from the State Comptroller received in the month of February 2024 (reflecting December 2023 sales receipts) decreased in total to 1.9% compared to the same time last year. This amount includes prior period adjustments, future period adjustments and audit collections.

Sales Tax Receipts		Dec-23		Dec-22	% change
City 1%	$	423,523	$	432,122	-2.0%
City 1/4% *effective 10/1/2021**	$	105,881	$	108,031	-2.0%
Street Maint 1/4%**	$	-	$	-	0.0%
CCD 1/2%	$	211,153	$	214,909	-1.7%
EDC 1/4%	$	105,881	$	108,031	-2.0%
Totals	$	846,437	$	863,092	-1.9%

*approved by voters May, 2021 for effective date of 10/1/2021

**abolished January, 2021

A comparison of December 2023 sales tax receipts for Watauga's and surrounding cities are shown below: These figures do not include Special District sales tax receipts.

SALES TAX RECEIPTS COMPARISONS December 2022 vs. December 2023
RECEIVED FROM COMPTROLLER - February
FISCAL YEAR 2023-2024

Sales Tax Receipts for the Month:

City		December 2023 Sales		December 2022 Sales		$ Change	% Change
Fort Worth	$	27,002,870.02	$	23,806,189.94	$	3,196,680.08	13.43%
Richland Hills	$	619,314.82	$	546,405.89	$	72,908.93	13.34%
Saginaw	$	880,340.63	$	781,033.68	$	99,306.95	12.71%
Keller	$	1,739,500.70	$	1,611,351.49	$	128,149.21	7.95%
Euless	$	2,694,758.85	$	2,499,358.00	$	195,400.85	7.82%
Grapevine	$	6,650,225.14	$	6,259,535.57	$	390,689.57	6.24%
Bedford	$	1,660,303.38	$	1,688,226.62	$	(27,923.24)	-1.65%
Watauga	$	635,284.03	$	648,183.24	$	(12,899.21)	-1.99%
Colleyville	$	839,458.24	$	858,430.20	$	(18,971.96)	-2.21%
Hurst	$	2,146,546.17	$	2,237,449.86	$	(90,903.69)	-4.06%
Southlake	$	4,497,737.87	$	4,730,753.15	$	(233,015.28)	-4.93%
Haltom City	$	1,667,460.69	$	1,775,634.22	$	(108,173.53)	-6.09%
N. Richland Hills	$	2,050,923.64	$	2,205,544.38	$	(154,620.74)	-7.01%
Roanoke	$	716,778.81	$	1,551,669.09	$	(834,890.28)	-53.81%

Source: State Comptroller

City Collections only - not Special Purpose Districts or Transit

The City will receive the distribution for January 2024 sales tax receipts on March 8, 2024. Sales tax revenues have been estimated for the January reporting period.

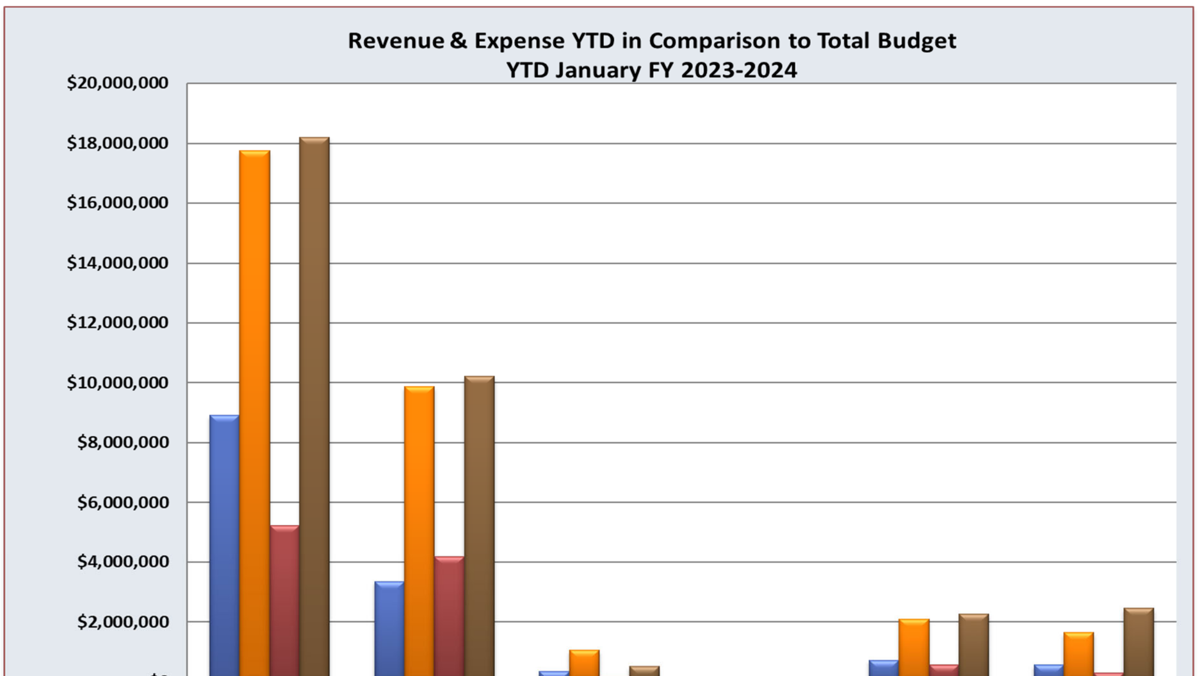
Financial Highlights

The City is 33.33% through the fiscal year 2023-2024. Revenue and expenses are reflected in the chart below and details of each fund's revenues and expenditures are attached. For example, the Police Department budget and expenditures are combined for two funds in which expenditures are reported (General Fund and Crime Control). The Consolidated Departmental Budget Report does not include capital outlay or debt service expenditures.

General Fund

Revenues – Year-to-date revenues represent 50.2% of budget collected, or $8,915,168.

Property Tax – As of January 31, 2024, the City has received 81.2% of budgeted property taxes and receipts have reached expectations at this time. The majority of property tax revenues are received in December and January.



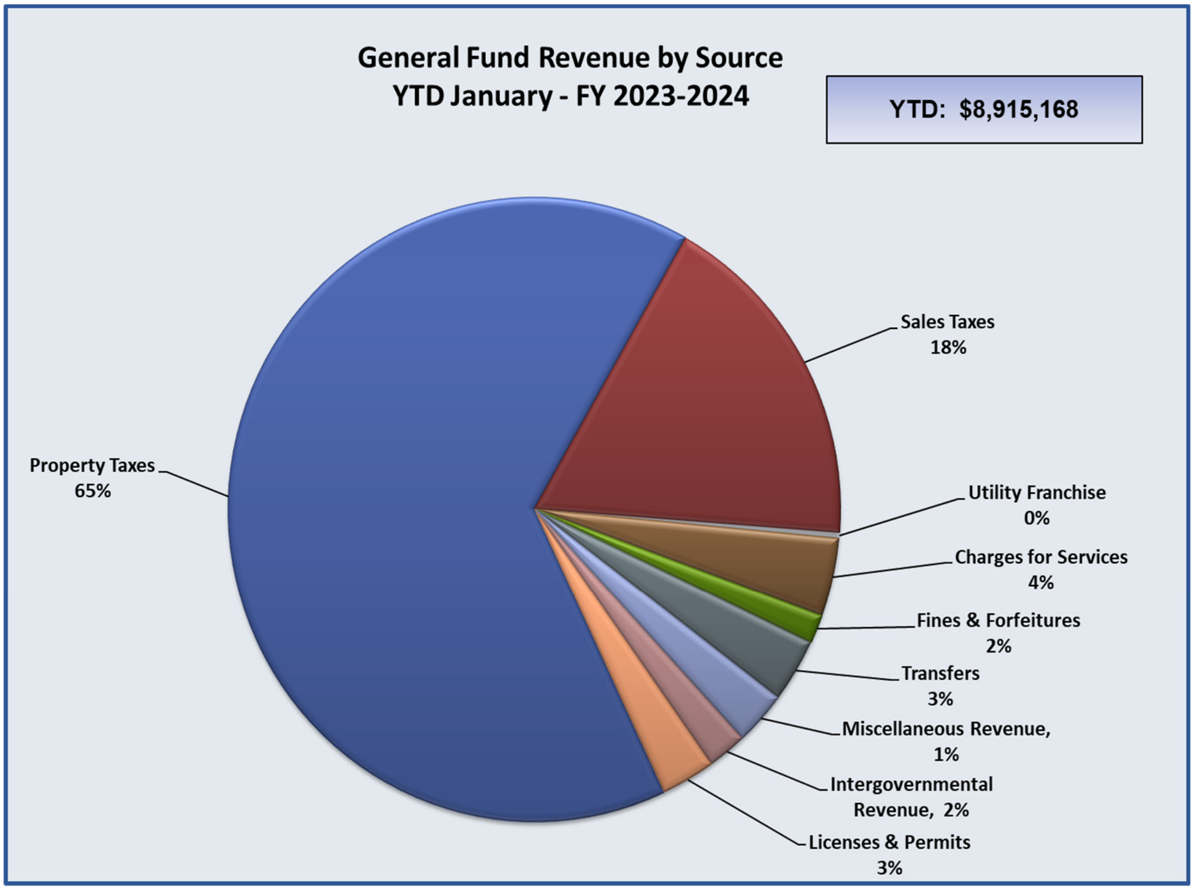
	General Fund - 01	Water and Sewer Fund - 40	EDC-04	Street Maintenance - 14	CCD-18	Storm Drainage Fund - 15
Revenues	$8,915,168	$3,357,946	$355,388	$-	$728,122	$572,338
Revenue Budget	$17,750,900	$9,871,000	$1,054,500	$-	$2,103,000	$1,645,000
Expenses	$5,248,589	$4,193,372	$164,794	$60,971	$578,195	$306,460
Expense Budget	$18,199,170	$10,218,024	$515,250	$63,016	$2,256,900	$2,462,700

Utility Franchise Revenue - The majority of franchise receipts are received on a quarterly basis. The City has received $23,446, or 2.6% in budgeted franchise fee revenues through January 2024. The City is anticipating receiving $889,500 in franchise fee revenues in fiscal year 2023-2024. First quarter receipts are usually received in February.

Sales Tax – Sales tax receipts for the General Fund remain marginally volatile. Budget expectations are at 31.9% of the budget through January 2024. Sales tax receipts continue to trend up-and-down month to month with light fluctuations for the fiscal year.

Licenses and Permits - License and permit fees are at 33.4% of budget collected with revenue received at $254,884.

Charges for Services - Charges for Services revenues are at 30% of budget collected. Charges for services include recreation fees, ambulance services, garbage collection fees and animal adoption fees.

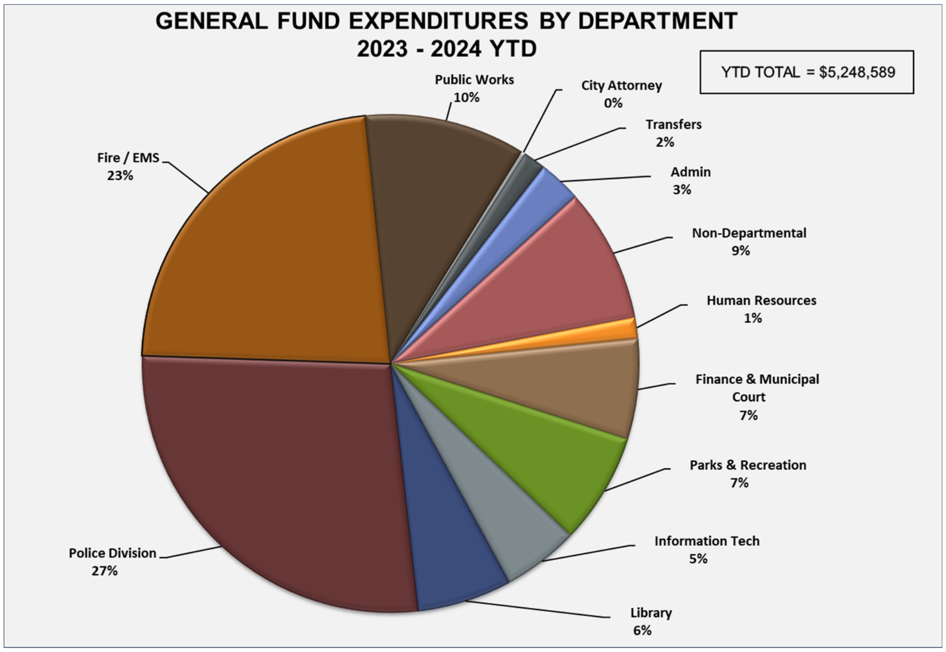


Fines and Forfeitures - Fines and Forfeitures are at 24% of budget which is $29,979, or 18.3% lower than last year's collections. Citations issued are continuing to trend lower for the fiscal year.

Miscellaneous Revenue - Miscellaneous revenues include interest earnings, rental of recreational facilities, bingo, and other revenue. These receipts total $248,407, which is 33.6% of budgeted revenues.

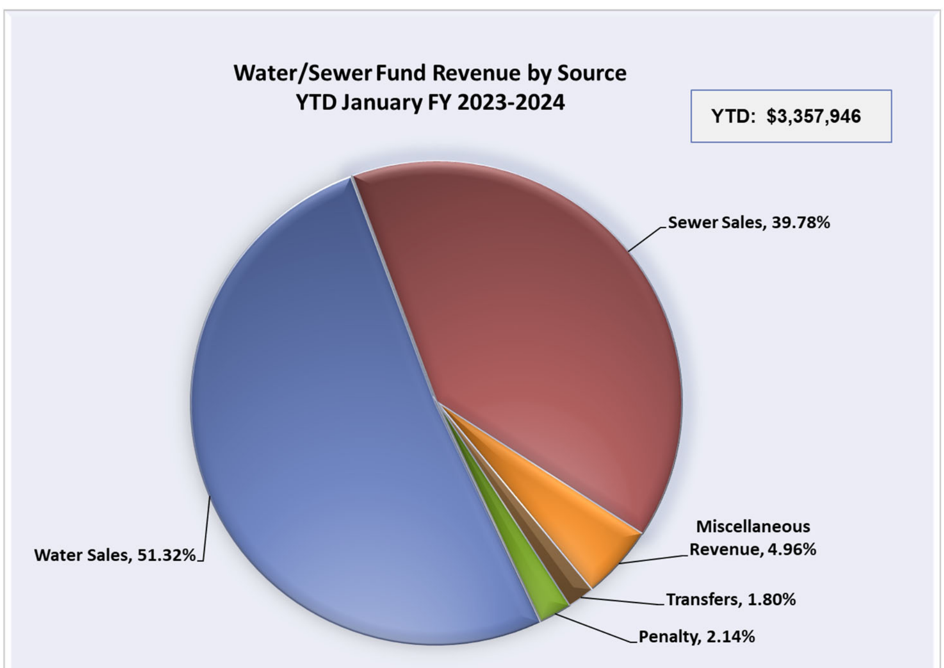
Intergovernmental Revenue and Transfers - Intergovernmental Revenue includes transfers from other funds for services the general fund provides and payments in lieu of taxes from the enterprise funds. Currently these revenues are on target with Intergovernmental at 37.1% of budget and Transfers at 33.9% of budget.

Expenses – General fund expenses are at 28.8% of budget expended and total $5,248,589 for the year.



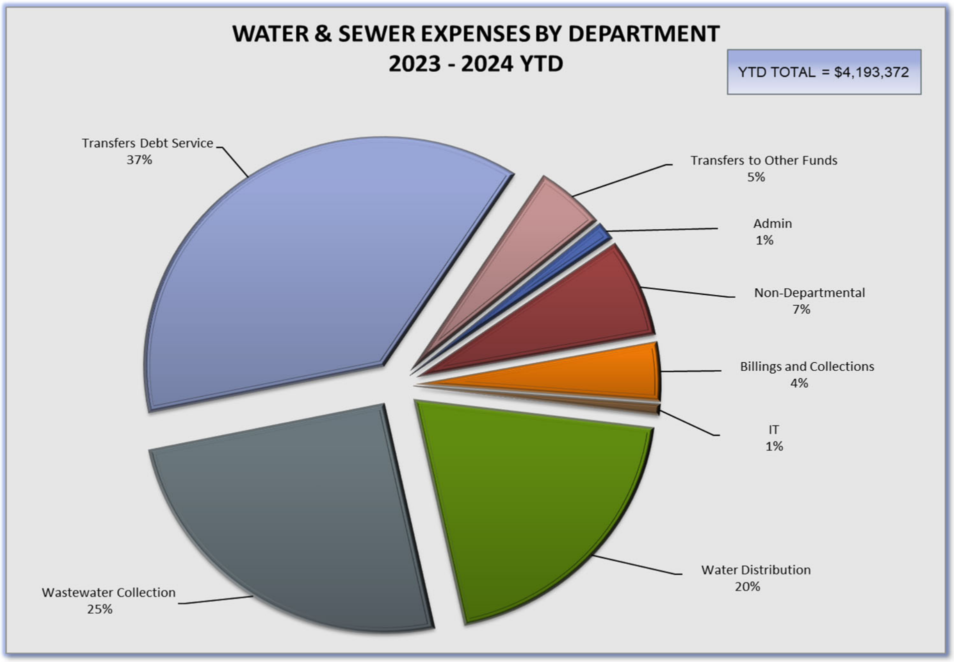
Water and Sewer Fund

Water and sewer revenues are currently at 34.02% of budgeted revenues through January 2024. Water sales are 34.8% of budgeted revenues and wastewater revenues are at 30.7% of budget. Water consumption varies due to seasonal fluctuations.



Miscellaneous Sales and Penalties- Miscellaneous sales include penalty revenue, EPA revenue, service charges, returned check fees, and damaged/tampering fees. This category of revenue is at 36.6% of budget collected.

Expenses – Year-to-date expenses in the Water/Sewer fund are 7.71% higher than budget expectations and are currently at 41% of budget. Transfers to the debt service fund for payments due in February 2024 make up 37% of expenses year-to-date.



Storm Drain Fund – Revenues represent 34.8% of budget collected. Expenses are at 12.4% of budget in this fund through January 2024. Capital projects budgeted in FY2023-2024 include Whitley Road and other storm drain improvements.

Special Revenue Funds

- **Street Maintenance Fund** expenses are at 96.8% of budget. Projects are being funded using reserves.
- **Crime Control and Prevention District** revenues collected are at 34.6% of budget and expenditures are at 25.6% of budget.
- **Economic Development Corporation Fund** has collected 33.7% of sales tax revenues and expenditures are at 32% of budget expended through January 2024.

YEAR-END AUDIT

The Finance staff has completed the FY2022-2023 year-end audit. The process included review of financials, journal entries and preparation of various schedules and reports. The City's external auditor, Weaver, has finalized the audit. The final report, ACFR, for Fiscal Year ending September 30, 2023, will be presented to City Council on March 11, 2024.

Fund Detail Report

JANUARY 2024

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

GENERAL FUND - 01

REVENUE:	ORIGINAL BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
TAXES							
AD VALOREM	7,135,000	5,793,935	81.20%	18.80%	5,158,256	635,679	12.32%
Delinquent	30,000	8,282	27.61%	72.39%	(7,963)	16,245	204.01%
Penalty & Interest	29,500	7,233	24.52%	75.48%	5,140	2,093	40.73%
SALES TAX	5,038,000	1,604,766	31.85%	68.15%	1,630,811	(26,045)	-1.60%
UTILITY FRANCHISE	889,500	23,446	2.64%	97.36%	22,163	1,283	5.79%
LICENSES & PERMITS	762,700	254,884	33.42%	66.58%	217,054	37,829	17.43%
INTERGOVERNMENTAL REVENUE	503,000	186,492	37.08%	62.92%	185,380	1,112	0.60%
CHARGES FOR SERVICES	1,203,000	361,492	30.05%	69.95%	329,796	31,697	9.61%
FINES & FORFEITURES	559,500	134,030	23.96%	76.04%	164,009	(29,979)	-18.28%
MISCELLANEOUS INCOME	739,700	248,407	33.58%	66.42%	182,631	65,775	36.02%
OPERATING TRANSFERS IN	861,000	292,201	33.94%	66.06%	286,717	5,484	1.91%
TOTAL REVENUE	**$17,750,900**	**$8,915,168**	**50.22%**	**49.78%**	**$8,173,994**	**$741,173**	**9.07%**
ADMINISTRATION	562,480	145,630	25.89%	74.11%	132,850	12,780	9.62%
HUMAN RESOURCES	248,030	70,925	28.60%	71.40%	57,351	13,575	23.67%
BUILDINGS - PW	1,069,900	237,591	22.21%	77.79%	291,417	(53,825)	-18.47%
FINANCE	603,210	214,945	35.63%	64.37%	232,627	(17,682)	-7.60%
MUNICIPAL COURT - FIN	456,110	127,253	27.90%	72.10%	122,885	4,368	3.55%
DEVELOPMENTAL SERVICES - PW	291,860	70,268	24.08%	75.92%	67,760	2,507	3.70%
LIBRARY	1,175,200	324,500	27.61%	72.39%	292,338	32,162	11.00%
PARKS AND RECREATION	1,648,305	378,752	22.98%	77.02%	284,633	94,119	33.07%
POLICE	5,073,500	1,432,404	28.23%	71.77%	1,491,871	(59,468)	-3.99%
FIRE/EMS	4,096,490	1,199,548	29.28%	70.72%	913,483	286,065	31.32%
PUBLIC WORKS - STREETS	719,780	166,137	23.08%	76.92%	159,553	6,584	4.13%
FLEET MANAGEMENT - PW	361,650	75,363	20.84%	79.16%	73,668	1,694	2.30%
NON-DEPARTMENTAL	879,415	457,614	52.04%	47.96%	424,041	33,573	7.92%
INFORMATION TECHNOLOGY	683,240	257,558	37.70%	62.30%	239,770	17,788	7.42%
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-
CITY ATTORNEY	95,000	11,768	12.39%	87.61%	13,177	(1,409)	-10.69%
TRANSFERS TO OTHER FUNDS	235,000	78,333	33.33%	66.67%	161,667	(83,334)	-51.55%
TOTAL EXPENDITURES	**$18,199,170**	**$5,248,589**	**28.84%**	**71.16%**	**$4,959,091**	**$289,497**	**5.84%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($448,270)**	**$3,666,579**			**$3,214,903**	**$451,676**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

DEBT SERVICE FUND - 03

REVENUE:	CURRENT BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
TAXES							
AD VALOREM	4,149,000	3,388,174	81.66%	18.34%	2,680,726	$707,448	26.39%
Delinquent	11,000	4,305	39.14%	60.86%	-3,724	$8,029	-215.59%
Penalty & Interest	11,000	2,440	22.19%	77.81%	1,368	$1,072	78.34%
INTEREST EARNINGS	40,000	22,038	55.10%	44.90%	10,776	$11,263	104.52%
OTHER FINANCING SOURCES	-	-	-	-	-	-	-
OPERATING TRANSFERS IN	149,000	49,667	33.33%	66.67%	51,067	($1,400)	-2.74%
TOTAL REVENUE	**$4,360,000**	**$3,466,624**	**79.51%**	**20.49%**	**$2,740,213**	**$726,412**	**26.51%**
Contractual & Sundry	4,150,768	**3,687,149**	88.83%	11.17%	**3,286,148**	$401,001	12.20%
TOTAL EXPENDITURES	**$4,150,768**	**$3,687,149**	**88.83%**	**11.17%**	**3,286,148**	**$401,001**	**0.00%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**$209,232**	**($220,525)**			**($545,936)**	**$325,411**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

WATER & SEWER - 40

REVENUE:	CURRENT BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
WATER SALES	4,950,000	1,723,390	34.82%	65.18%	1,690,922	32,468	1.92%
SEWER SALES	4,350,000	1,335,817	30.71%	69.29%	1,369,092	(33,275)	-2.43%
MISCELLANEOUS	276,000	100,928	36.57%	63.43%	94,144	6,784	7.21%
PENALTY	175,000	71,743	41.00%	59.00%	59,257	12,486	21.07%
INTEREST	110,000	52,063	47.33%	52.67%	35,672	16,391	45.95%
TRANSFERS	10,000	60,390	0.00%	0.00%	8,986	51,403	572.02%
TAP FEES	-	13,616	-	-	6,300	7,316	116.13%
SALE OF ASSETS	-	-	-	-	-	-	-
TOTAL REVENUE	**$9,871,000**	**$3,357,946**	**34.02%**	**65.98%**	**$3,264,373**	**$93,573**	**2.87%**
ADMINISTRATIVE	185,200	53,851	29.08%	70.92%	50,361	3,491	6.93%
NON-DEPARTMENTAL	794,980	289,411	36.40%	63.60%	303,871	(14,460)	-4.76%
BILLING & COLLECTIONS	615,410	172,994	28.11%	71.89%	168,275	4,719	2.80%
MGT. INFO SYSTEMS	126,990	31,445	24.76%	75.24%	26,774	4,671	17.45%
WATER DISTRIBUTION	2,865,830	825,208	28.79%	71.21%	773,145	52,063	6.73%
WASTEWATER COLLECTION	3,284,614	1,053,371	32.07%	67.93%	962,732	90,639	9.41%
TRANSFERS	2,345,000	1,767,091	75.36%	24.64%	1,792,524	(25,433)	-1.42%
TOTAL EXPENDITURES	**10,218,024**	**4,193,372**	**41.04%**	**58.96%**	**4,077,681**	**$115,691**	**2.84%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($347,024)**	**($835,426)**			**($813,308)**	**($22,118)**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

STORM DRAIN FUND - 15

REVENUE:	CURRENT BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
USERS FEE	1,485,000	496,353	33.42%	66.58%	494,233	2,120	0.43%
OTHER REVENUE	-	-	-	-	-	-	-
INTEREST INCOME	160,000	75,985	47.49%	52.51%	45,066	30,919	68.61%
TOTAL REVENUE	$1,645,000	$572,338	34.79%	65.21%	$539,299	$33,039	6.13%
PERSONNEL	506,800	110,719	21.85%	78.15%	$105,196	5,523	5.25%
SUPPLIES	37,400	4,478	11.97%	88.03%	$5,635	(1,157)	-20.53%
MAINTENANCE	37,000	2,260	6.11%	93.89%	$4,358	(2,098)	-48.14%
CONTRACTUAL & SUNDRY	356,200	94,228	26.45%	73.55%	$71,873	22,355	31.10%
CAPITAL	1,331,300	29,958	2.25%	97.75%	$7,991	21,967	274.91%
TRANSFERS TO OTHER FUNDS	194,000	64,817	33.41%	66.59%	$24,711	40,106	162.30%
TOTAL EXPENDITURES	$2,462,700	$306,460	12.44%	87.56%	$219,763	$86,696	39.45%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	($817,700)	$265,878			$319,536	($53,658)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

CRIME CONTROL DISTRICT - 18

REVENUE:	ORIGINAL BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
SALES TAX	1,977,000	635,499	32.14%	67.86%	645,862	(10,363)	-1.60%
INTEREST EARNING/OTHER	126,000	92,623	73.51%	26.49%	49,894	42,729	85.64%
TRANSFERS	-	-	-	-	-	-	-
TOTAL REVENUE	**$2,103,000**	**$728,122**	**34.62%**	**65.38%**	**$695,755**	**$32,367**	**4.65%**
PERSONNEL SERVICES	1,301,400	305,017	23.44%	76.56%	$328,589	(23,573)	-7.17%
SUPPLIES	170,500	33,218	19.48%	80.52%	$39,519	(6,301)	-15.94%
MAINTENANCE	268,700	130,368	48.52%	51.48%	$109,444	20,925	19.12%
CONTRACTUAL & SUNDRY	266,200	96,883	36.39%	63.61%	$81,328	15,555	19.13%
TRANSFERS	38,000	12,709	33.44%	66.56%	$12,754	(45)	-0.35%
CAPITAL OUTLAY	212,100	-	0.00%	0.00%	$119,134	(119,134)	0.00%
TOTAL EXPENDITURES	**2,256,900**	**578,195**	**25.62%**	**74.38%**	**$690,767**	**($112,572)**	**-16.30%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($153,900)**	**$149,927**			**$4,988**	**$144,939**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending January 31, 2024 (2nd FY Qtr.)

STREET MAINTENANCE FUND - 14

REVENUE:	ORIGINAL BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23	% CHG 24 vs 23
SALES TAX	-	-	-	-	-	-	-
INTEREST EARNINGS	-	-	0.00%	100.00%	7,407	(7,407)	-100.00%
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	**$0**	**$0**	**0.00%**	**100.00%**	**7,407**	**($7,407)**	**-100.00%**
MAINTENANCE	63,016	59,771	94.85%	5.15%	15,467	44,304	286.43%
CONTRACTUAL & SUNDRY	-	1,200	0.00%	100.00%	2,965	(1,765)	-59.53%
CAPITAL OUTLAY	-	-	0.00%	100.00%	137,645	(137,645)	-100.00%
TOTAL EXPENDITURES	**$63,016**	**$60,971**	**96.75%**	**3.25%**	**$156,078**	**($95,107)**	**-60.94%**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**($63,016)**	**($60,971)**			**-$148,671**	**$87,700**	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2024
For the period ending: January 31, 2024 (2nd FY Qtr.)

WATAUGA ECONOMIC DEVELOPMENT CORP - 04

REVENUE:	CURRENT BUDGET	1/31/2024 YTD ACTUAL	% USED	% REMAINING	1/31/2023 YTD ACTUAL	$ CHG 24 vs 23
SALES TAX	996,000	319,027	32.03%	67.97%	324,378	(5,351)
INTEREST EARNINGS	55,000	35,736	64.97%	35.03%	17,923	17,813
INTEREST/ESCROW	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	3,500	625	17.86%	82.14%	875	(250)
TOTAL REVENUE	**$1,054,500**	**$355,388**	**33.70%**	**66.30%**	**$343,175**	**$12,212**
PERSONNEL SERVICES	-	-	-	-	-	-
NON-DEPARTMENTAL	-	-	-	-	-	-
SUPPLIES	1,000	271	27.08%	72.92%	-	271
MAINTENANCE	1,000	-	0.00%	100.00%	-	-
CONTRACTUAL & SUNDRY	85,250	21,857	25.64%	74.36%	25,181	(3,324)
TRANSFERS	428,000	142,667	33.33%	66.67%	139,900	2,767
CAPITAL OUTLAY	-	-	-	-	-	-
TOTAL EXPENDITURES	**$515,250**	**$164,794**	**31.98%**	**68.02%**	**$165,081**	**($287)**
EXCESS REVENUE OVER (UNDER) EXPENDITURES	**$539,250**	**$190,593**			**$178,094**	**$12,499**

DEPARTMENTAL CONSOLIDATED REPORT

JANUARY 2024

Group Summary

Department	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Remaining
010 - CITY SECRETARY OFFICE	433450.00	433,450.00	29,519.34	113,366.20	0.00	320,083.80	73.85 %
011 - HUMAN RESOURCES	248030.00	248,030.00	18,049.05	70,925.41	28,939.96	148,164.63	59.74 %
013 - DEVELOPMENT SERVICES DIVISION	291860.00	291,860.00	18,992.12	70,267.64	500.00	221,092.36	75.75 %
015 - CITY MANAGER	314230.00	314,230.00	22,381.45	86,115.03	0.00	228,114.97	72.59 %
016 - BUSINESS RETENTION/EDC	6650.00	6,650.00	1,656.90	1,656.90	147.15	4,845.95	72.87 %
017 - BUSINESS ATTRACTION/EDC	24300.00	24,300.00	0.00	10,879.54	10,000.00	3,420.46	14.08 %
018 - GENERAL ADMINISTRATION/EDC	56300.00	56,300.00	250.00	9,591.12	0.00	46,708.88	82.96 %
020 - NON-DEPARTMENTAL	1764500.00	1,764,500.00	79,188.07	781,480.56	14,978.97	968,040.47	54.86 %
021 - CITY ATTORNEY	95000.00	95,000.00	1,172.51	11,768.46	0.00	83,231.54	87.61 %
030 - MUNICIPAL COURT DIVISION	456110.00	456,110.00	30,260.79	127,252.75	0.00	328,857.25	72.10 %
040 - FINANCE	694060.00	694,060.00	52,254.63	239,193.09	48,865.00	406,001.91	58.50 %
045 - BILLING & COLLECTIONS	615410.00	615,410.00	46,258.60	172,993.79	577.28	441,838.93	71.80 %
050 - INFORMATION TECHNOLOGY	810230.00	810,230.00	112,751.90	289,003.23	44,628.82	476,597.95	58.82 %
060 - LIBRARY	1185200.00	1,185,200.00	77,709.18	326,930.02	76,217.53	782,052.45	65.98 %
070 - RECREATION	700520.00	700,520.00	50,008.85	175,525.69	15,662.18	509,332.13	72.71 %
075 - PARKS DEPARTMENT	947785.00	947,785.00	48,616.72	203,226.03	136,049.87	608,509.10	64.20 %
080 - POLICE	7326400.00	7,326,400.00	535,451.43	1,997,889.38	213,989.75	5,114,520.87	69.81 %
085 - FIRE/MIS	4096490.00	4,096,490.00	350,475.13	1,199,547.69	43,993.02	2,852,949.29	69.64 %
090 - PUBLIC WORKS	1545200.00	1,545,200.00	75,879.00	336,624.44	196,309.91	1,012,265.65	65.51 %
093 - WATER DISTRIBUTION	2865830.00	2,865,830.00	199,710.82	825,208.12	31,944.40	2,008,677.48	70.09 %
094 - WASTEWATER COLLECTION	3284614.00	3,284,614.00	254,679.48	1,053,371.18	15,370.00	2,215,872.82	67.46 %
097 - FLEET MAINTENANCE	361650.00	361,650.00	16,948.92	75,362.61	63,678.81	222,608.58	61.55 %
098 - BUILDING MAINTENANCE	1069900.00	1,069,900.00	62,580.30	237,591.20	50,653.19	781,655.61	73.06 %
Report Total:	**29,193,719.00**	**29,193,719.00**	**2,084,795.19**	**8,415,770.08**	**992,505.84**	**19,785,443.08**	**67.77 %**

"A Great Place to Live"

AGENDA MEMORANDUM

DATE: March 1, 2024

TO: Honorable City Council Members

FROM:

THROUGH: Arthur Miner, Mayor

SUBJECT: Consider the appointment of Sebastian Posada to Place 1 on the Planning and Zoning Commission.

BACKGROUND/INFORMATION:

The Planning and Zoning Commission makes recommendations to City Council to guide land development through the Comprehensive Master Plan, Zoning and Subdivision Regulations. The Commission also makes recommendations to City Council regarding platting or subdividing land within the corporate limits of the City.

There shall be established by the city council a planning and zoning commission which shall consist of seven persons.
Authority. The planning and zoning commission shall have no authority in the hiring or assignment of employees or volunteers for the city. The commission shall not have any authority in the activities or the establishment of salary ranges for such employees. Further, the commission and its members shall direct all communications concerning city officers and employees through the office of the city manager, and neither the commission nor its members shall instruct or direct any such officer or employee, either publicly or privately.
Residency requirement. Each member of the commission shall be a resident of the city, own real property in the city, and shall be a qualified registered voter for the city on the date of appointment to the commission, and shall continue to own real property and remain a resident and a qualified registered voter so long as they continue to serve on the commission. Members.
The planning and zoning commission shall consist of seven regular members. Places on the commission shall be numbered one through seven, with all members appointed for two-year terms to expire August 31. Members serving in odd-numbered places shall have their terms expire on each odd-numbered year, and members serving in even-numbered places shall have their terms expire on even-numbered years. The commission may submit to the mayor the names of those current members who are recommended for reappointment.

FINANCIAL IMPLICATIONS:

AGENDA MEMORANDUM

None

RECOMMENDATION/ACTION DESIRED:
Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Posada, Sebastian_2.8.24_P&Z, WEDC

REVIEWED BY:

Joshua Jones, City Manager	Approved - 3/5/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Planning and Zoning Commission Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **SUP.24-01:** Public hearing to receive comments for or against a request for a specific use permit for a massage establishment at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition. The subject property known as Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

BACKGROUND/INFORMATION:

The Public Hearing Notice was duly posted and published by the City Secretary's Office on Friday, February 23, 2024 in the Fort Worth Star Telegram. Written notice of the public hearing on the proposed request was sent to all owners of property, or to the person rendering the same for city taxes within two hundred (200) feet of the subject property.

The City of Watauga requires any person, firm, or corporation who wishes to operate a massage establishment to obtain approval under Chapter 115, Zoning of the Code of Ordinances. Once zoning approval is properly secured, then application for a Massage Establishment Permit/License shall be acquired by application through the City Secretary's Office.

Applicant and agent, Wen Jing Xu has submitted a request for a specific use permit to allow a massage establishment at 8420 Denton Highway. The proposed site is located in the Watauga Towne Center. A site plan for the property is attached.

Currently, there are no other massage establishments in Watauga Towne Center. The Planning and Zoning Commission and the Development Review Team (DRT) supports this request.

FINANCIAL IMPLICATIONS:

NA

RECOMMENDATION/ACTION DESIRED:

AGENDA MEMORANDUM

The Planning and Zoning Commission and Development Review Team respectfully recommend consideration of comments received during the public hearing of the final report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Public Hearing Notice Affidavit
2. 8420 Denton Hwy Ste110 - The Golden Foot Spa - 200 ft. notices mailed to property owners
3. PH Notice - Responses Received

REVIEWED BY:

David Berman, City Attorney	Approved - 2/28/2024
Randy Richards, CFM, Assistant Director of Public Works	Approved - 3/4/2024
Paul Hackleman, Director of Public Works	Approved - 3/4/2024
Joshua Jones, City Manager	Approved - 3/4/2024
Linda Proskey, City Secretary	Final Approval - 3/4/2024

Approved as to form for inclusion on Agenda

McClatchy

The Beaufort Gazette
The Belleville News-Democrat
Bellingham Herald
Centre Daily Times
Sun Herald
Idaho Statesman
Bradenton Herald
The Charlotte Observer
The State
Ledger-Enquirer
Durham | The Herald-Sun
Fort Worth Star-Telegram
The Fresno Bee
The Island Packet
The Kansas City Star
Lexington Herald-Leader
The Telegraph - Macon
Merced Sun-Star
Miami Herald
El Nuevo Herald
The Modesto Bee
The Sun News - Myrtle Beach
Raleigh News & Observer
Rock Hill | The Herald
The Sacramento Bee
San Luis Obispo Tribune
Tacoma | The News Tribune
Tri-City Herald
The Wichita Eagle
The Olympian

AFFIDAVIT OF PUBLICATION

Account #	Order Number	Identification	Order PO	Amount	Cols	Depth
18806	523523	Print Legal Ad-IPL01610300 - IPL0161030	Notice of Public Hearting	$90.00	1	49 L

Attention: CSO

CITY OF WATAUGA
7105 WHITLEY RD
FORT WORTH, TX 761482024

CSO@wataugatx.org

CITY OF WATAUGA
NOTICE OF PUBLIC HEARINGS

Notice is hereby given that there will be public hearings before the City of Watauga City Council at its regularly scheduled meeting on March 11, 2024, beginning at 6:30 p.m. in the City Council Chambers at 7105 Whitley Road, Watauga, TX regarding the following items:

SUP.24-01: Public hearing to receive comments for or against a request for a specific use permit for a massage establishment at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition. The subject property known as Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

P.24-02: Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

Published on February 23, 2024, in the Star Telegram, Legal Notices Section.

I, Linda Proskey, City Secretary for the City of Watauga, Texas, hereby certify that this notice was posted on the official bulletin board at City Hall, 7105 Whitley Road, Watauga, Texas, on February 23, 2024, before 6:30 p.m., in accordance with Chapter 551 of the Texas Government Code.

/s/Linda Proskey
Linda Proskey, City Secretary
IPL0161030
Feb 23 2024

THE STATE OF TEXAS
COUNTY OF TARRANT

Before me, a Notary Public in and for said County and State, this day personally appeared Stefani Beard, Bid and Legal Coordinator for the Star-Telegram, published by the Star-Telegram, Inc. at Fort Worth, in Tarrant County, Texas; and who, after being duly sworn, did depose and say that the attached clipping of an advertisement was published in the above named paper on the listed dates:

1 insertion(s) published on:
02/23/24

Stefani Beard

Sworn to and subscribed before me this 27th day of February in the year of 2024

Stephanie Hatcher

Notary Public in and for the state of Texas, residing in Dallas County

STEPHANIE HATCHER
My Notary ID # 133534406
Expires January 14, 2026

Extra charge for lost or duplicate affidavits.
Legal document please do not destroy!

Public Hearing Notice – Specific Use Permit

February 7, 2024

Dear Property Owner:

The Planning and Zoning Commission will hold a public hearing to consider a request for a specific use permit during their regular meeting on February 21, 2024, at 6:30 PM in the City Council Chamber at Watauga City Hall, 7105 Whitley Road. The purpose is to receive comments regarding the following item:

SUP.24-01: Public hearing to receive comments for or against a request for a specific use permit at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition; and consider action on a preliminary report to allow for a massage establishment in a General Business (GB) zoning district. The subject property at Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

In accordance with State law, you are receiving this notice due to public records available through Tarrant Appraisal District which reflect you are the owner(s) of one or more parcels within two hundred (200) feet of the subject property. A site map is attached for your information. This notice will serve as public notice for all properties owned in the subject area.

If you are interested, you are invited to attend these meetings. If you cannot attend these meetings and wish to provide written comments or documentation for consideration, please return your information on the attached response form.

If you have any questions, please contact me at 817-514-5827 or e-mail jgarcia@wataugatx.org.

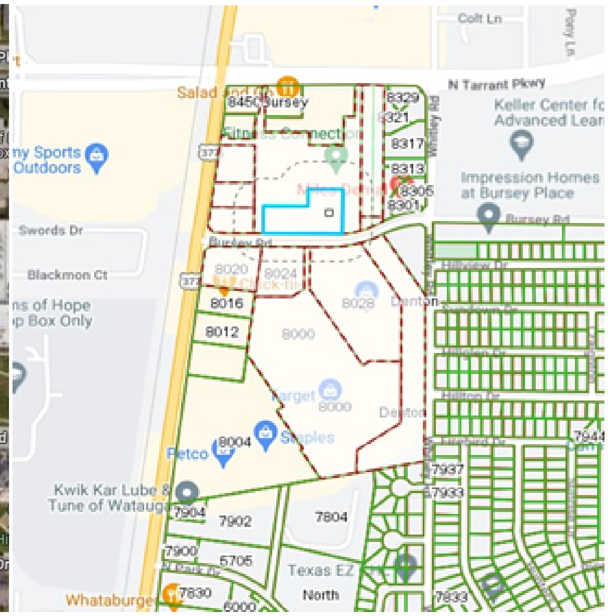
Sincerely,

Jeannette Garcia

Jeannette Garcia
Planner I

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

Location Maps



Prepared by Development Services 02/05/2024
DISCLAIMER: *This product is for informational purposes only and represents the approximate relative location of property boundaries.

To: City of Watauga, Texas

From: ____

____

(Address of Your Property that Could Be Impacted by this Request)

RE: **SUP.24-01:** Public hearing to receive comments for or against a request for a specific use permit at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition; and consider action on a preliminary report to allow for a massage establishment in a General Business (GB) zoning district. The subject property at Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

☐ I PROTEST THE PROPOSED SPECIFIC USE PERMIT

☐ I SUPPORT THE PROPOSED SPECIFIC USE PERMIT

Basis for your protest/support ____

____

____

________________________ ______________________________

Printed Name Signature

____

Date

Return to: City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga, TX 76148
Email: jgarcia@wataugatx.org

To: City of Watauga, Texas

From: BDC Properties, Inc.

Rosa's Cafe 8432 Denton Hwy, Watauga TX. 76148

(Address of Your Property that Could Be Impacted by this Request)

RE: **SUP.24-01:** Public hearing to receive comments for or against a request for a specific use permit at the property commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition; and consider action on a preliminary report to allow for a massage establishment in a General Business (GB) zoning district. The subject property at Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

☐ I PROTEST THE PROPOSED SPECIFIC USE PERMIT

☑ I SUPPORT THE PROPOSED SPECIFIC USE PERMIT

Basis for your protest/support It's a Good fit for the shopping center

Britt Lane, President
Printed Name

Britt Lane, President
Signature

2-16-2024
Date

Return to: City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga, TX 76148
Email: jgarcia@wataugatx.org

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

BOBBY COX Companies, Inc.

Augustus Plaza
5000 Overton Plaza, Suite 300
Fort Worth, TX 76109

NORTH TEXAS TX 750
16 FEB 2024 PM 10 L

US POSTAGE IMI PITNEY BOWES
ZIP 76109 $ 000.64⁰
02 1W
0001390093 FEB 16 2024

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148

76148-245600

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Planning and Zoning Commission Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **P.24-02:** Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

BACKGROUND/INFORMATION:

The Public Hearing Notice was duly posted and published by the City Secretary's Office on February 23, 2024 in the Fort Worth Star Telegram. Written notice of the public hearing on the proposed plat was sent to all owners of property, or to the person rendering the same for city taxes within two hundred (200) feet of the subject property.

The Mansel W. Wilmeth Survey, Abstract No. 1621 is proposed to be subdivided into twelve (12) single-family residential lots and two (2) HOA lots in a subdivision to be known as Echo Court Addition. The property is located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The Planning and Zoning Commission and city staff recommend approval of this plat which is to be presented to Council on March 11, 2024 for final approval.

Texas Government Code 212.005 requires the municipal authority responsible for approving plats must approve a plat that satisfies all applicable regulations.

FINANCIAL IMPLICATIONS:

NA

RECOMMENDATION/ACTION DESIRED:

The Planning and Zoning Commission and city staff respectfully recommend consideration of the comments received during the public hearing of the final report and recommend approval to council during the March 11, 2024 regular meeting of the City Council.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Public Hearing Notice - Affidavit

AGENDA MEMORANDUM

2. 6201 Starnes Rd - Plat - 200 ft. notices mailed - Signed
3. PH Notice - Responses Received

REVIEWED BY:

David Berman, City Attorney	Approved - 2/28/2024
Randy Richards, CFM, Assistant Director of Public Works	Approved - 3/4/2024
Paul Hackleman, Director of Public Works	Approved - 3/4/2024
Joshua Jones, City Manager	Approved - 3/4/2024
Linda Proskey, City Secretary	Final Approval - 3/4/2024

Approved as to form for inclusion on Agenda

McClatchy

The Beaufort Gazette
The Belleville News-Democrat
Bellingham Herald
Centre Daily Times
Sun Herald
Idaho Statesman
Bradenton Herald
The Charlotte Observer
The State
Ledger-Enquirer
Durham | The Herald-Sun
Fort Worth Star-Telegram
The Fresno Bee
The Island Packet
The Kansas City Star
Lexington Herald-Leader
The Telegraph - Macon
Merced Sun-Star
Miami Herald
El Nuevo Herald
The Modesto Bee
The Sun News - Myrtle Beach
Raleigh News & Observer
Rock Hill | The Herald
The Sacramento Bee
San Luis Obispo Tribune
Tacoma | The News Tribune
Tri-City Herald
The Wichita Eagle
The Olympian

AFFIDAVIT OF PUBLICATION

Account #	Order Number	Identification	Order PO	Amount	Cols	Depth
18806	523523	Print Legal Ad-IPL01610300 - IPL0161030	Notice of Public Hearting	$90.00	1	49 L

Attention: CSO

CITY OF WATAUGA
7105 WHITLEY RD
FORT WORTH, TX 761482024

CSO@wataugatx.org

CITY OF WATAUGA
NOTICE OF PUBLIC HEARINGS

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/s/Linda Proskey
Linda Proskey, City Secretary
IPL0161030
Feb 23 2024

THE STATE OF TEXAS
COUNTY OF TARRANT

Before me, a Notary Public in and for said County and State, this day personally appeared Stefani Beard, Bid and Legal Coordinator for the Star-Telegram, published by the Star-Telegram, Inc. at Fort Worth, in Tarrant County, Texas; and who, after being duly sworn, did depose and say that the attached clipping of an advertisement was published in the above named paper on the listed dates:

1 insertion(s) published on:
02/23/24

Stefani Beard

Sworn to and subscribed before me this 27th day of February in the year of 2024

Stephanie Hatcher

Notary Public in and for the state of Texas, residing in Dallas County

STEPHANIE HATCHER
My Notary ID # 133534406
Expires January 14, 2026

Extra charge for lost or duplicate affidavits.
Legal document please do not destroy!

WATAUGA
TEXAS

Public Hearing Notice – Plat

February 7, 2024

Dear Property Owner:

The Planning and Zoning Commission will hold a public hearing to consider a request for a plat during their regular meeting on February 21, 2024, at 6:30 PM in the City Council Chamber at Watauga City Hall, 7105 Whitley Road. The purpose is to receive comments regarding the following item:

P.24-02: Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

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If you have any questions, please contact me at 817-514-5827 or e-mail jgarcia@wataugatx.org.

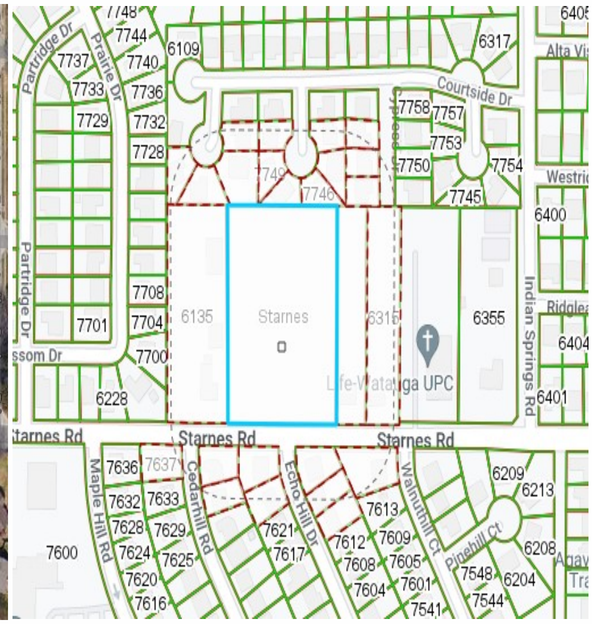
Sincerely,

Jeannette Garcia

Jeannette Garcia
Planner I

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

Location Maps



Prepared by Development Services 02/05/2024
DISCLAIMER: *This product is for informational purposes only and represents the approximate relative location of property boundaries.

To: City of Watauga, Texas

From: ____

____

(Address of Your Property that Could Be Impacted by this Request)

RE: **P.24-02:** Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

☐ I PROTEST THE PROPOSED PLAT

☐ I SUPPORT THE PROPOSED PLAT

Basis for your protest/support____

____

____

______________________________ ______________________________

Printed Name Signature

____

Date

Return to: City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga, TX 76148
Email: jgarcia@wataugatx.org

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

To: City of Watauga, Texas

From: Kay Ivey

6135 Starnes Rd Watauga, Tx 76148

(Address of Your Property that Could Be Impacted by this Request)

RE: **P.24-02:** Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

☐ I PROTEST THE PROPOSED PLAT

☐ I SUPPORT THE PROPOSED PLAT

Basis for your protest/support my questions are drainage, fenching being able to see to get out of my driveway on to Starnes

KAY IVEY

Printed Name

Kay Ivey

Signature

Feb. 21st 2024

Date

Return to: City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga, TX 76148
Email: jgarcia@wataugatx.org

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

To: City of Watauga, Texas

From: Hannah Gillette

7746 Clearbrook Ct.

(Address of Your Property that Could Be Impacted by this Request)

RE: **P.24-02:** Public hearing for consideration of request for approval of a plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots . Owner/applicant: Echo Court LLC, Kevin Wong.

☒ I PROTEST THE PROPOSED PLAT

☐ I SUPPORT THE PROPOSED PLAT

Basis for your protest/support Protest is due to lack of space for 12 units. Also, property frequently floods and with construction will cause flooding issues to move ~~as~~ to other properties. Also with the electrical easement and new fences will cause distress to my properties trees.

Printed Name Hannah Gillette

Signature

2/14/2024

Date

Return to: City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga, TX 76148
Email: jgarcia@wataugatx.org

City of Watauga
Development Services
7800 Virgil R. Anthony Sr. Blvd.
Watauga, TX 76148
http://www.wataugatx.org

Hannah Gillette
7246 Clearbrook Ct.
Watauga, TX 76148

NORTH TEXAS TX P&DC
DALLAS TX 750
15 FEB 2024 PM 4 L

City of Watauga Development Services
7800 Vigil R. Anthony Sr. Blvd.
Watauga TX 76148

76148-245600

WATAUGA
TEXAS
7105 Whitley Road • Watauga, TX 76148

NORTH TEXAS TX 750
7 FEB 2024 PM 8 L

NEOPOST
FIRST-CLASS MAIL
02/07/2024
US POSTAGE $000.64⁰
ZIP 76148
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Eduardo & Ariana Medina
111 Ponderosa Ct
Keller TX 76244

RETURN TO SENDER
NO SUCH NUMBER
UNABLE TO FORWARD

BC: 76148202405 *2834-02847-07-43

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

DATE: February 20, 2024

TO: Honorable City Council Members

FROM: Sandra Gibson, Director of Finance

THROUGH: Joshua Jones, City Manager

SUBJECT: Discuss and consider action to approve a resolution to accept the Annual Audit and Single Audit for the period October 1, 2022 - September 30, 2023

BACKGROUND/INFORMATION:

As required by City of Watauga Charter Section 9.06 (C), the City designates qualified public accountants who, at the end of the fiscal year, make an independent audit of accounts. For the period ending September 30, 2023, Weaver and Tidwell, LLP, a firm of licensed public accountants, audited the City's financial statements. Weaver, L.L.P. was awarded the contract to conduct the annual audits for the fiscal years ending 2020 with the option to renew for four (4) subsequent fiscal years. This is the third renewal of the contract period.

On February 27, 2024, Weaver presented the audit results to the City's Audit Committee consisting of Mayor Arthur Miner, Mayor Pro-tem Jan Hill, Council Member Malissa Minucci, and Council Member Patrick Shelbourne. Also present were the staff members of the Committee which included Joshua Jones, City Manager, Sandra Gibson, Director of Finance, and Deby Woodard, Asst. Finance Director.

In the meeting, Weaver presented the City of Watauga's financial position, with respect to fiscal highlights, net position, and ending fund balance. Weaver conducted the audit in accordance with both auditing standards and accounting principles generally accepted in the United States of America and Uniform Guidance. In summary, Weaver found that the City of Watauga's financial statements for the fiscal year ending September 30, 2023 present fairly, in all material respects, without any material misstatement. In addition, this is the fourth year a single audit was conducted for federal and state grant funds, which included SAFER and SLFRF funds. Weaver has found the City in compliance with all the grant requirements.

The City received an unmodified ("clean") opinion on both reports. This is the highest level of opinion auditors are allowed to give. Jackie Gonzalez, Senior Partner at Weaver,

WATAUGA
TEXAS
"A GREAT PLACE TO LIVE"

AGENDA MEMORANDUM

L.L.P. will present a summary of the findings and a copy of the final report is attached for reference.

FINANCIAL IMPLICATIONS:
N/A

RECOMMENDATION/ACTION DESIRED:

Staff recommends the Council approve the resolution to accept the financial audit results for the period of October 1, 2022 to September 30, 2023.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Resolution accepting Audit and Single Audit 2023
2. City of Watauga Report - Final 3-5-24

REVIEWED BY:

Sandra Gibson, Director of Finance	Approved - 3/5/2024
David Berman, City Attorney	Approved - 3/6/2024
Joshua Jones, City Manager	Approved - 3/6/2024
Linda Proskey, City Secretary	Final Approval - 3/6/2024

Approved as to form for inclusion on Agenda

CITY OF WATAUGA, TEXAS
RESOLUTION NO. _________

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS PROVIDING FOR ACCEPTANCE OF THE REPORT FROM THE INDEPENDENT AUDITOR AND THE AUDITED FINANCIAL STATEMENTS, AND THE SINGLE AUDIT REPORT FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2023; PROVIDING FOR REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Watauga Charter, Section 9.06(c) requires an independent audit be completed annually; and

WHEREAS, the City has completed the annual audit of the City's financial statements and the single audit report for the fiscal year ending September 30, 2023; and,

WHEREAS, the City Council of Watauga, Texas has received the report from the City's Independent audit firm, Weaver, L.L.P.; and,

WHEREAS, the City Council of the City of Watauga has reviewed and voted to accept the report as written,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS AS FOLLOWS:

I.

That the findings above are found to be true and correct, and are incorporated herein.

II.

That the City Council does hereby accept the report of the independent auditor and the audited financial statements and the single audit report for the fiscal year ending September 30, 2023 as presented.

III.

This Resolution shall be and is hereby cumulative of all other Resolutions of the City of Watauga, Texas, and this Resolution shall not operate to repeal or affect any such other Resolutions except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Resolution, in which event, such conflicting provisions, if any, in such other Resolutions are hereby repealed.

IV.

If any section, sub-section, sentence, clause, or phrase of this Resolution shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of the Resolution.

V.

This Resolution shall become effective and shall be in full force and effect from and after the date of passage and adoption by the City Council of the City of Watauga, Texas, and upon application of law and in accordance with Section 3.13 of the Charter of the City of Watauga, Texas.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas this 11th day of March, 2024.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
LINDA PROSKEY, CITY SECRETARY

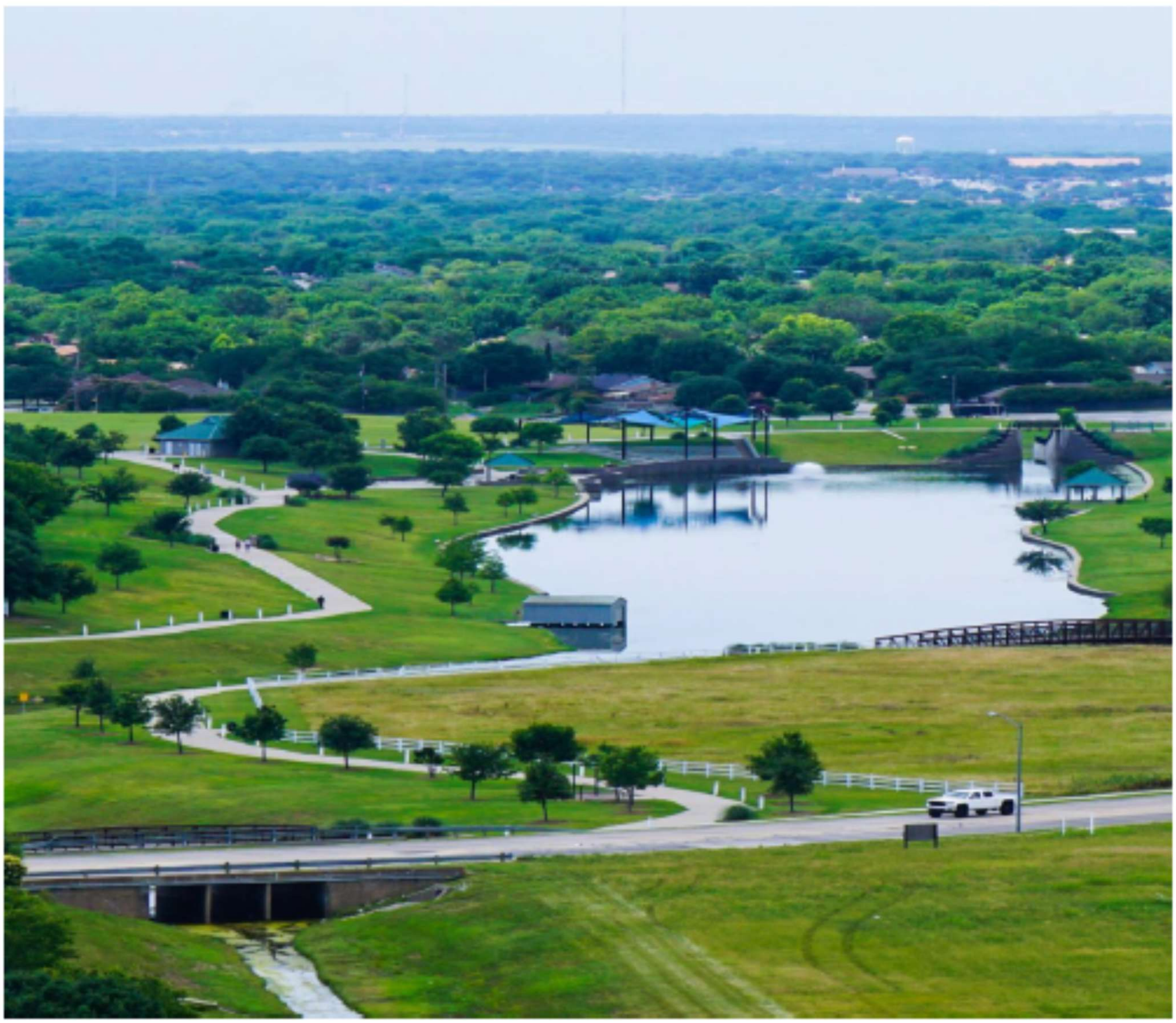
APPROVED AS TO FORM AND LEGALITY:

____
DAVID BERMAN, CITY ATTORNEY

CITY OF WATAUGA

Annual Comprehensive Financial Report

For the Fiscal Year Ending September 30, 2023



www.cowtx.org

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City of Watauga, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2023

Prepared By
The City of Watauga
Finance Department

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City of Watauga, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2023
Table of Contents

Table of Contents – Continued

Introductory Section

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March 5, 2024

TO: Honorable Mayor Arthur L. Miner and
Members of the City Council
Citizens of the City of Watauga, Texas

The City Manager's Office and the Finance Department are pleased to submit the City of Watauga's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2023. We encourage you to thoroughly read this report and take the opportunity to discuss some of the important items it addresses.

As required by City of Watauga Charter Section 9.06 (C) and various other obligations including, but not limited to, bond covenants, "At the close of each fiscal year, and at such time as it may be deemed necessary, the Council shall cause an independent audit to be made of all accounts of the City by a certified public accountant. Upon completion of the audit, the results thereof in a summary form shall be placed on file in the City Secretary's office as a public record." Financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by an independent firm of licensed certified public accountants.

This report provides the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

Weaver and Tidwell, L.L.P., a firm of licensed certified public accountants audited the City of Watauga financial statements. The goal of the independent auditors was to provide reasonable assurance that the financial statements of the City of Watauga for the fiscal year ended September 30, 2023, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was a reasonable basis for rendering an unmodified ("clean") opinion that the City of Watauga's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report. Additionally, the City has an Audit Committee as a subcommittee of the City Council that hears and reviews all recommendations made by the independent auditors.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A, and the two should be read in conjunction with each other. This report includes all of the funds and account groups of the City. It also includes all activities over which the City is considered to be financially accountable.

The Birdville and the Keller Independent School Districts (ISDs) provide elementary and secondary education services within the City. The City is not financially accountable for the districts and, accordingly, financial data for the school districts are not included in this report.

Profile of the City of Watauga, Texas

The City of Watauga is located in Tarrant County, one of the fastest growing counties in Texas, approximately 10 miles northeast of downtown Fort Worth and 25 miles northwest of downtown Dallas The City's corporate boundary comprises a total of approximately 4 square miles and is approximately 96% developed. Watauga's population as established by the 2010 U.S. Census was 23,650 and was estimated by the North Central Texas Council of Governments at 23,653 as of January 2023.

The City of Watauga Home Rule charter was adopted on January 19, 1980. The city operates under a Council-Manager form of government, with the Governing Body comprised of eight members including the Mayor. The Governing Body is responsible for adopting ordinances and regulations governing the City, adopting the budget, determining policies, and appointing the City Manager, City Attorney, Municipal Court Judge, City Secretary, Department Heads, as well as members of boards and commissions. The City Manager is responsible to the Governing Body and is responsible for the daily management of the city.

Services Provided

The City provides to its citizens, at the least cost, those services that have proven to be necessary and meaningful. Major services under general government and enterprise functions include: police and fire protection, emergency ambulance service, street and drainage improvements, developmental services, water and sewer services, library services, park and recreational activities, and general administrative services. Private contractors, through franchise agreements, provide solid waste and recycling collections and disposal services for the city.

Accounting System and Budgetary Control

The City's accounting records for general government operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's proprietary activities are maintained on an accrual basis.

To provide a reasonable basis for making these representations, management of the City of Watauga has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefit, the City of Watauga's comprehensive framework of internal controls has been designed to provide reasonable assurance, rather than absolute assurance, that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are grouped by type in the financial statements. As of September 30, 2023, there were thirty-four (34) funds, of which some are combined for reporting purposes bringing the number to seventeen (18) funds. A description of the major funds and their purpose can be found in Note 1 of the Notes to Basic Financial Statements.

The City Charter requires the City Manager to submit a proposed budget for the fiscal year beginning October 1 to the City Council by August 1 each year, and provides for Council adoption of the budget by September 15. Prior to August 1, the City Manager and City department heads prepare expenditure/expense estimates for the remainder of the current fiscal year and for the ensuing fiscal year, and these are compared to estimates of revenue for the same periods. Included in the assessment is the Capital Improvements Projects or CIP program. This program is a five-year plan of major capital programs which may include infrastructure, equipment, buildings, land, or other major expenditures. Adjustments are made to the departmental expenditure/expense estimates as necessary to ensure that the proposed budget is balanced within total estimated income as required by the City Charter.

Following adoption of the budget by the City Council, the City Manager and department heads monitor expenditures/expenses and revenues throughout the year to ensure that the integrity of the budget is maintained. The Charter allows the City Manager to transfer appropriation balances among programs within a department and provides for transfers of appropriation balances from one department to another upon approval of an ordinance by the City Council. The City Council may make amendments to the budget for unforeseen needs or emergencies. The City Manager is required to make monthly reports to the Council concerning the financial condition of the City.

Economic Outlook and Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Watauga operates.

The Dallas-Fort Worth Metroplex (DFW) economy was strong in its continued recovery from the COVID-19 pandemic's economic effects. In 2023, the economy showed robust expansion with business expansions and relocations fueling the economy. North Texas ranks among the top three U.S. Metro areas for business expansion, relocations, and employment growth. In December 2023, the Federal Reserve Bank of Dallas reported the below information in their Dallas-Ft. Worth Economic Indicators.

DFW economy dashboard (October 2023)

Job growth (annualized) July–Oct. '23	Unemployment rate	Avg. hourly earnings	Avg. hourly earnings growth y/y
3.2%	3.8%	$34.40	2.5%

The Dallas–Fort Worth economy slowed in October. Payroll employment fell, while unemployment was little changed. Average hourly earnings ticked up and remained above year-ago levels. Home sales declined in October. House prices rose, and affordability dipped in the third quarter.

Watauga is located in North Central Texas in Northeast Tarrant County, and is surrounded by the cities of Keller, Fort Worth, Haltom City, and North Richland Hills. The economy of the area is based upon diversified manufacturing and service industries, and agriculture. The North Texas Commission reports that DFW is the 4th largest region in the U.S., and has experienced tremendous growth in the past decade, becoming the fastest growing region in the U.S. With its highly diversified economy, Dallas-Ft. Worth has a population of over 7.7 million, a Gross Metropolitan Product of $535 billion, a labor force of over 4.1 million, an 8.1% job growth rate, twenty-five Fortune 500 Firms, and college enrollment of over 367,000.

Economic conditions in the Metroplex continue to be influenced by the development and operation of the Dallas-Fort Worth International Airport, which is located only 10 miles to the southeast of Watauga. The airport, which celebrated its 49th anniversary in 2023, covers approximately twenty-seven square miles and represents one of the largest facilities of its kind in the world. The airport provides supports 634,000 jobs and contributes over $38 billion to the local economy. (SOURCE: DFW website www.dfwairport.com Fast Facts.)

The Alliance Texas development in North Fort Worth is a 27,000-acre master-planned, mixed-use community which is home to more than 550 companies, 63,000 plus employees, and is anchored by the inland port known as the Alliance Global Logistics Hub. This area offers a variety of commercial real estate options, industrial space, office space, and retail facilities and had a $100.6 billion impact in North Texas since its inception, with $.66 billion economic impact in 2021. (www.alliancetexas.com)Alliance Texas Facts).

In Fiscal Year 2023 the City's financial position continued to strengthen. The total certified taxable value, including estimated value for property under protest, for all residential and commercial property in the City was approximately $1.97 billion for fiscal year 2023, an 11% increase from the previous year. Future development includes a 70-home single family residential development and additional commercial developments are in the planning phase. The City's general fund, economic development corporation fund, and crime control sales tax funds experienced sales tax increases during fiscal year 2023. The increased economic activity resulted in a 2.5% overall increase of sales tax receipts this year in comparison to fiscal year 2022. Sales tax receipts for all funds came in at $7.6 million in fiscal year 2023, representing an increase of approximately $0.2 million in collections in comparison to the previous fiscal year.

Future Economic Outlook

Through November 2023 (Fiscal Year 2024) sales taxes have increased slightly compared to the same period in Fiscal Year 2023. Continued economic recovery is expected with the opening of new businesses in Watauga, and the increase of on-line sales tax receipts.

For Fiscal Year 2024, property valuations increased 13% from the prior year. According to the Emerging Trends in Real Estate for 2024 report from PricewaterhouseCoopers and the Urban Land Institute, the Dallas-Ft. Worth Metroplex ranked as the third highest market for overall real estate prospects in 2024 out of 80 other cities nationwide.

Residential growth in Watauga includes 260 new homes with an estimated $600,000 in property tax dollars over the next several years. In addition, commercial development includes a new office park and retail pad site.

Watauga's economic future is not without challenges. New development in Watauga is expected to be minimal as the city is approximately 96% developed. The city has entered a phase where revenue growth will be slow, while requests for services and infrastructure replacement for streets and utility needs will increase. The near build-out status of the city requires a strategic approach to attracting new development and revitalization. The City Council has adopted Strategic Initiatives that will enable the city to move in a positive direction. These strategic initiatives include maintaining the financial strength of the City, developing a sustainable economic development effort through business retention and attraction efforts, and strengthening future planning.

Long-Term Financial Planning

The City Council has adopted a series of financial standards and policies for operating and debt management. Management of the City has made every effort to comply with these standards and policies. The City has maintained its fund balances to ensure that the needed resources are available to provide for current operations and unexpected situations. Fiscal policies provide for the General Fund reserve to not go below 25% of the General Fund expenditure budget. At the end of the current year, the City was in compliance with this policy with the reserve at 56% of next year's budgeted expenditures.

The City continued the use of its long-term financial planning tools in FY2024 and beyond. These tools include:

1) A 5-year Capital Improvement Plan that details current and future infrastructure projects.
2) A Multi-year Capital Outlay Plan that provides a 5-year plan to identify timing of replacement and sources of funding for major equipment, vehicles, and technology City-wide;
3) A Personnel Improvement Plan to identify personnel staffing needs and year of possible funding;
4) A Multi-year Financial Forecast which forecasts revenue trends and expenditure estimates in a 5-year Plan; and
5) A Succession Plan to ensure continuity of operations in the future for all positions, promote a defined path for employees desiring to move into higher level positions, and ensure that training and resources are in place.

Such strategic planning has allowed the City Council to fund several major infrastructure upgrades, park enhancements, capital purchases, and personnel needs in a systematic manner while considering the full impact to the operating budget and tax requirements. The City of Watauga intends to continue with an orderly and well-planned program of community service in FY2024 and subsequent years. Working within the framework of current financial constraints, the City will focus on infrastructure needs such as upgrades/maintenance of the water/sewer system, street projects, drainage projects and revitalization/redevelopment projects in the upcoming fiscal year and beyond.

Standard & Poor's Rating Services, a subsidiary of the McGraw-Hill Companies, Inc. rates the City's general obligation debt at AA. Moody's Investor Service, Inc. rates the general obligation debt at Aa3. Additional information about the rating agencies or the significance of the ratings provided may be obtained from each agency's web site.

Major Initiatives

The city has completed several projects in the past year and has many others underway. The city believes it is critical that the street, water, wastewater, and drainage systems are properly maintained and systematically upgraded. The city's 5-year Capital Improvement Plan (CIP) addresses the infrastructure needs throughout the city. There is a major focus on street improvements and various street projects are included and funded in the FY2024 budget. These include Whitley Road, a major thoroughfare in the city that was planned as a multi-year project and will be completed in 5 phases. Whitley Road Phase 4 and 5 will continue through the next couple of years. Other street projects include Hightower Road and Watauga Road, a major economic corridor within the City. In addition, water and wastewater improvement projects have been completed over the past several years and more projects are underway.

The City's Parks Master Plan focuses on improving the quality of life for the community, including park amenities and upgrades, trails, and facilities. Park playgrounds throughout the City are in the process of being upgraded and improved. Projects funded by the Economic Development Corporation include the design and construction of a food business park that is designed to spur economic development and entrepreneurship in the city.

The Green Ribbon Beautification Project for Highway 377 continues and will help to improve the image of Watauga as well as properties along the highway. The City has been awarded its third Texas Department of Transportation (TXDOT) Green Ribbon Landscape grant to beautify the western portion of the Denton Highway right-of-way.

Awards and Acknowledgements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Watauga for its annual comprehensive financial report for the fiscal year ended September 30, 2022. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standard for preparation of state and local government financial reports. In order to receive the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Watauga has received a Certificate of Achievement for the last thirty-five consecutive years. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA for review.

The City of Watauga also received the GFOA's Distinguished Budget Presentation Award for our annual budget document for the fiscal year beginning October 1, 2022. This is the thirty-third consecutive year that the city has received this prestigious award. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

In conclusion, we would like to thank the City Council for their continued leadership and support in planning and conducting the financial operations of our city in a responsible and efficient manner. Appreciation is expressed to the city employees throughout the organization who are instrumental in the successful completion of this annual comprehensive financial report. And finally, we wish to express our appreciation to each City employee for his or her loyalty and dedication, as demonstrated during this past fiscal year.

Respectfully submitted,

Joshua Jones
City Manager

sandra Gibson

Sandra Gibson, CGFO, CGFM
Director of Finance

City of Watauga, Texas

Principal Officials

As of September 30, 2023

Elected Officials	**Position**	**Term Expires**
Arthur L. Miner	Mayor	2025
Jan Hill	Mayor Pro Tem, Council Member Place 7	2024
Patrick Shelbourne	Council Member Place 1	2025
Tom Snyder	Council Member Place 2	2024
Lovie Downey	Council Member Place 3	2025
Andrew Neal	Council Member Place 4	2024
Malissa Minucci	Council Member Place 5	2025
Mark Taylor	Council Member Place 6	2024

Appointed Officials	**Position**
Joshua Jones	City Manager
David Berman	City Attorney
Linda Proskey	City Secretary
Sandra Gibson	Director of Finance
Robert Parker	Police Chief
Shawn Fannan	Fire Chief
Paul Hackleman	Public Works Director
Julie Rodriguez	Director of Human Resources & Civil Service
Lana Ewell	Library Director
Timothy Hamilton	Parks and Community Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Watauga
Texas

For its Annual Comprehensive Financial Report
For the Fiscal Year Ended

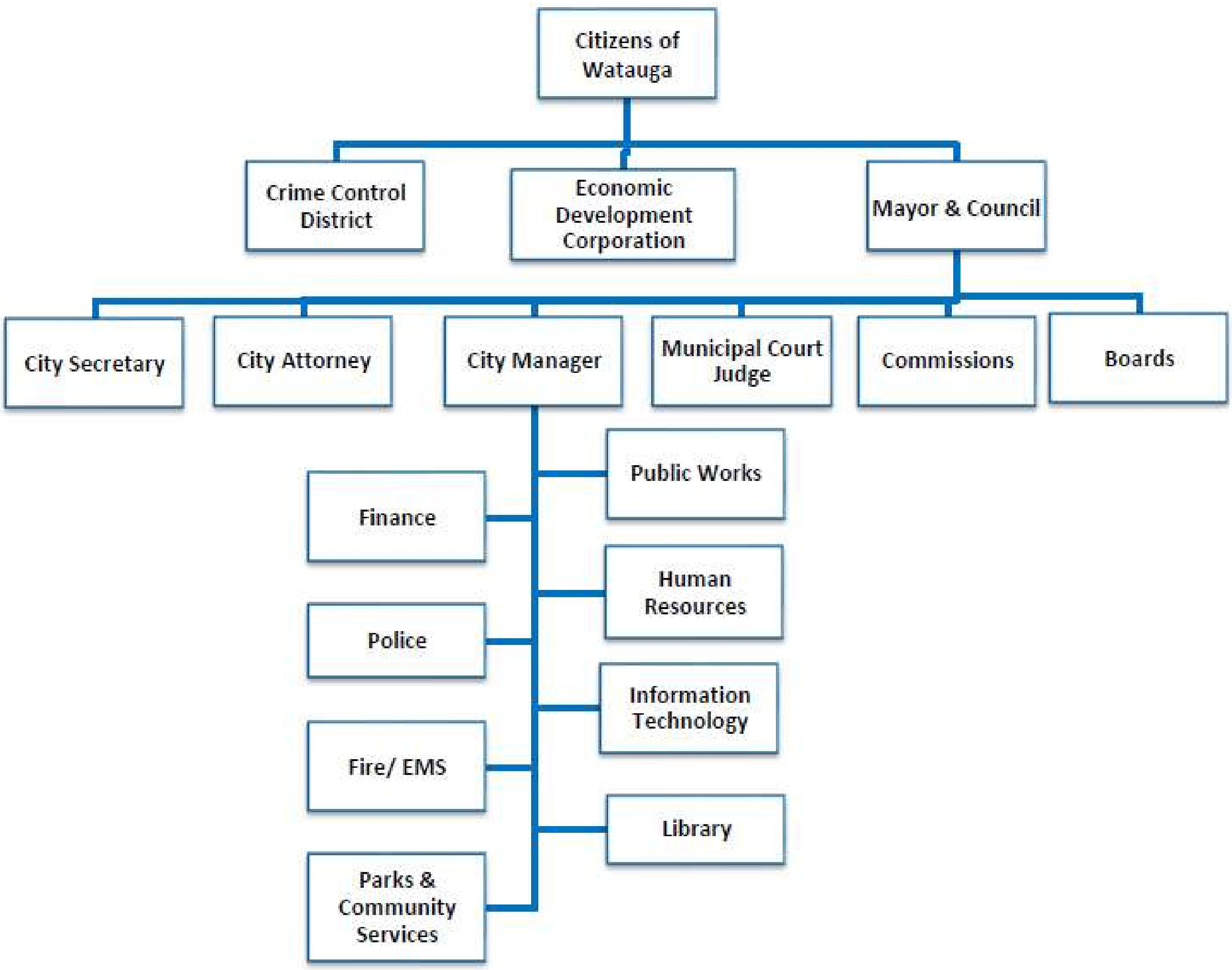
September 30, 2022

Christopher P. Morrill

Executive Director/CEO

Organizational Chart

City of Watauga



Financial Section

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Independent Auditor's Report

To the Honorable Mayor and
Members of City Council
City of Watauga, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Watauga, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

The Honorable Mayor and
Members of City Council
City of Watauga, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Texas Municipal Retirement System pension schedules, Texas Municipal Retirement System OPEB schedule, and budgetary comparison information on pages 7–16 and 72-77 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable Mayor and
Members of City Council
City of Watauga, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
March 5, 2024

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Management's Discussion and Analysis

On behalf of City Council, we, as management of the City of Watauga, offer readers of the city's financial statements this narrative overview and analysis of the financial activities and financial position of the city for the fiscal year ended September 30, 2023. In the broadest context, the financial well-being of a government lies in the underlying wealth and willingness of its citizens and property owners to pay adequate taxes combined with the vision of the government's elected and appointed leadership to spend those taxes strategically so that the City's tax base, service levels, City assets, and the City's desirability will be maintained not just for the current year but well into the future.

Financial reporting is limited in its ability to provide the "big picture" but rather focus on financial position and changes in financial position. In other words, are revenues and/or expenditures higher or lower than the previous year? Have net position or fund balances of the government been maintained? Readers are encouraged to consider the information presented here in conjunction with our Letter of Transmittal and the Statistical Section which can be found on pages i-v and pages 100-120 of this report respectively. Also, you may review additional information on the annual budget and other community facts and figures on the City's website at www.cowtx.org.

Please note that the Report of Independent Auditors describes the auditor's association with the various sections of this report and that all of the additional information from the website and other City sources is unaudited.

Financial Highlights

- At September 30, 2023, Government-Wide Total Assets and Deferred Outflows of Resources exceeded Total Liabilities and Deferred Inflows of Resources by $93,583,522 (Net position). The vast majority of the City's net position of $74,599,613 (79.7%) is net investment in capital assets and most capital assets in a government do not directly generate revenue nor can they be sold to generate liquid capital. The net position restricted for specific purposes totaled $5,094,023 (5.4%). The remaining $13,889,886 (14.8%) net position is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies. Unrestricted net position increased $2,867,569 from the prior year.
- The City's total capital assets (net of accumulated depreciation) increased by $1,993,505, or 2%, which is primarily attributed to current year capital improvement projects and other asset additions exceeding depreciation expense and asset retirements.
- The City's total long-term debt increased by $5,487,931, or 11%, due to an issuance of Combination Tax and Limited Pledge Revenue Certificates of Obligation in the amount of $8,820,000 for capital improvements, less scheduled principal payments. The increase was partially offset by a decrease in compensated absences in the amount of $1,376,102 due to a change in policy for vacation, sick, and compensatory time during the Fiscal Year.
- The City's long-term liabilities increased $12,560,541, or 24%, during the fiscal year primarily due to the issuance of debt as discussed in preceding paragraph and an increase in the net pension liability. The accounting standards for pensions will reflect more volatility in the amount of the liability recorded in the financial statements from year to year.
- Governmental activities realized an increase in total net position of $4,897,293 and business-type activities realized an increase in total net position of $2,072,586 bringing the total increase in net position for the City to $6,969,879.
- Total Governmental Fund ending fund balance was $35,449,548, an increase of $7,824,720 in comparison to the prior year. This was due primarily to debt issuance proceeds received during the year in the Capital Projects fund for $8.820 million, increases in tax revenues and interest income, and lower than anticipated expenses due to salary savings in the General Fund. The Unassigned General Fund balance increased $707,792 over prior year and at year-end the balance was $9,111,255 or 58% of total Fiscal Year 2022 General Fund expenditures.

Overview of the Financial Statements

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

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City of Watauga's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflow of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Watauga that are 1) principally supported by taxes and intergovernmental revenues (governmental activities), and 2) functions that are intended to recover all or a significant portion of their costs through their user fees and charges (proprietary or business-type activities). The governmental activities of the City include General Government, Police, Fire/EMS, Culture and Recreation, and Public Works. The proprietary or business-type activities of the City include Water/Sewer and Drainage System activities.

The government-wide financial statements include not only the City of Watauga itself (known as the primary government), but also include the Watauga Economic Development Corporation (WEDC) and the Watauga Crime Control and Prevention District (WCCPD), which are legally separate but financially accountable to the City. A blended presentation is used to report the financial information of these component units. The financial information for the individual component units is available from the City.

The government-wide financial statements can be found on pages 21-22 of this report.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: (1) governmental, (2) proprietary, and (3) internal service.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Debt Service, and Capital Project Funds, which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget. Budgetary comparison schedules have been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-28 of this report.

Proprietary Funds – The City maintains two major proprietary or enterprise funds. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water/Sewer and Drainage activities. Internal Service Funds are an accounting device used to accumulate and allocate cost for some of its equipment replacement. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water/Sewer and Drainage, both of which are considered to be major funds of the City. The Internal Service Fund is a single presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 31-34 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the date provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-68 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required Supplementary Information (RSI) can be found on pages 72-77 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and supporting schedules can be found on pages 82-95 of this report.

Government-Wide Financial Analysis

Total Assets of the City are $159,984,188. Capital Assets, net of depreciation, represent the largest portion of the City's assets ($95,112,155 or 59.5%) and include land, buildings, improvements, equipment, infrastructure, and construction-in-progress. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

As noted earlier, Net Position may serve as a useful indicator of a government's financial position. As of September 30, 2023, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $93,583,522 (Net Position).

At year end, the City's Net Investment in Capital Assets was $74,599,613. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position is $5,094,023 or 5.4% of total net position and represents resources that are subject to external restrictions on how they may be used. The remaining balance of total net position is unrestricted ($13,889,886 or 14.8%) and may be used to meet the government's ongoing obligations to citizens and creditors.

Overall, there was an increase of $6,969,879 in total net position during the fiscal year as a result of the City's operations. Governmental activities showed a decrease of $4,897,293, while Business-type activities showed an increase of $2,072,586 as a result of the City's operations.

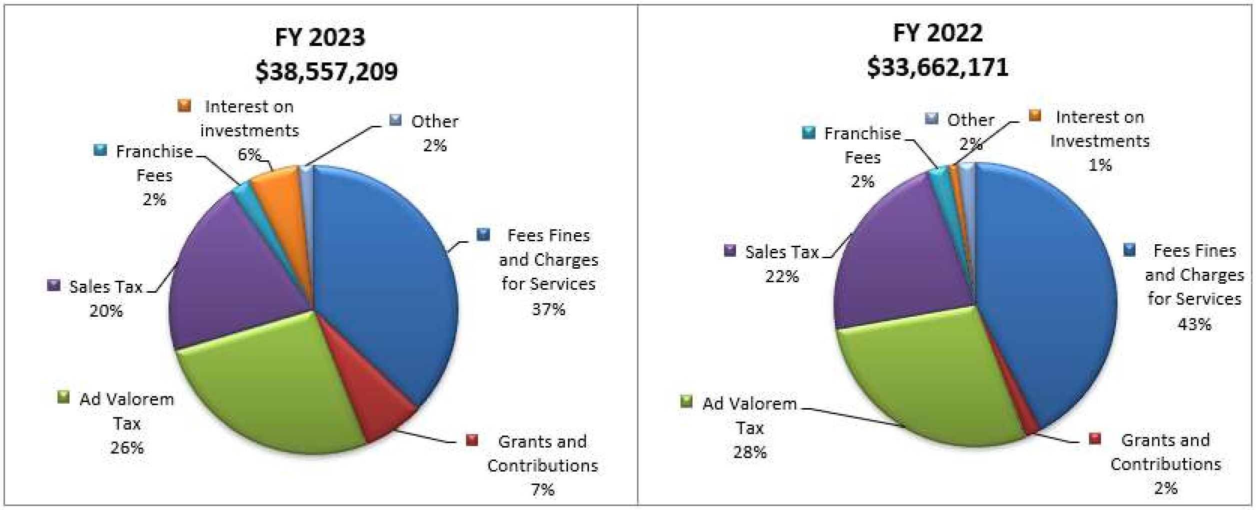
Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	$ 43,734,289	$ 36,732,660	$ 21,137,744	$ 20,073,406	$ 64,872,033	$ 56,806,066
Capital assets	56,321,119	54,395,281	38,791,036	38,723,369	95,112,155	93,118,650
Total assets	100,055,408	91,127,941	59,928,780	58,796,775	159,984,188	149,924,716
Deferred outflows of resources	5,490,491	1,234,182	1,045,808	235,083	6,536,299	1,469,265
Long-term liabilities outstanding	44,181,446	31,540,661	20,791,015	20,871,259	64,972,461	52,411,920
Other liabilities	5,702,104	7,247,507	1,859,951	1,374,535	7,562,055	8,622,042
Total liabilities	49,883,550	38,788,168	22,650,966	22,245,794	72,534,516	61,033,962
Deferred inflows of resources	338,057	3,146,956	64,392	599,420	402,449	3,746,376
Net position:						
Net investment in capital assets	45,136,267	42,373,991	29,463,346	28,356,187	74,599,613	70,730,178
Restricted	5,094,023	4,861,148	-	-	5,094,023	4,861,148
Unrestricted	5,094,002	3,191,860	8,795,884	7,830,457	13,889,886	11,022,317
Total net position	$ 55,324,292	$ 50,426,999	$ 38,259,230	$ 36,186,644	$ 93,583,522	$ 86,613,643

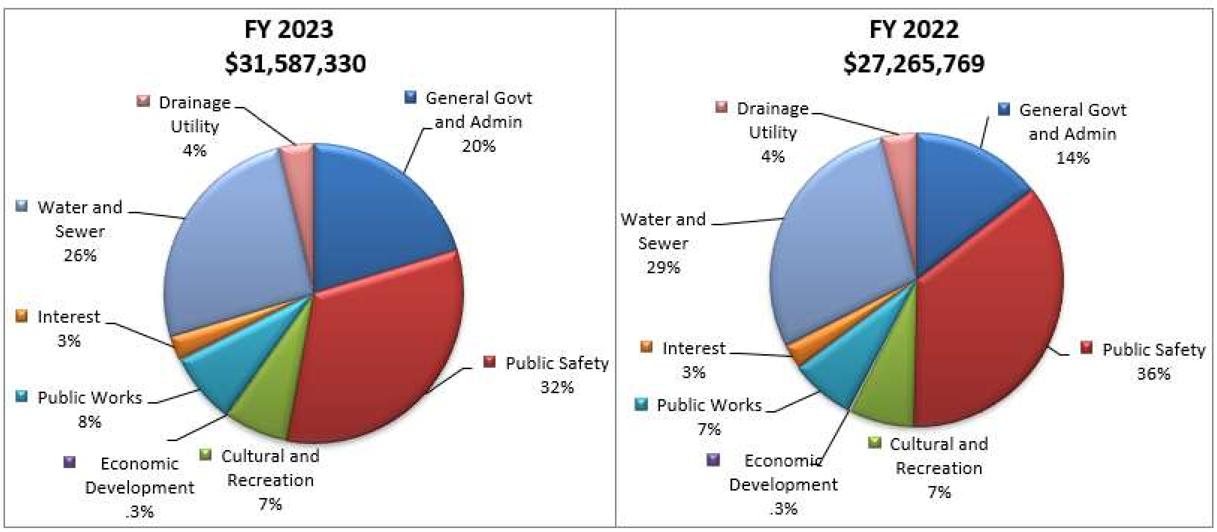
As of September 30, 2023, the City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate governmental and business-type activities.

Effective October 1, 2021, the City implemented GASB no. 87. Assets related to this implementation are included in the current and other assets in the table above.

Changes in Net Position - Revenue by Major Category
Governmental and Business-Type Activities (excluding transfers)



Changes in Net Position - Expense by Major Category
Governmental and Business-Type Activities (excluding transfers)



Governmental activities. Governmental activities experienced a total increase in net position of $4,897,293 or a 9.7% increase from the prior year. Key elements of activity changes from the prior year are as follows:

- Total revenues increased by $4,484,311 or 20.3% from the prior year. Operating grants increased by $2,038,041, contributing to 45% of the revenue growth. In general revenues, property taxes increased $770,702 due to an increase in assessed property valuations. The American Rescue Plan Act grant funding of certain programs contributed to 45% of the revenue growth in governmental activities due to grant activity. Sales tax revenues increased by $188,615, or 2.5% due to increased economic activity during the fiscal year. Interest income increased by $1,115,813, or 541% due to interest rates remaining elevated during the fiscal year. Fees, fines and services revenues increased by $337,730 over prior year, primarily due to an increase in ambulance revenues as a result of an additional medic unit operating in the city. Additionally, general fund services revenue increases were realized due to resuming some program activities at the community center that had been cancelled in FY2021 due to pandemic related restrictions.

- Expenses increased by $3,830,823 or 20.8%. These increases are primarily due to changes in personnel costs and staffing. Increases include one-time ARPA grant funded vacation, sick, and compensatory time leave payouts to eligible personnel; and positions filled this year that were vacant in the prior year. Culture and recreation expenses increased by $295,445, or 15.4% due to increases in staffing and programs that were reinstated in prior years as a cost saving measure. Additionally, Public Safety expenditures increased by $507,747, or 4.9% due to the increased personnel costs due to salary increases, as well as payouts of compensated absences for personnel retirements.

- In 2022, the economic development expenses were broken out from Culture and Recreation where it was previously included. These expenses decreased $27,238 from prior year due to primarily to discontinuation of software that was funded in the prior year.

Business-type activities – Business-type activities increased the City's net position by $2,072,586, or 5.7% increase from the prior year. Significant changes from the prior year include:

- Total revenues increased by $410,727 due to a combination of decreased water and sewer revenues and an increase of $721,488 in the interest earnings on investments in comparison to prior year.

- Total expenses increased by $490,737. In the Water and Sewer category, there was a $342,381 increase that was primarily due to an increase in wastewater treatment costs in comparison to the prior year. The Drainage utility expenses increased by $148,356 due to increased staffing and contractual expenses.

The following table provides a summary of the City's operations for the year ended September 30, 2023 with comparative totals for year ended September 30, 2022.

Condensed Statement of Change in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues	2023	2022	2023	2022	2023	2022
Program revenues						
Fees, fines and charges for services	$ 3,219,783	$ 2,882,053	$ 11,107,419	$ 11,406,820	$ 14,327,202	$ 14,288,873
Operating grant and contributions	2,648,020	609,979	-	-	2,648,020	609,979
Capital grants and contributions	-	-	-	-	-	-
General revenues						-
Property Taxes	10,178,602	9,407,900	-	-	10,178,602	9,407,900
Sales taxes	7,670,480	7,481,865	-	-	7,670,480	7,481,865
Franchise taxes	904,123	817,374	-	-	904,123	817,374
Payment in lieu of taxes	514,000	502,600	-	-	514,000	502,600
Penalties and interest	53,396	42,467	-	-	53,396	42,467
Interest on investments	1,321,980	206,167	867,337	145,849	2,189,317	352,016
Miscellaneous	59,586	135,254	12,483	23,843	72,069	159,097
Total revenues	26,569,970	22,085,659	11,987,239	11,576,512	38,557,209	33,662,171
Expenses						
General government	6,428,746	3,954,225	-	-	6,428,746	3,954,225
Public safety	10,280,520	9,772,773	-	-	10,280,520	9,772,773
Culture and recreation	2,218,215	1,922,770	-	-	2,218,215	1,922,770
Economic development	46,431	73,669.00	-	-	46,431	73,669
Public works	2,416,999	1,949,260	-	-	2,416,999	1,949,260
Interest on long-term debt	845,266	732,657	-	-	845,266	732,657
Water and sewer	-	-	8,149,246	7,806,865	8,149,246	7,806,865
Drainage utility	-	-	1,201,907	1,053,551	1,201,907	1,053,551
Total expenses	22,236,177	18,405,354	9,351,153	8,860,416	31,587,330	27,265,770
Increase (decrease) in net position before transfers	4,333,793	3,680,305	2,636,086	2,716,096	6,969,879	6,396,401
Transfers	563,500	583,499	(563,500)	(583,499)	-	-
Increase (decrease) in net position after transfers	4,897,293	4,263,804	2,072,586	2,132,597	6,969,879	6,396,401
Net position - beginning of year	50,426,999	46,163,195	36,186,644	34,054,047	86,613,643	80,217,242
Net position - end of year	$ 55,324,292	$ 50,426,999	$ 38,259,230	$ 36,186,644	$ 93,583,522	$ 86,613,643

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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

At the end of the current fiscal year, the City of Watauga's governmental funds reported a combined ending fund balance of $35,449,548, which is an increase of $7,824,720 from the prior year. Unassigned fund balance is $9,061,214 or 25.6% of the total governmental fund balance and is available for spending at the government's discretion. The remainder of fund balance is in the form of 1) non-spendable for inventories ($21,799) and prepaid items ($29,407), 2) restricted for capital acquisitions and contractual obligations ($21,155,135), retirement of fund indebtedness ($869,782), culture and recreation ($69,545), economic development (2,294,389), public works ($197,304) and public safety ($1,750,973). Some highlights are listed below:

- The General Fund is the primary operating fund of the City. The fund balance has increased by a net $707,792 over the prior year, to $9,111,255. This was due primarily to increased investment income over the prior year, continued sales tax revenue recovery, and an increase in property tax revenues and program fees. The General fund experienced lower than budgeted expenses in all departments due primarily to salary savings attributable to unfilled positions during the year, and other cost savings.

- The G.O. Debt Service fund balance increased by $87,724 over the prior year, to $869,782.as a result of increased property tax receipts.

- The Capital Projects fund experienced the largest fund balance increase of the governmental funds, an increase of $6,856,726 primarily due to issuance of debt in the amount of $8.820 million, which was offset by capital outlay expenditures in the amount of $3.972 million for capital equipment, street improvements, park projects, and various other capital projects. Fund balance at the end of the year is $21,122,790.

- The non-major governmental funds showed a combined $172,478 increase in fund balance from the prior year due to various fund activity. The Street Maintenance Fund showed a decrease of $553,146 due to a planned drawdown of fund balance this fiscal year. The Street Maintenance sales tax was discontinued as a result of a ballot measure that abolished this quarter-cent sales tax effective January 1, 2021. This decrease was offset by the other sales tax funds that showed increases in fund balances. Fund balance increased by $562,298 in the Watauga Economic Development Corporation Fund and by $135,087 in the Crime Control and Prevention District due to a combination of the sales tax revenue recovery and expenditures coming in lower than budget for both of these special revenue funds.

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

The unrestricted net positions of the respective proprietary funds are Water/Sewer at $4,376,611 and Drainage Utility at $4,419,273. The proprietary funds had a combined net position increase of $2,114,626 as a result of operations. The Water/Sewer fund had an increase in net position of $1,725,633 while the Drainage Utility Fund had a net position increase of $388,993 as a result of operations. The total change in net position of business-type activities is $2,072,586 after adjustment of internal service fund activities relating to enterprise funds in the amount of ($42,040).

General Fund Budgetary Highlights – In September 2023, City Council took action to amend the budget based on staff's revised estimates of revenues and expenditures. The budget was amended to include an additional $410,000 of anticipated revenues, of which $250,000 was interest income. Other revenue increases included building permits, property tax revenue due to increased collection activity, and charges for services. The budget amendment for expenditures included a $500,000 transfer to the Equipment Replacement Fund for future equipment purchases. Actual revenues came $358,710 higher than the revised budget, and expenditures were $576,530 less than budget due to salary savings in various general fund departments and general cost savings. The general fund balance increased from $8,403,463 to $9,111,255, or to 58% of operating expenditures.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2023, amount to $95,112,155 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. The total increase in the City's capital asset investment for the current fiscal year was $1,993,505, or 2.1%. This was primarily due to substantial progress made on the Whitley Road street and water/sewer project Phase 4 and the purchase of various capital outlay items.

Schedule of Capital Assets
(Net of Accumulated Depreciation/Amortization)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 19,394,600	$ 19,394,600	$ 91,000	$ 91,000	$ 19,485,600	$ 19,485,600
Construction in progress	3,792,671	816,602	2,754,752	1,631,999	6,547,423	2,448,601
Buildings and Improvements	15,500,820	15,885,202	1,845,441	1,909,116	17,346,261	17,794,318
Right-to-use leased assets	453,541	531,991	22,836	30,448	476,377	562,439
Improvements other than buildings	682,987	659,525		-	682,987	659,525
Equipment	6,892,233	6,554,669	842,166	943,627	7,734,399	7,498,296
Drainage improvements	-	-	9,891,556	10,310,913	9,891,556	10,310,913
Infrastructure	9,604,267	10,552,692	-	-	9,604,267	10,552,692
Waterworks and sanitary sewer system	-	-	23,343,285	23,806,266	23,343,285	23,806,266
Total capital assets	$ 56,321,119	$ 54,395,281	$ 38,791,036	$ 38,723,369	$ 95,112,155	$ 93,118,650

Major capital asset events during the current fiscal year included:

- New Projects that began in FY2022-2023 and were added to Construction in Progress included:
  - Hightower Street Rehab added $521,752 to Construction in Progress
  - Chapman Road Rehab added $370,731 to Construction in Progress
  - Fleet Shop expansion added $290,997 to Construction in Progress

- Prior Year Projects that increased the Construction in Progress included:
  - The Whitley Road- Phase Four Project increased by $2,398,029, bringing the total CIP for the project to $3,056,379
  - Sanitary Sewer Evaluation Project CIP total remains at $224,688
  - Business Food Park Project CIP total remains at $43,550
  - CDBG 48th Year Project continued with an increase of $20,216, bringing the total in CIP to $51,072
  - Water & Wastewater Projects added $126,870, bringing the total to $1,079,680
  - Park Vista Park remains at a total of $22,715
  - Arcadia Trail Project total remains $33,347
  - Whitley Road – Phase Five added $403,245 in Construction in Progress, bringing the total CIP for the project to $685,125
  - Construction in Progress for the Wastewater Phase Two (North) project CIP is $197,909

- Other projects and equipment purchases that were completed in FY2022-2023 for a total of $1,785,908 include:
  - Vehicle purchases police, code, public works, and parks in the amount of $581,128
  - Portable & Mobile Radio purchases for a total of $424,949
  - Streets and sidewalks repair/construction for a total of $316,593
  - HVAC and water heater replacements at the Police Station for a total of $95,813
  - Building improvements to include foundation repair & improvements and flooring replacements for a total of $60,221
  - Technology upgrades to include servers and switches in the amount of $49,445 and laptop purchases for patrol vehicles in the amount of $83,543
  - Foster Village Park Field Renovations for a total of $39,067
  - Police patrol motorcycle purchase in the amount of $44,319
  - Equipment purchases for Public Works in the amount of $52,050
  - Various other capital outlay items (under $25,000)

Additional information on the City's capital assets can be found in Note 4 of this report.

Debt Administration

Long-term debt – At the end of the current fiscal year, the City had total debt outstanding of $48,380. This entire amount comprises debt backed by the full faith and credit of the government.

Other debt includes $60,352 owed to the City of North Richland Hills for the City's portion of a joint agreement on street repair, and $1,849,334 in Compensated Absences for employee earned, but unpaid, vacation and sick leave. The decrease in Compensated Absences is attributed to a policy changes made during the fiscal year.

During the current fiscal year, the City's total debt increased by $3,053,132, which was due to an issuance of $8,820,000 Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023, offset by regularly scheduled debt service payments.

Standard & Poor's Rating Services, a subsidiary of the McGraw-Hill Companies, Inc. rates the City's general obligation debt at AA. In their 2023 Credit Rating, S&P cited a healthy tax base growth, strong financial management with consistent budget monitoring and long-term financial planning to address future budgetary challenges. Moody's Investor Service, Inc. rates the general obligation debt at Aa3.

Schedule of Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General Obligation Bonds	$ 345,000	$ 650,000	$ 4,530,000	$ 5,120,000	$ 4,875,000	$ 5,770,000
Certificates of Obligation	29,975,000	23,670,000	13,335,000	14,030,000	43,310,000	37,700,000
Tax Notes	195,000	285,000	-	-	195,000	285,000
Lease Payble	405,695	490,841	21,776	30,040	427,471	520,881
Notes Payable	60,352	118,105	-	-	60,352	118,105
Compensated Absences	1,556,760	2,922,486	73,422	302,950	1,630,182	3,225,436
Unamortized Bond Premium	1,326,595	1,073,408	865,665	944,303	2,192,260	2,017,711
Total	$ 33,864,402	$ 29,209,840	$ 18,825,863	$ 20,427,293	$ 52,690,265	$ 49,637,133

Additional information on the City's long-term debt can be found in Note 5.

Economic Factors and Next Year's Budget and Rates

In the Fiscal Year 2024 Budget, General Fund revenues are expected to increase approximately 9% from the Fiscal Year 2023 original budget. The largest revenue increases are attributable to continued forecasted sales tax revenue recovery, an increase in ad valorem property tax revenue, and interest income on investments. Ad valorem taxes make up 41% of General Fund budgeted revenues. Certified assessed valuations, including estimated values on properties under protest, increased 13% for the fiscal year 2024 budget. The ad valorem tax rate for FY2024 remains at $0.5702/$100 valuation. Due to the valuation increases, this property tax rate will generate an increase in revenue for the General Fund and Debt Service Fund. Sales tax makes up 28% of the City's general operating revenue. The city has seen an increase in sales tax in FY2023 from prior year, but at a slower pace. The City has budgeted a conservative 2% increase in this revenue category for FY2024. Interest income is expected to remain elevated due to increased yield on investments.

The FY2023-2024 Budget includes an emphasis on managing inflationary pressures, remaining competitive in the municipal employment market, and continuing to return services to pre-pandemic era service levels. Operating expenditures are budgeted to increase 12.4% due to these measures.

Capital improvements continue in the City and many projects are underway. Major street projects such as Whitley Road and various parks projects that began last fiscal year continue. Several major water and wastewater system projects continue for next year and beyond that are funded with the 2019 Certificates of Obligation proceeds.

The Water and Sewer Operating Fund has performed well the past couple of years with revenues exceeding expenditures. Fund balance has increased and has now been restored to meet financial policy standards of 25% of operating expenditures. The City contracts with the City of Ft. Worth for wastewater treatment and has an agreement in place with North Richland Hills for wholesale water. The last rate increases were put in place in Fiscal Year 2022 to cover the escalating costs of water distribution and wastewater treatment. A rate review is planned for Fiscal Year 2024 due to the continued rise in wastewater treatment costs.

Request for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Department, Attn: Director of Finance, 7105 Whitley Road, Watauga, Texas 76148, by phone at 817-514-5822, or by email at financedirector@cowtx.org.

Basic Financial Statements

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Government-Wide Financial Statements

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City of Watauga, Texas
Statement of Net Position
September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	$ 19,297,129	$ 6,270,053	$ 25,567,182
Investments	12,305,467	12,899,297	25,204,764
Receivables, net of allowance for uncollectibles	12,080,487	1,956,509	14,036,996
Inventories	21,799	11,885	33,684
Prepaid items	29,407	-	29,407
Capital assets:			
Land and construction in progress	23,187,271	2,845,752	26,033,023
Other capital assets, net of accumulated depreciation/amortization	33,133,848	35,945,284	69,079,132
Total capital assets	56,321,119	38,791,036	95,112,155
Total assets	100,055,408	59,928,780	159,984,188
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - OPEB	30,284	5,768	36,052
Deferred outflows - pension	5,460,207	1,040,040	6,500,247
Total deferred outflows of resources	5,490,491	1,045,808	6,536,299
LIABILITIES			
Accounts payable	827,954	793,095	1,621,049
Accrued liabilities	4,693,067	99,360	4,792,427
Accrued interest	162,114	85,393	247,507
Customer deposits	18,969	882,103	901,072
Long-term liabilities:			
Due within one year	3,416,877	1,333,286	4,750,163
Due in more than one year	30,447,525	17,492,577	47,940,102
Due in more than one year - total OPEB liability	1,180,423	224,843	1,405,266
Due in more than one year - net pension liability	9,136,621	1,740,309	10,876,930
Total liabilities	49,883,550	22,650,966	72,534,516
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - OPEB	338,057	64,392	402,449
Total deferred inflows of resources	338,057	64,392	402,449
NET POSITION			
Net investment in capital assets	45,136,267	29,463,346	74,599,613
Restricted for:			
Capital improvements	32,345	-	32,345
Debt service	749,467	-	749,467
Culture and recreation	69,545	-	69,545
Economic development	2,294,389	-	2,294,389
Public works	197,304	-	197,304
Public safety	1,750,973	-	1,750,973
Unrestricted	5,094,002	8,795,884	13,889,886
Total net position	$ 55,324,292	$ 38,259,230	$ 93,583,522

The Notes to Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities	Net (Expenses) Revenues and Changes in Net Position: Business- type Activities	Net (Expenses) Revenues and Changes in Net Position: Total
Governmental activities:							
General government	$ 6,428,746	$ 249,569	$ 1,815,790	$ -	$ (4,363,387)	$ -	$ (4,363,387)
Public safety	10,280,520	1,592,096	827,150	-	(7,861,274)	-	(7,861,274)
Culture and recreation	2,218,215	225,182	5,080	-	(1,987,953)	-	(1,987,953)
Economic development	46,431	2,813	-	-	(43,618)	-	(43,618)
Public works	2,416,999	1,150,123	-	-	(1,266,876)	-	(1,266,876)
Interest on long-term debt	845,266	-	-	-	(845,266)	-	(845,266)
Total governmental activities	22,236,177	3,219,783	2,648,020	-	(16,368,374)	-	(16,368,374)
Business-type activities:							
Water and Sewer	8,149,246	9,625,010	-	-	-	1,475,764	1,475,764
Drainage Utility	1,201,907	1,482,409	-	-	-	280,502	280,502
Total business-type activities	9,351,153	11,107,419	-	-	-	1,756,266	1,756,266
TOTAL GOVERNMENT	$ 31,587,330	$ 14,327,202	$ 2,648,020	$ -	(16,368,374)	1,756,266	(14,612,108)
General revenues:							
Taxes							
Property taxes, levied for general purposes					10,178,602	-	10,178,602
Sales taxes					7,670,480	-	7,670,480
Franchise taxes					904,123	-	904,123
Payment in lieu of taxes					514,000	-	514,000
Penalties and interest					53,396	-	53,396
Interest on investments					1,321,980	867,337	2,189,317
Miscellaneous revenue					59,586	12,483	72,069
Transfers					563,500	(563,500)	-
Total general revenues and transfers					21,265,667	316,320	21,581,987
Change in net position					4,897,293	2,072,586	6,969,879
Net position - beginning of year					50,426,999	36,186,644	86,613,643
Net position - end of year					$ 55,324,292	$ 38,259,230	$ 93,583,522

The Notes to Basic Financial Statements are an integral part of these statements.

Fund Financial Statements
Governmental Funds

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City of Watauga, Texas
Balance Sheet - Governmental Funds
September 30, 2023

	General	Debt Service	Capital Projects	COVID-19 Grant	Non Major Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 7,329,580	$ 743,831	$ 1,733,634	$ 3,881,493	$ 3,552,470	$ 17,241,008
Investments	1,626,170	120,437	10,221,245	-	337,615	12,305,467
Receivables, net of allowance for uncollectibles						
Property taxes	99,748	47,713	-	-	-	147,461
Accounts receivable	1,653,202	-	9,782,008	-	497,816	11,933,026
Prepaid items	28,242	-	-	-	1,165	29,407
Inventory of supplies	21,799	-	-	-	-	21,799
TOTAL ASSETS	$ 10,758,741	$ 911,981	$ 21,736,887	$ 3,881,493	$ 4,389,066	$ 41,678,168
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 224,790	$ 400	$ 584,860	$ 206	$ 17,698	$ 827,954
Accrued liabilities	756,896	-	29,237.00	3,881,287	25,647	4,693,067
Deposits	18,969	-	-	-	-	18,969
Total liabilities	1,000,655	400	614,097	3,881,493	43,345	5,539,990
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	105,312	41,799	-	-	-	147,111
Unavailable revenue - EMS	541,519	-	-	-	-	541,519
Total deferred inflows of resources	646,831	41,799	-	-	-	688,630
Fund balance:						
Nonspendable						
Inventory	21,799	-	-	-	-	21,799
Prepaid items	28,242	-	-	-	1,165	29,407
Restricted:						
Capital acquisitions						
and contractual obligations	-	-	21,122,790	-	32,345	21,155,135
Debt service	-	869,782	-	-	-	869,782
Culture and recreation	-	-	-	-	69,545	69,545
Economic development	-	-	-	-	2,294,389	2,294,389
Public works	-	-	-	-	197,304	197,304
Public safety	-	-	-	-	1,750,973	1,750,973
Unassigned	9,061,214	-	-	-	-	9,061,214
Total fund balance	9,111,255	869,782	21,122,790	-	4,345,721	35,449,548
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	$ 10,758,741	$ 911,981	$ 21,736,887	$ 3,881,493	$ 4,389,066	$ 41,678,168

The Notes to Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2023

TOTAL FUND BALANCE - GOVERNMENTAL FUND	$	35,449,548
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities, excluding ISF capital assets, are not current financial resources and therefore are not reported in the governmental funds balance sheet.		54,890,963
Deferred outflows related to OPEB		30,284
Deferred outflows related to pension		5,460,207
Interest payable on long-term debt does not require current financial resources; therefore, interest payable is not reported as a liability in the governmental funds balance sheet.		(162,114)
Revenues earned but not available within sixty days of the year end are not recognized as revenue on the fund financial statements.		688,630
Deferred inflows related to OPEB		(338,057)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General obligation bonds		(345,000)
Certificate of obligations		(29,975,000)
Tax Notes		(195,000)
Premiums on issuance		(1,326,595)
Notes payable		(60,352)
Compensated absences		(1,556,760)
Right-to-use Leases		(405,695)
Net pension liability		(9,136,621)
Total OPEB liability		(1,180,423)
Total long-term liabilities		(44,181,446)
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, to individual funds. The net position of the internal service fund is net of the amount allocated to business-type activities, deferred charges, capital assets and long-term liabilities.		3,486,277
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$	55,324,292

The Notes to Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended September 30, 2023

	General	Debt Service	Capital Projects	COVID-19 Grant	Non Major Governmental Funds	Total Governmental Funds
REVENUES						
Taxes and franchise fees	$ 12,450,073	$ 3,492,123	$ -	$ -	$ 2,850,052	$ 18,792,248
Licenses and permits	783,979	-	-	-	-	783,979
Charges for services	1,307,295	-	-	-	-	1,307,295
Fines and forfeitures	470,674	-	-	-	-	470,674
Interest income	388,883	40,873	638,216	-	178,057	1,246,029
Intergovernmental	514,000	-	800,000	1,815,790	-	3,129,790
Miscellaneous	452,526	-	-	-	154,597	607,123
Total revenues	16,367,430	3,532,996	1,438,216	1,815,790	3,182,706	26,337,138
EXPENDITURES						
Current:						
General government	4,136,855	-	-	1,690,012	-	5,826,867
Public safety	8,385,059	-	-	-	1,734,355	10,119,414
Culture and recreation	2,012,165	-	-	-	759	2,012,924
Economic development	-	-	-	-	46,431	46,431
Public works	860,184	-	-	-	104,305	964,489
Capital outlay	29,589	-	3,972,677	125,778	636,447	4,764,491
Debt service:						
Principal	62,523	2,910,000	57,753	-	22,623	3,052,899
Interest and other charges	6,090	688,472	178,758	-	7,781	881,101
Total expenditures	15,492,465	3,598,472	4,209,188	1,815,790	2,552,701	27,668,616
Excess (deficiency) of revenues over (under) expenditures	874,965	(65,476)	(2,770,972)	-	630,005	(1,331,478)
OTHER FINANCING SOURCES (USES)						
Issuance of debt	-	-	8,820,000	-	-	8,820,000
Premium on bond issuance	-	-	322,698	-	-	322,698
Transfers in	817,827	153,200	485,000	-	-	1,456,027
Transfers out	(985,000)	-	-	-	(457,527)	(1,442,527)
Total other financing sources (uses)	(167,173)	153,200	9,627,698	-	(457,527)	9,156,198
Net change in fund balance	707,792	87,724	6,856,726	-	172,478	7,824,720
Fund Balance, beginning	8,403,463	782,058	14,266,064	-	4,173,243	27,624,828
FUND BALANCE, ending	$ 9,111,255	$ 869,782	$ 21,122,790	$ -	$ 4,345,721	$ 35,449,548

The Notes to Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended September 30, 2023

TOTAL NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUND	$ 7,824,720
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report outlays for capital assets as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.	4,606,561
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(2,536,204)
The issuance of long-term debt (e.g. bonds) ($8,820,000) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt, including leases, of $3,052,899 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of premiums, discounts, and similar items of ($253,187), when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,020,288)
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	1,365,726
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.	(66,573)
Certain unavailable revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.	196,823
Current year changes in the net pension liability, deferred inflows of resources and deferred outflows of resources in the pension plan. The net effect of these items decreased net position.	(858,115)
Current year changes in the net pension liability, deferred inflows of resources and deferred outflows of resources in the OPEB plans. The net effect of these items decreased net position.	(62,900)
Internal service funds are used by management to charge the costs of certain activities, such as fleet management, to individual funds. The net revenue of the internal service funds is reported with business-type activities.	447,543
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$ 4,897,293

The Notes to Basic Financial Statements are an integral part of these statements.

Fund Financial Statements
Proprietary Funds

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City of Watauga, Texas
Statement of Net Position
Proprietary Funds
September 30, 2023

	Business-Type Activities			
	Water and Sewer	Drainage Utility	Total Enterprise Funds	Governmental Activities - Internal Service Fund
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,278,367	$ 3,991,686	$ 6,270,053	$ 2,056,121
Investments	12,242,575	656,722	12,899,297	-
Accounts receivable and unbilled revenue less allowance for uncollectibles	1,875,590	80,919	1,956,509	-
Inventories	11,885	-	11,885	-
Total current assets	16,408,417	4,729,327	21,137,744	2,056,121
Non-current assets:				
Capital assets:				
Land	91,000	-	91,000	-
Construction in progress	2,494,785	259,967	2,754,752	-
Buildings	3,246,847	106,931	3,353,778	154,068
Right-to-use assets	38,060	-	38,060	-
Equipment	1,747,410	211,446	1,958,856	4,287,697
Drainage improvements	-	21,374,563	21,374,563	-
Waterworks and sanitary sewer system	29,861,230	-	29,861,230	-
	37,479,332	21,952,907	59,432,239	4,441,765
Less accumulated depreciation/amortization	(9,270,915)	(11,658,264)	(20,929,179)	(2,723,633)
Noncurrent assets - Capital assets net of depreciation/amortization	28,208,417	10,294,643	38,503,060	1,718,132
Total assets	44,616,834	15,023,970	59,640,804	3,774,253
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - OPEB	4,326	1,442	5,768	-
Deferred outflows - pension	780,030	260,010	1,040,040	-
Total deferred outflows of resources	784,356	261,452	1,045,808	-

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2023

	Business-Type Activities			
	Water and Sewer	Drainage Utility	Total Enterprise Funds	Governmental Activities - Internal Service Fund
LIABILITIES				
Current liabilities:				
Payable from current assets				
Accounts payable	$ 760,199	$ 32,896	$ 793,095	$ -
Accrued liabilities	89,262	10,098	99,360	-
Current portion of right-to-use leases	8,515	-	8,515	-
Current portion of compensated absences	3,902	869	4,771	-
Current portion of bonds payable	1,320,000	-	1,320,000	-
Deposits	882,103	-	882,103	-
Payable from restricted assets				
Accrued interest	85,393	-	85,393	-
Total current liabilities	3,149,374	43,863	3,193,237	-
Noncurrent liabilities:				
Right-to-use leases	13,261	-	13,261	-
Bonds payable	17,410,665	-	17,410,665	-
Compensated absences	48,394	20,257	68,651	-
Total OPEB liability	168,632	56,211	224,843	-
Net pension liability	1,305,232	435,077	1,740,309	-
Total non-current liabilities	18,946,184	511,545	19,457,729	-
Total liabilities	22,095,558	555,408	22,650,966	-
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - OPEB	48,294	16,098	64,392	-
Total deferred inflows of resources	48,294	16,098	64,392	-
NET POSITION				
Net investment in capital assets	18,880,727	10,294,643	29,175,370	1,718,132
Unrestricted	4,376,611	4,419,273	8,795,884	2,056,121
TOTAL NET POSITION	$ 23,257,338	$ 14,713,916	37,971,254	$ 3,774,253
Reconciliation to government-wide statement of net position				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			287,976	
Net position of business-type activities			$ 38,259,230	

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business-Type Activities			Governmental Activities -
	Water and Sewer	Drainage Utility	Total Enterprise Funds	Internal Service Fund
OPERATING REVENUES				
Water service	$ 5,104,685	$ -	$ 5,104,685	$ -
Sewer service	4,040,634	-	4,040,634	-
Drainage fees	-	1,482,409	1,482,409	-
Service fees and miscellaneous	479,691	-	479,691	87,660
Total operating revenues	9,625,010	1,482,409	11,107,419	87,660
OPERATING EXPENSES				
Personnel services	1,672,642	429,854	2,102,496	-
Supplies	111,915	21,916	133,831	-
Maintenance	66,547	27,293	93,840	-
Contractual services	5,152,974	265,584	5,418,558	-
Capital outlay	111,874	4,399	116,273	7,021
Depreciation and amortization	564,312	452,861	1,017,173	294,042
Total operating expenses	7,680,264	1,201,907	8,882,171	301,063
Operating income (loss)	1,944,746	280,502	2,225,248	(213,403)
NON - OPERATING REVENUES				
Investment income	685,346	181,991	867,337	75,951
Gain (loss) on disposal of capital assets	12,483	-	12,483	(7,045)
Interest expense	(426,942)	-	(426,942)	-
TOTAL NON - OPERATING REVENUE, net	270,887	181,991	452,878	68,906
Income (loss) before transfers	2,215,633	462,493	2,678,126	(144,497)
Transfers in	-	-	-	550,000
Transfers out	(490,000)	(73,500)	(563,500)	-
Change in net position	1,725,633	388,993	2,114,626	405,503
TOTAL NET POSITION, beginning of the year	21,531,705	14,324,923		3,368,750
TOTAL NET POSITION, ending of the year	$ 23,257,338	$ 14,713,916		$ 3,774,253
Reconciliation to government-wide statement of net position				
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(42,040)	
Change in net position of business-type activities			$ 2,072,586	

The Notes to the Basic Financial Statements are an integral part of these statements.

City of Watauga, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2023

	Business-Type Activities			
	Water and Sewer	Drainage Utility	Total Enterprise Funds	Governmental Activities - Internal Service Fund
OPERATING ACTIVITIES				
Cash received from customers	$ 9,559,369	$ 1,509,656	$ 11,069,025	$ 87,660
Cash payments to suppliers for goods and services	(5,123,124)	(301,596)	(5,424,720)	(8,054)
Cash payments to employees for services	(1,682,007)	(427,644)	(2,109,651)	-
Net cash provided by operating activities	2,754,238	780,416	3,534,654	79,606
NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	550,000
Transfers to other funds	(490,000)	(73,500)	(563,500)	-
Net cash provided by (used in) in noncapital financing activities	(490,000)	(73,500)	(563,500)	550,000
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of equipment	16,347	-	16,347	-
Purchase of capital assets	(937,043)	(193,701)	(1,130,744)	(147,425)
Repayment of debt	(1,363,638)	-	(1,363,638)	-
Interest paid on debt	(434,097)	-	(434,097)	-
Net cash used in capital and related financing activities	(2,718,431)	(193,701)	(2,912,132)	(147,425)
INVESTING ACTIVITIES				
Sale of investments	564,805	610,196	1,175,001	-
Investment income	685,346	181,991	867,337	75,951
Net cash provided by investing activities	1,250,151	792,187	2,042,338	75,951
NET CHANGE IN CASH AND CASH EQUIVALENTS	795,958	1,305,402	2,101,360	558,132
CASH AND CASH EQUIVALENTS , beginning of year	1,482,409	2,686,284	4,168,693	1,497,989
CASH AND CASH EQUIVALENTS , end of year	$ 2,278,367	$ 3,991,686	$ 6,270,053	$ 2,056,121
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	$ 1,944,746	$ 280,502	$ 2,225,248	$ (213,403)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation and amortization	564,312	452,861	1,017,173	294,042
Change in assets and liabilities				
Accounts receivable and unbilled revenue	(151,832)	25,157	(126,675)	-
Inventories	(11,304)	-	(11,304)	-
Deferred outflows - OPEB	13,230	4,410	17,640	-
Deferred outflows - pension	(621,274)	(207,091)	(828,365)	-
Accounts payable	370,644	19,686	390,330	(1,033)
Accrued liabilities	52,748	2,456	55,204	-
Deposits	47,037	-	47,037	-
Compensated absences	(185,424)	(44,104)	(229,528)	-
Right-to-use lease liability	(8,264)	-	(8,264)	-
Net pension liability	1,181,231	393,743	1,574,974	-
Total OPEB liability	(40,341)	(13,447)	(53,788)	-
Deferred inflows - OPEB	36,098	12,033	48,131	-
Deferred inflows - pension	(437,369)	(145,790)	(583,159)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 2,754,238	$ 780,416	$ 3,534,654	$ 79,606

The Notes to the Basic Financial Statements are an integral part of these statements.

Note 1. Summary of Significant Accounting Policies

The City of Watauga (the City) Home Rule Charter was adopted by the voters at an election held on January 19, 1980 and amended January 19, 1985, August 8, 1987, August 11, 1990, January 15, 1994, August 10, 1996, August 8, 1998, September 14, 2002, May 7, 2005, November 6, 2007, May 11, 2013 and November 5, 2019. The City operates under a Council-Manager form of government. The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments.

The City prepares its basic financial statements in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

A. Financial Reporting Entity

The basic financial statements of the City include the primary government and its component units, entities for which the primary government is financially accountable and other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The following entities were found to be component units of the City and are included in the basic financial statements:

> The Watauga Economic Development Corporation (WEDC) was created to encourage the development and advancement of City businesses, development and parks within the City. It provides services that entirely benefits the City. The WEDC is funded through a ¼ cent sales tax and is a Type B corporation. The WEDC is composed of two funds: a special revenue fund and a capital projects fund. Its governing board is appointed by the City Council and the City Council is the final authority for approving of funding of projects and the WEDC annual budget. On WEDC’s governing board, there are 7 seats of which, at a max, 4 seats are allocated to members of the City Council. During 2023, three seats are from the City Council, two are citizens and the last two seats are vacant, which have been vacant since inception. In addition, two of the Certificate of Obligations of the City were issued on behalf of the WEDC.

The Watauga Crime Control and Prevention District Fund's (WCCPD) sole purpose is to act on behalf of the City in the accumulation and use of resources to add law enforcement officers and purchase additional equipment and supplies for law enforcement purposes. It provides services that entirely benefits the City. The WCCPD's governing board is appointed by the City Council and the City Council is the final authority for approval of funding of projects and the WCCPD's annual budget. The WCCPD is reported as a special revenue fund.

A blended presentation has been used to report the financial information of these component units. The financial information for the individual component units is available from the City.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its blended component units. For the most part the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current financial resources. The City has presented the following major governmental funds:

General Fund
The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

Debt Service Fund
The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Capital Projects Fund
The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment. Financing is provided primarily by the sale of tax notes and general obligation and contractual obligation bonds.

COVID-19 Grant Fund
The COVID-19 Grant Fund is used to account for the CARES Act Grant Interlocal Agreement with Tarrant County passed through the federal government for Coronavirus relief. The eligible expenses include expenses related to COVID-19 response, including payroll and benefits costs, public health and safety, telework enhancements, etc. The City received American Rescue Plan Act funding in 2021 and 2022 that was deposited to this fund for future use.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position.

The City has presented the following major proprietary funds:

Water and Sewer Fund
The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly, at least annually, and adjusted if necessary to ensure integrity of the funds.

Drainage Utility Fund
The Drainage Utility Fund is used to account for the user fees charged per residential and commercial unit to enhance drainage of properties within the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations and maintenance.

Additionally, the City reports an bond Internal Service Fund, which was established in 1997 for the purpose of replacing equipment. Departments are charged user fees to accumulate funds to be used in replacing existing equipment as needed.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personnel and contractual services, supplies and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services, which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

E. Deposits and Investments

Substantially all operating cash, deposits, and short-term investments are maintained in consolidated cash accounts or individual fund investment accounts. Related interest income is allocated to the various funds based primarily on ownership by each fund of specific investments. Cash equivalents consist of highly liquid investments with original maturities of three months or less.

For purposes of the statement of cash flows, the City considers all highly liquid investments to be cash equivalents. Certificates of Deposit are reported at cost plus accrued interest. All other investments are reported at fair value.

State statutes authorize the City to invest in obligations of the U.S. Government or its agencies; obligations of the State of Texas or its agencies; and certain other obligations, repurchase agreements, money market mutual funds, and certificates of deposits within established criterion. During the year ended September 30, 2023, the City did not own any types of securities other than those permitted by statute.

F. Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attach as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for cities, including those applicable to debt service, are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The City's current tax rate is $0.570200 per $100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

G. Prepaid Items

Prepaid items indicate payments made by the City in the current year to provide services occurring in a subsequent fiscal year. The consumption approach provides for the initial reporting of the item as an asset while recognition of the expenditure when the item is actually used or consumed.

H. Inventories

Inventories, which are recognized as expenditures as they are consumed, are stated at cost (first-in, first-out method). Inventories consist primarily of expendable supplies. Inventories are offset by a fund balance reserve account in applicable governmental funds to indicate the inventory values are not available for appropriation and are not expendable financial resources.

I. Interfund Receivables and Payables

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

J. Transfers Between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both governmental and proprietary funds. Interfund transfers in the fund statements are reported as other financing sources (uses) in governmental funds and after non-operating revenues (expenses) in the proprietary funds.

K. Capital Assets

Capital assets, which include property, plant, equipment, right to use assets and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant, equipment, and infrastructure assets.

Assets capitalized, not including infrastructure assets, have an original cost of $5,000 or more and over five years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	50 years
Improvements other than buildings	50 years
Equipment	10 years
Drainage Improvements	50 years
Infrastructure	9-50 years
Waterworks and sanitary sewer system	50 years

L. Leases

The City is a lessee for non-cancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements.

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

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

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

M. Compensated Absences

On January 1, 2023, the City of Watauga revised compensatory time policies during Fiscal Year 2023. City employees are granted vacation, sick, and other compensatory time pay in varying amounts. In the event of termination, an employee is reimbursed for accumulated unused vacation days up to a maximum of 30 days if the employee has completed their probationary period of six months for a noncivil service employee or one year for civil service employees. The sick leave policy was updated to where all employees can accumulate sick leave, but only civil service employees, upon termination, can be reimbursed 100% for 90 days. The total liability for compensated absences at September 30, 2023 was $1,630,182, including $ 73,422 of proprietary fund balances which are included in current and non-current liabilities on the proprietary fund statement of net position.

The estimated vacation liability expected to be satisfied with available financial resources is included in accrued salaries and wages in the governmental funds.

N. Deferred Inflows and Outflows of Resources

The statement of net position includes a separate section, in addition to assets, for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to future periods and therefore will not be recognized as an expense/expenditure until that time. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as revenue until that time.

The City has the following items that qualify for reporting as deferred outflows or inflows of resources:

- Difference in projected and actual earnings on pension assets – this difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension and OPEB experience – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.
- Difference in pension and OPEB actuarial assumption changes – this difference is deferred and amortized over a closed period that approximates the estimated average remaining lives of all members on the measurement date.
- Pension and OPEB contributions after measurement date – these contributions are deferred and recognized in the following fiscal year.
- Emergency medical services and property taxes are recognized in the period the amount becomes available.

O. Fund Balance

The City reports fund balances in accordance with GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form or are required to be maintained intact. As such, the inventory and prepaid items have been classified as nonspendable in the Governmental Funds Balance Sheet.

Restricted fund balance – amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions for capital acquisitions and contractual obligations, debt service and other purpose and state restrictions have been properly classified in the Governmental Funds Balance Sheet.

Committed fund balance – amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. the City Council). To be reported as committed, amounts cannot be used for any other purposes unless the City takes the same highest level of action to remove or change the constraint. The City establishes (and modifies and rescinds) fund balance commitments by passage of a resolution by City Council. Once the resolutions or ordinances are adopted, the limitation imposed remains in place until a similar action is taken (the adoption of another resolution or ordinance) to remove or revise the limitation. There were no committed fund balances as of September 30, 2023.

Assigned fund balance – amounts the City intends to use for a specific purpose. Intent can be expressed by the City or by an official or body to which the City Council delegates the authority. Per the City's fund balance policy, assigned fund balance amounts are established by the City Manager. There were no assigned fund balances as of September 30, 2023.

Unassigned fund balance – amounts that are available for any purpose. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When multiple categories of fund balance are available for expenditure, the City will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net pension is available, the City considers restricted funds to have been spent first.

Q. Encumbrances

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Since under Texas law, appropriations lapse at fiscal year-end, outstanding encumbrances are appropriately provided for in the subsequent years' budget to provide for the liquidation of the prior commitments. As of September 30, 2023, the City had no encumbrances in the General Fund that rolled over into the new fiscal year.

R. Pension

For purposes of measuring the Net Pension 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 Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, GRS Retirement Consulting, in compliance with Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71, *Accounting and Financial Reporting for Pensions*.

S. Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees.

Information regarding the City's total liability for this plan is obtained through a report prepared by GRS Retirement Consulting, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Additionally, the City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, GRS Retirement Consulting, in compliance with GASB 75.

T. New Accounting Pronouncements

The GASB pronouncements effective in fiscal years 2023 and beyond are listed as follows:

GASB Statement No. 91, *Conduit Debt Obligations* (GASB 91), provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement were originally effective for reporting periods beginning after December 15, 2020; however, issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95), extended the effective date of GASB 91 to reporting periods beginning after December 15, 2021, with earlier application encouraged. GASB 91 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94), improves financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 94 was implemented in the City's fiscal year 2023 financial statements with no impact to amounts previously reported.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96), provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset - and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments; and 4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. GASB 96 was implemented in the City's fiscal year 2023 financial statements with no impact on amounts previously or currently reported.

GASB Statement No. 99, *Omnibus 2022* (GASB 99), enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB statements and 2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases were implemented in the City's fiscal year 2022 financial statements in conjunction with GASB 87. The requirements related to PPPs and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. These requirements for GASB 99 were implemented in the City's fiscal year 2023 financial statements in conjunction with GASB 94 and GASB 96 with no impact to amounts previously provided. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. These requirements for GASB 99 will be implemented in the City's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 will be implemented in the City's fiscal year 2024 financial statements and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

Note 2. Deposits (Cash) and Investments

The Public Funds Investment Act (Government Code Chapter 2256) (the Act) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity, allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit.

Statutes and the City's investment policy authorized the City to invest in the following investments as summarized in the following table:

Authorized Investment Type	Final Stated Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Public funds investment pool	N/A	100%	None
Certificates of deposit	5 years	100%	None
U.S. Treasury obligations	5 years	100%	None
mutual funds	5 years	50%	None
Repurchase agreements	5 years	50%	None
State of Texas securities	5 years	50%	None
U.S. agency obligations	5 years	50%	None
Commercial paper	5 years	10%	None

The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Deposits and investments as of September 30, 2023, are classified in the accompanying financial statements as follows:

Governmental Activities	$ 31,602,596
Business-Type Activities	19,169,350
	$ 50,771,946

Deposits and investments as of September 30, 2023, consist of the following:

Deposits with financial institutions	$ 5,500,286
Investments	45,271,660
	$ 50,771,946

$10,000 of the deposits with financial institutions listed above are in a joint use facility fund with the City of North Richland Hills. The funds are to be used to maintain a water and sewer transfer station.

Some of items above are classified as short-term investments and are included in cash and cash equivalents.

For the purposes of the statement of cash flows, the City considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

A. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by investing mainly in investment pools which purchase a combination of shorter-term investments with an average maturity of less than 365 days thus reducing the interest rate risk. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

As of September 30, 2023, the City had the following investments:

Investment Type	Carrying Value	Weighted Average Maturity
TexPool	$ 8,915,623	28 days
TexPool Prime	1,315,973	46 days
TexasTERM	497,353	33 days
LOGIC	326,699	39 days
Money Market	31,088,762	Daily
CDs	3,127,250	212 days
	$ 45,271,660	

$1,389,315 of the investments listed above are in a joint use facility fund with the City of North Richland Hills. The funds are to be used to maintain a water and sewer transfer station.

As of September 30, 2023, the City did not invest in any securities which are highly sensitive to interest rate fluctuations.

B. Disclosures Relating to Credit Risk

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

Investment Type	Carrying Value	Minimum Rating Required	Actual Investment Rating
TexPool	$ 8,915,623	AAA	AAAm
TexPool Prime	1,315,973	AAA	AAAm
TexasTerm	497,353	AAA	AAAmmf
LOGIC	326,699	AAA	AAAm
Money Market	31,088,762	N/A	N/A
CDs	3,127,250	N/A	N/A
	$ 45,271,660		

C. Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. As of September 30, 2023, other than external investment pools and securities guaranteed by the United States Government, the City did not have 5% or more of its investments with one issuer.

D. Custodial Credit Risk

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

The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance of $250,000 at all times.

At September 30, 2023, the carrying amount of the City’s cash on hand and deposits was $5,500,286 and the bank balance was $6,222,205. Of the bank balance, $250,000 was covered by federal depository insurance while the remaining $5,972,205 was secured with securities held by the pledging financial institution's trust department or agent in the City’s name.

The City is a voluntary participant in the TexPool, LOGIC and TexasTERM external investment pools.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC’s Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net position to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares.

LOGIC is governed by a six member board and is an AAA-rated investment program tailored to the investment needs of local governments within the state of Texas and is administered by First Southwest Asset Management, Inc. and JPMorgan Chase. LOGIC assists governments across Texas making the most of taxpayer dollars by allowing local officials to improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund. LOGIC is a “Constant Dollar” net asset value pool and is in full compliance with the Texas Public Funds Investment Act.

TexasTERM is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. A seven-member advisory board governs the Pool. As required by the Public Funds Investment Act, the Advisory Board is composed of participants in the Pool and other persons who do not have a business relationship with the Pool. Under agreement with the TexasTERM Advisory Board, PFM Asset Management LLC provides administrative and investment services to the pool. The Pool purchases only investments of the type in which Texas local governments are permitted to invest their own funds. The fair value of the position in TexasTERM is the same as the value of TexasTERM shares.

The City's external pooled funds are reported at amortized cost or net asset value as permitted by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. External investment pools are exempt from fair value reporting and are, therefore, excluded from the fair value hierarchy. In addition, The City's investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. The pools do not impose any liquidity fees or redemption gates.

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

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

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

Fair values of money market accounts is based on quoted market values using Level 2 inputs. Certificates of deposit are recorded at cost plus accrued interest, and are exempt from the fair value hierarchy.

Note 3. Receivables

Accounts receivable balances for the year ended September 30, 2023, was as follows:

Governmental Funds:

	General	Debt Service	Capital Projects	Nonmajor Governmental	Total
Receivables:					
Property taxes	$ 152,376	$ 71,435	$ -	$ -	$ 223,811
Sales tax	906,750	-	-	491,012	1,397,762
Garbage	106,808	-	-	-	106,808
Ambulance	1,105,741	-	-	-	1,105,741
Other	166,331	350	9,782,008	6,804	9,955,493
Gross receivables:	2,438,006	71,785	9,782,008	497,816	12,789,615
Less allowance for uncollectibles	(685,056)	(24,072)	-	-	(709,128)
Total net receivables	$ 1,752,950	$ 47,713	$ 9,782,008	$ 497,816	$ 12,080,487

Proprietary Funds:

	Water and Sewer	Drainage Utility	Total
Receivables:			
Customer accounts	$ 2,678,280	$ 125,461	$ 2,803,741
Gross receivables:	2,678,280	125,461	2,803,741
Less allowance for uncollectibles	(802,690)	(44,542)	(847,232)
Total net receivables	$ 1,875,590	$ 80,919	$ 1,956,509

Note 4. Capital Assets

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balance, September 30, 2022	Additions/ Completions	Retirements	Transfers	Balance, September 30, 2023
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 19,394,600	$ -	-	$ -	$ 19,394,600
Construction in progress	816,602	2,976,069	-	-	3,792,671
Total capital assets, not being depreciated	20,211,202	2,976,069	-	-	23,187,271
Capital assets being depreciated:					
Buildings and improvements	22,914,252	60,221	-	-	22,974,473
Right-to-use leased assets	610,442	-	-	-	610,442
Improvements other than buildings	762,536	39,067	-	-	801,603
Equipment	17,819,077	1,356,745	(263,389)	-	18,912,433
Infrastructure	39,346,953	308,602	-	-	39,655,555
Total capital assets, being depreciated/amortized	81,453,260	1,764,635	(263,389)	-	82,954,506
Less accumulated depreciation:					
Buildings and improvements	7,029,050	444,603	-	-	7,473,653
Right-to-use leased assets	78,451	78,450	-	-	156,901
Improvements other than buildings	103,011	15,605	-	-	118,616
Equipment	11,264,408	979,239	(223,447)	-	12,020,200
Infrastructure	28,794,261	1,257,027	-	-	30,051,288
Total accumulated depreciation/amortization	47,269,181	2,774,924	(223,447)	-	49,820,658
Total capital assets being depreciated/amortized, net	34,184,079	(1,010,289)	(39,942)	-	33,133,848
Governmental activities capital assets, net	$ 54,395,281	$ 1,965,780	(39,942)	-	$ 56,321,119

	Balance, September 30, 2022	Additions/ Completions	Retirements	Transfers	Balance, September 30, 2023
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 91,000	$ -	$ -	$ -	$ 91,000
Construction in progress	1,631,999	1,122,753	-	-	2,754,752
Total capital assets, not being depreciated	1,722,999	1,122,753	-	-	2,845,752
Capital assets, being depreciated:					
Buildings and improvements	3,353,778	-	-	-	3,353,778
Right-to-use leased assets	38,060	-	-	-	38,060
Equipment	2,544,260	13,246	(38,638)	-	2,518,868
Street and drainage improvements	21,366,572	7,991	-	-	21,374,563
Waterworks and sewer system	29,862,188	-	-	-	29,862,188
Total capital assets, being depreciated/amortized	57,164,858	21,237	(38,638)	-	57,147,457
Less accumulated depreciation:					
Buildings and improvements	1,444,662	63,675	-	-	1,508,337
Right-to-use leased assets	7,612	7,612	-	-	15,224
Equipment	1,600,633	110,843	(34,774)	-	1,676,702
Street and drainage improvements	11,055,659	427,348	-	-	11,483,007
Waterworks and sewer system	6,055,922	462,981	-	-	6,518,903
Total accumulated depreciation/amortization	20,164,488	1,072,459	(34,774)	-	21,202,173
Total capital assets being depreciated/amortized, net	37,000,370	(1,051,222)	(3,864)	-	35,945,284
Business-type activities capital assets, net	$ 38,723,369	$ 71,531	$ (3,864)	$ -	$ 38,791,036

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities		
General government	$	584,416
Public safety		363,723
Culture and recreation		265,334
Public works		1,322,731
Internal Service Fund		238,720
Total depreciation/amortization expense - governmental activities	$	2,774,924
Business-type activities		
Water and wastewater	$	564,312
Drainage		452,861
Internal Service Fund		55,286
Total depreciation/amortization expense - business-type activities	$	1,072,459

During the year ended September 30, 2023, $1,430,156 and $287,976 of internal service fund capital assets were recorded in governmental activities and business-type activities, respectively, on the accompanying statement of net position. Additionally, $238,720 and $55,286 of internal service fund depreciation expense were recorded in governmental activities and business-type activities, respectively, on the accompanying statement of activities.

Construction in progress and remaining commitments under construction related construction contracts at September 30, 2023 are as follows:

Project Name	Remaining Commitment	Total in Progress
Governmental activities:		
Whitley Road - Phase 4	$ 1,477,959	$ 1,891,669
Whitley Road - Phase 5	97,875	685,125
Park Vista Park	15,785	22,715
Fleet Shop Expansion	772,474	290,997
Chapman Road Rehab	13,137	336,863
Hightower	1,172,248	521,752
Food Truck Business Park	21,450	43,550
Total governmental activities	$ 3,570,928	$ 3,792,671
Business-type activities:		
Water, Sewer and Drainage Projects	$ 53,320	$ 1,079,680
Whitley Road - Phase 4	1,034,380	1,167,537
Sanitary Sewer Evaluation Study - Phase Two	312	224,688
CDBG 48TH Year	2,128	51,072
Chapman Road Rehab	2,132	33,866
Wastewater Phase Two (North)	2,091	197,909
Total business-type activities	$ 1,094,363	$ 2,754,752

Note 5. Long-Term Debt

Compensated absences, OPEB and pension liabilities are generally liquidated by the General Fund, Water and Sewer Fund, and the Drainage Utility Fund.

During the fiscal year ended September 30, 2023, the City issued Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2023 in amount of $8,820,000 with an interest rate of 5% and a premium in the amount of $322,698. The official statement was agreed on September 18, 2023, but the proceeds were not received until October 3, 2023. The City recognized the funding in both receivables and other financing sources on the fund level statements and a receivable and liability on the government-wide statement. The proceeds will be used for street, utility, and park improvement projects as well as capital equipment replacements.

The following is a summary of long-term debt transactions of the City for the year ended September 30, 2023:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	$ 650,000	$ -	$ (305,000)	$ 345,000	$ 115,000
Certificates of obligation	23,670,000	8,820,000	(2,515,000)	29,975,000	2,995,000
Tax notes	285,000	-	(90,000)	195,000	95,000
Lease payable	490,841	-	(85,146)	405,695	87,727
Unamortized bond premium	1,073,408	322,698	(69,511)	1,326,595	-
Note payable	118,105	-	(57,753)	60,352	60,352
Compensated absences	2,922,486	1,642	(1,367,368)	1,556,760	63,798
Net pension liability	868,010	10,427,755	(2,159,144)	9,136,621	-
Total OPEB liability	1,462,811	162,209	(444,597)	1,180,423	-
Total governmental activities	31,540,661	19,734,304	(7,093,519)	44,181,446	3,416,877
Business-type activities:					
General obligation bonds	5,120,000	-	(590,000)	4,530,000	605,000
Certificates of obligation	14,030,000	-	(695,000)	13,335,000	715,000
Lease Payable	30,040	-	(8,264)	21,776	8,515
Unamortized bond premium	944,303	-	(78,638)	865,665	-
Compensated absences	302,950	3,639	(233,167)	73,422	4,771
Net pension liability	165,335	1,986,239	(411,265)	1,740,309	-
Total OPEB liability	278,631	30,897	(84,685)	224,843	-
Total business-type activities	20,871,259	2,020,775	(2,101,019)	20,791,015	1,333,286
Total government-wide activities	$ 52,411,920	$ 21,755,079	$ (9,194,538)	$ 64,972,461	$ 4,750,163

A. General Obligation Bonds and Certificates of Obligation

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligation Bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal at maturity. The City is in compliance with this requirement.

General obligations bonds and certificates of obligation payable at September 30, 2023, are comprised of the following individual issues:

	Governmental	Business-type
$3,400,000 Series 2007 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $65,000 to $255,000 through February 1, 2027; interest at 4.11%.	$ 960,000	$ -
$3,500,000 Series 2014 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $85,000 to $900,000 through February 2034; interest at 2.25% to 3.50%.	1,225,000	-
$5,885,000 Series 2016 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $285,000 to $355,000 through February 2036; interest at 2.125% to 4.00%	4,095,000	-
$7,325,000 Series 2017 Certificates of Obligation due in annual installments of $245,000 to $480,000 through February 1, 2037; interest at 3.00%.	-	5,590,000
$6,780,000 Series 2018 Certificates of Obligation due in annual installments of $245,000 to $480,000 through February 1, 2038; interest at 3.00% to 5.00%.	4,905,000	-
$8,490,000 Series 2019 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $195,000 to $555,000 through February 1, 2039; interest at 2.00% to 5.00%	180,000	7,305,000
$2,910,000 Series 2020 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $115,000 to $205,000 through February 1, 2040; interest at 1.50% to 3.00%	2,475,000	-
$1,715,000 Series 2020 General Obligation Refunding Bonds due in annual installments of $115,000 to $235,000 through February 1, 2026; interest at 1.17%.	345,000	695,000
$4,540,000 Series 2021 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $185,000 to $295,000 through February 1, 2041; interest at 2.00% - 4.00%.	4,000,000	-
$4,200,000 Series 2021 General Obligation Refunding Bonds due in annual installments of $365,000 to $470,000 through February 1, 2032; interest at 2.00% -4.00%.	-	3,835,000
$4,930,000 Series 2022 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $105,000 to $1,070,000 through February 1, 2042; interest at 4.00%.	3,315,000	440,000
$8,820,000 Series 2023 Combination Tax and Limited Pledge Revenue Certificates of Obligation due in annual installments of $285,000 to $1,415,000 through February 2033; interest at 5.00%.	8,820,000	-
Total bonds payable	$ 30,320,000	$ 17,865,000

Notes payable at September 30, 2023, are comprised of the following:

	Governmental	Business-type
Note payable to City of North Richland Hills annual installments of $63,068, including interest at 4.5%, maturing October 2024.	$ 60,352	$ -
Total notes payable	$ 60,352	$ -
Total bonds and notes payable	$ 30,380,352	$ 17,865,000

Tax notes at September 30, 2023, are comprised of the following individual issues:

	Governmental
$450,000 Series 2020 Tax Note due in annual installments of $75,000 to $100,000 through February 1, 2025; interest at 3.50%	$ 195,000
Total tax notes	$ 195,000

B. Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each type of debt obligation for the years subsequent to September 30, 2023, are as follows:

General Obligation Bonds

	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	Total
2024	$ 115,000	$ 3,364	$ 605,000	$ 106,815	$ 830,179
2025	115,000	2,018	620,000	92,649	829,667
2026	115,000	673	635,000	78,125	828,798
2027	-	-	415,000	64,525	479,525
2028	-	-	425,000	51,925	476,925
2029-2033	-	-	1,830,000	83,225	1,913,225
	$ 345,000	$ 6,055	$ 4,530,000	$ 477,264	$ 5,358,319

Certificates of Obligation

	Governmental Activities		Business-type Activities		
	Principal	Interest	Principal	Interest	Total
2024	$ 2,995,000	$ 935,382	$ 715,000	$ 371,348	$ 5,016,730
2025	1,865,000	885,226	740,000	347,073	3,837,299
2026	1,925,000	815,312	765,000	321,772	3,827,084
2027	1,865,000	743,865	935,000	287,398	3,831,263
2028	1,555,000	679,278	805,000	251,723	3,291,001
2029-2033	7,990,000	2,601,002	4,365,000	913,313	15,869,315
2034-2038	7,585,000	1,341,851	4,455,000	332,657	13,714,508
2039-2043	4,195,000	351,713	555,000	6,591	5,108,304
	$ 29,975,000	$ 8,353,629	$ 13,335,000	$ 2,831,875	$ 54,495,504

Tax Notes

	Governmental Activities		
	Principal	Interest	Total
2024	$ 95,000	$ 5,163	$ 100,163
2025	100,000	1,750	101,750
	$ 195,000	$ 6,913	$ 201,913

Notes Payable

	Governmental Activities		
	Principal	Interest	Total
2024	$ 60,352	$ 2,716	$ 63,068
	$ 60,352	$ 2,716	$ 63,068

Lease Payable

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

Governmental Activities	Interest Rate	Ending Balance
Office leases	3%	$ 405,695

Years	Principal	Interest	Total Requirements
2024	$ 87,727	$ 11,290	$ 99,016
2025	90,385	8,631	99,016
2026	62,818	6,076	68,894
2027	25,463	4,941	30,404
2028	26,227	4,177	30,404
Thereafter	113,075	8,601	121,676
	$ 405,695	$ 43,717	$ 449,411

The value of the right-to-use assets at the end of the current fiscal year was $610,442 with accumulated amortization of $156,901.

Business-type Activities	Interest Rate	Ending Balance
Office leases	3%	$ 21,776

Years	Principal	Interest	Total Requirements
2024	$ 8,515	$ 537	$ 9,052
2025	8,774	278	9,052
2026	4,487	39	4,526
	$ 21,776	$ 854	$ 22,630

The value of the right-to-use assets at the end of the current fiscal year was $38,060 with accumulated amortization of $15,224.

Note 6. Interfund Receivables, Payables, and Transfers

All interfund transfers between the various funds are approved supplements to the operations of those funds. At September 30, 2023, transfers in/out for governmental and proprietary funds are as follows:

Transfers In	Transfers Out	Amounts
General Fund	Nonmmajor Fund	$ 266,500
General Fund	Drainage Utility Fund	73,500
General Fund	Nonmmajor Fund	37,827
General Fund	Water and Sewer Fund	440,000
Capital Projects Fund	General Fund	485,000
Debt Service Fund	Nonmmajor Fund	153,200
Internal service fund	General Fund	500,000
Internal service fund	Water and Sewer Fund	50,000
		$ 2,006,027

Transfers are primarily used to move funds to:

- General Fund from Nonmajor Fund for general and administration charges. The General Fund pays for these services and the amount of transfer is calculated annually by an estimate of personnel hours that spent on economic development projects and tasks.
- Debt Service Fund from Nonmajor Fund for the payment of debt service requirements for authorized WEDC funded projects.
- General Fund from Drainage Utility Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services used also by other funds.
- General Fund from Nonmajor Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services used also by other funds.
- General Fund from Water and Sewer Fund for General and Administrative charges. A percent of fund revenues (less interest income) to pay for general charges that the General Fund pays for but services are also used by other funds.
- Capital Projects Fund from the General Fund for the payment of sidewalk replacements and street repairs and overlays.
- Internal Service Fund from the General Fund for the payment of capital outlay items.
- Internal Service Fund from the Water and Sewer Fund for payment of general and administrative charges.

Note 7. Pension Plan

The City participates as one of 919 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at *tmrs.com*.

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

A. Benefits Provided

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

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

The plan provisions are adopted by the City Council, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

Employee deposit rate 7.00%
Matching ration (city to employee) ....2 to 1
Years required for vesting..5
Updated Service Credit ....100% Repeating Transfers
Annuity Increase (to retirees) ....70% of CPI Repeating

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age.

B. Employees covered by benefit terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	145
Inactive employees entitled to but not yet receiving benefits	177
Active employees	152
	474

C. Contributions

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

Employees for the City were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the City were 14.82% and 14.74% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023 were $1,927,488, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions
The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. The assumptions were adopted in 2019 and first used in the December 31, 2109, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2021	$ 62,664,603	$ 61,631,258	$ 1,033,345
Changes for the year:			
Service cost	1,977,985	-	1,977,985
Interest (on the Total Pension Liability)	4,215,293	-	4,215,293
Difference between expected and actual experience	1,682,599	-	1,682,599
Contributions - employer	-	1,714,251	(1,714,251)
Contributions - employee	-	809,702	(809,702)
Net investment income	-	(4,499,187)	4,499,187
Benefit payments, including refunds of employee contributions	(2,409,607)	(2,409,607)	-
Administrative expense	-	(38,930)	38,930
Other	-	46,456	(46,456)
Balance at December 31, 2022	$ 68,130,873	$ 57,253,943	$ 10,876,930

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (5.75%)	Current Single Rate Assumption (6.75%)	1% Increase (7.75%)
City's net pension liability	$ 21,123,886	$ 10,876,930	$ 2,569,350

E. Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2023 the city recognized pension expense of $2,926,076.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	$ 1,146,951	$ -
Difference in projected and actual earnings on pension plan investments	3,944,179	-
Employer contributions made after the measurement date	1,409,117	-
Totals	$ 6,500,247	$ -

$1,409,117 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2023 (i.e., recognized in the City's financial statements for the year ending September 30, 2024.)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2024	$ 811,208
2025	1,500,792
2026	1,047,270
2027	1,731,860
Totals	$ 5,091,130

Note 8. Other Postemployment Benefits

A. TMRS Supplemental Death Benefits Plan

Benefit Plan Description
The City contributes to a single-employer defined benefit group term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

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

Membership in the plan as of the measurement date of December 31, 2022 was as follows:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	32
Active employees	152
Total	272

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.17% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASB 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.05% based on the 20 Year Bond GO Index published by bondbuyer.com is used as of the measurement date of December 31, 2022.

Actuarial Assumptions

The City's Total OPEB Liability (TOL) was measured at December 31, 2022 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate	4.05%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Mortality rates for pre-retirement were based on the PUB (10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Changes in Total OPEB Liability

		Total OPEB Liability
Balance at December 31, 2021	$	691,333
Changes for the year:		
Service cost		37,015
Interest (on the Total OPEB Liability)		12,955
Difference between expected and actual experience		40,065
Changes of assumptions		(262,817)
Benefit payments		(11,567)
Balance at December 31, 2022	$	506,984

Sensitivity Analysis

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 4.05%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
$ 606,969	$ 506,984	$ 428,964

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

For the year ended September 30, 2023, the City recognized OPEB expense of $105,798, which included $29,101 relating to the SDBF plan and $76,697 relating to the WHCP plan.

As of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to SDBF OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences in expected and actual experience	$	11,030	$	-
Differences in assumption changes		-		(137,070)
Employer contributions made after the measurement date		12,427		-
				-
Totals	$	23,457	$	(137,070)

The $12,427 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the measurement year ending December 31, 2023 (i.e., recognized in the City's financial statements for the year ending September 30, 2024.)

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

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2024	$ (23,007)
2025	(19,236)
2026	(33,649)
2027	(41,997)
2028	(8,151)
Total	$ (126,040)

B. City of Watauga Retiree Health Care Plan

Plan description
The City's defined benefit OPEB plan, City of Watauga Retiree Health Care Plan (WHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. WHCP is a single-employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the WHCP.

Benefits provided
WHCP provides access to post retirement employees by offering a "blended premium" structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single "blended premium". The difference between the underlying retiree claims and the blended overall health care premium is referred to as an "implicit" subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At September 30, 2023, the following employees were covered by the benefit terms:

Retirees and beneficiaries	5
Active members	136
Total	141

Total OPEB Liability
The City's total OPEB liability of $898,282 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2021 rolled forward to the measurement date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation (rolled forward to December 31, 2022) was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Individual Entry-Age
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Discount Rate	4.05%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables and due to the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Mortality rates for pre-retirement were based on the PUB (10) mortality tables, with the Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Discount Rate

Because the WHCP is unfunded or pay-as-you go, the discount rate is based on 20-year tax-exempt AA or higher Municipal Bonds or 4.05% as of the measurement date of December 31, 2022 based on the 20 Year Bond GO Index published by bondbuyer.com.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at December 31, 2021	$ 1,050,109
Changes for the year:	
Service cost	90,373
Interest (on the Total OPEB Liability)	19,864
Difference between expected and actual experience	(7,166)
Changes of assumptions	(223,402)
Benefit payments	(31,496)
Balance at December 31, 2022	$ 898,282

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022, revised TMRS demographic and salary increase assumptions, and updates to the health care trend assumption to better reflect the plan’s anticipated experience.

Sensitivity of the total OPEB liability to changes in the discount rate
The following presents the plan's total OPEB liability, calculated using a discount rate of 4.05%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

1% Decrease 3.05%	Current Single Rate Assumption 4.05%	1% Increase 5.05%
$ 993,259	$ 898,282	$ 813,131

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates
The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 788,129	$ 898,282	$ 1,028,874

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended September 30, 2023, the City recognized OPEB expense of $105,798, which included $29,101 relating to the SDBF plan and $76,697 relating to the WHCP plan. On September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected and actual experience	$ -	$ (24,747)
Differences in assumption changes	-	(240,632)
Employer contributions made after the measurement date	12,595	-
Totals	$ 12,595	$ (265,379)

The $12,595 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the measurement year ending December 31, 2023 (i.e. recognized in the City's financial statements for the year ending September 30, 2024.)

Amounts currently reported as deferred outflows of resources related to OPEBs, excluding contributions subsequent to the measurement date, will be recognized in OPEB expense as follows:

Fiscal Year	Net Deferred Outflows (Inflows) of Resources
2024	$ (33,541)
2025	(33,541)
2026	(36,391)
2027	(36,361)
2028	(31,394)
Thereafter	(94,151)
Total	$ (265,379)

Note 9. Risk Management

The City is exposed to various risks of loss related to torts such as: theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Risk Pool) to provide general liability and property insurance and workers' compensation.

The City, along with other participating entities, contributes annual amounts determined by the Risk Pool. Contributions to the Risk Pool for workers' compensation are based on the City's payroll. As claims arise they are submitted to and paid by the Risk Pool.

The liability of the Texas Municipal League Intergovernmental Risk Pool is limited to a $2,000,000 annual aggregate for general liability, errors and omissions, and law enforcement. The automobile liability limit for the risk pool is $1,000,000 for each occurrence.

There have been no significant changes in insurance coverage as compared to last year. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 10. Litigation

Various claims and lawsuits are pending against the City of Watauga. In the opinion of the City's Legal Counsel and Management, the potential losses will not have a material effect on the City's financial statements.

Note 11. Fund Balance Restrictions

Amounts that can be spent only for specific purposes because of local, state or federal laws, or externally imposed conditions by grantors or creditors are classified as restricted fund balance. A summary of restricted fund balance in the governmental funds at September 30, 2023 follows:

	Debt Service Fund	Capital Projects Fund	Non Major Governmental Funds	Total
Capital acquisitions:				
and contractual obligations	$ -	$ 21,122,790	$ 32,345	$ 21,155,135
Debt service	869,782	-	-	869,782
Economic development	-	-	2,294,389	2,294,389
Culture and recreation:				
Library purposes	-	-	69,545	69,545
	-	-	69,545	69,545
Public works:				
PEG Fees	-	-	110,434	110,434
Street maintenance	-	-	86,870	86,870
	-	-	197,304	197,304
Public safety:				
Law enforcement	-	-	1,498,575	1,498,575
Municipal court operations	-	-	252,398	252,398
	-	-	1,750,973	1,750,973
Total	$ 869,782	$ 21,122,790	$ 4,344,556	$ 26,337,128

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Required Supplementary Information

City of Watauga, Texas
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended September 30, 2023

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and franchise fees	$ 12,299,220	$ 12,404,220	$ 12,450,073	$ 45,853
Licenses and permits	602,300	687,300	783,979	96,679
Charges for services	1,152,500	1,202,500	1,307,295	104,795
Fines and forfeitures	630,600	515,600	470,674	(44,926)
Interest income	50,000	300,000	388,883	88,883
Intergovernmental	503,000	503,000	514,000	11,000
Miscellaneous	361,100	396,100	452,526	56,426
Total revenues	15,598,720	16,008,720	16,367,430	358,710
EXPENDITURES				
Current:				
Administration	588,230	548,230	521,096	27,134
Non-departmental	812,375	762,375	724,738	37,637
Human resources	222,600	222,600	207,594	15,006
Finance	584,810	584,810	539,348	45,462
Information technology	615,760	615,760	576,932	38,828
Municipal Court	424,960	424,960	410,381	14,579
Library	1,077,200	1,077,200	1,002,313	74,887
Recreation and community services	1,024,740	1,024,740	1,021,301	3,439
Police	4,673,400	4,673,400	4,640,962	32,438
Fire/EMS	3,805,980	3,805,980	3,762,175	43,805
Public works	876,890	876,890	766,371	110,519
Fleet maintenance	409,750	409,750	332,020	77,730
Buildings	1,042,300	1,042,300	987,234	55,066
Total expenditures	16,158,995	16,068,995	15,492,465	576,530
Excess (deficiency) of revenues over expenditures	(560,275)	(60,275)	874,965	935,240
OTHER FINANCING SOURCES (USES)				
Transfers in	818,000	818,000	817,827	-
Transfers out	(485,000)	(985,000)	(985,000)	-
Total other financing sources and uses	333,000	(167,000)	(167,173)	-
Net change in fund balance	(227,275)	(227,275)	707,792	935,240
Fund balance, beginning of year	8,403,463	8,403,463	8,403,463	-
FUND BALANCE, end of year	$ 8,176,188	$ 8,176,188	$ 9,111,255	$ 935,240

BUDGETARY CONTROLS AND PROCEDURES

The City Charter follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to August 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures/expenses and the means of financing them.

- The proposed budget and all supporting schedules are filed with the City Secretary when submitted to City Council.

- Public hearings are conducted to obtain taxpayer comments.

- Prior to September 15, the budget is adopted by affirmative vote of at least two thirds of the members of the City Council.

- The City Manager is authorized to transfer budgeted amounts between programs within a department; however, any revisions that alter the total expenditures of any department must be approved by the City Council.

- If at any time during a fiscal year, it is estimated by the City Manager that current year's expenditures in any fund will exceed available revenues (including fund balance at the start of the year), the City Manager shall recommend measures to the City Council to ensure that a positive fund balance is maintained.

- Budgets for the General, WEDC Sales Tax, Watauga Crime Control and Prevention, Library Donation, Municipal Court Security, Municipal Court Technology, Municipal Court Truancy, Traffic Safety, Street Maintenance Sales Tax, PEG, and Debt Service funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as amended by the City Council. Such appropriations lapse at year-end.

- Budgetary data for the Capital Projects Fund has not been presented in the accompanying financial statements as such funds are budgeted over the life of the respective project and not on an annual basis. Accordingly, formal budgetary integration of the Capital Projects Fund is employed and comparison of actual results of operations to budgetary data for such funds is not presented.

- Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Enterprise Funds. Budgetary control is maintained at the departmental level.

- Budgetary data for the Enterprise Funds has not been presented since the reporting on such budgets is not legally required. Budgetary control is maintained at the departmental level.

City of Watauga, Texas

Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Measurement Years

	Year Ended December 31								
	2014	2015	2016	2017	2018	2019	2020	2021	2022
TOTAL PENSION LIABILITY									
Service cost	$ 1,278,209	$ 1,484,819	$ 1,513,714	$ 1,531,337	$ 1,577,540	$ 1,705,104	$ 1,745,597	$ 1,716,818	$ 1,977,985
Interest (on the total pension liability)	2,632,122	2,804,072	2,907,277	3,067,400	3,256,548	3,483,534	3,748,335	3,963,566	4,215,293
Difference between expected and actual experience	(422,782)	(273,667)	(570,355)	(100,072)	22,136	441,878	(140,317)	140,168	1,682,599
Changes of assumptions	-	60,403	-	-	-	188,822	-		-
Benefit payments, including refunds of employee contributions	(1,197,706)	(1,071,136)	(1,083,810)	(1,890,714)	(1,548,423)	(1,566,087)	(2,267,132)	(2,034,085)	(2,409,607)
Net change in total pension liability	2,289,843	3,004,491	2,766,826	2,607,951	3,307,801	4,253,251	3,086,483	3,786,467	5,466,270
Total pension liability, beginning	37,561,490	39,851,333	42,855,824	45,622,650	48,230,601	51,538,402	55,791,653	58,878,136	62,664,603
TOTAL PENSION LIABILITY, ending (a)	$ 39,851,333	$ 42,855,824	$ 45,622,650	$ 48,230,601	$ 51,538,402	$ 55,791,653	$ 58,878,136	$ 62,664,603	$ 68,130,873
PLAN FIDUCIARY NET POSITION									
Contributions - employer	$ 1,115,845	$ 1,245,119	$ 1,197,145	$ 1,259,752	$ 1,289,939	$ 1,342,209	$ 1,450,407	$ 1,479,088	$ 1,714,251
Contributions - employee	609,276	652,873	636,779	642,263	664,427	695,961	714,990	696,276	809,702
Net investment income	1,871,755	51,790	2,428,960	5,418,502	(1,332,865)	6,732,579	3,849,392	7,096,692	(4,499,187)
Benefit payments, including refunds of employee contributions	(1,197,706)	(1,071,136)	(1,083,810)	(1,890,714)	(1,548,423)	(1,566,087)	(2,267,132)	(2,034,085)	(2,409,607)
Administrative expense	(19,541)	(31,544)	(27,433)	(28,079)	(25,758)	(38,033)	(24,904)	(32,829)	(38,930)
Other	(1,607)	(1,558)	(1,478)	(1,423)	1,155	(3,642)	(972)	225	46,456
Net change in plan fiduciary net position	2,378,022	845,544	3,150,163	5,400,301	(951,525)	7,162,987	3,721,781	7,205,367	(4,377,315)
Plan fiduciary net position, beginning	32,718,618	35,096,640	35,942,184	39,092,347	44,492,648	43,541,123	50,704,110	54,425,891	61,631,258
PLAN FIDUCIARY NET POSITION, ending (b)	$ 35,096,640	$ 35,942,184	$ 39,092,347	$ 44,492,648	$ 43,541,123	$ 50,704,110	$ 54,425,891	$ 61,631,258	$ 57,253,943
NET PENSION LIABILITY, ending (a) - (b)	$ 4,754,693	$ 6,913,640	$ 6,530,303	$ 3,737,953	$ 7,997,279	$ 5,087,543	$ 4,452,245	$ 1,033,345	$ 10,876,930
Plan fiduciary net position as a percentage of total pension liability	88.07%	83.87%	85.69%	92.25%	84.48%	90.88%	92.44%	98.35%	84.04%
Covered Payroll	$ 8,703,943	$ 9,326,755	$ 9,096,836	$ 9,175,179	$ 9,491,816	$ 9,942,297	$ 10,214,144	$ 9,946,803	$ 11,567,166
Net pension liability as a percentage of covered payroll	54.63%	74.13%	71.79%	40.74%	84.25%	51.17%	43.59%	10.39%	94.03%

Only nine years of data is presented in accordance with GASB 68, paragraph 138. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement. Additional years' information will be displayed as it becomes available."

City of Watauga, Texas
Schedule of Pension Contributions
Last Ten Fiscal Years

	Year Ended September 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contribution	$ 1,082,831	$ 1,108,798	$ 1,190,315	$ 1,194,583	$ 1,259,325	$ 1,274,565	$ 1,332,221	$ 1,459,430	$ 1,462,002	$ 1,653,540
Contributions in relation to the actuarially determined contribution	1,082,831	1,108,798	1,190,315	1,194,583	1,259,325	1,274,565	1,332,221	1,459,430	1,462,002	1,653,540
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 8,473,213	$ 8,638,774	$ 9,005,317	$ 9,040,337	$ 9,169,310	$ 9,351,625	$ 9,849,847	$ 10,293,449	$ 9,877,694	$ 10,990,394
Contributions as a percentage of covered payroll	12.78%	12.84%	13.22%	13.21%	13.73%	13.63%	13.53%	14.18%	14.80%	15.05%

Notes: Actuarially determined contribution rates are calculated as of December 31st and become effective in January 13 months later.

City of Watauga, Texas
Schedule of Pension Contributions
Last Ten Fiscal Years

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method level	Level percentage of payroll, closed
Remaining amortization period	24 Years (longest amortization ladder)
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

City of Watauga, Texas
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Six Measurement Years

	Year Ended December 31 2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	$ 20,185	$ 24,679	$ 20,879	$ 27,578	$ 29,840	$ 37,015
Interest	14,766	15,283	16,178	15,117	13,122	12,955
Difference between expected and actual experience	-	(28,476)	(12,399)	(17,439)	(9,270)	40,065
Change in assumptions	36,678	(32,318)	88,671	86,019	20,923	(262,817)
Benefit payments, including refunds of employee contributions	(2,753)	(2,848)	(2,983)	(3,064)	(8,952)	(11,567)
Net change in total OPEB liability	68,876	(23,680)	110,346	108,211	45,663	(184,349)
Total OPEB liability, beginning	381,917	450,793	427,113	537,459	645,670	691,333
Total OPEB Liability, ending	$ 450,793	$ 427,113	$ 537,459	$ 645,670	$ 691,333	$ 506,984
Covered-employee Payroll	$ 9,175,179	$ 9,491,816	$ 9,942,297	$ 10,214,144	$ 9,946,803	$ 11,567,166
Total OPEB liability as a percentage of covered payroll	4.91%	4.50%	5.41%	6.32%	6.95%	4.38%

City of Watauga, Texas Retiree Health Plan

	Year Ended December 31 2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service cost	$ 36,285	$ 41,530	$ 40,468	$ 45,223	$ 56,718	$ 90,373
Interest	35,912	34,038	37,486	27,887	22,931	19,864
Difference between expected and actual experience	-	(10,983)	(134,664)	10,060	65,854	(7,166)
Change in assumptions	49,341	(40,515)	101,448	86,582	(194,560)	(223,402)
Benefit payments, including refunds of employee contributions	(32,844)	(43,918)	(39,042)	(47,893)	(38,086)	(31,496)
Net change in total OPEB liability	88,694	(19,848)	5,696	121,859	(87,143)	(151,827)
Total OPEB liability, beginning	940,851	1,029,545	1,009,697	1,015,393	1,137,252	1,050,109
Total OPEB Liability, ending	$ 1,029,545	$ 1,009,697	$ 1,015,393	$ 1,137,252	$ 1,050,109	$ 898,282
Covered-employee Payroll	$ 9,013,440	$ 9,791,192	$ 9,769,698	$ 10,128,852	$ 9,931,940	$ 11,558,577
Total OPEB liability as a percentage of covered payroll	3.89%	3.89%	10.39%	11.23%	10.57%	7.77%

GASB 75, Paragraph 97, requires that the information on this schedule be data from the period corresponding with the period covered as of the measurement date of December 31, 2022 - the period from January 1, 2022 – December 31, 2022.

Only six years of data is presented in accordance with GASB 75 paragraph 245. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement. Additional years' information will be displayed as it becomes available."

There are no assets accumulated in a trust that meets the criteria for GASB codification P22.101 or P52.1010 to pay related benefits for the OPEB plans.

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Combining and Individual Fund Statements and Schedules

Non-Major Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Watauga Economic Development Corporation (WEDC) Sales Tax Fund – to account for a quarter-cent sales tax increase, approved by voters to encourage the development and advancement of City businesses, development and parks within the City.

Watauga Crime Control and Prevention Fund – to account for a half-cent sales tax increase approved by the voters to enhance law enforcement in Watauga.

Library Donation Fund – to account for public donations made to the City specifically for the benefit of the public library.

Municipal Court Security Fund – to account for a fee established in the 1997 Texas Legislative session to allow a $3 assessment on all court fines paid. This assessment allows municipalities to purchase security equipment such as surveillance cameras, bulletproof glass and bailiff costs for Municipal Court areas. In January 2020, SB346 increased this assessment to $4.90.

Municipal Court Technology Fund – to account for a fee established in the 1997 Texas legislative session to allow a $4 assessment on all court fines paid. This assessment allows municipalities to purchase and maintain technology equipment such as computer hardware and software for the benefit of the Municipal Court.

Municipal Court Truancy Fund – to account for a fee established and approved by City Council January 28, 2008 to allow a $5 assessment per misdemeanor offense. Fees are paid out of this fund to pay personnel costs of the Municipal Court Juvenile Case Manager.

Traffic Safety Fund – to account for civil or administrative penalties to no more than $75 and late penalties to no more than $25. Legislation passed by 80th Texas Legislature allowed a local government entity to use a photographic traffic signal enforcement system. Effective June 2019, legislation passed by the 86th Legislature, use of photographic traffic signal enforcement was banned. The City will use fund balance for the traffic safety programs until funds are exhausted.

Street Maintenance Sales Tax Fund – to account for a quarter-cent sales tax approved by voters on May 12, 2012 for an initial four years effective October 1, 2012, and reauthorized in May 2016. The purpose of the sales tax is to provide for the maintenance and repair of municipal streets in existence at the time of the vote. On January 1, 2021, this tax was abolished due to a ballot measure in November 2020.

PEG Fund – to account for the expenditures for Public, Educational, and Government (PEG) Access programming is supported by the PEG fee that is assessed to each cable subscriber.

Jury Fees Fund – to account for a fee established in January 2020 with the passage of SB346. These fees are assessed at $0.10 upon conviction of any fine-only misdemeanor, including a parking or pedestrian offense. The fee is used to fund juror reimbursements and finance jury service.

Non-Major Governmental Funds

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Watauga Economic Development Corporation (WEDC) Construction Fund – to account for construction projects in and for the Economic Development Corporation.

City of Watauga, Texas

Combining Balance Sheet
Non-Major Governmental Funds
September 30, 2023

	WEDC Sales Tax Fund	Watauga Crime Control and Prevention Fund	Library Donation Fund	Municipal Court Security Fund	Municipal Court Technology Fund	Municipal Court Truancy Fund
ASSETS						
Cash and cash equivalents	$ 1,819,140	$ 1,151,059	$ 69,420	$ 57,482	$ 140,741	$ 54,487
Investments	312,725	24,890	-	-	-	-
Account receivable	164,208	326,804	125	-	-	-
Prepaid items	1,165	-	-	-	-	-
TOTAL ASSETS	$ 2,297,238	$ 1,502,753	$ 69,545	$ 57,482	$ 140,741	$ 54,487
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 1,678	$ 16,020	$ -	$ -	$ -	$ -
Accrued liabilities	6	22,484	-	673	-	814
Total liabilities	1,684	38,504	-	673	-	814
FUND BALANCE						
Nonspendable						
Prepaid items	1,165	-	-	-	-	-
Restricted:						
Capital acquisitions and contractual obligations	-	-	-	-	-	-
Culture and recreation	-	-	69,545	-	-	-
Economic development	2,294,389	-	-	-	-	-
Public works	-	-	-	-	-	-
Public safety	-	1,464,249	-	56,809	140,741	53,673
Total fund balance	2,295,554	1,464,249	69,545	56,809	140,741	53,673
TOTAL LIABILITIES AND FUND BALANCE	$ 2,297,238	$ 1,502,753	$ 69,545	$ 57,482	$ 140,741	$ 54,487

Traffic Safety Fund	Street Maintenance Sales Tax Fund	PEG Fund	WEDC Construction Fund	Jury Fees Fund	Total Non major Governmental Funds
$ 35,996	$ 85,890	$ 104,735	$ 32,345	$ 1,175	$ 3,552,470
-	-	-	-	-	337,615
-	980	5,699	-	-	497,816
-	-	-	-	-	1,165
$ 35,996	$ 86,870	$ 110,434	$ 32,345	$ 1,175	$ 4,389,066
$ -	$ -	$ -	$ -	$ -	$ 17,698
1,670	-	-	-	-	25,647
1,670	-	-	-	-	43,345
-	-	-	-	-	1,165
-	-	-	32,345	-	32,345
-	-	-	-	-	69,545
-	-	-	-	-	2,294,389
-	86,870	110,434	-	-	197,304
34,326	-	-	-	1,175	1,750,973
34,326	86,870	110,434	32,345	1,175	4,345,721
$ 35,996	$ 86,870	$ 110,434	$ 32,345	$ 1,175	$ 4,389,066

City of Watauga, Texas

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Non-Major Governmental Funds
For the Fiscal Year Ended September 30, 2023

	WEDC Sales Tax Fund	Watauga Crime Control and Prevention Fund	Library Donation Fund	Municipal Court Security Fund	Municipal Court Technology Fund
REVENUES					
Taxes	$ 952,990	$ 1,897,062	$ -	$ -	$ -
Interest income	73,826	56,498	3,098	2,620	6,833
Miscellaneous	2,813	83,521	5,080	13,167	10,888
Total revenues	1,029,629	2,037,081	8,178	15,787	17,721
EXPENDITURES					
Current:					
Public safety	-	1,688,445	-	6,871	4,710
Culture and recreation	-	-	759	-	-
Economic development	46,431	-	-	-	-
Public works	-	-	-	-	-
Capital outlay	1,200	145,318	-	-	10,487
Debt service					
Principal	-	22,623	-	-	-
Interest and other charges	-	7,781	-	-	-
Total expenditures	47,631	1,864,167	759	6,871	15,197
Excess (deficiency) of revenues over expenditures	981,998	172,914	7,419	8,916	2,524
OTHER FINANCING (USES)					
Transfers out	(419,700)	(37,827)	-	-	-
Total other financing sources (uses)	(419,700)	(37,827)	-	-	-
Net change in fund balance	562,298	135,087	7,419	8,916	2,524
Fund balance, beginning	1,733,256	1,329,162	62,126	47,893	138,217
FUND BALANCE, ending	$ 2,295,554	$ 1,464,249	$ 69,545	$ 56,809	$ 140,741

	Municipal Court Truancy Fund	Traffic Safety Fund	Street Maintenance Sales Tax Fund	PEG Fund	WEDC Construction Fund	Jury Fees Fund	Total Non major Governmental Funds
	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,850,052
	3,402	236	25,667	4,334	1,543	-	178,057
	13,597	-	-	24,813	456	262	154,597
	16,999	236	25,667	29,147	1,999	262	3,182,706
	34,329	-	-	-	-	-	1,734,355
	-	-	-	-	-	-	759
	-	-	-	-	-	-	46,431
	-	-	104,305	-	-	-	104,305
	-	-	474,508	4,934	-	-	636,447
	-	-	-	-	-	-	22,623
	-	-	-	-	-	-	7,781
	34,329	-	578,813	4,934	-	-	2,552,701
	(17,330)	236	(553,146)	24,213	1,999	262	630,005
	-	-	-	-	-	-	(457,527)
	-	-	-	-	-	-	(457,527)
	(17,330)	236	(553,146)	24,213	1,999	262	172,478
	71,003	34,090	640,016	86,221	30,346	913	4,173,243
	$ 53,673	$ 34,326	$ 86,870	$ 110,434	$ 32,345	$ 1,175	$ 4,345,721

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
WEDC Sales Tax Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Taxes	$ 952,000	$ 952,990	$ 990
Interest income	2,500	73,826	71,326
Miscellaneous	5,000	2,813	(2,187)
Total revenues	959,500	1,029,629	70,129
EXPENDITURES			
Current:			
Economic development	87,850	46,431	41,419
Capital outlay	1,200	1,200	-
Total expenditures	89,050	47,631	41,419
Excess of revenues over expenditures	870,450	981,998	111,548
OTHER FINANCING USES			
Transfers out	(419,700)	(419,700)	-
Total other financing uses	(419,700)	(419,700)	-
Net change in fund balance	450,750	562,298	111,548
Fund balance, beginning of year	1,733,256	1,733,256	-
FUND BALANCE, end of year	$ 2,184,006	$ 2,295,554	$ 111,548

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Watauga Crime Control and Prevention Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Taxes	$ 1,875,000	$ 1,897,062	$ 22,062
Interest income	4,000	56,498	52,498
Miscellaneous	66,000	83,521	17,521
Total revenues	1,945,000	2,037,081	92,081
EXPENDITURES			
Current:			
Public safety	1,854,400	1,688,445	165,955
Capital outlay	150,250	145,318	4,932
Debt Service			
Principal	-	22,623	(22,623)
Interest	-	7,781	(7,781)
Total expenditures	2,004,650	1,864,167	140,483
Excess (deficiency) of revenues over expenditures	(59,650)	172,914	232,564
OTHER FINANCIND (USES)			
Transfers out	(38,000)	(37,827)	(173)
Total other financing (uses)	(38,000)	(37,827)	(173)
Net change in fund balance	(97,650)	135,087	232,391
Fund balance, beginning of year	1,329,162	1,329,162	-
FUND BALANCE, end of year	$ 1,231,512	$ 1,464,249	$ 232,391

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Library Donation Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ 100	$ 3,098	$ 2,998
Miscellaneous	6,000	5,080	(920)
Total revenues	6,100	8,178	2,078
EEXPENDITURES			
Current:			
Culture and recreation	10,000	759	9,241
Total expenditures	10,000	759	9,241
Net change in fund balance	(3,900)	7,419	11,319
Fund balance, beginning of year	62,126	62,126	-
FUND BALANCE, end of year	$ 58,226	$ 69,545	$ 11,319

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Municipal Court Security Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ 50	$ 2,620	$ 2,570
Miscellaneous	20,000	13,167	(6,833)
Total revenues	20,050	15,787	(4,263)
EXPENDITURES			
Current:			
Public safety	26,500	6,871	19,629
Total expenditures	26,500	6,871	19,629
Net change in fund balance	(6,450)	8,916	15,366
Fund balance, beginning of year	47,893	47,893	-
FUND BALANCE, end of year	$ 41,443	$ 56,809	$ 15,366

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Municipal Court Technology Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ 100	$ 6,833	$ 6,733
Miscellaneous	17,000	10,888	(6,112)
Total revenues	17,100	17,721	621
EXPENDITURES			
Current:			
Public safety	6,500	4,710	1,790
Capital outlay	14,600	10,487	4,113
Total expenditures	21,100	15,197	5,903
Net change in fund balance	(4,000)	2,524	6,524
Fund balance, beginning of year	138,217	138,217	-
FUND BALANCE, end of year	$ 134,217	$ 140,741	$ 6,524

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Municipal Court Truancy Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ -	$ 3,402	$ 3,402
Miscellaneous	20,000	13,597	(6,403)
Total revenues	20,000	16,999	(3,001)
EXPENDITURES			
Current:			
Public safety	36,110	34,329	1,781
Total expenditures	36,110	34,329	1,781
Net change in fund balance	(16,110)	(17,330)	(1,220)
Fund balance, beginning of year	71,003	71,003	-
FUND BALANCE, end of year	$ 54,893	$ 53,673	$ (1,220)

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Traffic Safety Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ -	$ 236	$ 236
Total revenues	-	236	236
Net change in fund balance	-	236	236
Fund balance, beginning of year	34,090	34,090	-
FUND BALANCE, end of year	$ 34,090	$ 34,326	$ 236

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Street Maintenance Sales Tax Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ -	$ 25,667	$ 25,667
Total revenues	-	25,667	25,667
EXPENDITURES			
Current:			
Public works	195,000	104,305	90,695
Capital outlay	400,000	474,508	(74,508)
Total expenditures	595,000	578,813	16,187
Net change in fund balance	(595,000)	(553,146)	41,854
Fund balance, beginning of year	640,016	640,016	-
FUND BALANCE, end of year	$ 45,016	$ 86,870	$ 41,854

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
PEG Special Revenue Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Interest income	$ 1,000	$ 4,334	$ 3,334
Miscellaneous	35,000	24,813	(10,187)
Total revenues	36,000	29,147	(6,853)
EXPENDITURES			
Current:			
General government	10,000	4,934	5,066
Total expenditures	10,000	4,934	5,066
Net change in fund balance	26,000	24,213	(1,787)
Fund balance, beginning of year	86,221	86,221	-
FUND BALANCE, end of year	$ 112,221	$ 110,434	$ (1,787)

City of Watauga, Texas
Schedule of Revenues, Expenditures and Changes
In Fund Balances – Budget to Actual
Debt Service Fund
For the Fiscal Year Ended September 30, 2023

	Budget Amounts Final Budget	Actual Amounts	Variance Positive/ (Negative)
REVENUES			
Taxes:			
Property taxes	$ 3,422,000	$ 3,492,123	$ 70,123
Interest income	2,000	40,873	38,873
Total revenues	3,424,000	3,532,996	108,996
EXPENDITURES			
Debt service:			
Principal	2,845,000	2,910,000	(65,000)
Interest and other charges	772,348	688,472	83,876
Total expenditures	3,617,348	3,598,472	18,876
Deficiency of revenues under expenditures	(193,348)	(65,476)	127,872
OTHER FINANCING SOURCES			
Transfers in	153,200	153,200	-
Total other financing sources	153,200	153,200	-
Net change in fund balance	(40,148)	87,724	127,872
Fund balance, beginning of year	782,058	782,058	-
FUND BALANCE, end of year	$ 741,910	$ 869,782	$ 127,872

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Statistical Section
(Unaudited)

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This part of the City of Watauga's Annual Comprehensive Financial Report provides detailed information to help the reader better understand information presented within the financial statements, note disclosures, and required supplementary information and how they relate to the City's overall financial health.

Contains trend information to aid the reader in understanding how the City's financial performance has changed over time.

Contains information to help the reader assess the City's most significant local revenue sources, the property tax and water revenues.

Presents information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Offers information to help the reader understand the environment within which the City's financial activities take place.

Contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs.

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

City of Watauga, Texas

Table 1

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets	$ 36,422,084	$ 36,792,569	$ 36,945,402	$ 37,278,290	$ 38,660,904	$ 38,606,089	$ 39,121,348	$ 39,716,524	$ 42,373,991	$ 45,136,267
Restricted	3,627,883	3,488,244	3,833,368	4,620,450	4,457,373	4,779,207	5,158,484	5,296,207	4,861,148	5,094,023
Unrestricted	3,901,351	1,320,284	845,314	407,478	(371,133)	(725,644)	(752,288)	1,150,464	3,191,860	5,094,002
Total governmental activities net position	$ 43,951,318	$ 41,601,097	$ 41,624,084	$ 42,306,218	$ 42,747,144	$ 42,659,652	$ 43,527,544	$ 46,163,195	$ 50,426,999	$ 55,324,292
Business-type activities:										
Net investment in capital assets	$ 20,531,108	$ 21,545,419	$ 24,344,617	$ 24,042,159	$ 23,944,294	$ 24,452,425	$ 27,276,699	$ 27,856,495	$ 28,356,187	29,463,346
Restricted	87,591	18,283	-	-	-	-	-	-	-	-
Unrestricted	5,506,717	4,493,409	3,139,921	4,705,617	6,210,337	5,887,374	4,739,452	6,197,552	7,830,457	8,795,884
Total business-type activities net position	$ 26,125,416	$ 26,057,111	$ 27,484,538	$ 28,747,776	$ 30,154,631	$ 30,339,799	$ 32,016,151	$ 34,054,047	$ 36,186,644	$ 38,259,230
Primary government:										
Net investment in capital assets	$ 56,953,192	$ 58,337,988	$ 61,290,019	$ 61,320,449	$ 62,605,198	$ 63,058,514	$ 66,398,047	$ 67,573,019	$ 70,730,178	$ 74,599,613
Restricted	3,715,474	3,506,527	3,833,368	4,620,450	4,457,373	4,779,207	5,158,484	5,296,207	4,861,148	5,094,023
Unrestricted	9,408,068	5,813,693	3,985,235	5,113,095	5,839,204	5,161,730	3,987,164	7,348,016	11,022,317	13,889,886
Total primary government net position	$ 70,076,734	$ 67,658,208	$ 69,108,622	$ 71,053,994	$ 72,901,775	$ 72,999,451	$ 75,543,695	$ 80,217,242	$ 86,613,643	$ 93,583,522

Source: Annual Comprehensive Financial Reports

City of Watauga, Texas

Table 2

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
EXPENSES										
Governmental activities:										
General government	$ 5,946,991	$ 5,928,568	$ 6,107,863	$ 3,522,986	$ 5,584,813	$ 4,985,534	$ 4,652,993	$ 4,384,354	$ 3,954,225	$ 6,428,746
Public safety	5,121,732	5,430,215	6,029,558	5,845,630	5,808,608	9,178,932	9,534,209	9,136,711	9,772,773	10,280,520
Public works	1,980,003	1,315,752	987,328	2,472,838	769,758	2,348,520	2,156,500	2,131,872	1,949,260	2,416,999
Economic development	-	-	-	-	-	-	-	-	73,669	46,431
Culture and recreation	2,411,179	3,077,296	3,724,218	5,095,575	4,720,179	2,767,462	2,262,568	1,878,361	1,922,770	2,218,215
Interest on long-term debt	364,167	446,308	377,813	411,910	381,932	562,654	692,493	653,227	732,657	845,266
Total governmental activities expenses	15,824,072	16,198,139	17,226,780	17,348,939	17,265,290	19,843,102	19,298,763	18,184,525	18,405,354	22,236,177
Business-type activities:										
Water and sewer	6,416,253	7,232,341	7,300,779	6,979,614	6,707,331	8,220,965	7,638,966	6,770,160	7,806,865	8,149,246
Drainage utility	1,087,378	946,494	932,806	978,469	1,015,534	1,066,306	1,025,133	1,216,623	1,053,551	1,201,907
Total business-type activities expenses	7,503,631	8,178,835	8,233,585	7,958,083	7,722,865	9,287,271	8,664,099	7,986,783	8,860,416	9,351,153
Total primary government expenses	$ 23,327,703	$ 24,376,974	$ 25,460,365	$ 25,307,022	$ 24,988,155	$ 29,130,373	$ 27,962,862	$ 26,171,308	$ 27,265,770	$ 31,587,330
PROGRAM REVENUES										
Governmental activities:										
Fees, fines, and charges for services:										
General government	$ 125,385	$ 123,006	$ 131,200	$ 126,955	$ 177,819	$ 189,931	$ 189,446	$ 223,193	$ 243,817	$ 249,569
Public safety	1,852,051	1,799,906	2,015,413	1,998,687	1,819,361	1,877,057	1,353,891	1,355,268	1,442,518	1,592,096
Public works	489,628	468,706	634,100	612,106	909,678	654,129	686,961	1,033,937	1,035,540	1,150,123
Economic development	-	-	-	-	-	-	-	-	250	2,813
Culture and recreation	273,498	272,611	274,796	261,019	252,208	236,478	83,982	90,036	159,928	225,182
Operating grants and contributions	16,438	13,959	35,537	16,111	38,350	22,240	852,735	848,051	609,979	2,648,020
Capital grants and contributions	-	-	-	-	-	-	156,855	-	-	-
Total governmental activities program revenues	2,757,000	2,678,188	3,091,046	3,014,878	3,197,416	2,979,835	3,323,870	3,550,485	3,492,032	5,867,803
Business-type activities:										
Charges for services:										
Water and Sewer	7,894,765	7,877,670	8,660,703	8,206,963	8,223,078	8,222,931	9,031,436	8,976,433	9,902,023	9,625,010
Drainage Utility	1,416,053	1,419,324	1,410,213	1,419,460	1,451,829	1,470,162	1,471,937	1,559,331	1,504,797	1,482,409
Capital grants and contributions	16	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	9,310,834	9,296,994	10,070,916	9,626,423	9,674,907	9,693,093	10,503,373	10,535,764	11,406,820	11,107,419
Total primary government program revenues	$ 12,067,834	$ 11,975,182	$ 13,161,962	$ 12,641,301	$ 12,872,323	$ 12,672,928	$ 13,827,243	$ 14,086,249	$ 14,898,852	$ 16,975,222
Net (expense)/revenue:										
Government activities	$ (11,259,869)	$ (12,401,792)	$ (12,298,403)	$ (12,665,721)	$ (12,115,832)	$ (16,457,445)	$ (14,135,619)	$ (12,085,059)	$ (12,366,918)	$ (16,368,374)
Business-type activities	1,807,203	1,118,159	1,837,331	1,668,340	1,952,042	405,822	1,839,274	2,548,981	2,546,404	1,756,266
Total primary government net expense	$ (9,452,666)	$ (11,283,633)	$ (10,461,072)	$ (10,997,381)	$ (10,163,790)	$ (16,051,623)	$ (12,296,345)	$ (9,536,078)	$ (9,820,514)	$ (14,612,108)

Source: Annual Comprehensive Financial Reports

City of Watauga, Texas

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(Unaudited)

Table 2
(continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
NET (EXPENSE)/REVENUE										
Governmental activities	$ (13,067,072)	$ (13,519,951)	$ (14,135,734)	$ (14,334,061)	$ (14,067,874)	$ (16,863,267)	$ (15,974,893)	$ (14,634,040)	$ (14,913,322)	$ (16,368,374)
Business-type activities	1,807,203	1,118,159	1,837,331	1,668,340	1,952,042	405,822	1,839,274	2,548,981	2,546,404	1,756,266
Total primary government net expense	$ (11,259,869)	$ (12,401,792)	$ (12,298,403)	$ (12,665,721)	$ (12,115,832)	$ (16,457,445)	$ (14,135,619)	$ (12,085,059)	$ (12,366,918)	$ (14,612,108)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Taxes:										
Property taxes	$ 5,677,248	$ 5,943,335	$ 6,246,763	$ 7,022,618	$ 7,430,079	$ 8,033,015	$ 8,638,677	$ 8,926,186	$ 9,407,900	$ 10,178,602
Franchise taxes	1,125,164	1,184,339	1,114,190	1,003,842	925,895	989,642	881,836	6,306,657	817,374	904,123
Sales taxes	6,008,050	6,284,432	5,868,069	5,814,302	5,850,480	6,013,849	5,982,337	783,430	7,481,865	7,670,480
Penalties and Interest	32,724	42,000	32,295	39,561	35,044	39,218	45,597	43,240	42,467	53,396
Payments in lieu of taxes	469,219	458,232	370,897	457,222	497,961	479,086	503,500	503,500	502,600	514,000
Investment earnings	10,763	29,030	68,650	152,516	280,383	589,104	274,370	44,353	206,167	1,321,980
Miscellaneous	51,317	26,435	3,960	9,439	8,946	55,275	12,968	69,825	135,254	59,586
Transfers	469,219	578,070	453,897	516,695	543,961	576,586	503,500	592,500	583,499	563,500
Total governmental activities	13,843,704	14,545,873	14,158,721	15,016,195	15,572,749	16,775,775	16,842,785	17,269,691	19,177,126	21,265,667
Business-type activities:										
Investment earnings	3,384	21,017	43,863	103,443	222,974	353,387	305,578	78,637	145,849	867,337
Miscellaneous revenue	36,608	9,196	130	8,150	-	2,525	35,000	2,778	23,843	12,483
Transfers	(469,219)	(578,070)	(453,897)	(516,695)	(543,961)	(576,586)	(503,500)	(592,500)	(583,499)	(563,500)
Total business-type activities	(429,227)	(547,857)	(409,904)	(405,102)	(320,987)	(220,674)	(162,922)	(511,085)	(413,807)	316,320
Total primary government	$ 13,414,477	$ 13,998,016	$ 13,748,817	$ 14,611,093	$ 15,251,762	$ 16,555,101	$ 16,679,863	$ 16,758,606	$ 18,763,319	$ 21,581,987
CHANGE IN NET POSITION										
Governmental activities	$ 776,632	$ 1,025,922	$ 22,987	$ 682,134	$ 1,504,875	$ (87,492)	$ 867,892	$ 2,635,651	$ 4,263,804	$ 4,897,293
Business-type activities	1,377,976	570,302	1,427,427	1,263,238	1,631,055	185,148	1,676,352	2,037,896	2,132,597	2,072,586
Total primary government	$ 2,154,608	$ 1,596,224	$ 1,450,414	$ 1,945,372	$ 3,135,930	$ 97,656	$ 2,544,244	$ 4,673,547	$ 6,396,401	$ 6,969,879

Source: Annual Comprehensive Financial Reports

City of Watauga, Texas

Table 3

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Non-spendable:										
Inventories	$ 16,095	$ 17,389	$ 17,636	$ 20,440	$ 21,487	$ 20,776	$ 17,581	$ 17,542	$ 16,138	$ 21,799
Prepaid	106,545	91,173	184,729	20,491	8,651	80,547	7,579	6,454	23,201	28,242
Unassigned	5,914,070	5,734,435	5,274,387	4,490,902	4,541,421	4,317,018	5,314,204	7,011,165	8,364,124	9,061,214
Total general fund	$ 6,036,710	$ 5,842,997	$ 5,476,752	$ 4,531,833	$ 4,571,559	$ 4,418,341	$ 5,339,364	$ 7,035,161	$ 8,403,463	$ 9,111,255
All other governmental funds:										
Non-spendable:										
Prepaid items	$ 7,770	$ 26,021	$ 6,766	$ 7,198	$ 10,265	$ 15,511	$ 2,115	$ 1,165	$ 1,165	$ 1,165
Restricted:										
Capital acquisitions and contractual obligations	5,239,060	4,076,280	8,578,094	5,919,345	10,908,618	10,576,461	11,585,784	11,287,523	14,296,410	21,155,135
Debt service	540,837	342,274	397,992	539,900	710,903	659,604	765,068	758,689	782,058	869,782
Culture and recreation	742,157	695,139	751,871	838,576	869,225	922,784	1,290,549	1,686,286	62,126	69,545
Economic development	-	-	-	-	-	-	-	-	1,732,091	2,294,389
Public works	421,174	654,858	818,069	1,084,390	1,137,735	1,483,538	1,819,814	1,584,190	726,237	197,304
Public safety	1,389,689	1,500,796	1,493,577	1,768,676	1,418,896	1,532,213	1,315,226	1,291,038	1,621,278	1,750,973
Total all other governmental funds	$ 8,340,687	$ 7,295,368	$ 12,046,369	$ 10,158,085	$ 15,055,642	$ 15,190,111	$ 16,778,556	$ 16,608,891	$ 19,221,365	$ 26,338,293

Source: Annual Comprehensive Financial Reports

City of Watauga, Texas

Table 4

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Taxes and franchise fees	$ 12,822,665	$ 13,471,718	$ 13,263,260	$ 13,867,337	$ 14,235,932	$ 15,065,384	$ 15,549,931	$ 16,071,272	$ 17,758,254	$ 18,792,248
Licenses and permits	309,592	285,258	454,991	428,530	726,796	467,737	501,024	776,817	741,399	783,979
Charges for services	777,747	748,687	741,565	745,127	757,088	741,687	724,789	901,900	1,114,631	1,307,295
Fines and forfeitures	1,396,063	1,298,897	1,563,928	1,522,589	1,406,351	1,323,598	560,003	568,795	638,906	470,674
Intergovernmental	469,219	458,232	370,897	457,222	247,840	523,066	237,784	503,500	886,325	3,129,790
Interest income	10,252	26,987	59,651	139,237	497,961	479,086	660,355	40,232	195,999	1,246,029
Other revenues	306,504	320,016	364,976	314,273	337,048	453,439	1,409,741	1,272,469	740,450	607,123
Total revenues	16,092,042	16,609,795	16,819,268	17,474,315	18,209,016	19,053,997	19,643,627	20,134,985	22,075,964	26,337,138
EXPENDITURES										
General government	5,377,270	5,728,240	5,760,512	5,870,276	6,233,602	6,575,902	3,879,180	3,921,341	3,608,866	5,826,867
Public Safety	4,964,649	5,071,414	5,464,615	5,750,992	5,660,947	6,171,464	8,941,173	8,761,417	9,786,168	10,119,414
Culture and Recreation	889,230	1,016,998	1,102,216	1,165,026	2,309,572	2,339,355	1,959,457	1,613,357	1,737,846	2,012,924
Economic Development	-	-	-	-	-	-	-	-	73,669	46,431
Public Works	2,029,768	1,992,632	2,041,848	2,114,393	1,034,613	853,455	740,246	859,341	719,354	964,489

City of Watauga, Texas

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

Table 4
(continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital outlay	$ 1,231,682	$ 1,771,807	$ 2,203,694	$ 3,419,723	$ 2,897,996	$ 1,398,668	$ 3,026,567	$ 5,629,829	$ 3,750,012	$ 4,764,491
Debt service										
Principal	1,587,774	1,850,150	1,447,632	1,695,225	1,727,935	1,945,767	2,103,727	2,411,819	2,684,867	3,052,899
Interest	484,055	428,072	471,377	474,609	537,198	640,098	726,304	1,301,546	770,418	881,101
Total expenditures	16,564,428	17,859,313	18,491,894	20,490,244	20,401,863	19,924,709	21,376,654	24,498,650	23,131,200	27,668,616
Deficiency of revenues under expenditures	(472,386)	(1,249,518)	(1,672,626)	(3,015,929)	(2,192,847)	(870,712)	(1,733,027)	(4,363,665)	(1,055,236)	(1,331,478)
OTHER FINANCING SOURCES (USES)										
Proceeds from borrowing	3,594,057	-	5,885,000	-	6,780,000	425,000	3,360,000	4,540,000	4,385,000	8,820,000
Proceeds from refunding	-	-	-	-	-	-	-	575,000	-	-
Premiums on GO Debt	-	-	193,580	-	306,169	24,877	221,495	271,297	177,512	322,698
Sale of Asset	222,531	25,416	55,785	16,031	-	-	-	-	-	-
Transfers in	845,519	990,970	696,379	892,793	795,870	544,489	985,470	1,013,284	2,386,378	1,456,027
Transfers out	(576,300)	(1,095,900)	(773,362)	(726,098)	(751,909)	(142,400)	(324,470)	(509,784)	(1,912,878)	(1,442,527)
Total other financing sources (uses)	4,085,807	(79,514)	6,057,382	182,726	7,130,130	851,966	4,242,495	5,889,797	5,036,012	9,156,198
NET CHANGE IN FUND BALANCE	$ 3,613,421	$ (1,329,032)	$ 4,384,756	$ (2,833,203)	$ 4,937,283	$ (18,746)	$ 2,509,468	$ 1,526,132	$ 3,980,776	$ 7,824,720
Debt service as a percentage of noncapital expenditures	13.6%	14.0%	11.8%	13.1%	13.4%	13.8%	15.4%	19.7%	17.8%	17.1%

Source: Annual Comprehensive Financial Reports

City of Watauga, Texas

Table 5

Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Assessed (Appraised) Value Real Property	Personal Property	Total Market Value	Less Tax-Exempt	Total Taxable Assessed Value[a]	Total Direct Tax Rate
2014	$ 1,000,519,629	$ 59,016,802	$ 1,059,536,431	$ 103,068,099	$ 956,468,332	0.591216
2015	1,061,590,252	60,822,613	1,122,412,865	105,745,517	1,016,667,348	0.591216
2016	1,023,103,188	62,537,180	1,085,640,368	108,372,567	977,267,801	0.618718
2017	1,181,209,410	62,026,022	1,243,235,432	111,483,084	1,131,752,348	0.618411
2018	1,273,013,697	68,791,738	1,341,805,435	128,331,870	1,213,473,565	0.601788
2019	1,444,529,571	72,435,076	1,516,964,647	136,522,898	1,380,441,749	0.601788
2020	1,617,737,727	75,175,464	1,692,913,191	140,260,143	1,552,653,048	0.580500
2021	1,665,719,964	75,105,986	1,740,825,950	146,995,717	1,593,830,233	0.580404
2022	1,795,936,624	71,804,882	1,867,741,506	145,583,141	1,722,158,365	0.580400
2023	1,925,387,412	71,979,131	1,997,366,543	158,495,174	1,838,871,369	0.570200

Source: Tarrant Appraisal District (www.tad.org)

[a] Assessed (Appraised)value taken from September Certified tax roll provided by the Tarrant Appraisal District

City of Watauga, Texas

Table 6

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per $100 of assessed value)
(Unaudited)

	City Direct Rates			Overlapping Rates[a]						
									Combined Rates	
Fiscal Year	M&O Rate	General Obligation Debt Service	Total Direct	Keller Ind School District	Birdville Ind School District	Tarrant County	Tarrant County Hospital	Tarrant County College	KISD	BISD
2014	0.410519	0.180697	0.591216	1.540000	1.435000	0.264000	0.227897	0.149500	2.772613	2.667613
2015	0.412887	0.178329	0.591216	1.540000	1.435000	0.264000	0.227897	0.149500	2.772613	2.667613
2016	0.440171	0.178547	0.618718	1.540000	1.453900	0.264000	0.227897	0.149500	2.800115	2.714015
2017	0.423017	0.195394	0.618411	1.520000	1.453900	0.254000	0.227897	0.144730	2.765038	2.698938
2018	0.419650	0.182138	0.601788	1.520000	1.453900	0.244000	0.224429	0.140060	2.730277	2.664177
2019	0.420628	0.181160	0.601788	1.510000	1.453900	0.234000	0.224429	0.136070	2.706287	2.650187
2020	0.405884	0.174616	0.580500	1.408300	1.383900	0.234000	0.224429	0.130170	2.577399	2.552999
2021	0.400696	0.179708	0.580404	1.394700	1.380300	0.234000	0.224429	0.130170	2.563703	2.549303
2022	0.395445	0.184955	0.580400	1.344000	1.338000	0.229000	0.224429	0.130170	2.507999	2.501999
2023	0.375187	0.195013	0.570200	1.272900	1.279800	0.224000	0.224429	0.130170	2.421699	2.428599

Source: Tarrant County Appraisal District - Tax Rates

Note: Rates for debt service are set based on each year's requirements.

[a] Overlapping rates are those of local and county governments that apply to property owners within the City of Watauga.

City of Watauga, Texas

Table 7

Principal Property Tax Payers
Current Year and Nine Years Ago
(Unaudited)

	2023				2014		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value a)	Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value b)
Inland Western Watauga Lp	$ 35,365,627	1	2.05%	Inland Western Watauga LP	$ 31,436,219	1	3.29%
Watauga Towne Crossing LLC	31,769,246	2	1.84%	Watauga Towne Crossing LLC	24,219,560	2	2.53%
Park Vista OTM Harmony LP	15,600,000	3	0.91%	Dayton Hudson Corp.	10,140,000	3	1.06%
Dayton Hudson Corp/Target Stores	14,836,297	4	0.86%	Sci Watauga Town Ctr.	9,660,000	4	1.01%
Brookwillow Watauga LLC	13,000,000	5	0.75%	Park Vista Townhomes Etal	8,800,000	5	0.92%
Oncor Electric Delivery	9,413,754	7	0.55%	Oncor Electric Delivery	6,658,845	6	0.70%
Woodcrest Marketplace Lp	8,642,632	6	0.50%	Southwestern Bell	5,145,300	7	0.54%
Watauga Association	5,148,212	8	0.30%	Watauga All Storage	5,335,754	8	0.56%
FKH SFR Prop Co B-HLD LP	4,573,416	9	0.27%	Watauga Association	4,374,452	9	0.46%
Shops of Watauga	4,321,738	10	0.25%	Woodcrest Marketplace LP	4,252,171	10	0.44%
Total	$ 142,670,922		8.28%		$ 110,022,301		11.50%

Source: Tarrant Central Appraisal District
TAD.org ->reports->year->top taxpayers

NOTE:
a) Total taxable value including real and personal property for tax year 2022 (FY 2022-2023) is $1,838,871,369
b) Total taxable value including real and personal property for tax year 2013 (FY 2013-2014) is $956,468,332

City of Watauga, Texas

Table 8

Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Levy	Actual Balance
2014	$ 5,684,546	$ (6,007)	$ 5,678,539	$ 5,622,210	99.01%	$ 78,699	$ 5,670,909	99.87%	$ 7,629
2015	5,950,064	(9,354)	5,940,710	5,903,688	99.38%	28,693	5,932,381	99.86%	8,329
2016	6,261,312	2,475	6,263,787	6,216,717	99.25%	37,585	6,254,302	99.85%	9,486
2017	7,023,037	(30,680)	6,992,357	6,969,596	99.67%	12,677	6,982,273	99.86%	10,084
2018	7,449,031	(10,895)	7,438,136	7,391,050	99.37%	37,914	7,428,964	99.88%	9,173
2019	8,058,938	(8,518)	8,050,420	7,994,311	99.30%	47,272	8,041,583	99.89%	8,837
2020	8,654,530	(7,971)	8,646,559	8,585,768	99.31%	44,766	8,630,534	99.81%	16,024
2021	8,919,782	(9,840)	8,909,942	8,870,951	99.56%	25,044	8,895,995	99.84%	13,947
2022	9,440,144	(31,852)	9,408,292	9,385,793	99.78%	4,611	9,390,405	99.81%	17,887
2023	10,210,421		10,210,421	10,140,690	99.32%	n/a	10,140,690	99.32%	69,731

Sources: Tarrant County Tax Office and Tarrant Appraisal District

City of Watauga, Texas
Water Revenue
Last Ten Fiscal Years
(Unaudited)

Table 9

Fiscal Year	*No of Customers	**Gallons Billed	***Water Revenue
2014	8,196	672,400,560	$ 4,342,748
2015	8,208	659,047,433	4,184,780
2016	8,255	677,806,287	4,491,891
2017	8,248	614,615,519	4,230,822
2018	8,281	683,681,464	4,564,691
2019	8,318	598,933,474	4,260,894
2020	8,328	659,975,682	4,898,617
2021	8,349	598,350,168	4,624,597
2022	8,362	678,224,413	5,353,882
2023	8,391	652,661,281	5,194,185

*Source: Table 18 - number of Water Consumers
**Source: Monthly E-mail sent by D. Defriese, Utility Billing Supervisor
***Source: Comparative Summary of Monthly Water Billings

City of Watauga, Texas

Table 10

Principal Water Customers
As of September 30, 2023
(Unaudited)

Customer Name	Gallons Consumed (000)	Total	Dollars Billed	Total
Park Vista Townhomes	23,454	3.59%	$ 210,455	4.05%
North Pointe Nursing & Rehab	8,906	1.36%	61,676	1.19%
Denton Hwy. Laudromat	3,594	0.55%	25,032	0.48%
Watauga 377, LLC	3,165	0.48%	23,587	0.45%
Watauga 5807, LLC	2,053	0.31%	14,401	0.28%
Brooks Crossing	1,941	0.30%	14,665	0.28%
Pollo Operations	1,734	0.27%	13,107	0.25%
Lifestyle Christianity	1,641	0.25%	11,558	0.22%
Target Stores	1,570	0.24%	12,058	0.23%
Brookwillow Watauga, LLC	1,459	0.22%	10,307	0.20%
Top Ten Total	49,517	7.59%	$ 396,846	7.64%
CITY TOTAL	652,661		$ 5,194,185	

City of Watauga, Texas

Table 11

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities							Business-Type Activities							
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Lease Payable	Sales Tax Revenue Bonds	Unamortized Bond Premium	Other Obligations	Water and Sewer Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Lease Payable	Unamortized Bond Premium	Total Primary Government	Percentage of Personal Income [b]	Per Capita [b]
2014	$ 4,430,000	$ 9,620,000	$ -	$ -	$ 415,000	$ 156,516	$ 615,629	$ -	$ 2,480,000	$ 9,505,000	$ -	$ 435,530	$ 27,657,675	5.16%	1,176
2015	3,745,000	8,925,000	-	-	-	146,123	560,479	-	1,275,000	9,050,000	-	393,467	24,095,069	4.33%	1,033
2016	3,045,000	14,120,000	-	-	-	329,067	502,847	-	-	8,595,000	-	351,403	26,943,317	4.54%	1,142
2017	2,335,000	13,195,000	-	-	-	308,685	442,622	-	-	15,415,000	-	583,305	32,279,612	5.46%	1,332
2018	1,605,000	19,040,000	-	-	-	593,220	379,687	-	-	14,655,000	-	546,745	36,819,652	6.17%	1,559
2019	1,105,000	18,085,000	-	-	-	581,822	313,920	-	-	21,910,000	-	982,265	42,978,007	7.20%	1,820
2020	585,000	19,480,000	450,000	-	-	762,060	245,191	-	-	20,965,000	-	923,952	43,411,203	5.21%	1,826
2021	960,000	21,395,000	375,000	-	-	956,531	173,371	-	-	20,005,000	-	847,902	44,712,804	3.64%	1,881
2022	650,000	23,670,000	285,000	490,841	-	1,073,408	118,105	-	-	19,150,000	30,040	944,303	46,411,697	4.75%	1,953
2023	345,000	29,975,000	195,000	405,695	-	1,326,595	60,352	-	4,530,000	13,335,000	21,776	865,665	51,060,083	6.59%	2,148

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[b] See Table 15 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

City of Watauga, Texas

Table 12

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(Unaudited)

	Governmental Activities				Business-Type Activities						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Tax Notes	Unamortized Bond Premium	General Obligation Bonds	Certificates of Obligation	Unamortized Bond Premium	Total Primary Government	Less: Amount[a] Restricted for Debt Service	Percentage of Actual Taxable Value[b] of Property	Per Capita[c]
2014	$ 4,430,000	$ 9,620,000	$ -	$ 156,516	$ 2,480,000	$ 9,505,000	$ 435,530	$ 26,627,046	$ 621,617	2.72%	1,133
2015	3,745,000	8,925,000	-	146,123	1,275,000	9,050,000	393,467	23,534,590	313,460	2.28%	1,009
2016	3,045,000	14,120,000	-	329,067	-	8,595,000	351,403	26,440,470	374,859	2.67%	1,120
2017	2,335,000	13,195,000	-	308,685	-	15,415,000	583,305	31,836,990	395,192	2.78%	1,314
2018	1,605,000	19,040,000	-	593,220	-	14,655,000	546,745	36,439,965	669,939	2.95%	1,543
2019	1,105,000	18,085,000	-	581,822	-	21,910,000	982,265	42,664,087	610,275	3.05%	1,807
2020	585,000	19,480,000	450,000	762,060	-	20,965,000	923,952	43,166,012	765,068	2.73%	1,816
2021	960,000	21,395,000	375,000	956,531	-	20,005,000	847,902	44,539,433	758,689	2.75%	1,874
2022	650,000	23,670,000	285,000	1,073,408	-	19,150,000	944,303	45,772,711	782,058	2.61%	1,926
2023	345,000	29,975,000	195,000	1,326,595	4,530,000	13,335,000	865,665	50,572,260	749,480	2.71%	2,138

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[a] This is the amount restricted for debt service principal payments for the total primary government.

[b] See Table 5 for property value data.

[c] Population data can be found in Table 15

City of Watauga, Texas

Table 13

Direct and Overlapping Governmental Activities Debt
Year Ended September 30, 2023
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Keller Independent School District	$ 782,924,989	2.82%	$ 22,078,485
Birdville Independent School District	655,275,000	7.66%	50,194,065
Tarrant County College District	591,230,000	0.73%	4,315,979
Tarrant County	376,120,000	0.73%	2,745,676
Tarrant County Hospital	448,410,000	0.73%	3,273,393
Subtotal, overlapping debt			82,607,598
City direct debt			32,307,642
Total direct and overlapping debt			$ 114,915,240

Sources: Debt outstanding data provided by each governmental unit.

[a] For percentage of debt applicable to City, data prepared by the Municipal Advisory Council of Texas.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Statistical. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

City of Watauga, Texas

Table 14

Pledged-Revenue Coverage
Last Ten Fiscal Years
(Unaudited)

Fiscal Year		Water and Sewer Revenue Bonds: Total Revenues[a]	Less Operating Expenses[b]	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage	PDC Sales Tax Revenue Bonds[c]: Total Revenues[a]	Less Operating Expenses	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage
2014		$ -	$ -	$ -	$ -	$ -	$ -	$ 748,342.00	$ 697,423.00	$ 50,919.00	$ 195,000.00	$ 17,950.00	$ 0.24
2015	d	-	-	-	-	-	-	789,696	596,121	193,575	415,000	4,052	0.46
2016		-	-	-	-	-	-	-	-	-	-	-	-
2017		-	-	-	-	-	-	-	-	-	-	-	-
2018		-	-	-	-	-	-	-	-	-	-	-	-
2019	d	-	-	-	-	-	-	-	-	-	-	-	-
2020	d	-	-	-	-	-	-	-	-	-	-	-	-
2021	d	-	-	-	-	-	-	-	-	-	-	-	-
2022		-	-	-	-	-	-	-	-	-	-	-	-
2023		-	-	-	-	-	-	-	-	-	-	-	-

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Source: Annual Comprehensive Financial Reports and Official Statement

[a] Includes operating and non-operating revenues
[b] Excludes depreciation, amortization, interest expense and expenditures identified as capital
[c] Bonds are solely supported by a 1/2 cent sales tax approved at an election held in May, 1994 for the purpose of the City Parks and Recreation.
[d] Final Debt Service payment made in FY2015 Parks Development Corporation name changed to Economic Development Corporation in FY2018-2019.

City of Watauga, Texas **Table 15**

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Year	Population(1)	Personal Income (thousands of dollars) (2)	Per Capita Personal Income(3)	Median Age(4)	School Enrollment(5)	Unemployment Rate(6)
2014	23,510	$ 536,240	$ 22,809	33.5	4,755	5.8%
2015	23,331	556,351	23,846	33.7	4,529	5.0%
2016	23,600	593,469	25,147	34.7	3,851	4.1%
2017	24,228	591,575	24,417	34.9	5,380	4.1%
2018	23,610	596,861	25,280	34.2	5,650	3.7%
2019	23,770	833,139	35,050	34.5	5,172	3.3%
2020	23,770	1,227,982	51,661	34.0	5,172	3.5%
2021	23,770	977,280	41,114	35.0	4,335	4.1%
2022	23,770	774,569	32,586	36.8	4,335	3.5%
2023	23,653	770,757	32,586	36.7	4,335	3.6%

Sources:
(1) NCTCOG annual population estimates, Jan 2023
(2) 2013 - 2022 Personal Income is calculated by multiplying Population (1) by Per Capita Personal Income
(3) 2012 - 2014 From U.S. Census Bureau American Fact Finder. 2016 based on www.incomebyzipcode.com . 2020 - 2023 Estimates from The Retail Coach.
(4) 2011 - 2014 Median Age from 2010 Census, U.S. Census Bureau American Fact Finder and The Retail Coach 2020-2023.
(5) School Enrollment provided by Birdville and Keller Independent School Districts.
(6) Unemployment Rates from Texas Workforce Commission.

City of Wataugua, Texas

Table 16

Principal Employers
Current Year and Nine Years Ago

Employer	2023 Employees [1]	2023 Rank	2023 Percentage of Total City Employment [2]	2014 Employees [1]	2014 Rank	2014 Percentage of Total City Employment [3]
Birdville ISD	269	1	4.27%	211	2	3.72%
Target	215	2	3.42%	300	1	5.29%
City of Watauga	185	3	2.94%	205	3	3.61%
North Pointe Health & Rehab	85	4	1.35%	100	5	1.76%
Albertsons	90	5	1.43%	171	4	3.01%
Keller ISD	70	6	1.11%	64	8	1.13%
Cotton Patch Café	52	7	0.83%	54	9	0.95%
Fresco's	40	8	0.64%	80	7	1.41%
Chilis	54	9	0.86%	52	10	0.92%
Newman Academy	26	10	0.41%	-		
Harvest Christian	-			94	6	1.66%
Total	1,086		17.25%	1,331		23.45%

Source:

[1] For 2023 used NCTCOG regional Data, for 2014 used Sites on Texas, Survey of American Cities, City of Watauga CAFR 2014

[2] For 2023, used NCTCOG 2017 estimates of 6295 obtained from the Bureau of Economic Analysis and U.S. Census Bureau, analyzed by NCTCOG

[3] For 2014 City Employment is estimated at 5676 obtained from Sites on Texas, Demographic data for 2007 by Experien /Applied Geographic Solutions

City of Watauga, Texas

Table 17

Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government and Administration	31.25	31.65	31.65	32.90	31.90	31.90	31.90	21.75	27.00	32.00
Public Safety										
Police Division	49.75	49.85	49.85	48.85	47.60	47.60	47.60	50.00	50.50	52.00
Fire/EMS Division	21.00	21.00	21.00	21.00	21.00	21.00	27.00	27.00	27.00	30.00
Culture and Recreational	9.25	8.50	8.50	8.50	8.50	8.50	8.50	3.00	4.25	5.25
Library	13.00	12.00	12.00	12.50	12.25	12.25	12.25	11.25	11.75	11.50
Water/Sewer/Drainage	36.00	33.25	33.25	33.25	32.25	32.25	32.25	28.25	29.00	31.00
Fleet Services	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00
Building	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00
Parks Development****	12.00	8.75	8.75	8.75	6.75	6.75	6.75	6.00	4.50	6.75
Total	182.25	175.00	175.00	175.75	170.25	170.25	176.25	157.25	164.00	180.50

Source: City Budget Office.

* In 2015, decreased positions in Parks Develoment due to a shift to contract labor in the Parks Department
** In FY2021, positions were reduced/frozen or unfunded to recover from expected revenue losses due to the COVID-19 pandemic
*** In FY2022, the City added positions as revenues increased due to economic recovery
**** In FY2023, the City added positions to continue to fund positions previously reduced or unfunded in 2021 as revenues increased due to economic recovery

City of Watauga, Texas

Table 18

Operating Indicators by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Calls for Service	8,127	6,565	8,279	10,464	9,247	10,543	10,046	9,246	8,801	8,719
Municipal Citations Issued	8,650	7,961	8,781	3,999	3,449	5,410	6,664	5,559	5,133	4,420
Fire/EMS										
EMS Calls	675	1,133	1,395	1,387	1,369	1,475	1,400	1,676	1,897	1,930
EMS Average Response Time (min)	3.20	3.60	3.47	3.50	3.50	3.46	4.14	4.16	4.19	4.35
Ambulance Transports	846	946	1,039	1,063	942	1,059	1,005	1,212	1,429	1,503
Fire Calls	675	815	759	730	863	707	686	910	857	842
Fire Average Response Time (min)	4.80	4.13	4.07	3.50	4.30	4.59	5.14	4.32	7.33	5.09
Fire Inspections	460	329	336	544	691	678	680	688	701	907
Public Works										
Lane Miles Maintained	88	88	88	88	88	88	88	88	88	88
Miles of Curb and gutter maintained	176	176	176	176	176	176	176	176	176	176
Parks and recreation										
Park Acres Maintained	119	119	119	119	119	119	119	119	120	120
Athletic Fields Maintained	10	10	10	10	10	10	10	10	12	12
Community Center Memberships	1,271	1,063	1,004	988	1,079	1,025	948	844	838	1,170
Program/Class/League Attendance	71,542	46,720	65,005	72,000	70,000	70,000	365	30,416	36,489	41,573
Library										
Number of Programs Offered	1,155	1,144	1,244	1,326	1,844	1,848	1,144	408	703	895
Number of School Visits	63	64	61	49	65	64	6	2	1	4
Number of Books in Collection	78,990	80,361	79,751	79,283	80,216	80,116	79,172	79,380	82,965	87,256
Number of Media in Collection	20,806	20,719	22,530	23,148	24,499	25,461	24,455	24,482	24,624	27,589
Electronic Format Materials	55	52	52	50	49	49	49	-	4,306	5,119
Ebooks & Audiobooks	12,632	20,253	23,765	21,733	22,793	30,169	30,408	29,424	31,662	36,740
Water and Sewer										
Number of Water Consumers	8,196	8,508	8,238	8,248	8,281	8,318	8,328	8,349	8,362	8,391
Average daily consumption (mil gal)	2.1	2.2	2.2	2.0	2.5	2.0	2.0	2.0	2.0	2.0
Amt of sewer line inspected (Linear Ft)	21,500	9,665	8,000	8,900	19,100	2,100	2,100	2,100	1,900	3,187

Sources: Various city departments.
Note: Indicators are not available for the general government function.

City of Watauga, Texas

Table 19

Capital Assets by Function/Program
Last Ten Fiscal Years
(Unaudited)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	16	16	16	16	16	16	16
Animal control facility	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (miles)	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0	88.0
Streetlights	703	703	703	703	703	781	781	781	781	781
Traffic signals	12	20	20	20	20	20	20	20	20	20
Parks and recreation										
Acreage (developed and undeveloped)[a]	124	124	124	124	124	124	124	124	124	124
Parks	10	10	10	10	10	9	9	9	9	9
Athletic fields	10	10	10	10	10	10	10	10	10	10
Senior centers	1	1	1	1	1	1	1	1	1	1
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	88.0	88.0	88.0	88.0	88.0	107.0	107.0	107.0	107.0	107.0
Fire hydrants	650	649	649	649	649	654	654	654	654	654
Storage capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Shared ground storage (owned by NRH)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Wastewater										
Storm sewers (miles)	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4	17.4
Sanitary sewers (miles)	85	85	85	85	85	85	85	85	85	85

Sources: Various city departments.

[a] In FY98 & FY99, sold 60 acres to large retail establishment

Federal Awards Section

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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

To the Honorable Mayor and City Council
City of Watauga, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2023, 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 5, 2024.

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 audit 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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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.*

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

The Honorable Mayor and City Council
City of Watauga, Texas

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 City'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.

Fort Worth, Texas
March 5, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program And Report on Internal Control over Compliance in Accordance with Uniform Guidance

To the Honorable Mayor and City Council
City of Watauga, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited 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, 2023. 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, 2023.

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.

Weaver and Tidwell, L.L.P.
2821 West 7th Street, Suite 700 | Fort Worth, Texas 76107
Main: 817.332.7905

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.

The Honorable Mayor and City Council
City of Watauga, Texas

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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
March 5, 2024

City of Watauga, Texas
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2023

I. 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 None Reported
Significant deficiency(ies) identified that are not considered a material weakness?	________Yes	X None Reported

c. Noncompliance material to financial statements noted? ________Yes X No

Major Programs

d. Internal control over major 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 program:

Program/Cluster Name	Federal Assistance Listing Number
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027

h. The dollar threshold used to distinguish between type A and type B programs. $750,000

i. Auditee qualified as a low-risk auditee? X Yes __No

II. Findings Relating to the Financial Statements Which Are Required To Be Reported in Accordance with *Generally Accepted Government Auditing Standards*.

There were no matters reported

III. Findings and Questioned Costs for Federal Awards

There were no matters reported

IV. Summary of Prior Year Findings

There were no matters reported

City of Watauga, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
Passed Through Texas Department of Emergency Management			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 1,815,790
Total U.S. Department of Treasury			1,815,790
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed Through Governor's Division of Emergency Management/Homeland Security Grant Program			
SAFER Grant - Assistance to Firefighters	97.083	EMW-2018-FH-00526	27,150
Total U.S. Department of Homeland Security			27,150
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,842,940

Note 1. Basis of Presentation

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, 2023.

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

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's financial statements. Such expenditures are recognized following cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided no federal awards to subrecipients.

Note 4. Non-Cash Assistance

The City did not receive any non-cash assistance during the fiscal year ended September 30, 2023.

Note 5. Loans

At year-end, the City had no loans or loan guarantees outstanding with federal awarding agencies.

Our Hometown Hero in 2024 is:

Honoree Name____

Address of Honoree ____

Contact Phone Number(s) of Honoree _____________________________

Email address of Honoree _____________________________________

Nominating Organization/Business_______________________________

This honoree deserves to be recognized because… *(keep in mind, this is what will be read about your Hero on stage at the event; give specific reasons for this recognition)* **--**

Please limit your nomination explanation to 75 words maximum & we ask you TYPE your reason & email back to Angie Akmakjian,, saved as a WORD DOCUMENT.

(Note: *Information is subject to editing)*

Submit to: Vice President @ akmakjian@netarrant.org

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Planning and Zoning Commission Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **SUP.24-01:** Consideration of a request from Wen Jing Xu for a specific use permit to allow for a massage establishment in a property commonly known as 8420 Denton Highway, being a portion of Watauga Towne Center which is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

BACKGROUND/INFORMATION:

The applicant and agent, Wen Jing Xu, is requesting a specific use permit to allow for a reflexology/massage establishment in a General Business (GB) zoning district. The request is consistent with the surrounding districts, allowing for Regional Retail/Commercial development and meets the future land use plan. This area is suitable for large and small box retail, service uses and various activities that aim to meet the needs of residents in the vicinity. The subject property is located in a portion of the Watauga Towne Center. Owner, Brookwillow Watauga, LLC.

The City of Watauga requires any person, firm or corporation who wishes to operate a massage establishment to obtain approval under Chapter 115, Zoning of the Code of Ordinances. Once zoning approval is properly secured, a Massage Establishment Permit/License can be acquired after filing an application with the City Secretary.

The Development Review Team and Planning and Zoning Commission support this request for a specific use permit.

FINANCIAL IMPLICATIONS:

NA

RECOMMENDATION/ACTION DESIRED:

The Planning and Zoning Commission and Development Review Team (DRT) respectfully recommend consideration of comments received during the public hearing of the final report to be presented during the March 11, 2024 City Council regular meeting.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Final Report SUP.24-01 - 8420 Denton Hwy - DRAFT - JG

AGENDA MEMORANDUM

2. EXHIBIT A - Watauga Towne Center - Site Plan
3. ORDINANCE - SUP.24-XXX - MASSAGE ESTABLISHMENT - 8420 Denton Hwy Ste 110 - DRAFT
4. PZ Recommendation to Council - Feb. 21, 2024 - SUP - Massage Est.

REVIEWED BY:

David Berman, City Attorney	Approved - 2/28/2024
Randy Richards, CFM, Assistant Director of Public Works	Approved - 3/4/2024
Paul Hackleman, Director of Public Works	Approved - 3/4/2024
Joshua Jones, City Manager	Approved - 3/4/2024
Linda Proskey, City Secretary	Final Approval - 3/4/2024

Approved as to form for inclusion on Agenda

FINAL REPORT

DATE: February 26, 2024

TO: City Council Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **SUP.24-01:** Consideration of a final report to allow for a massage establishment in a General Business (GB) zoning district, commonly known as 8420 Denton Highway #110, Lot 3, of the Bursey & 377 Addition. The subject property at Watauga Towne Center is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

BACKGROUND/INFORMATION:

Texas Local Government Code 211.007(b) requires the Planning and Zoning Commission shall make a preliminary report and hold at least one public hearing on that report before submitting a final report to the governing body. The governing body may not hold a public hearing until it receives the final report of the zoning commission. As such, this document now serves as the final report.

On behalf of property owner, Brookwillow Watauga LLC, applicant and agent, Wen Jing Xu is requesting a specific use permit (SUP) to allow for a massage establishment in a General Business (GB) zoning district for property commonly known as Watauga Towne Center, located at 8420 Denton Highway.

The applicant, Wen Jing Xu, is a licensed massage therapist in the state of Texas. She has been a masseuse for more than ten years and has also operated a massage establishment in the City of Keller for five years.

During staff review of the current application, existing regulations, items considered, and steps taken include:

1. Sec. 115-33. Specific Use Permit. (b) *Amendment to the zoning ordinance.* Every specific use permit granted under these provisions shall be considered as an amendment to the zoning ordinance applicable to such property under construction but shall not be considered as being a permanent change in zoning.

2. The site plan requirements were met as stated in Sec. 115-115 of the Code of Ordinances.

3. In accordance with One Watauga Development Strategy, a key objective for the future land use plan, which classifies the property as Regional Retail/Commercial, designating this area as suitable for large and small box retail, service uses and various activities that aim to meet the needs of residents in the vicinity.

4. A development objective in the City of Watauga is to monitor closely the number and location of similar uses in the City of Watauga. One criterion used in this instance has been whether the use replaces and upgrades an existing like-use. Currently, there are no other massage establishments in this shopping center.

5. Signs have been erected on the property which contain a notice of hearing and telephone number of staff from whom dates may be obtained.

CURRENT ACTIVITY:

The public hearing notice for the City Council regular meeting to be held March 11, 2024 was published in the Fort Worth Star Telegram on Friday, February 23, 2024, to receive comments for or against this request. In accordance with State law, property owners receive public notice due to public records available through Tarrant Appraisal District which reflect they are the owner(s) of one or more parcels within two hundred (200) feet of the subject property. A site map was also attached for their information.

The property is platted as Lot 3, Bursey & 377 Addition. The plat of the property was approved by the City Council on April 27, 1998.

RECOMMENDATION/ACTION DESIRED:

The proposed amendment is consistent with the surrounding neighborhoods and uses in accordance with the general regulations of Chapter 211 of Texas Local Government Code: promoting the public health, safety, morals, or general welfare and protecting and preserving places and areas of historical, cultural, or architectural importance or significance.

The Development Review Team (DRT) supports this request for a specific use permit.

During the Planning and Zoning Commission Regular Meeting held Wednesday, February 21, 2024, commission members held a public hearing and then considered action to approve a recommendation of the preliminary report to present a final report to council in support of this item.

1. **SUP.24-01:** Consideration of a request from Wen Jing Xu for a specific use permit to allow for a massage establishment in a property commonly known as 8420 Denton Highway, being a portion of Watauga Towne Center which is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

   Chairperson Isbell entertained a motion for recommendation regarding the specific use permit as requested. A motion was made to approve SUP.24-01 sending recommendation to Council by Member Giles, and a second by Member Gehle.

FINAL REPORT

With there being no further discussion, Chairperson Isbell restated the motion for recommendation of approval of SUP.24-01 sending to council and then called for a vote, with members present voting as follows:

AYES:	Adams, Giles, Bry, McCauley-Blackburn, Gehle
NAYS:	None
ABSENT:	None
ABSTAIN:	None

The motion carried 5-0-0-0.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

Site Plan

EXHIBIT "A"

WATAUGA TOWNE CENTER

MSA: Dallas-Fort Worth-Arlington

GROSS LEASABLE AREA
55,480 sf

westwood FINANCIAL

8420 Denton Hwy
Watauga, TX 76148

Suite	Tenant	GLA SF
A100	Leslies' Pool Supplies	4,000
A101	Kims Kloset	2,941
A103	Universal Threading Spa	1,200
A104	AVAILABLE	2,500
A105	New China	1,440
A106	XG Reflexology	1,200
A107	Melby's Desserts	1,600
A108	Opal Nail Spa	1,200
A109	Empire Barber Shop	1,200
A110	GNC	1,360
B211	CBD Plus USA	1,518
B212	AVAILABLE	1,600
B213	Wing Stop	1,600
B214	Horus Hookah Lounge	3,120
B215	Smoke Shop	1,274
B216	Uptown Cheapskate	3,600
B217	AVAILABLE	1,600
B218	H&R Block	1,600
B219	Eyemasters	3,200
B220	OneMain Financial	2,193
B221	Shaw Orthodontics	2,029
B222	AVAILABLE	2,000
B223	Dr. Henry Branson DDS	1,645
B224	Baja Fresh Mexican Grill	3,360
Pad-1	Panera Bread	3,857
Pad-2	AT&T Wireless	2,643
Pad-5	Salad and Go	3,952

Available | Future Availability | Leased | NAP (not a part)

NORTH
NOT TO SCALE

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CITY OF WATAUGA, TEXAS
ORDINANCE NO. 2024-XXX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF WATAUGA, TEXAS GRANTING SPECIFIC USE PERMIT SUP.24-01: MASSAGE ESTABLISHMENT AFFECTING A PORTION OF THE PROPERTY LOCATED IN WATAUGA TOWNE CENTER, LOT 3 OF THE BURSEY AND 377 ADDITION, COMMONLY KNOWN AS 8420 DENTON HIGHWAY, SUITE 110 TO THE OWNER/AGENT OF SUCH PROPERTY; PROVIDING FOR REPEAL; PROVIDING FOR SEVERABILITY; PROVIDING A PENALTY; PROVIDING AN EFFECTIVE DATE; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

WHEREAS, Brookwillow Watauga, LLC (hereinafter the “Owner”) owns property addressed as 8420 Denton Highway, Suite 110, commonly known as the Watauga Towne Center, located to the north of Bursey Road and east of Denton Highway and further described as Bursey and 377 Addition, Lot 3, located in the City of Watauga, Tarrant County, Texas (hereinafter, the “Property”); and

WHEREAS, the City of Watauga has adopted a comprehensive zoning ordinance providing for the development of the City (hereinafter, the “Zoning Chapter”); and

WHEREAS, the Property is presently zoned with the classification of General Business (GB) District; and

WHEREAS, Wen Jing Xu, the Owner’s authorized agent, (hereinafter, the “Agent”) has made proper application to the Planning and Zoning Commission, in accordance with the Zoning Chapter, for a specific use permit (SUP) authorizing the use of said Property as a massage establishment; and

WHEREAS, a specific use permit is an amendment to zoning applicable to the property but is not a permanent change in zoning; and

WHEREAS, in granting a specific use permit, the City Council may impose on the Owner/Agent certain requirements and safeguards as are necessary to protect adjoining properties; and

WHEREAS, written notice of the Planning and Zoning public hearing on the proposed changes was sent to all owners of property, or to the person rendering the same for city taxes, affected by such proposed changes of classification, and to all owners of property, or to the person rendering the same for city taxes located within 200 feet of the Property affected thereby, in accordance with law; and

WHEREAS, the Planning and Zoning Commission and the City Council of the City of Watauga have each conducted, in the time and manner and after the notice required by law, a public hearing on the application for such specific use permit; and

WHEREAS, the Planning and Zoning Commission has issued its final report hearing regarding said request for specific use permit, and the City Council now deems it appropriate to grant such requested specific use permit, subject to certain limitations, restrictions, and conditions; and

WHEREAS, the City Council of the City of Watauga finds all requirements of the Zoning Chapter pertaining to zoning map amendments have been met; and

WHEREAS, the City Council of the City of Watauga finds that adoption of this ordinance is in the interest of the general health, safety, and welfare of the community and is in general conformance with the master plan of the City; and

WHEREAS, the City Council of the City of Watauga, Texas has considered the application and the materials presented referenced herein and now deems it appropriate to grant approval of the issuance of such SUP.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Watauga, Texas that:

I.

The facts and recitations set forth in the preamble of this Ordinance are hereby found to be true and correct.

II.

The City Council hereby grants the Specific Use Permit applied for herein. The specific use granted to the Owner/Agent for the Property by this Ordinance is Specific Use Permit SUP.24-01: Massage Establishment, allowing the subject property to be used for the operation of a massage establishment.

III.

The Property shall be developed in accordance with the Site Plan attached hereto as **Exhibit "A"** and shall comply with the following regulations: Section 115-85(c) 1, 5 and 7 of the Code of Ordinances, City of Watauga, Texas, and Article VI ("Massage Establishments") of Chapter 22 of the Code of Ordinances, City of Watauga, Texas. Additional requirements added to these listed herein are as follows:

(1) Site plan. A site plan will be required in accordance with section 115-115, Site plan requirements.

(5) All outdoor lighting, including parking lot lighting, shall be directional away from any property zoned or developed for residential uses.

(7) Must provide screening and/or landscaping consisting of fences/walls, beams [berms], or a combination of such from any abutting residentially zoned property.

IV.

The Zoning District Map of City of Watauga, Texas shall be revised and amended to show the specific use permitted on the Property as provided in Section II hereof, with the appropriate reference thereon to the number and effective date of this Ordinance and a brief description of the nature of the changes.

V.

If the use authorized by the Specific Use Permit granted is not commenced within one (1) year from the date of issuance for this permit, then this permit shall become void, provided that such limitation may be extended upon application by the Owner/Agent of such property to the City Council of the City of Watauga. In the event the building, premise, or land use under the specific use permit is voluntarily vacated by the Owner/Agent for a period of no less than six months, or if such building, premise, or land is more than 50 percent destroyed by fire or other cause, the use of the same shall thereafter conform to the regulations of the original zoning.

VI.

This Ordinance shall be and is hereby cumulative of all other ordinances of the City of Watauga, Texas, and this Ordinance shall not operate to repeal or affect any of such other ordinances, except insofar as the provisions thereof might be inconsistent or in conflict with the provisions of this Ordinance, in which event such conflicting provisions, if any, in such other ordinance(s) are hereby repealed. However, to the extent this Ordinance represents any deviation from the Future Land Use Plan of the City of Watauga City Comprehensive Plan; such map is hereby amended to conform to this Ordinance.

VII.

If any section, sub-section, sentence, clause or phrase of this Ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining portions of this Ordinance.

VIII.

It shall be unlawful for any person to violate any provision of this Ordinance. Any person who violates, or any person who causes or allows another person to violate, any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than Two Thousand Dollars ($2,000.00). Each occurrence of any violation of this Ordinance shall constitute a separate offense. Each day in which any violation of this Ordinance occurs shall constitute a separate offense.

IX.

This Ordinance shall become effective and be in full force and effect from and after the date of passage and adoption by the City Council and upon approval thereof by the Mayor of the City of Watauga, Texas and publication hereof as prescribed by law.

PASSED AND ADOPTED by the City Council of the City of Watauga, Texas, the 11th day of March, 2024.

APPROVED:

____
ARTHUR L. MINER, MAYOR

ATTEST:

____
LINDA PROSKEY, CITY SECRETARY

APPROVED AS TO FORM AND LEGALITY:

____
DAVID M. BERMAN, CITY ATTORNEY
NICHOLS JACKSON LLP

WATAUGA
T E X A S

PLANNING AND ZONING COMMISSION

RECOMMENDATION TO COUNCIL

PLANNING AND ZONING MEETING: **February 21, 2024**

SUP.24-01: Consideration of a request from Wen Jing Xu for a specific use permit to allow for a massage establishment in a property commonly known as 8420 Denton Highway, being a portion of Watauga Towne Center which is located north of Bursey Road and east of Denton Highway. Owner: Brookwillow Watauga LLC. Applicant/Agent: Wen Jing Xu.

RECOMMEND APPROVAL OR DENIAL:
APPROVAL ✓ **DENIAL**_____

COMMENTS:
(REQUIRED FOR DISAPPROVALS)

Quincy Adams - Secretary

Karen Isbell - Chairperson

AGENDA MEMORANDUM

DATE: February 27, 2024

TO: Planning and Zoning Commission Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **P.24-02:** Consideration of a request for a final plat out of Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots. Owner/applicant: Echo Court LLC, Kevin Wong.

BACKGROUND/INFORMATION:

On behalf of Echo Court Addition, Kevin Wong is requesting approval of a final plat out of Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road. This 3.48 acre property is located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is intended for the development of a subdivision to be named Echo Court Addition and will consist of twelve (12) lots for single-family homes and two (2) open space lots.

Texas Local Government Code 212.005 requires the municipal authority responsible for approving plats must approve a plat or replat that is required to be prepared under this subchapter and that satisfies all applicable regulations. Staff concurs that this plat satisfies all requirements.

During the Planning and Zoning Commission regular meeting held on February 21, 2024, the commission members approved a recommendation of approval of the preliminary report to be presented before the City Council as a final report on March 11, 2024.

FINANCIAL IMPLICATIONS:
Property tax revenue increase for taxing districts (County, City, School)

RECOMMENDATION/ACTION DESIRED:
The Planning and Zoning Commission and city staff respectfully recommend approval of the plat request.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:
1. Echo Court Addition - Plat - Recd 02122024
2. Sec. 113-7 - Final Plat Ordinance

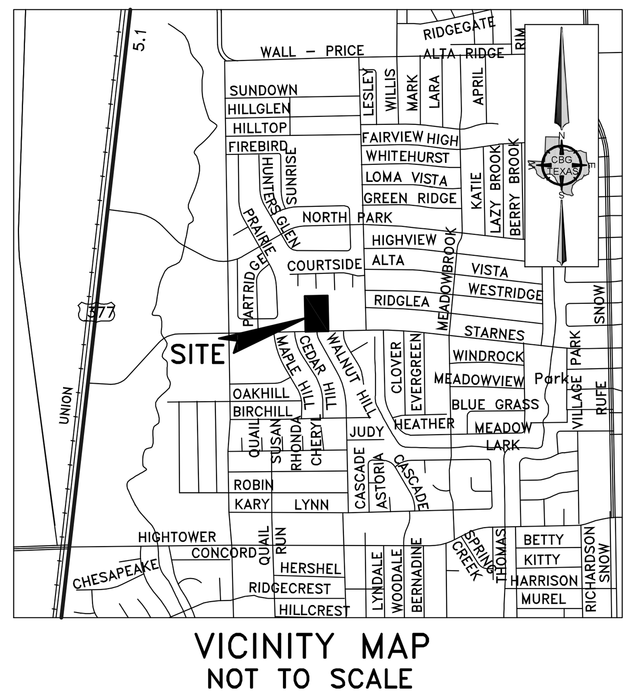
AGENDA MEMORANDUM

3. Final Report - P. 24-02 - 6201 Starnes Rd - Echo Court Addition Plat
4. PZ Recommendation to Council - Feb. 21, 2024 - P.24-02 - Echo Court Addition

REVIEWED BY:

David Berman, City Attorney	Approved - 2/28/2024
Randy Richards, CFM, Assistant Director of Public Works	Approved - 3/4/2024
Paul Hackleman, Director of Public Works	Approved - 3/4/2024
Joshua Jones, City Manager	Approved - 3/4/2024
Linda Proskey, City Secretary	Final Approval - 3/4/2024

Approved as to form for inclusion on Agenda



SCALE: 1" = 50'

OWNER'S CERTIFICATE

STATE OF TEXAS
COUNTY OF DALLAS

Whereas, ECHO COURT, LLC, are the sole owners of a tract of land situated in the Mansel W. Wilmeth Survey, Abstract No. 1621, City of Watauga, Tarrant County, Texas, being conveyed to said ECHO COURT, LLC, by General Warranty Deed recorded in Instrument No. D219102058, Official Public Records, Tarrant County, Texas, and being more particularly described as follows:

BEGINNING at a 1/2 inch iron rod with plastic yellow cap stamped "CBG Surveying" found for corner, said corner being the Southwest corner of that tract of land conveyed to Karen D. Castorena, by deed recorded in Instrument No. D200061019, Official Public Records, Tarrant County, Texas, and being in the North Right-of-Way line of Starnes Road (variable width Right-of-Way);

THENCE South 89 degrees 35 minutes 24 seconds West, along the North Right-of-Way line of said Starnes Road, a distance of 312.26 feet to a 1/2 inch iron rod with plastic yellow cap stamped "CBG Surveying" found for corner, said corner being on the East line of that tract of land conveyed to Andrew M. Ivey and wife, Sandra K. Ivey, by deed recorded in Instrument No. D200027868, Official Public Records, Tarrant County, Texas;

THENCE North 00 degrees 41 minutes 48 seconds West, along the East line of said Ivey tract, a distance of 485.60 feet to a 1/2 inch iron rod set with plastic yellow cap stamped "CBG Surveying" for corner, said corner being the Northeast corner of said Ivey tract, and being on the South line of Block 1, Courtside Estates, an addition to the City of Watauga, Tarrant County, Texas, according to the plat thereof recorded in Volume 388-196, Page 24, Plat Records, Tarrant County, Texas;

THENCE North 89 degrees 49 minutes 18 seconds East, along the South line of said Block 1, Courtside Estates, passing a 1/2 inch iron rod found at a distance of 13.89 feet, passing a 1/2 inch iron rod found at a distance of 81.99 feet, and passing a 1/2 inch iron rod found at a distance of 125.04 feet, and continuing a total distance of 312.31 feet to a 1/2 inch iron rod found for corner, said corner being the Northwest corner of said Castorena tract;

THENCE South 00 degrees 41 minutes 30 seconds East, along the West line of said Castorena tract, a distance of 484.34 feet to the POINT OF BEGINNING, and containing 151,444 square feet or 3.48 acres of land.

APPROVED BY THE CITY OF WATAUGA
PLANNING AND ZONING COMMISSION

____
DATE

____
CHAIRMAN

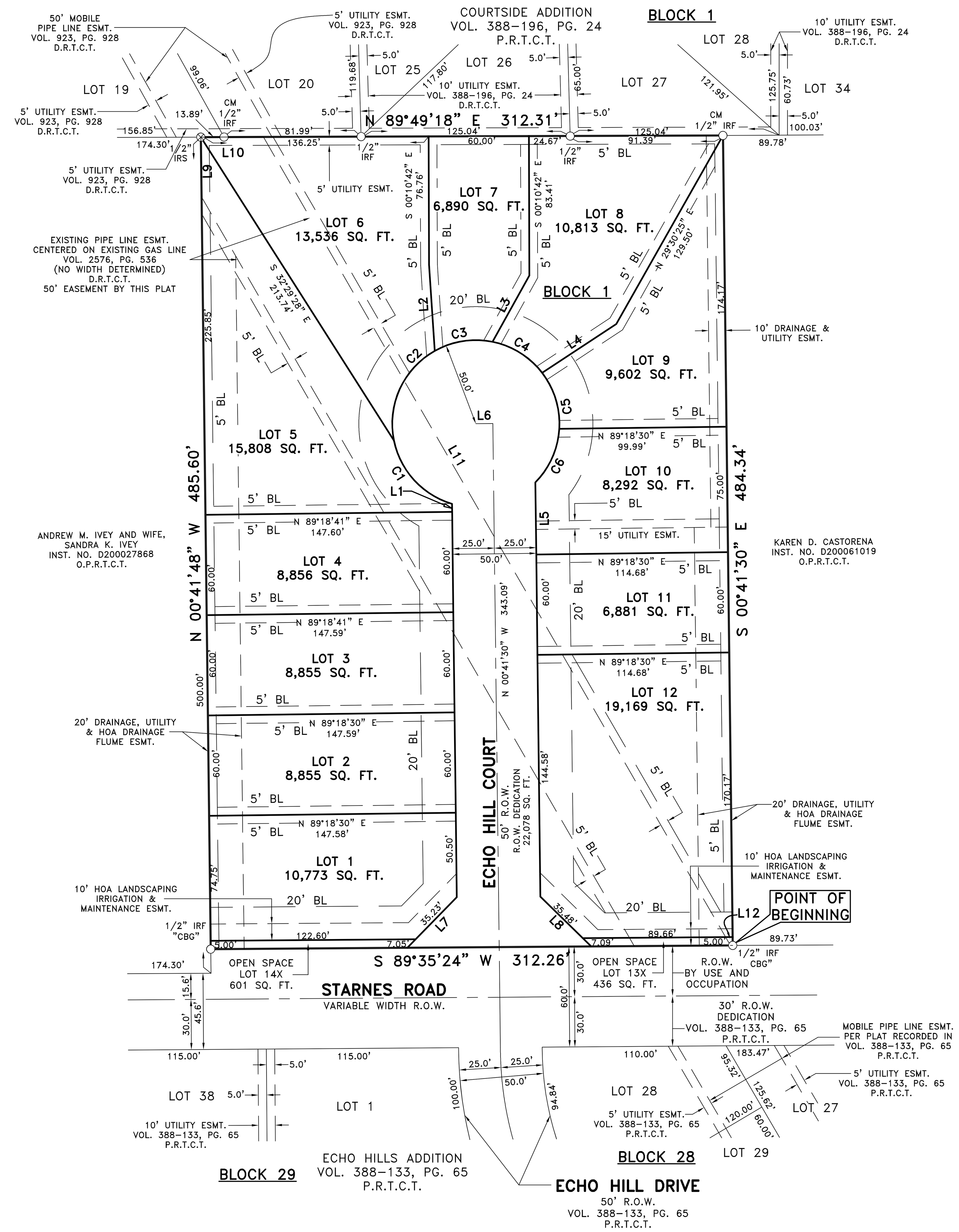
____
SECRETARY

APPROVED BY THE CITY OF WATAUGA
CITY COUNCIL

____
DATE

____
MAYOR

____
CITY SECRETARY



Line #	Direction	Length	Line #	Direction	Length
L1	N00°41'30"W	4.75'	L9	N00°41'48"W	35.76'
L2	S03°48'22"E	51.63'	L10	N89°49'18"E	37.45'
L3	S29°05'08"W	45.30'	L11	S30°00'54"E	558.33'
L4	S56°38'38"W	53.10'	L12	N89°35'24"E	1.41'
L5	N00°41'30"W	43.09'			
L6	S89°18'30"W	10.18'			
L7	S44°26'57"W	42.29'			
L8	N45°33'03"W	42.57'			

Line Table

Curve #	Radius	Length	Delta	Chord Bearing	Chord Length
C1	50.00'	54.01'	61°53'29"	S42°30'31"E	51.42'
C2	50.00'	62.91'	72°05'34"	S24°29'01"W	58.84'
C3	50.00'	35.76'	40°58'29"	S81°01'02"W	35.00'
C4	50.00'	35.76'	40°58'29"	N58°00'29"W	35.00'
C5	50.00'	35.76'	40°58'29"	N17°02'01"W	35.00'
C6	50.00'	35.89'	41°07'57"	N24°01'12"E	35.13'

Curve Table

GENERAL NOTES

1) BEARINGS ARE BASED ON THE STATE PLANE COORDINATE SYSTEM, TEXAS NORTH CENTRAL ZONE 4202, NORTH AMERICAN DATUM OF 1983 (2011). CITY OF FORT WORTH BENCHMARK MONUMENT 8612. LOCATED ON THE NORTH CURB OR BASSWOOD BOULEVARD, 1,328 FEET EAST OF THE CENTERLINE OF HALLWOOD BOULEVARD & 864 FEET WEST OF THE CENTERLINE OF DENTON HIGHWAY IN THE CENTER OF A 20 FOOT RECESSED INLET 1.5 FEET OFF FACE OF CURB.
2) THE PURPOSE OF THIS PLAT IS TO CREATE TWELVE RESIDENTIAL LOTS, TWO OPEN SPACE LOTS, AND ONE CITY STREET.
3) ALL BUILDING LINES ARE BY THIS PLAT
4) SCREENING WALL FENCE SHALL BE OWNED AND MAINTAINED BY PROPERTY OWNERS OF ECHO COURT ADDITION HOA.
5) LANDSCAPING WITHIN MAINTENANCE EASEMENT TO BE MAINTAINED BY PROPERTY OWNERS OF ECHO COURT ADDITION.
6) SCREENING WALL\FENCE WITH CMU COLUMN AND 6 FOOT BRICK WALL FENCE SHALL BE CONSTRUCTED WITHIN OPEN SPACE LOTS 13 X AND 14X.
7) PERIMETER FENCING WILL BE A TYPICAL 6 FOOT WOOD FENCE ON 2 INCH POSTS AT 8 FOOT O.C., AND SHALL BE CONSTRUCTED BY DEVELOPER. FENCING SHALL BE CONSISTENT IN SIZE AND MATERIALS AS FIRST ESTABLISHED FENCE.
8) 10 FOOT SCREENING WALL/FENCE, LANDSCAPING, IRRIGATION, DRAINAGE FLUME AND MAINTENANCE EASEMENT, R.O.W. DEDICATION AND IMPROVEMENTS THEREIN, SHALL BE MAINTAINED BY THE HOME OWNERS ASSOCIATION OF ECHO COURT ADDITION.
9) INGRESS/EGRESS SHALL BE GRANTED IN THE 10 FOOT PRIVATE SCREENING WALL/FENCE, LANDSCAPING, IRRIGATION AND MAINTENANCE EASEMENT FOR THE PURPOSES OF MAINTENANCE AND REPAIR OF SUBDIVISION IMPROVEMENTS WITH THE EASEMENT.

LEGEND

D.R.T.C.T. = DEED RECORDS, TARRANT COUNTY, TEXAS
P.R.D.C.T. = PLAT RECORDS, TARRANT COUNTY, TEXAS
O.P.R.T.C.T. = OFFICIAL PUBLIC RECORDS, TARRANT COUNTY, TEXAS
INST. NO. = INSTRUMENT NUMBER
VOL., PG. = VOLUME, PAGE
CM = CONTROLLING MONUMENT
R.O.W. = RIGHT-OF-WAY
BL = BUILDING LINE
ESMT. = EASEMENT
1/2" IRF = 1/2 INCH IRON ROD FOUND
1/2" IRS = 1/2 INCH IRON ROD SET WITH PLASTIC YELLOW CAP STAMPED "CBG SURVEYING"
"CBG" = PLASTIC YELLOW CAP STAMPED "CBG SURVEYING"

OWNER'S DEDICATION

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That, we, ECHO COURT, LLC, owner, acting by and through its duly authorized agent, Oi Fai Wong, Manager, does hereby adopt this plat designating the herein below described real property as Lots 1 thru 13, Block 1, Echo Court Addition, as an addition to the City of Watauga, Tarrant County, Texas, and do hereby dedicate to the publics use the streets, alleys and easements shown thereon, and do hereby reserve the easement strips shown on this plat for the mutual use and accommodation of garbage collections agencies and all public utilities desiring to use or using same. Any public utility shall have the right to remove and keep removed all or part of any buildings, fences, trees, shrubs, or other improvements or growths which in any way endanger or interfere with the construction, maintenance or efficiency of its respective systems on any of these easement strips and, any public utility shall at all times have the right of ingress and egress to and from and upon the said easement strips for the purpose of construction, reconstructing, inspecting and patrolling, without the necessity at any time of procuring the permission of anyone. This plat approved subject to all platting ordinances, rules, regulations and resolutions of the City of Watauga, TX.

ECHO COURT, LLC

BY: ______________________________ ______________________________
Oi Fai Wong, Manager Date

STATE OF TEXAS
TARRANT COUNTY

BEFORE ME, the undersigned, a Notary Public in and for said County and State on this day appears Oi Fai Wong, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he/she executed the same for the purposes and considerations therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ______ day of ________________, 2024.

____
Notary Public in and for the State of Texas

SURVEYOR'S STATEMENT:

I, Bryan Connally, a Registered Professional Land Surveyor, licensed by the State of Texas, affirm that this plat was prepared under my direct supervision, from recorded documentation, evidence collected on the ground during field operations and other reliable documentation; and that this plat substantially complies with the Rules and Regulations of the Texas Board of Professional Land Surveying, the City of Dallas Development Code (Ordinance no. 19455, as amended) , and Texas Local Government Code, Chapter 212.

Dated this the__________ day of ______________________________, 2024

____
Bryan Connally
Texas Registered Professional Land Surveyor No. 5513

STATE OF TEXAS
TARRANT COUNTY

BEFORE ME, the undersigned, a Notary Public in and for the said County and State, on this day personally appeared Bryan Connally known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purpose therein expressed and under oath stated that the statements in the foregoing certificate are true.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the ______ day of ________________, 2024.

____
Notary Public in and for the State of Texas

ENGINEER: CHAUCER'S DESIGN STUDIO
CONTACT: CHAUCER CHERN, P.E.
949 SIMON DRIVE
PLANO, TX 75025-2500
972-849-6848
CHAUCERDESIGN@GMAIL.COM

OWNER: ECHO COURT, LLC
6717 BARCELONA
IRVING, TEXAS 76039

OI FAI WONG, MANAGER
PHONE: 972-800-7845

FINAL PLAT
ECHO COURT ADDITION
LOTS 1 THRU 12, BLOCK 1
151,444 SQ.FT. / 3.48 ACRES
12 RESIDENTIAL LOTS
LOTS 13X & 14X
2 HOA LOTS
ZONED SF-6 (SINGLE FAMILY)
BEING SITUATED IN THE
MANSEL W. WILMETH SURVEY, ABSTRACT NO. 1621
CITY OF WATAUGA, TARRANT COUNTY, TEXAS

CBG SURVEYING TEXAS LLC
PROFESSIONAL LAND SURVEYORS
DFW - Houston - East Texas - Austin - San Antonio
PLANNING & SURVEYING
Main Office
1413 East I-30, Ste. 7
Garland, TX 75043
P 214.349.9485
F 214.481.8716
Firm No. 10168800
www.cbgtxllc.com

THIS PLAT RECORDED IN DOCUMENT NO. __________________, DATE: __________

SCALE: 1"=50' / DATE: 11-13-2023 / JOB NO. 1712096-1 / DRAWN BY: WTH

Sec. 113-7. Final plat.

(a) *Provisions.* The following provisions shall apply to the final plat:

(1) A final or record plat shall be submitted to the planning and zoning commission after required changes or alterations in the preliminary plat have been made. If all required changes or alterations have been made the planning and zoning commission shall approve the final or record plat and submit the final or record plat to the city council for approval.

(2) If the planning and zoning commission, after reviewing the final plat, determines that any or all required changes or alterations have not been made, the planning and zoning commission shall refuse to approve the final or record plat. If the planning and zoning commission refuses to approve the final or record plat, a reapplication fee shall be charged in an amount equal to the fee originally assessed the applicant for any subsequent application or reconsideration of the plat. The fee shall be for processing and plat filing of a final plat.

(3) Upon approval, 20 copies of this final plat shall be filed in the office of the city secretary not less than 15 days prior to the next regular meeting of the city council. No record plat will be considered unless a preliminary plat (if required) has first been submitted. All record plats shall be drawn upon sheets 24 inches by 36 inches maximum size sheets and to a scale of one inch equals 100 feet and where more than one sheet is required, an index sheet 24 inches by 36 inches shall be filed showing the entire subdivision on the one sheet.

(4) The final plat shall show or be accompanied by the following information:

a. The subdivision name or identifying title and the name of the city, county and state in which located; the name and address of the record owner or subdivider.

b. The name or names of adjacent subdivisions; names of streets and the numbers of lots and blocks. Names of new streets should, whenever possible, follow or be an extension of existing street names.

c. An accurate boundary survey of the property which is being subdivided, noting the bearings and distances of the sides, same being referenced to original survey lines or established subdivisions, showing the lines of all adjacent lands and properties; lines of adjacent streets, alleys and easements, noting width and names of each. Streets, alleys and easements of adjacent subdivisions shall be shown in a different manner than those of the proposed subdivision, preferably dotted or dashed.

d. The final plat shall indicate the locations of all lots, streets, highways, alleys, easements, parks, playgrounds and such other features, with accurate dimensions given in feet and decimals of a foot, showing the length of radii, deflection angles, and of arcs of all curves; tangent distances and tangent bearings shall be given for each street, all such data being complete and sufficiently precise to permit accurate location upon the ground.

e. Construction plans for all utilities such as:

1. Proposed water distribution system, including fire plugs and valves.

2. Proposed sewage collection system.

3. Plan and profile of proposed streets and sidewalks, including streetlight location.

4. Plan and profile of on-site and off-site proposed drainage facilities.

f. The building lines of front and side streets shall be shown in dotted or dashed lines, and the location of utility easements shall be shown in dashed lines.

g. The final plat shall bear a properly executed dedication of all streets, highways, alleys, easements, parks, playgrounds and other lands intended for use by the public, such dedicatory instrument to be signed by the owner or owners, and by all other persons or parties having a mortgage or lien interest in the property. Any private restrictions or any trusteeships intended shall be filed with the plat if same are too lengthy as to permit lettering of same upon the plat.

h. A receipt indicating that all taxes have been paid shall accompany the plat or a certification that all taxes have been paid shall be noted on the plat.

i. Date, scale and north point.

j. Proper certification shall be made upon the plat by a reputable, registered civil engineer or land surveyor, ascertaining that the plan represents a survey made by him and that all necessary monuments are accurately and correctly shown upon the plat.

(5) The engineer shall place such monuments as required by the city and they shall be set at all corners and angle points of the boundaries of the original tract to be subdivided and at all street intersections, angle points in street lines and points of curve and at such intermediate points in street lines as shall be required by the city.

(6) All lot corners are to be marked with iron pipe markers driven firmly into solid earth. Such monuments shall be of iron pipe not less than one-half inch in diameter and 18 inches in length, driven into solid earth with the grades of same being at a grade with established sidewalk or, if walk is not established, flush with the natural grade of the earth's surface.

(7) Following approval of the final plat by the city council of the city, the city secretary shall have 90 days in which to record with the county clerk, four signed copies of said plat which shall then be recorded in the records of the city. A subdivider shall bear all cost and expense of recordation of the signed copies of said plat.

(b) *Written agreement.* No final plat shall be approved unless the owner and/or developer agrees, in writing, to the following:

(1) The developer agrees to construct at his own expense, street and drainage improvements in the subdivision in accordance with the record plat duly approved by the city, including perimeter streets as specified in section 113-4(b)(5).

(2) The developer agrees to file with, and secure the approval of the city, complete construction plans for:

a. Water distribution system, including fire plugs and valves.

b. Sewage collection system.

c. Plan and profile of streets and sidewalks, including streetlight location.

d. Plan and profile of on-site and off-site drainage facilities.

(3) The developer agrees to pay the city an inspection and processing fee in the amount as set forth in the fee schedule found in chapter 12.

(4) The developer agrees that there will be no expense incurred on the part of the city in connection with laboratory tests required to be made on street and drainage construction by the director of public works.

(5) The developer agrees to have all construction of streets and drainage, except rough excavation in any given area of the subdivision done under a single general contract with full responsibility for all phases of the work resting upon the one contractor; which contractor shall post a maintenance bond equal in amount to 100 percent of the cost of the work, covering the work for a period of two years from the

date of completion as shown on the certificate of acceptance provided by the city. Such bond shall be executed on a standard form approved by the city.

(6) The developer agrees to observe the following procedure and requirements in obtaining streetlights:

a. Write a letter to the city secretary giving the number and locations of streetlights to be installed.

b. Submit payment to the city an amount equal to two years electric bill for each streetlight to be installed.

(7) The developer agrees to pay for and install all street signs at each intersection within the subdivision or as noted by the direction of the director of public works.

(Code 2001, § 10.107; Code 2010, § 10.02.007)

FINAL REPORT

DATE: February 25, 2024

TO: City Council Members

FROM: Jeannette Garcia, Planner I

SUBJECT: **P.24-02:** Consideration of a request for approval of a final plat for Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots, two (2) HOA lots and one (1) public street.

BACKGROUND/INFORMATION:

Applicant, Echo Court Addition, LLC has applied for approval of a final plat of the proposed Echo Court Subdivision. The property under consideration is a 3.48 acre site located east of Whitley Road west of Indian Springs Road and north of Starnes Road.

The proposed plat is intended for the development of a subdivision to be named Echo Court Addition and will consist of twelve (12) lots for single-family homes and two (2) open space lots.

The lot sizes on the plat range from 6881 square feet to 19,169 square feet. A fifty-foot easement is in the W.M. Wilmeth Survey A-1621 and a 16" pipeline is operated and maintained by Permian Express Partners LLC. Echo Court LLC has requested permissions from P.E.P. LLC and an Encroachment Agreement was granted.

The proposed development incorporates 1037 square feet of open space in 2 lots. The 10' screening wall/fence, landscaping, irrigation, and maintenance easement, R.O.W. dedication and improvements shall be maintained by the Homeowners Association of Echo Court Addition. HOA documents shall be submitted for review and approval by city staff prior to filing documents with the county. The development will have access from a new city street onto Starnes Road.

This area is designated on the Land Use Plan as Low Density Residential, and this property is zoned Single-family (SF-6).

Surrounding zoning and land use includes:

DIRECTION	ZONING	LAND USE PLAN	EXISTING LAND USE
NORTH	SF-6	Low Density Residential	Residential

SOUTH	SF-6 CF	Low Density Residential Public/Semi-Public	Residential School
EAST	SF-6	Low Density Residential	Residential
WEST	SF-6	Low Density Residential	Residential

CURRENT ACTIVITY:

An official platting application was submitted to Development Services on September 19, 2023. Staff confirmed all platting requirements were satisfied. Ensuring requirements for plats or re-plat are met, such as boundary lines, dedication of easements, receipt that taxes have been paid, proper certifications by a registered professional land surveyor, construction plans for all utilities such as water distribution system, sewage, paving and storm drainage, to name a few.

The City Secretary's Office gave notice of the application request to be published in the official newspaper of the city on February 23, 2024, giving notice in stating of the day, time, and place at which the City Council will meet to consider the final report for the final plat and to hear comments at a public hearing. Additionally, required notices were mailed to all property owners of property located within 200 ft. of the property upon which the plat is requested.

Once the public hearing is conducted, a final report shall be considered for action by the City Council during the regular meeting scheduled for March 11, 2024.

RECOMMENDATION/ACTION DESIRED:

Texas Local Government Code 212.005 requires the municipal authority responsible for approving plats must approve a plat or replat that is required to be prepared under this subchapter and that satisfies all applicable regulations.

The Planning and Zoning Commission and City staff respectfully recommend approval of this request.

During the Planning and Zoning Commission regular meeting held Wednesday, February 21, 2024, the commission members approved a recommendation to council in support of this item, as follows:

P.24-02: Chairperson Isbell re-entertained a motion for recommendation regarding the final plat as presented. A motion was made by Member Giles to approve P.24-02 as presented, sending recommendation to Council, with a second by Member McCauley-Blackburn.

Chairperson Isbell called for a vote, with members present voting as follows:

AYES: Adams, Giles, Bry, McCauley-Blackburn
NAYS: Gehle
ABSENT: None
ABSTAIN: None

The motion carried 4-1-0-0.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

Plat exhibit
Recommendation to Council

WATAUGA
TEXAS

PLANNING AND ZONING COMMISSION

RECOMMENDATION TO COUNCIL

PLANNING AND ZONING MEETING: **February 21, 2024**

P.24-02: Consideration of a request for a final plat out of Abstract 1621 Tract 1B02 of the Mansel W. Wilmeth Survey, known as 6201 Starnes Road, being located east of Whitley Road west of Indian Springs Road and north of Starnes Road. The proposed plat is to subdivide the lot into a residential subdivision to accommodate twelve (12) residential lots and two (2) HOA lots. Owner/applicant: Echo Court LLC, Kevin Wong.

RECOMMEND APPROVAL OR DENIAL:
APPROVAL ✓ **DENIAL**_____

COMMENTS:
(REQUIRED FOR DISAPPROVALS)

Quincy Adams – Secretary

Karen Isbell - Chairperson