



AGENDA
WATAUGA CITY COUNCIL
REGULAR MEETING
MONDAY, APRIL 14, 2025
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 April
2. Presentation of Employee of the Month Award for the month of April
3. Presentation to recognize the public safety professionals whose extraordinary actions during a residential structure fire on January 7, 2025, directly contributed to the successful rescue of a trapped occupant.

4. Police Chief Lewis will provide an update on a chronic nuisance property in Watauga and recognize the efforts of the police department, city staff and other agencies involved in resolving the nuisance.

Jim Lewis , Chief of Police

PUBLIC COMMENT This is an opportunity for citizens to address the Council on items not posted on the current meeting agenda. Only those who have submitted a proper "Request to Speak Form" Shall be permitted to speak. Citizens should provide their name and address for the record and will have no more than 3 minutes to speak. If representing an organization or group, the speaker should identify who they represent. Those wishing to speak are reminded 1). All comments are to be directed to the Council. 2) Be respectful of others. 3) No profanity permitted. 4) Violators will be removed from the premises. No discussion by the Council or Staff is allowed except to correct factual inaccuracies or request that the item be placed on a future agenda.

PUBLIC TESTIMONY FOR ACTION ITEMS This is an opportunity for citizens to address the Council on current agenda action items (excludes presentations and reports). Only those persons who have submitted a proper "Request to Speak Form" will be allowed to speak. Citizens will be required to state their name and address for the record. They have up to 3 minutes to speak, and their comments must be germane to the item. If speaking for an organization or group, the speaker should identify the group represented. Council members may ask questions or discuss the item with the citizens directly.

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. Any council member wishing to pull an item may do so.

1. A RESOLUTION BY THE CITY OF WATAUGA, TEXAS; REPEALING RESOLUTION NO. 2024-024 IN ITS ENTIRETY AND ADOPTING A RESOLUTION DESIGNATING THE COMMERCIAL RECORDER AS THE OFFICIAL NEWSPAPER OF THE CITY OF WATAUGA; PROVIDING REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

Linda Proskey, City Secretary

2. Consideration of approval of the Monthly Financial Report for the period ending February 28, 2025.

Sandra Gibson, City Manager

3. Consider action to ratify an expenditure for emergency repairs for two separate emergency water main breaks on Hightower Drive.

Paul Hackleman, Director of Public Works

4. Consider action to approve the February 10, 2025, City Council Workshop minutes.
Linda Proskey, City Secretary

PUBLIC HEARINGS

ACTION ITEMS

1. Discuss and consider nomination(s) for the Northeast Tarrant County Hometown Hero
Arthur Miner, Mayor
2. Consider action to approve Weaver and Tidwell, LLP as the vendor for Professional Audit Services
Frieda Buck, Financial Svcs Tech

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 April 11, 2025, before 5:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

/S/ Linda Proskey
City Secretary





AGENDA MEMORANDUM

DATE: March 27, 2025
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 April

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Milestone Services Awards April 2025

REVIEWED BY:

Juliet Rodriguez, Human Resources and Civil Service Director Approved - 4/9/2025

Sandra Gibson, City Manager

Approved - 4/9/2025

Linda Proskey, City Secretary

Final Approval - 4/9/2025

Approved as to form for inclusion on Agenda

City of Watauga

EMPLOYEE
MILESTONE
SERVICE AWARDS

April 2025



Thank You

15 Years of Service

Cherie Lawson

Janitorial Service Technician





AGENDA MEMORANDUM

DATE: March 27, 2025
TO: Honorable City Council Members
FROM:
THROUGH:
SUBJECT: Presentation of Employee of the Month Award for the month of April

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Employee of the Month - April 2025

REVIEWED BY:

Juliet Rodriguez, Human Resources and Civil Service Director Approved - 4/9/2025

Sandra Gibson, City Manager

Approved - 4/9/2025

Linda Proskey, City Secretary

Final Approval - 4/9/2025

Approved as to form for inclusion on Agenda

CITY OF WATAUGA

**EMPLOYEE OF THE MONTH
A W A R D**

PRESENTED TO

Bradley Fraley

Director of IT & Communications

APRIL
2025



*Thank you
for all you do!*



AGENDA MEMORANDUM

DATE: April 1, 2025

TO: Honorable City Council Members

FROM:

THROUGH:

SUBJECT: Presentation to recognize the public safety professionals whose extraordinary actions during a residential structure fire on January 7, 2025, directly contributed to the successful rescue of a trapped occupant.

BACKGROUND/INFORMATION:

Individuals from the Watauga Fire Department, Watauga Police Department, and the NRHW Public Safety Dispatch Center will be honored for their exceptional teamwork, courage, and commitment to the safety of our community.

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

Randy Barkley, Fire Chief

Sandra Gibson, City Manager

Linda Proskey, City Secretary

Approved as to form for inclusion on Agenda

Approved - 4/8/2025

Approved - 4/8/2025

Final Approval - 4/9/2025



AGENDA MEMORANDUM

DATE: March 26, 2025

TO: Honorable City Council Members

FROM: Jim Lewis , Chief of Police

THROUGH: Jim Lewis , Chief of Police

SUBJECT: Police Chief Lewis will provide an update on a chronic nuisance property in Watauga and recognize the efforts of the police department, city staff and other agencies involved in resolving the nuisance.

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

Provide direction as needed.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

None

REVIEWED BY:

James Lewis, Chief of Police

Sandra Gibson, City Manager

Linda Proskey, City Secretary

Approved as to form for inclusion on Agenda

Approved - 4/9/2025

Approved - 4/9/2025

Final Approval - 4/9/2025



AGENDA MEMORANDUM

DATE: March 20, 2025

TO: Honorable City Council Members

FROM: Linda Proskey, City Secretary

THROUGH: Linda Proskey, City Secretary

SUBJECT: A RESOLUTION BY THE CITY OF WATAUGA, TEXAS; REPEALING RESOLUTION NO. 2024-024 IN ITS ENTIRETY AND ADOPTING A RESOLUTION DESIGNATING THE COMMERCIAL RECORDER AS THE OFFICIAL NEWSPAPER OF THE CITY OF WATAUGA; PROVIDING REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BACKGROUND/INFORMATION:

We were notified that our rates for the *Fort Worth Star-Telegram* will increase as of May 1, 2025. Due to this rate increase, I suggest changing the designation of the City's official newspaper from the *Star-Telegram* to the *Commercial Recorder*. Many cities in our area have already made this transition or are in the process of doing so, as the *Commercial Recorder* meets Texas requirements and is substantially more affordable.

Last year (FY 2023-2024), we spent \$13,477.96 with the *Star-Telegram*. With the 7% service charge and the \$25.00 affidavit fee, that amount would have risen by \$1,668.74. This does not include the \$47.50 PCI (Per Column Inch) charge, which I could not calculate due to a lack of data. However, when we publish election and budget notices, that charge will be quite significant. The rate changes below are highlighted in yellow.

The rates for the Star-Telegram are:

2025 Rates (NEW)

Mon - Fri: \$1.44 per line

Sunday: \$1.72

\$47.50 PCI Display (Per Column Inch)

\$15.00 base charge added to the first day for online

Bold/Italic/Underline: \$1.00 per agate line

Customer logos: \$15.00 per order

\$25.00 Affidavit Charge

7% Customer Service Fee

2024 Rates (OLD)

Mon - Fri: \$1.44 per line

Sunday: \$1.72

None

\$15.00 base charge added to 1st day for online

Bold/Italic/Underline: \$1.00 per agate line

Customer logos: \$15.00 per order

None

None



AGENDA MEMORANDUM

Commercial Recorder rates are:

\$1.30 per line

1st Affidavit is free, then \$5.00 for an additional one if needed.

FINANCIAL IMPLICATIONS:

Savings on required publications.

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Proposed - Resolution Designation Commercial Recorder as official newspaper
2. Current Resolution 2024_024 Designating Fort Worth Star Telegram the Official Newspaper for FY 2024-2025_9.9.24

REVIEWED BY:

David Berman, City Attorney

Deby Woodard, Interim Director of Finance

Sandra Gibson, City Manager

Linda Proskey, City Secretary

Approved as to form for inclusion on Agenda

Approved - 3/24/2025

Approved - 3/24/2025

Approved - 3/26/2025

Final Approval - 3/26/2025

**CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2025-**

A RESOLUTION BY THE CITY OF WATAUGA, TEXAS; REPEALING RESOLUTION NO. 2024-024 IN ITS ENTIRETY AND ADOPTING A RESOLUTION DESIGNATING THE COMMERCIAL RECORDER AS THE OFFICIAL NEWSPAPER OF THE CITY OF WATAUGA; PROVIDING REPEAL; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Watauga, Texas (the “City”) is a home rule municipality acting under its charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

WHEREAS, under the provisions of Chapter 2, Section 2.1 of the City of Watauga’s Charter, as well as Texas Government Code Ch. 2051, it is required that certain ordinances which may be passed by the City Council be published in the “Official Newspaper” of the City of Watauga, Texas, before such ordinances may become effective; and

WHEREAS, various other laws require certain matters to be published in the Official Newspaper of the City; and

WHEREAS, the Texas Government Code Section 2051.044(a) provides that a newspaper used to publish official notices must:

- (1) devote not less than 25 percent of its total column lineage to general interest items;
- (2) be published at least once each week;
- (3) be entered as second-class postal matter in the county where published; and
- (4) have been published regularly and continuously for at least 12 months before the governmental entity or representative publishes notice.

WHEREAS, the publisher of the Commercial Recorder has provided confirmation that the paper meets these criteria; and

WHEREAS, pursuant to the City Charter Chapter 2 Section 2.1 the City Council is authorized to name and designate an “Official Newspaper” for the City; and

WHEREAS, pursuant to the City Charter Sec. 3.11 the city secretary shall give notice of the enactment of any ordinance imposing any penalty, fine or forfeiture for any violation of any of its provisions, and of every other ordinance required by applicable law or this Charter to be published, by causing the said ordinance, or a caption of the ordinance and penalty, to be published at least one time after final passage thereof in the

official city newspaper. The affidavit of such publication by the publisher of the newspaper taken before any officer authorized to administer oaths and filed with the city secretary, shall be conclusive proof of the legal publication and promulgation of such ordinance; and

WHEREAS, the City Council finds and determines that the Commercial Recorder is a newspaper of general circulation that meets the criteria required by law and it is in the best interest of the citizens of Watauga, Texas, to name and designate the Commercial Recorder as the Official Newspaper of the City.

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

I.

The City Council of the City of Watauga hereby finds that the statements set forth in the recitals of this Resolution are true and correct and are hereby incorporates such recitals as part of this Resolution.

II.

The City Council hereby repeals Resolution No. 2024-024 in its entirety and designates the Commercial Recorder as the official newspaper of the City of Watauga, Texas, for Fiscal Year 2024-2025 commencing on April 8, 2025.

III.

All official publications, notices, advertisements, and solicitations for bids shall henceforth be published in such a manner as may be prescribed by law, in the Commercial Recorder.

IV

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.

V

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.

VI

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 the _____ day of _____, 2024.

APPROVED:

Arthur L. Miner, Mayor

ATTEST:

Linda Proskey, City Secretary

APPROVED AS TO FORM AND LEGALITY:

David Berman, City Attorney
NICHOLS | JACKSON

CITY OF WATAUGA, TEXAS
RESOLUTION NO. 2024-24

**A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF
WATAUGA, TEXAS DESIGNATING AN OFFICIAL NEWSPAPER FOR
FISCAL YEAR 2024-2025; PROVIDING FOR REPEAL; PROVIDING
FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City Council of the City of Watauga, Texas finds it is in the best interest of the city and its citizens that a newspaper of general circulation within the city be designated as the official newspaper of the City of Watauga, Texas; and

WHEREAS, Section 2-1 of the City of Watauga Code of Ordinances provides the rules and regulations for the designation of such official newspaper; and

WHEREAS, the City Council of the City of Watauga, Texas finds that the Fort Worth Star Telegram:

1. Devotes not less than 25% of its total column lineage to general interest items; and
2. Is published at least once each week; and
3. Is entered as 2nd class postal matter in the county where published; and
4. Has been published regularly and continuously for at least twelve (12) months before the governmental entity or representative publishes notices; and

WHEREAS the City Council finds that the Fort Worth Star Telegram is a publication that meets all the criteria legally required of an officially designated newspaper for the City of Watauga.

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

I.

The City Council of the City of Watauga hereby finds that the statements set forth in the recitals of this Resolution are true and correct and hereby incorporates such recitals as a part of this Resolution.

II.

The Fort Worth Star Telegram shall hereinafter be the official newspaper of the City of Watauga, Texas for Fiscal Year 2024-2025 commencing October 1, 2024.



AGENDA MEMORANDUM

DATE: March 28, 2025

TO: Honorable City Council Members

FROM: Sandra Gibson, City Manager

THROUGH:

SUBJECT: Consideration of approval of the Monthly Financial Report for the period ending February 28, 2025.

BACKGROUND/INFORMATION:

The Monthly Financial Report for the Month of February is attached for Council review and approval.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

Recommend approval of the Monthly Financial Report for the period ending February 28, 2025.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Council Report - February 2025 to Council April 14, 2025

REVIEWED BY:

Sandra Gibson, City Manager
Linda Proskey, City Secretary

Approved - 4/8/2025
Final Approval - 4/9/2025

Approved as to form for inclusion on Agenda



Monthly Financial Report Fiscal 2024-2025 For the period ending February 28, 2025

Sales Tax

Sales tax receipts from the State Comptroller received in the month of March 2025 (reflecting January 2025 sales receipts) decreased in total to 1.3% compared to the same time last year. This amount includes prior period adjustments, future period adjustments and audit collections.

Sales Tax Receipts	Jan-25	Jan-24	% change
City 1%	\$ 283,695	\$ 285,744	-0.7%
City 1/4% effective 10/1/2021*	\$ 70,924	\$ 71,436	-0.7%
Street Maint 1/4%**	\$ -	\$ -	0.0%
CCD 1/2%	\$ 138,011	\$ 142,383	-3.1%
EDC 1/4%	\$ 70,924	\$ 71,436	-0.7%
Totals	\$ 563,553	\$ 570,999	-1.3%

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

**abolished January, 2021

A comparison of January 2025 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 January 2024 vs. January 2025 RECEIVED FROM COMPTROLLER - March FISCAL YEAR 2024-2025

Sales Tax Receipts for the Month:

City	January 2025 Sales	January 2024 Sales	\$ Change	% Change
Richland Hills	\$ 1,329,266.57	\$ 784,444.09	\$ 544,822.48	69.45%
Fort Worth	\$ 18,933,815.97	\$ 13,219,364.76	\$ 5,714,451.21	43.23%
Euless	\$ 1,912,062.27	\$ 1,479,376.21	\$ 432,686.06	29.25%
Keller	\$ 1,182,592.16	\$ 1,039,354.92	\$ 143,237.24	13.78%
Bedford	\$ 1,261,148.85	\$ 1,159,687.34	\$ 101,461.51	8.75%
Southlake	\$ 3,250,005.88	\$ 3,100,179.14	\$ 149,826.74	4.83%
Haltom City	\$ 1,326,683.64	\$ 1,285,642.99	\$ 41,040.65	3.19%
Colleyville	\$ 559,662.32	\$ 553,109.62	\$ 6,552.70	1.18%
Grapevine	\$ 4,974,812.39	\$ 4,955,274.44	\$ 19,537.95	0.39%
Watauga	\$ 425,542.18	\$ 428,615.52	\$ (3,073.34)	-0.72%
Hurst	\$ 1,400,331.11	\$ 1,410,701.31	\$ (10,370.20)	-0.74%
N. Richland Hills	\$ 1,567,804.79	\$ 1,593,099.33	\$ (25,294.54)	-1.59%
Saginaw	\$ 576,531.27	\$ 676,980.23	\$ (100,448.96)	-14.84%
Roanoke	\$ 1,919,411.76	\$ 2,509,562.83	\$ (590,151.07)	-23.52%

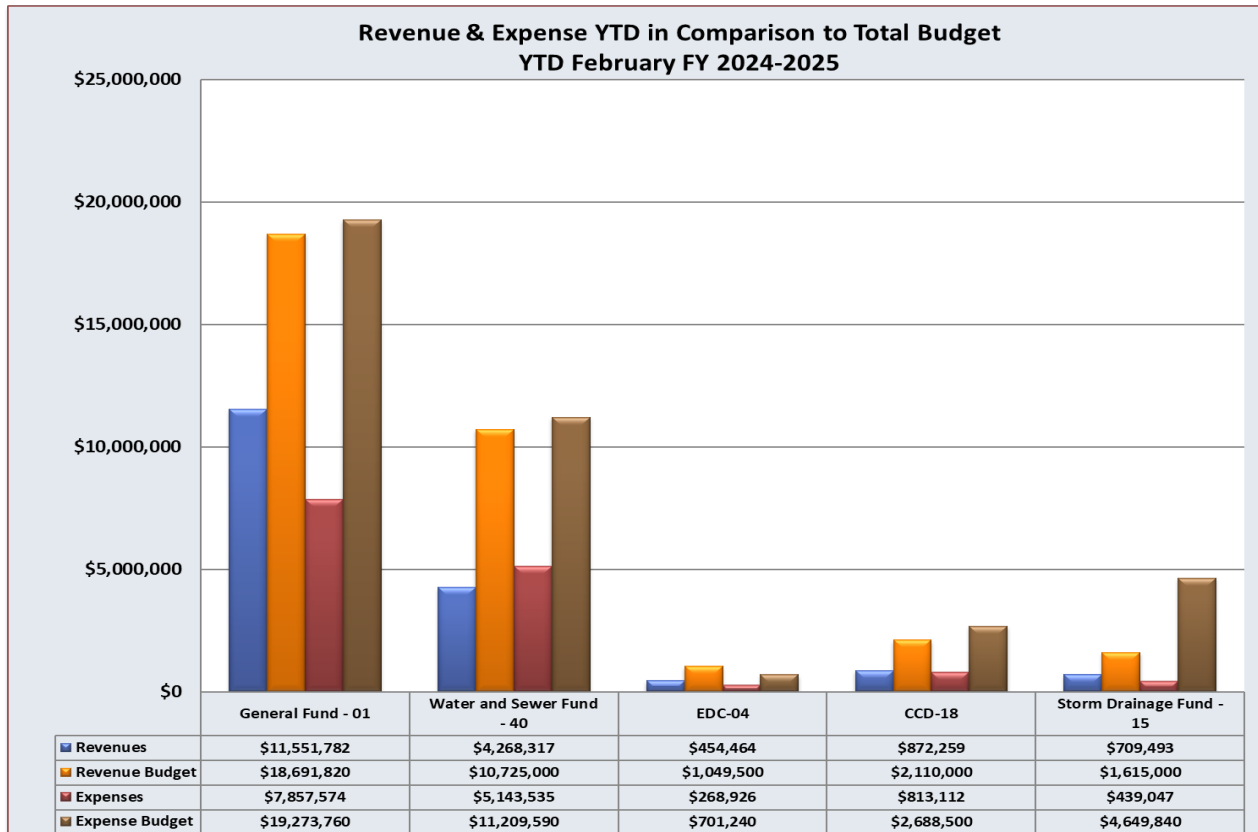
Source: State Comptroller

City Collections only - not Special Purpose Districts or Transit

The City will receive the distribution for February 2025 sales tax receipts on April 11, 2025. Sales tax revenues have been estimated for the February reporting period.

Financial Highlights

The City is 42% through the fiscal year 2024-2025. 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

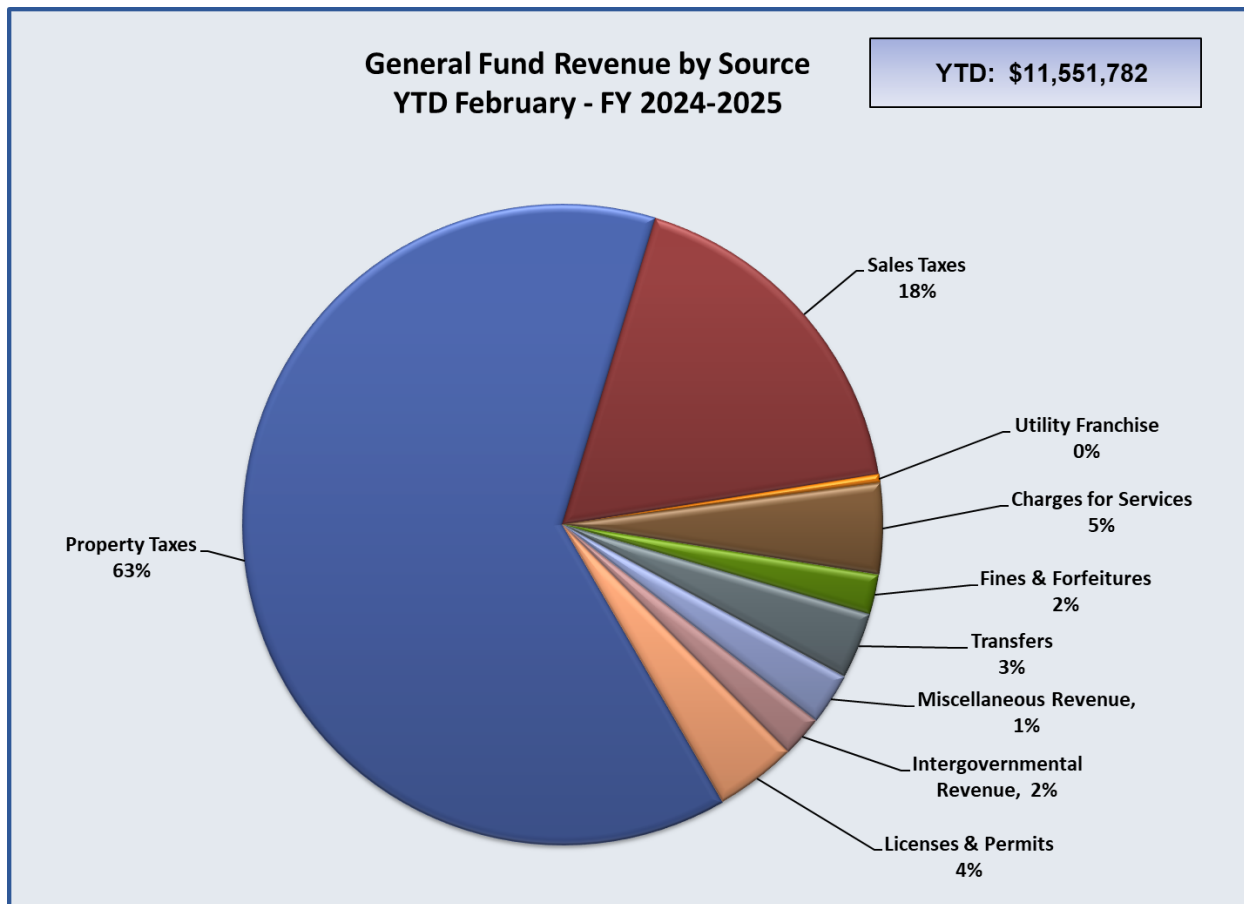
Revenues – Year-to-date revenues represent 61.8% of budget collected, or \$11,551,782.

Property Tax – As of February 28, 2025, the City has received 93.5% of budgeted property taxes and receipts are in line with expectations at this time. The majority of property tax revenues are received in December and January.

Utility Franchise Revenue - The majority of franchise receipts are received on a quarterly basis. The City has received \$50,500, or 5.9% in budgeted franchise fee revenues through February 2025. The City is anticipating receiving \$859,500 in franchise fee revenues in fiscal year 2024-2025. First quarter receipts are usually received in February.

Licenses and Permits - License and permit fees are at 57.5% of budget collected with revenue received at \$474,870; an increase of \$145,012 from prior year.

Charges for Services - Charges for Services revenues are at 39% of budget collected. Charges for services include recreation fees, ambulance services, garbage collection fees and animal adoption fees.

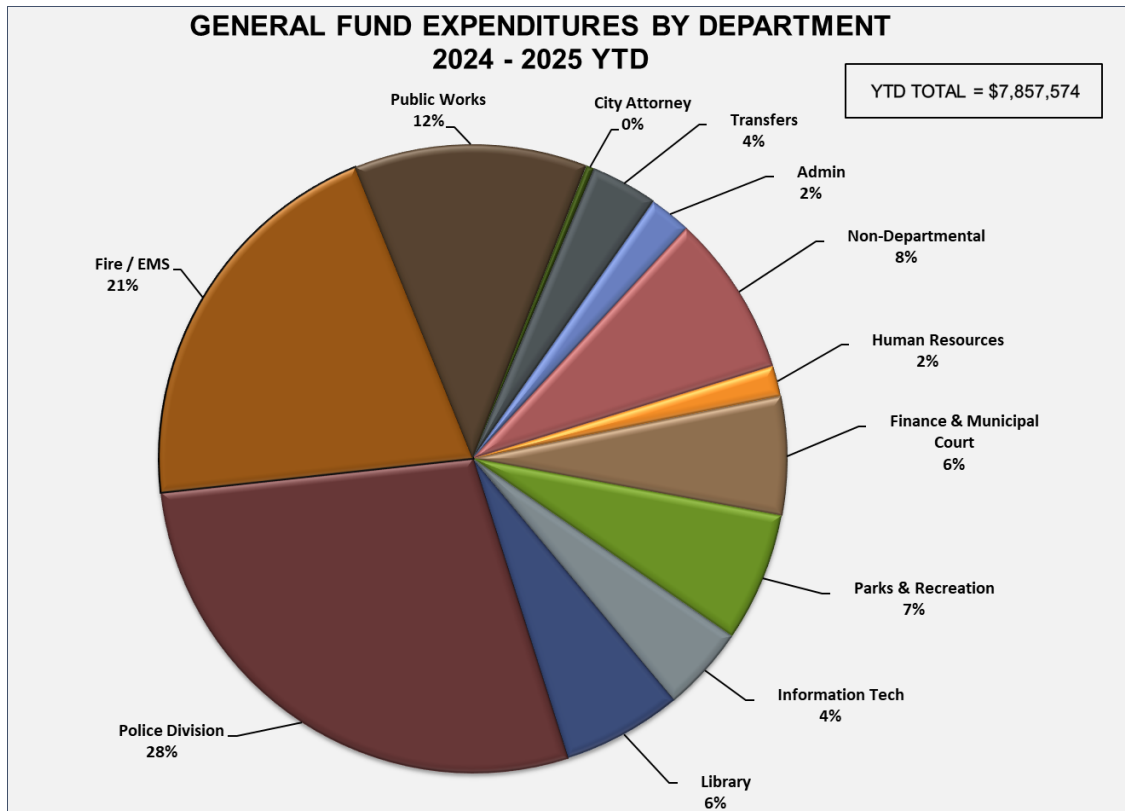


Fines and Forfeitures - Fines and Forfeitures are at 39.6% of budget which is \$52,545, or 29% higher than last year's collections.

Miscellaneous Revenue - Miscellaneous revenues include interest earnings, rental of recreational facilities, bingo, and other revenue. These receipts total \$299,413, which is 36.2% of budgeted revenues; a decrease of \$15,685 from prior year. The bingo hall located within the City is permanently closed. New locations are coming, but it is unknown at this time if the locations will be within the City.

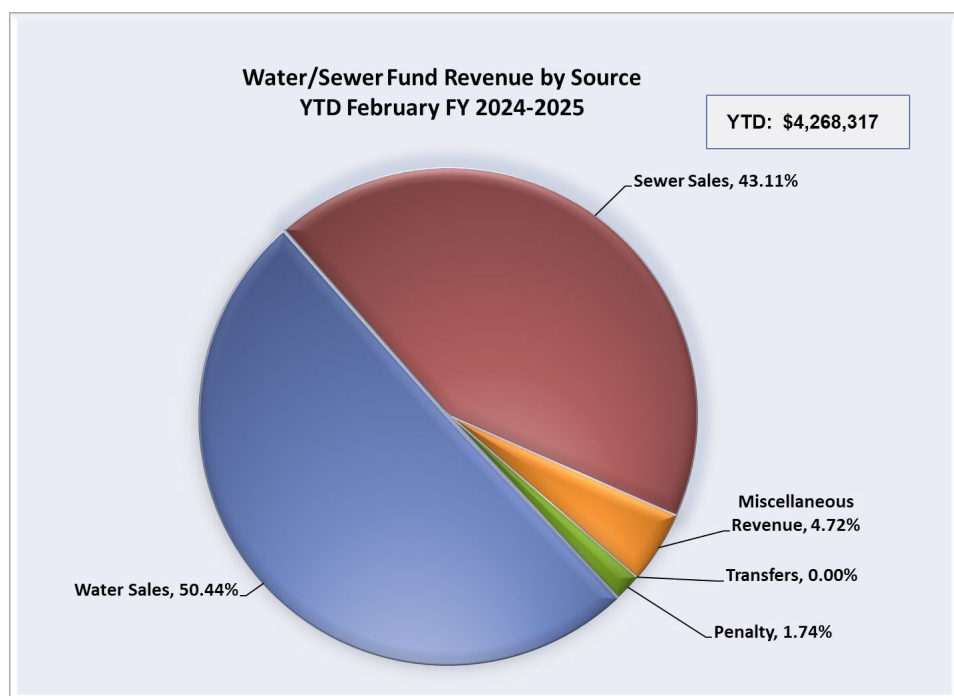
Intergovernmental Revenue and Transfers - Intergovernmental Revenue includes transfers from other funds for services the general fund provides and payments in lieu of taxes from the enterprise funds. Currently these revenues are on target with Intergovernmental at 43% of budget and Transfers at 42.5% of budget.

Expenses – General fund expenses are at 40.8% of budget expended and total \$7,857,574 for the year.



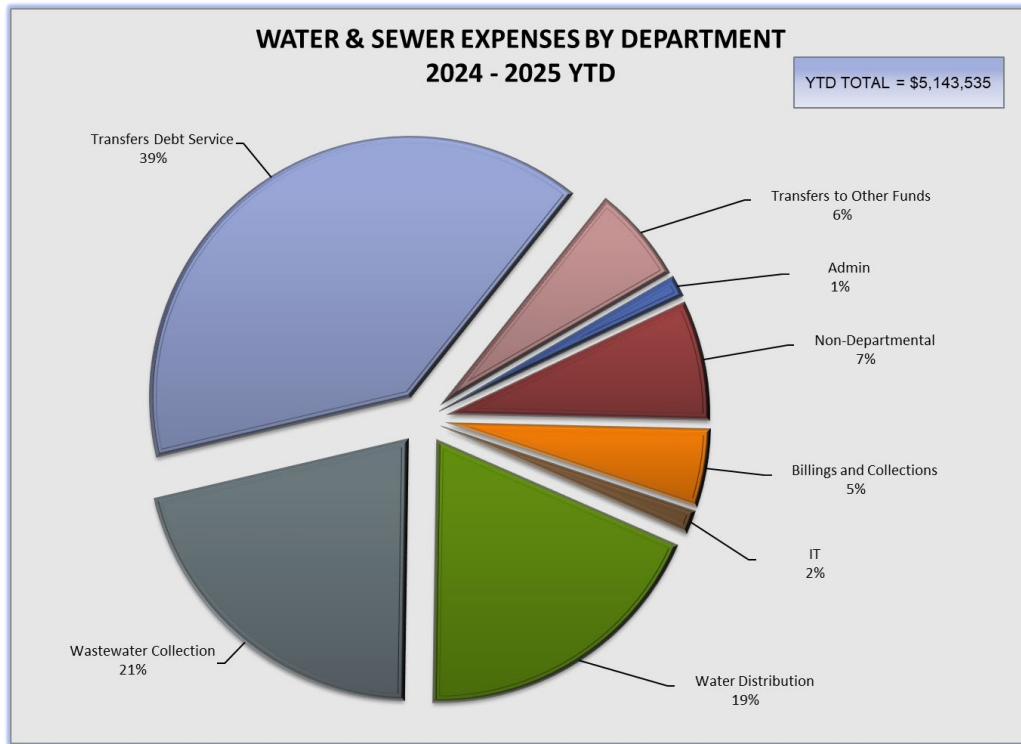
Water and Sewer Fund

Total water and sewer revenues are 1.87% below target and are currently at 39.8% of budgeted revenues through February 2025. Water sales are 39.5% of budgeted revenues and wastewater revenues are at 40% 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 45.1% of budget collected.

Expenses – Year-to-date expenses in the Water/Sewer fund are currently at 45.9% of budget. Transfers to the debt service fund for payments due in February 2025 make up 82.2% of transfer budget expenses year-to-date.



Storm Drain Fund – Revenues represent 43.9% of budget collected. Expenses are at 9.4% of budget in this fund through February 2025. Capital projects budgeted in FY2024-2025 include Whitley Road and other storm drain improvements.

Special Revenue Funds

- **Crime Control and Prevention District** revenues collected are at 41.3% of budget and expenditures are at 30.2% of budget.
- **Economic Development Corporation Fund** has collected 43.3% of sales tax revenues and expenditures are at 38.4% of budget expended through February 2025.

DEPARTMENTAL CONSOLIDATED REPORT

FEBRUARY 2025

Group Summary

Department	Original Total Budget	Current Total Budget	Period Activity	Fiscal Activity	Encumbrances	Variance Favorable (Unfavorable)	Percent Remaining
010 - CITY SECRETARY OFFICE	458200.00	458,200.00	33,998.46	157,132.25	5,552.00	295,515.75	64.49 %
011 - HUMAN RESOURCES	339850.00	339,850.00	22,775.85	122,967.57	27,553.79	189,328.64	55.71 %
013 - DEVELOPMENT SERVICES DIVISION	369040.00	369,040.00	23,730.32	130,229.75	2,960.00	235,850.25	63.91 %
015 - CITY MANAGER	320500.00	320,500.00	24,208.15	80,890.03	4,177.11	235,432.86	73.46 %
016 - BUSINESS RETENTION/EDC	56650.00	56,650.00	325.50	4,093.66	0.00	52,556.34	92.77 %
017 - BUSINESS ATTRACTION/EDC	34300.00	34,300.00	0.00	23,326.50	0.00	10,973.50	31.99 %
018 - GENERAL ADMINISTRATION/EDC	48650.00	48,650.00	308.51	7,489.33	0.00	41,160.67	84.61 %
020 - NON-DEPARTMENTAL	1839880.00	1,839,880.00	101,610.36	1,081,777.21	43,544.80	714,557.99	38.84 %
021 - CITY ATTORNEY	90000.00	90,000.00	6,208.00	32,302.71	0.00	57,697.29	64.11 %
030 - MUNICIPAL COURT DIVISION	461790.00	461,790.00	34,428.93	182,815.86	0.00	278,974.14	60.41 %
040 - FINANCE	766010.00	766,010.00	64,747.49	326,198.98	64,950.30	374,860.72	48.94 %
045 - BILLING & COLLECTIONS	610030.00	610,030.00	44,636.60	245,638.22	218.75	364,173.03	59.70 %
050 - INFORMATION TECHNOLOGY	846840.00	846,840.00	108,074.10	421,011.03	2,344.80	423,484.17	50.01 %
060 - LIBRARY	1254700.00	1,254,700.00	92,686.84	483,337.51	54,445.58	716,916.91	57.14 %
070 - RECREATION	760740.00	760,740.00	44,165.59	246,387.52	16,886.34	497,466.14	65.39 %
075 - PARKS DEPARTMENT	878360.00	878,360.00	42,833.40	273,949.92	159,570.46	444,839.62	50.64 %
080 - POLICE	7928700.00	7,928,700.00	502,980.02	3,009,772.86	386,800.59	4,532,126.55	57.16 %
085 - FIRE/MIS	4129640.00	4,129,640.00	304,389.17	1,620,007.64	24,857.81	2,484,774.55	60.17 %
090 - PUBLIC WORKS	1567090.00	1,567,090.00	94,675.16	548,504.11	185,835.98	832,749.91	53.14 %
093 - WATER DISTRIBUTION	2912840.00	2,912,840.00	178,086.61	960,455.32	45,856.32	1,906,528.36	65.45 %
094 - WASTEWATER COLLECTION	3676050.00	3,676,050.00	247,652.92	1,085,158.78	23,681.86	2,567,209.36	69.84 %
097 - FLEET MAINTENANCE	459750.00	459,750.00	35,158.19	149,716.09	40,644.83	269,389.08	58.59 %
098 - BUILDING MAINTENANCE	1041400.00	1,041,400.00	86,700.14	391,152.88	25,279.33	624,967.79	60.01 %
Report Total:	30,851,010.00	30,851,010.00	2,094,380.31	11,584,315.73	1,115,160.65	18,151,533.62	58.84 %

Fund Detail Report

FEBRUARY 2025

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)

GENERAL FUND - 01

REVENUE:	ORIGINAL BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
TAXES							
AD VALOREM	7,734,000	7,231,965	93.51%	6.49%	6,897,470	334,495	4.85%
Delinquent	30,000	33,056	110.19%	-10.19%	12,013	21,043	175.17%
Penalty & Interest	36,000	16,776	46.60%	53.40%	12,454	4,321	34.70%
SALES TAX	4,964,980	2,055,573	41.40%	58.60%	1,985,016	70,556	3.55%
UTILITY FRANCHISE	859,500	50,500	5.88%	94.12%	53,399	(2,899)	-5.43%
LICENSES & PERMITS	825,500	474,870	57.53%	42.47%	329,857	145,012	43.96%
INTERGOVERNMENTAL REVENUE	561,000	241,153	42.99%	57.01%	229,343	11,810	5.15%
CHARGES FOR SERVICES	1,351,500	527,554	39.03%	60.97%	478,024	49,531	10.36%
FINES & FORFEITURES	590,500	233,861	39.60%	60.40%	181,316	52,545	28.98%
MISCELLANEOUS INCOME	827,200	299,413	36.20%	63.80%	315,098	(15,685)	-4.98%
OPERATING TRANSFERS IN	911,640	387,062	42.46%	57.54%	359,445	27,617	7.68%
TOTAL REVENUE	\$18,691,820	\$11,551,782	61.80%	38.20%	\$10,853,435	\$698,348	6.43%
ADMINISTRATION	580,500	171,211	29.49%	70.51%	188,211	(17,001)	-9.03%
HUMAN RESOURCES	339,850	122,968	36.18%	63.82%	87,004	35,964	41.34%
BUILDINGS - PW	1,041,400	391,153	37.56%	62.44%	355,063	36,090	10.16%
FINANCE	650,660	297,247	45.68%	54.32%	271,635	25,611	9.43%
MUNICIPAL COURT - FIN	461,790	182,816	39.59%	60.41%	158,532	24,284	15.32%
DEVELOPMENTAL SERVICES - PW	369,040	130,230	35.29%	64.71%	89,322	40,908	45.80%
LIBRARY	1,244,700	483,338	38.83%	61.17%	414,820	68,518	16.52%
PARKS AND RECREATION	1,639,100	520,337	31.75%	68.25%	477,992	42,345	8.86%
POLICE	5,278,200	2,212,720	41.92%	58.08%	1,750,351	462,369	26.42%
FIRE/EMS	4,129,640	1,620,008	39.23%	60.77%	1,482,092	137,915	9.31%
PUBLIC WORKS - STREETS	718,430	270,960	37.72%	62.28%	210,406	60,554	28.78%
FLEET MANAGEMENT - PW	461,250	149,716	32.46%	67.54%	100,821	48,895	48.50%
NON-DEPARTMENTAL	917,350	655,059	71.41%	28.59%	496,821	158,238	31.85%
INFORMATION TECHNOLOGY	703,850	347,510	49.37%	50.63%	290,128	57,383	19.78%
ECONOMIC DEVELOPMENT	-	-	-	-	-	-	-
CITY ATTORNEY	90,000	32,303	35.89%	64.11%	17,674	14,629	82.77%
TRANSFERS TO OTHER FUNDS	648,000	270,000	41.67%	58.33%	97,917	172,083	175.74%
TOTAL EXPENDITURES	\$19,273,760	\$7,857,574	40.77%	59.23%	\$6,488,788	\$1,368,786	21.09%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$581,940)	\$3,694,208			\$4,364,646	(\$670,438)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)

DEBT SERVICE FUND - 03

	CURRENT BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
REVENUE:							
TAXES							
AD VALOREM	4,403,000	4,187,917	95.12%	4.88%	4,033,925	\$153,992	3.82%
Delinquent	11,000	19,343	175.85%	-75.85%	6,244	\$13,099	209.79%
Penalty & Interest	11,000	8,015	72.86%	27.14%	5,108	\$2,906	56.90%
INTEREST EARNINGS	40,000	24,015	60.04%	39.96%	27,737	(\$3,722)	-13.42%
OTHER FINANCING SOURCES	-	-	-	-	-	-	-
OPERATING TRANSFERS IN	150,000	62,500	41.67%	58.33%	62,083	\$417	0.67%
TOTAL REVENUE	\$4,615,000	\$4,301,789	93.21%	6.79%	\$4,135,098	\$166,692	4.03%
 Contractual & Sundry	 4,554,444	 4,078,898	 89.56%	 10.44%	 3,687,549	 \$391,349	 0.00%
TOTAL EXPENDITURES	\$4,554,444	\$4,078,898	89.56%	10.44%	3,687,549	\$391,349	0.00%
 EXCESS REVENUE OVER (UNDER) EXPENDITURES	 \$60,556	 \$222,891			 \$447,549	 (\$224,658)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)

WATER & SEWER - 40

	CURRENT BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
REVENUE:							
WATER SALES	5,450,000	2,152,733	39.50%	60.50%	2,083,374	69,359	3.33%
SEWER SALES	4,600,000	1,840,104	40.00%	60.00%	1,666,423	173,681	10.42%
MISCELLANEOUS	286,000	128,908	45.07%	54.93%	126,465	2,444	1.93%
PENALTY	196,000	74,176	37.84%	62.16%	89,415	(15,240)	-17.04%
INTEREST	125,000	55,325	44.26%	55.74%	62,080	(6,755)	-10.88%
TRANSFERS	50,000	-	0.00%	0.00%	60,390	(60,390)	-100.00%
TAP FEES	-	17,070	-	-	15,491	1,579	10.20%
SALE OF ASSETS	-	-	-	-	-	-	-
TOTAL REVENUE	\$10,707,000	\$4,268,317	39.86%	60.14%	\$4,103,637	\$164,679	4.01%
ADMINISTRATIVE	198,200	66,812	33.71%	66.29%	67,912	(1,100)	-1.62%
NON-DEPARTMENTAL	832,480	380,348	45.69%	54.31%	345,647	34,701	10.04%
BILLING & COLLECTIONS	610,030	245,638	40.27%	59.73%	219,023	26,615	12.15%
MGT. INFO SYSTEMS	142,990	73,501	51.40%	48.60%	38,592	34,909	90.45%
WATER DISTRIBUTION	2,912,840	960,455	32.97%	67.03%	997,347	(36,892)	-3.70%
WASTEWATER COLLECTION	3,676,050	1,085,159	29.52%	70.48%	1,482,830	(397,672)	-26.82%
TRANSFERS	2,837,000	2,331,622	82.19%	17.81%	1,868,465	463,157	24.79%
TOTAL EXPENDITURES	11,209,590	5,143,535	45.89%	54.11%	5,019,816	\$123,719	2.46%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$502,590)	(\$875,218)			(\$916,178)	\$40,961	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)

STORM DRAIN FUND - 15

	CURRENT BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
REVENUE:							
USERS FEE	1,485,000	625,138	42.10%	57.90%	620,429	4,709	0.76%
OTHER REVENUE	-	-	-	-	-	-	-
INTEREST INCOME	130,000	84,355	64.89%	35.11%	93,864	(9,508)	-10.13%
TOTAL REVENUE	\$1,615,000	\$709,493	43.93%	56.07%	\$714,293	(\$4,800)	-0.67%
PERSONNEL	509,600	198,656	38.98%	61.02%	\$140,095	58,561	41.80%
SUPPLIES	37,400	7,943	21.24%	78.76%	\$6,109	1,834	30.03%
MAINTENANCE	52,000	17,128	32.94%	67.06%	\$2,397	14,731	-
CONTRACTUAL & SUNDRY	361,640	106,039	29.32%	70.68%	\$101,784	4,255	4.18%
CAPITAL	3,495,200	28,024	0.80%	99.20%	\$39,078	(11,054)	-28.29%
TRANSFERS TO OTHER FUNDS	194,000	81,257	41.89%	58.11%	\$81,022	235	0.29%
TOTAL EXPENDITURES	\$4,649,840	\$439,047	9.44%	90.56%	\$370,484	\$68,563	18.51%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$3,034,840)	\$270,446			\$343,809	(\$73,362)	

**CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)**

CRIME CONTROL DISTRICT - 18

	ORIGINAL BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
REVENUE:							
SALES TAX	1,977,000	802,938	40.61%	59.39%	785,976	16,962	2.16%
INTEREST EARNING/OTHER TRANSFERS	133,000	69,321	52.12%	47.88%	99,193	(29,872)	-30.12%
	-	-	-	-	-	-	-
TOTAL REVENUE	\$2,110,000	\$872,259	41.34%	58.66%	\$885,169	(\$12,910)	-1.46%
PERSONNEL SERVICES	1,382,100	454,596	32.89%	67.11%	\$380,649	73,947	19.43%
SUPPLIES	214,500	47,397	22.10%	77.90%	\$49,397	(2,000)	-4.05%
MAINTENANCE	313,700	148,505	47.34%	52.66%	\$133,409	15,097	11.32%
CONTRACTUAL & SUNDRY TRANSFERS	279,450	116,645	41.74%	58.26%	\$121,250	(4,606)	-3.80%
CAPITAL OUTLAY	38,000	16,059	42.26%	57.74%	\$13,852	2,207	15.93%
	460,750	29,910	0.00%	0.00%	\$76,760	(46,850)	100.00%
TOTAL EXPENDITURES	2,688,500	813,112	30.24%	69.76%	\$775,317	\$37,795	4.87%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	(\$578,500)	\$59,147			\$109,853	(\$50,706)	

CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2025
For the period ending: February 28, 2025 (2nd FY Qtr.)

WATAUGA ECONOMIC DEVELOPMENT CORP - 04

	CURRENT BUDGET	2/28/2025 YTD ACTUAL	% USED	% REMAINING	2/28/2024 YTD ACTUAL	\$ CHG 24 vs 23	% CHG 24 vs 23
REVENUE:							
SALES TAX	996,000	408,360	41.00%	59.00%	394,380	13,981	3.54%
INTEREST EARNINGS	50,000	45,167	90.33%	9.67%	44,246	920	2.08%
INTEREST/ESCROW	-	-	-	-	-	-	0.00%
CONTRIBUTIONS/OTHER	3,500	938	26.79%	73.21%	1,275	(338)	-26.47%
TOTAL REVENUE	\$1,049,500	\$454,464	43.30%	56.70%	\$439,901	\$14,563	3.31%
PERSONNEL SERVICES	-	-	-	-	-	-	0.00%
NON-DEPARTMENTAL	-	-	-	-	-	-	0.00%
SUPPLIES	1,000	71	7.13%	92.87%	271	(200)	-73.68%
MAINTENANCE	300	-	0.00%	100.00%	-	-	0.00%
CONTRACTUAL & SUNDRY	138,300	34,838	25.19%	74.81%	25,896	8,942	34.53%
TRANSFERS	561,640	234,017	41.67%	58.33%	178,333	55,683	31.22%
CAPITAL OUTLAY	-	-	-	-	-	-	0.00%
TOTAL EXPENDITURES	\$701,240	\$268,926	38.35%	61.65%	\$204,500	\$64,426	31.50%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$348,260	\$185,538			\$235,401	(\$49,863)	



AGENDA MEMORANDUM

DATE: April 4, 2025

TO: Honorable City Council Members

FROM: Paul Hackleman, Director of Public Works

THROUGH: Sandra Gibson, City Manager

SUBJECT: Consider action to ratify an expenditure for emergency repairs for two separate emergency water main breaks on Hightower Drive.

BACKGROUND/INFORMATION:

On February 24, 2025, the city experienced a water main leak near the 6400 block of Hightower Drive. On February 27, 2025, the city experienced a water main break near Rufe Snow Drive on Hightower Drive. Both repairs required a special welder and emergency response including special equipment.

Both incidents were separate events with separate invoicing of under \$50,000 each. However, the City did hire the same contractor, Quality Excavation, LTD., for both repairs, with event no. 1 being \$31,255.22 and event no. 2 being \$28,487.18 for a total of \$59,742.40.

The City Purchasing Policy and Procedures (13.01) and Local Government Code 252.022 allow exceptions to competitive purchasing requirements. The following is a partial list of exemptions from statutory bidding requirements (Local Government Code 252.022):

1. A purchase made because of a public calamity and the prompt purchase of items is required to provide for the needs of the public or to preserve the property of the City
2. The item is necessary to preserve or protect the public health or safety of the residents of the City
3. The item is made necessary by unforeseen damage to public machinery, equipment, or other property

The purchases made meet the requirements of the law. If an emergency purchase is \$50,000 or more, the Department Director or designee will prepare the documentation to have the expenditure ratified by City Council at the next available Council meeting. Due to the two incidents happening close in time, the choice of the same vendor, and being over \$50,000 in total, we are presenting this item for ratification by City Council.

FINANCIAL IMPLICATIONS:



AGENDA MEMORANDUM

\$59,742.40 charged to Water/Wastewater Repairs Accounts

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the Council to ratify the City making the purchase for two separate emergency water main breaks on Hightower Drive

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Invoice - Hightower Water Main - Feb 24-2025 -
250010_Pay_App_#1_Emergency_Repair_1
2. Invoice - Hightower Water Main - Feb 27-2025 -
250011_Pay_App_#1_Emergency_Repair_2

REVIEWED BY:

Paul Hackleman, Director of Public Works

David Berman, City Attorney

Sandra Gibson, City Manager

Linda Proskey, City Secretary

Approved as to form for inclusion on Agenda

Approved - 4/7/2025

Approved - 4/7/2025

Approved - 4/8/2025

Final Approval - 4/9/2025

Payment Request For Work Performed

Owner: City of Watauga

Contractor: Quality Excavation, LLC

Project Name: Emergency Repair #2

Address: 7800 Virgil R. Anthony Sr. Blvd., Watauga, TX 76148

Address: 104 Redfearn Road, Aubrey, TX 76227

Application Number: 1

Request Date: Feb 24, 2025

Period From: Feb 24, 2025

Period To: Feb 24, 2025

Summary of Payment Estimate Values From Attached Tabulations

Original Contract Amount	\$ 31,255.22
Net Change by Authorized Change Orders	\$ 0.00
Contract Sum To Date	\$ 31,255.22
Total Value of Work Performed (From Attached Schedule of Values consisting of 1 page)	\$ 31,255.22
Less Amount Retained (10% of Total Contract)	\$ N/A
Net Amount Earned on Contract	\$ 31,255.22
Less amount of Previous Payments	\$ 0.00
BALANCE DUE THIS ESTIMATE	\$ 31,255.22
Percent of Project Complete Based on Total Contract Amount	100.00%

Contract Time Calendar Days	1
Change Order Extensions:	
Change Order No. 1	
Adjusted Contract Calendar Days	1
Notice to Proceed	1/24/2025
Scheduled Substantial Completion	1/25/2025
No Days Used This Estimate	0
No Days Used Previous Estimate	0
Total Calendar Days Used	31
Percent of Project Complete Based on Adjusted Contract Calendar Days	0.00%

The undersigned Contractor certifies that all work, including materials on hand, covered by the Periodical Payment has been completed or delivered in accordance with the Contract Documents, that all amounts have been paid by him for work, material and equipment for which previous Periodical Payments were issued and received form the Owner and that the current payment shown herein is due.

Contractor: Quality Excavation, LLC

By: Jason Wilson

Date: 3/19/2025

INSPECTED BY:

ACCEPTED BY:

Taylor Alvarez, City of Watauga

Date

Payment Request For Work Performed

Owner: City of Watauga

Address: 7800 Virgil R. Anthony Sr. Blvd., Watauga, TX 76148

Application Number: 1

Contractor: Quality Excavation, LLC

Address: 104 Redfearn Road, Aubrey, TX 76227

Request Date: Feb 26, 2025

Project Name: Emergency Repair #2

Period From: Feb 27, 2025

Period To: Feb 28, 2025

Summary of Payment Estimate Values From Attached Tabulations

Original Contract Amount \$ 28,487.18

Net Change by Authorized Change Orders \$ 0.00

Contract Sum To Date \$ 28,487.18

Total Value of Work Performed \$ 28,487.18

(From Attached Schedule of Values consisting of 1 page)

Less Amount Retained (10% of Total Contract) \$ N/A

Net Amount Earned on Contract \$ 28,487.18

Less amount of Previous Payments \$ 0.00

BALANCE DUE THIS ESTIMATE **\$ 28,487.18**

Percent of Project Complete Based on Total Contract Amount 100.00%

Contract Time Calendar Days 1

Change Order Extensions:

Change Order No. 1 1

Adjusted Contract Calendar Days 1

Notice to Proceed 1/26/2025

Scheduled Substantial Completion 1/26/2025

No Days Used This Estimate 1

No Days Used Previous Estimate 0

Total Calendar Days Used 33

Percent of Project Complete Based on

Adjusted Contract Calendar Days 0.00%

The undersigned Contractor certifies that all work, including materials on hand, covered by the Periodical Payment has been completed or delivered in accordance with the Contract Documents, that all amounts have been paid by him for work, material and equipment for which previous Periodical Payments were issued and received from the Owner and that the current payment shown herein is due.

Contractor: Quality Excavation, LLC

By: Jason Wilson

Date: 3/19/2025

INSPECTED BY:

ACCEPTED BY:

Taylor Alvarez, City of Watauga Date



AGENDA MEMORANDUM

DATE: April 8, 2025
TO: Honorable City Council Members
FROM: Linda Proskey, City Secretary
THROUGH: Linda Proskey, City Secretary
SUBJECT: Consider action to approve the February 10, 2025, City Council Workshop minutes.

BACKGROUND/INFORMATION:

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Feb. 10, 2025 Workshop Meeting - Draft Minutes

REVIEWED BY:

Sandra Gibson, City Manager

Linda Proskey, City Secretary

Approved as to form for inclusion on Agenda

Approved - 4/8/2025

Final Approval - 4/9/2025



**MINUTES
WATAUGA CITY COUNCIL
WORKSHOP MEETING
CITY HALL COUNCIL CHAMBER,
7105 WHITLEY ROAD,
MONDAY, FEBRUARY 10, 2025
5:30 PM**

CALL TO ORDER

Mayor Arthur Miner called the meeting to order at 5:30 p.m.

ROLL CALL

The meeting convened with the following members present:

Arthur L. Miner
Malissa Minucci
Pat Shelbourne
Cris Blackburn
Lovie Downey
Andrew Neal
Mark Taylor
Jan Hill

Mayor
Mayor Pro Tem/Council Member Place 5
Council Member Place 1
Council Member Place 2
Council Member Place 3
Council Member Place 4
Council Member Place 6
Council Member Place 7

and

Sandra Gibson
Linda Proskey
David Berman
Timothy Hamilton
Deby Woodard
Frieda Buck

City Manager
City Secretary
City Attorney
Director of Parks and Community Services
Interim Finance Director
Purchasing Coordinator

ANNOUNCEMENTS

There were no announcements made.

Public Comments/Public Testimony

There were no requests to speak

PRESENTATIONS

1. Presentation on Household Hazardous Waste.

Frieda Buck, Purchasing Coordinator, provided an update on the Household Hazardous Waste (HHW) program. The city sought to revise its agreement with HHW Solutions to include a 90-day cancellation clause, a 7% administrative fee, and a non-exclusive arrangement. HHW Solutions declined the cancellation policy but agreed to non-exclusivity. With the 7% fee, the cost would rise from \$0.89 to \$1.10 per household; a 4% fee would raise it to \$0.93. Without any fee, the cost remains \$0.89. The final proposal is a one-year, non-exclusive agreement with a 30-day renewal window.

Clarification was provided on disposal methods: waste is taken to an aggregation facility; paint is solidified before transport; oil and automotive fluids are stored until collected for recycling or fuel blending; cooking oil is stored and picked up for recycling; fluorescent bulbs and aerosol cans are processed to recover mercury and fluorocarbons; smaller items are either reused or processed by Safety Kleen.

An alternative option is using Fort Worth's Environmental Collection Center (ECC), located about 11 miles from City Hall. Through an interlocal agreement, citizens could receive two vouchers annually or participate in a one-day "Crud Cruiser" event managed by the Parks and Recreation Department. Vouchers currently cost \$95 but will increase to \$125 in the next fiscal year. This option would require administrative oversight for voucher tracking and resident verification and shifts disposal responsibility to citizens.

Mayor Miner asked for a consensus on the council's recommendation. The decision to move forward with HHW was unanimous, with convenience for residents cited as the primary reason. The council also recommended promoting the program through social media, possibly including a video, and providing information at other city events to help educate the public on how to utilize the service.

ADJOURNMENT

Mayor Miner adjourned the meeting at 5:49 p.m.

Approved: this _____ day of _____, 2025

Signed: this _____ day of _____, 2025

APPROVED:

ATTEST:

Arthur L. Miner, Mayor

Linda Proskey, City Secretary



AGENDA MEMORANDUM

DATE: April 4, 2025

TO: Honorable City Council Members

FROM: Frieda Buck, Financial Svcs Tech

THROUGH: Sandra Gibson, City Manager

SUBJECT: Consider action to approve Weaver and Tidwell, LLP as the vendor for Professional Audit Services

BACKGROUND/INFORMATION:

On an annual basis, the City of Watauga is required to engage an independent accounting firm to audit the financial statements of all funds and transactions completed throughout the fiscal year. The results of the Audit are presented to Council and made available to the public (City of Watauga Charter Section 9.06 (C)).

Proposals were received for Financial Audit Services on March 19, 2025. Four (4) proposals were received; Patillo, Brown & Hill, Vail & Park, Weaver, and Whitley Penn.

A committee consisting of Deby Woodard, Interim Director of Finance, Kimberly Rupkalvis, Assistant Director of Finance, and Ayden Cooper, Financial Analyst I, was established to evaluate the proposals. The following criteria was used to evaluate each response:

1. Number of governmental entities audited by firm
2. Firm's governmental resources available
3. Training of personnel in governmental (and grant) auditing
4. Experience with clients receiving GFOA Certificate of Achievements for Excellence in Financial Reporting
5. Demonstrated knowledge of GASB issuances and methods
6. Quality of staff included in assignment
7. Internal quality control procedures and external quality control review
8. Perceived adequacy of audit approach
9. References
10. Completeness of proposal

After reviewing all proposals, the committee ranked Weaver as the best firm to meet the City's audit services requirements.



AGENDA MEMORANDUM

The proposal is based on an engagement for the 2024-2025 Fiscal Year with four (4) subsequent fiscal year renewals. This is subject to the annual review and recommendation to Council, the satisfactory negotiation of terms and the availability of an appropriation of funds.

FINANCIAL IMPLICATIONS:

Audit Services are budgeted in the FY2024-2025 and FY2025-2026.

RECOMMENDATION/ACTION DESIRED:

Respectfully recommend the Council review and take action on the item presented.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. WEAVER ENGAGEMENT LETTER
2. WEAVER PROFESSIONAL FEES
3. 1295 WEAVER ACKNOWLEDGED

REVIEWED BY:

Sandra Gibson, City Manager
David Berman, City Attorney
Sandra Gibson, City Manager
Linda Proskey, City Secretary

Approved - 4/7/2025
Approved - 4/7/2025
Approved - 4/8/2025
Final Approval - 4/9/2025

Approved as to form for inclusion on Agenda

April 1, 2025

Arthur Miner, Mayor
Sandra Gibson, City Manager
City of Watauga, Texas
7105 Whitley Road
Watauga, Texas 76148

Dear Mayor Miner and Ms Gibson:

Weaver and Tidwell, L.L.P. ("our", "us", and "we") will perform an audit of the basic financial statements of the City of Watauga (the "City"), which comprise the financial statements of governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information (as applicable) as of and for the year ending September 30, 2025, and the related notes to the financial statements. In addition, we will audit the City's compliance over major federal award programs for the period ended September 30, 2025.

This required supplementary information ("RSI") will be subjected to certain limited procedures but will not be audited:

1. Management's Discussion and Analysis
2. Budgetary Comparison Schedule – General Fund
3. Schedule of Changes in Net Pension Liability and Related Ratios
4. Schedule of Pension Contributions
5. Schedule of Changes in Total OPEB Liability and Related Ratios

The following accompanying supplementary information will also be subjected to our auditing procedures, as well as certain additional procedures:

1. Schedule of Expenditures of Federal Awards
2. Combining Balance Sheet
3. Combining Statement of Revenues and Changes in Fund Balances
4. Schedule of Revenues, Expenditures and Changes in Fund Balances: Budgetary Comparison Schedules

Also, the document we submit to you will include the following other additional information that will not be subjected to the auditing procedures applied in our audit of the basic financial statements:

1. Introductory Section
2. Statistical Section

We are pleased to confirm our acceptance and our understanding of this engagement by means of this letter.

Applicable Standards and Framework

The auditing standards applicable to this engagement will be U.S. GAAS (generally accepted auditing standards in the United States of America) and, if applicable, the Government Auditing Standards ("GAGAS"), any state or regulatory audit requirements, the Single Audit Act Amendments of 1996, and Title 2 U.S. Code of Federal

Weaver and Tidwell, L.L.P.

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Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

The financial reporting framework applicable to this engagement is U.S. GAAP (generally accepted accounting principles in the United States of America).

Engagement Objectives

The objectives of our audit 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 opinion and to report on the fairness of the supplementary information referred to above when considered in relation to the financial statements as a whole. 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 applicable auditing standards will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and 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 of the financial statements.

Our Responsibilities

We will conduct our engagement in accordance with the applicable standards described above. As part of an engagement conducted in accordance with the applicable standards, we exercise professional judgment and maintain professional skepticism throughout the engagement.

We also do the following:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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 controls.
- Obtain an understanding of the system of internal control 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 system of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit that we have identified during the engagement.
- 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, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability to continue as a going concern for a reasonable period of time.

If appropriate, our procedures will therefore include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of assets, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we may request written representations from your attorneys, and they may bill you for responding.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance (whether caused by errors, fraudulent financial reporting, misappropriation of

assets, or violations of laws or governmental regulations) may exist and not be detected, even though the audit is properly planned and performed in accordance with applicable standards.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential.

The accompanying supplementary information referred to above will be presented for purposes of additional analysis and is not a required part of the financial statements. Such information will be subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with applicable standards. Our auditor's report will provide an opinion on the supplementary information in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

Our responsibilities for this engagement are limited to the period covered by our engagement and do not extend to any other periods.

Jackie Gonzalez, CPA, is the engagement partner or equivalent for the attest services specified in this letter and is responsible for supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign our report.

We expect to begin our procedures in August 2025 and issue our report in March 2026. We will issue a written report only upon completion of our engagement. Our report will be addressed to the Mayor and City Council of the City.

We cannot provide assurance that an unmodified audit opinion will be expressed. Circumstances may arise in which it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraphs, delay the initiation or completion of our engagement or withdraw from the engagement. If our opinion on the financial statements or compliance is other than unmodified, we will discuss the reasons with you in advance.

If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from the engagement.

GAGAS

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will consider the City's internal control over financial reporting and perform tests of the City's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on the determination of financial statement amounts.

In accordance with the requirements of GAGAS, we will also issue a written report describing the scope of our testing over internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and grant agreements, including the results of that testing. However, providing an opinion on internal control over financial reporting and compliance with such provisions is not an objective of our audit and, therefore, no such opinion will be expressed. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Uniform Guidance

Our audit of the City's major federal award program(s) compliance will be conducted in accordance with the requirements of the Single Audit Act, as amended; and the provisions of the Uniform Guidance (including the U.S. Office of Management and Budget *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the City's major programs).

Our procedures will include tests of accounting records and a determination of major federal award programs in accordance with the Uniform Guidance. We will also perform other procedures we consider necessary to enable us to obtain reasonable assurance about whether the City complied with applicable laws, regulations, and provisions of contracts and grant agreements applicable to major federal award programs, so that we may express an opinion or disclaimer of opinion on major federal award program compliance and render the required reports. We cannot provide assurance that an unmodified opinion on compliance will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or withdraw from the engagement.

Our procedures will consist of determining major federal programs and performing the applicable procedures described in the U.S. Office of Management and Budget OMB Compliance Supplement for the types of compliance requirements that could have a direct and material effect on each of the City's major programs. The purpose of those procedures will be to express an opinion on the City's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Also, as required by the Uniform Guidance, we will perform tests of controls to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each of the City's major federal award programs. Our report will include any significant deficiencies and material weaknesses identified. However, our tests will be less in scope than would be necessary to render an opinion on these controls and, accordingly, no opinion will be expressed in our report.

Required Supplementary Information (RSI)

U.S. GAAP, as promulgated by the Governmental Accounting Standards Board ("GASB"), requires that management's discussion and analysis and budgetary comparison information, among other items, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the RSI in accordance with U.S. GAAS. These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI.

Non-Attest Services

We will perform this additional non-attest (non-audit services) as part of this engagement.

- Preparation of financial statements and related notes
- Preparation of schedule of expenditures of federal awards (as applicable)
- Assistance with entries to convert accounting records from modified accrual to full accrual (GASB 34 entries)
- Preparation of the Data Collection Form

GAGAS require that we document an assessment of the skills, knowledge, and experience of management, should we participate in any form of preparation of the financial statements and related schedules or disclosures as these actions are deemed a non-attest service. The City has designated Sandra Gibson, City Manager to oversee these services.

These non-attest services do not constitute an audit under GAGAS and such services will not be conducted in accordance with GAGAS.

Data Collection Form on Reporting for Single Audits

It is expected that prior to the conclusion of the engagement, sections of the Data Collection Form will be completed by our firm. The sections that we will complete summarize our audit findings by federal grant or contract. Management is responsible to submit the reporting package (defined as including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. The instructions to the Data Collection Form require that the reporting package be an unlocked, unencrypted, text searchable portable document file (PDF) or else it will be rejected by the Federal Audit Clearinghouse. We will be available to assist management in creating the PDF if needed.

We will coordinate with you the electronic submission and certification upon the reporting package completion. If applicable, we will provide copies of our report for you to include with the reporting package if there is a need to submit the package to pass-through entities.

The Data Collection Form and the reporting package must be submitted within the earlier of thirty (30) days after receipt of our reports or nine (9) months after the end of the audit period.

Third-Party Service Providers

Depending on the requirements of this engagement, we may use the services of our affiliate, Weaver and Tidwell India LLP, a limited liability partnership incorporated in India, or one or more other third-party service providers to assist us. Before sharing confidential information with those service providers, we will (i) secure agreements to maintain the confidentiality of confidential information and ensure the confidential information is only used for the purpose of assisting us with the performance of this engagement and (ii) take commercially reasonable precautions to determine the service providers have appropriate procedures in place to prevent the unauthorized disclosure of confidential information. If we use such service providers, we will remain responsible for all work performed and any breach of our confidentiality arrangements by those service providers.

Management's Responsibilities

Our engagement will be conducted on the basis that management and, when appropriate, those charged with governance, acknowledge and understand that they have responsibility for:

- a. the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework described above;
- b. the design, implementation, and maintenance of the system 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;
- c. the design, implementation, and maintenance of programs and controls to prevent and detect fraud;
- d. informing us of any known or suspected fraud involving management, employees with significant roles in the system of internal control and others where fraud could have a material effect on the financial statements (including any allegations of fraud or suspected fraud received in communications from employees, former employees, regulators, or others);

- e. providing us with:
 - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements, and relevant to federal award programs, including the disclosures, such as records, documentation, and other matters;
 - ii. additional information that we may request from management for the purpose of the engagement; and
 - iii. unrestricted access to persons from whom we determine it necessary to obtain evidence;
- f. including our report, and our report on any supplementary information if described above, in any document containing the basic financial statements that indicates that such basic financial statements have been audited by us;
- g. identifying and ensuring compliance with the laws and regulations applicable to activities;
- h. adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
- i. maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- j. the accuracy and completeness of all information provided;
- k. with regard to the supplementary information referred to above: (a) the preparation of the supplementary information in accordance with the applicable criteria; (b) providing us with the appropriate written representations regarding supplementary information; (c) including our report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information; and (d) presenting the supplementary information with the audited financial statements, or if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by you of the supplementary information and our report thereon;
- l. the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to violations of laws, governmental regulations, grant agreements, or contractual agreements;
- m. identifying all federal awards expended during the period;
- n. providing us with access to all information of which management is aware that is relevant to federal award programs;
- o. preparing the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the Uniform Guidance;
- p. the design, implementation, and maintenance of internal control over compliance;
- q. identifying and ensuring that entity complies with laws, regulations, grants, and contracts applicable to its activities and its federal award programs;
- r. following up and taking corrective action on reported audit findings from prior periods and preparing a summary schedule of prior audit findings;

- s. following up and taking corrective action on current period audit findings and preparing a corrective action plan for such findings;
- t. submitting the reporting package and data collection form to the appropriate parties;
- u. making us aware of any significant vendor relationships where the vendor is responsible for program compliance;
- v. informing us of facts that may affect the financial statements of which you may become aware during the period from the date of our report to the date the financial statements are issued; and
- w. confirming your understanding of your responsibilities in this letter to us in your management representation letter.

We understand that your employees will prepare all confirmations we request and will locate any documents or support for any other transactions we request.

If we agree herein or otherwise to perform any non-attest services (such as tax services or any other non-attest services), you agree to assume all management responsibilities for those services; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them. We will perform any such non-attest services in accordance with applicable professional standards.

During the course of our engagement, we will request information and explanations from management regarding operations, internal controls, future plans, specific transactions and accounting systems and procedures. At the conclusion of our engagement, we will also require, as a precondition to the issuance of our report, that management provide certain representations in a written letter concerning representations made to us in connection with our engagement. You agree that as a condition of our engagement, management will, to the best of its knowledge and belief, be truthful, accurate and complete in all representations made to us during the course of the engagement and in the written representation letter. The procedures we perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. False or misleading representations could cause us to expend unnecessary efforts in the engagement; or, worse, could cause a material error or a fraud to go undetected by our procedures.

The hiring of, or potential employment discussions with, any of our personnel could impair our independence. Accordingly, you agree to inform the engagement partner prior to any such potential employment discussions taking place.

Fees and Invoicing

We estimate the fee for this engagement will be \$64,000. The total fee for our services will be determined by the complexity of the work performed and the tasks required. Individual hourly rates vary according to the degree of responsibility involved and the skills required. It is understood that neither our fees nor the payment thereof will be contingent upon the results of this engagement.

Our fee estimate is based on anticipated cooperation from all involved and the assumption that unexpected circumstances will not be encountered during the engagement. Our fee estimate does not contemplate our consultation with you on the adoption of new accounting standards or any future increased duties we may have because of the actions of any regulatory body, implementation of any new auditing standard, or occurrence of an unknown or unplanned significant transaction. If significant additional time is necessary, we will discuss the reasons with you and arrive at a new fee estimate before we incur the additional costs.

Our invoices for this engagement will be rendered each month as work progresses. Our invoices are payable on presentation and will be rendered (generally monthly) as work progresses.

Documentation and Deliverable

The documentation we prepare pertaining to and in support of this engagement is our property and constitutes confidential information.

If you intend to make reference to our firm or include a report or portion of a report we issue in a published document or other reproduction that includes a modified version of the report or financial information to which it was attached, you agree to provide us with printers' proofs or masters for our review and approval before reproducing. You also agree to provide us with a copy of the final reproduced material for our written approval before it is distributed. If, in our professional judgment, the circumstances require, we may withhold our approval. This requirement does not pertain to distributing unmodified reports along with the attached financial information or dissemination of your financial information as a standalone document, such as on your website.

Unless we provide you with written consent in advance of such use, reports we issue are not intended to and should not be provided or otherwise made available for use in connection with the sale of debt or other securities. If, in our professional judgment, the circumstances require, we may withhold our consent.

Consistent with professional standards, our firm is subject to peer review and inspection by the PCAOB. Those programs require that our system of quality management and a sample of our work be periodically examined by another independent accounting firm or the PCAOB, respectively. A copy of our latest external peer review report is available at peerreview.aicpa.org. The work we perform for you may be selected for review. If it is, we will provide the reviewers with the required information without notice to you. Professional standards and PCAOB regulations provide the applicable confidentiality requirements.

Incorporated General Terms

Attached are our General Terms that provide additional terms (including but not limited to provisions on confidentiality, limitations on liability, indemnifications, dispute resolution, jury waiver, etc.) for this engagement. Those terms are incorporated and apply to all services described herein.

We appreciate the opportunity to assist you and look forward to working with you and your team.

Sincerely,

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas

Please sign and return a copy of this letter to indicate acknowledgment of, and agreement with, the arrangements for our engagement as described herein, including each party's respective responsibilities. By signing below, the signatory also represents that they have been authorized to execute this agreement.

City of Watauga, Texas

By: _____

Printed Name: _____

Title: _____

Date: _____

GENERAL TERMS

1. Expenses.

In addition to the fee for our services, reasonable and necessary out-of-pocket expenses we incur (such as parking, reproduction and printing, postage and delivery, and out-of-market travel, meals, and accommodations) will be invoiced at cost. The amount stated on each invoice will also include any sales, use, gross receipts, excise, or other transaction tax imposed on our fees or expenses.

2. Payment.

Any disagreement with the charges must be communicated to us in writing within thirty (30) days of the invoice date, after which any right to contest the invoices will be waived. For invoices not paid within sixty (60) days of the invoice date, a late charge will be added to any uncontested outstanding balance. The late charge will be assessed at a rate of half a percent (0.5%) of the unpaid balance per month. If invoices are not paid within ninety (90) days of the invoice date, this engagement (and any other engagements for the same party) will be placed on hold and we will stop work until the balance is brought current, or we may withdraw, and we will not be liable for any damages that may result.

3. Term.

A. This engagement ends at the earlier of the completion of our services described above, the provision of any deliverables described above, or the termination of this engagement. Any party may earlier terminate this engagement at any time with ten (10) days' written notice to the other party. If the engagement is terminated, our engagement will be deemed to have been completed upon written notification of termination, and we will be paid for our time expended and expenses incurred through the date of termination.

B. If we are requested to perform additional services not addressed in this engagement letter, we will communicate our ability to perform the services, the scope of additional services we agree to perform, and the fee arrangements we would use. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting the arrangement for performance of such additional services, those services will continue to be governed by the terms of this engagement letter.

4. Ethical Conflict Resolution.

In the unlikely event that circumstances occur which we in our sole discretion believe could create a conflict with either the ethical standards of our firm or the ethical standards of our profession in continuing our engagement, we may suspend our services until a satisfactory resolution can be achieved or we may resign from the engagement. We will

provide notice of such conflict as soon as practicable and discuss any possible means of resolving the conflict prior to suspending our services.

5. Non-Solicitation of Our Staff.

We value every one of our partners, employees, and contractors and have spent a great deal of time and resources to locate, train, and retain those individuals. Accordingly, during the term of this engagement letter and for two (2) years after the later of the termination of this engagement letter or conclusion of the performance of all of our services performed hereunder, no party, whether voluntarily or involuntarily, directly or indirectly, will solicit to employ or engage, on a partner, employee, contractor, or other basis, any of our partners, employees, or contractors who perform these services, without obtaining the prior written consent of our CEO or COO. This section shall not apply to a solicitation by general advertisement (e.g. website, social media posting, newspaper, etc.) or any employment or engagement resulting therefrom.

6. Confidentiality.

A. During the course of this engagement, the parties may disclose to each other, orally, in writing, or otherwise, information that is identified as or which is otherwise categorized by law as proprietary, confidential, or privileged ("Confidential Information"). Confidential Information does not include material which (i) is in the public domain through no fault of the receiving party, (ii) was already known to the receiving party before it was first disclosed to the receiving party by or on behalf of the disclosing party related to this engagement, (iii) is received by the receiving party from third-parties without confidentiality restrictions, unless those third-parties were acting for or on behalf of the disclosing party related to this engagement, or (iv) is developed by the receiving party independently of, and without reference to, any Confidential Information communicated to the receiving party by or on behalf of the disclosing party. We will use the Confidential Information disclosed to us during this engagement solely to perform services for which we have been engaged.

B. We may be requested to make the Confidential Information available to regulators and other government agencies, pursuant to authority given by law or regulation. Responding to many such requests is mandatory. In those cases, access to such Confidential Information will be provided under our supervision and we may, upon their request, provide the regulator or agency with copies of all or selected portions of the Confidential Information. The requesting party may intend or decide to distribute the copies or information contained therein to others, including other regulators or agencies.

C. Unless otherwise stated herein, prohibited by law or direction of law enforcement, or agreed in writing, the parties will (i) provide prompt notice of any request received to make Confidential Information pertaining to this engagement, including any of our work product, available to outside parties not involved in the performance of these services and (ii) obtain written consent from the affected party before disclosing the Confidential Information in response to the request. If consent is withheld, the parties will cooperate with any lawful efforts taken to minimize the disclosure or protect the Confidential Information.

D. We will invoice for reasonable and necessary time (at our then-current standard hourly rates) and out-of-pocket expenses (including attorney's fees) we incur to respond to any request (such as a subpoena, summons, court order, or administrative investigative demand) pertaining to this engagement in a legal matter to which we are not a party. If we agree to perform additional substantive services related to or arising out of the request, such matters may be the subject of a new engagement letter.

E. The parties agree to maintain Confidential Information using the same standard of care each uses to protect its own information of like importance but in no case less than a reasonable standard of care.

F. All rights to Confidential Information (including patent, trademarks, copyrights, or other intellectual property rights) shall remain vested in the disclosing party, and no rights in the Confidential Information are vested in the receiving party, except the limited right to use the Confidential Information solely to perform its obligations or exercise its rights under this engagement letter.

G. We will return or destroy the Confidential Information upon the disclosing party's request within a reasonable period of time, except that we will maintain any copies of the Confidential Information for the period necessary to comply with any applicable laws or professional standards and our own document retention policy (e.g. we will maintain our workpapers for seven (7) years from the date of any attest report we issue). Following such a period, we may destroy the Confidential Information without notice.

H. We may at times provide (i) documents marked as drafts or (ii) preliminary or ancillary information or advice (not included in a final deliverable). Those documents, information, and/or advice are for review and consideration purposes only and should not be relied upon or distributed, and should be destroyed, unless otherwise required by law. If further analysis, information, or advice is desired, we will be informed in writing. We may assist if the matter is within our expertise. Unless already encompassed by the scope of our engagement letter, if we agree to provide such further assistance, our services will be handled as additional services in the manner described above.

I. We may transmit and store data via email, the cloud, or other electronic and Internet-based mechanisms to facilitate this engagement. Please be aware that those mediums inherently pose a risk of misdirection or interception of Confidential Information. Any request to limit such transmissions or use a different means of transmission or storage must be made in writing and we will not be responsible for any resulting compromise in data security.

J. We do not act as the host or repository of financial or non-financial information or as an information back-up service provider for our clients. It is the responsibility of our clients to maintain a complete set of their own financial and non-financial data and records. If some portion of the data and records is contained only within our files, inform us before the issuance of our deliverable and we will provide a copy.

K. Unless otherwise stated herein or agreed in writing, neither this engagement nor engagement letter is intended for the benefit of any third party. Any party may inform us of any third party who will receive our deliverable. If we are not informed in writing by a party, we are not aware of the identity of such third parties and we do not anticipate their reliance upon our professional services or deliverable unless otherwise agreed in writing.

7. Limitations on Liability and Indemnifications.

A. Each party to this engagement letter other than us gives the following releases and indemnifications to us and our affiliates' partners, employees, and contractors, and each of their heirs, executors, personal representatives, successors and assigns ("Our Representatives"). We and Our Representatives are hereby released, indemnified, and held harmless, from and against any liability and costs, including related liabilities, losses, damages, costs, expenses, and attorneys' fees, resulting from or arising out of: (i) knowing misrepresentations or unintentional or unauthorized disclosures to us or Our Representatives by any party (other than us) or the officers, employees, or others acting or purporting to act on their behalf, (ii) disclosure of our work product to anyone not a party this engagement letter who we were not informed of in advance, or (iii) misdirection, interception, or failed delivery of information connected with this engagement during transmission, submission, or storage.

B. Our and Our Representatives' total aggregate liability pertaining to this engagement and engagement letter shall be limited to one (1) times the amount of our fees (excluding any reimbursable expenses) the party bringing the claim paid to us for the services in question. In no event shall we or Our Representatives be liable for indirect, incidental, consequential, special, multiple, exemplary, or

punitive losses or damages—even if advised of their possible existence.

C. Satisfaction of a claim or cause of action arising from nonattest services (if any) which are part of this engagement or performed pursuant to this engagement letter shall only be sought from the limited liability partnership, Weaver and Tidwell, L.L.P. In no event will our partners, directors, employees, or agents be individually liable for any liability, damages, expenses, or losses of any nature, caused by or resulting from the engagement, engagement letter, or use of our work product. While we are entering into this engagement letter on our own behalf, this paragraph is also intended for the benefit of Our Representatives.

D. All limitations on liability and indemnifications contained herein shall apply to the fullest extent permissible by applicable laws and professional standards (including, without limitation, any applicable rules and interpretations of the AICPA, PCAOB, and SEC), regardless of the cause of action (whether contract, negligence, or otherwise), except as finally determined to have resulted solely from our fraud, gross negligence, or willful misconduct.

8. Dispute Resolution Procedure including Jury Waiver.

A. No claim arising out of or relating to this engagement or engagement letter shall be filed more than two (2) years after the earlier of the termination of this engagement or the date of the delivery of our work product in question, if any. This limitation applies and begins to run even if no damage or loss has been suffered, or the injured or damaged party has not become aware of the existence or possible existence of a dispute.

B. If a dispute arises out of or relates to this engagement or engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation before resorting to litigation. In such event, the parties will attempt to agree upon a location, mediator, and mediation procedures, but absent such agreement any party may require mediation in Houston, Texas, administered by the AAA under its Commercial Mediation Procedures.

C. This engagement letter and all disputes between the parties shall be governed by, resolved, and construed in accordance with the laws of the State of Texas, without regard to conflict-of-law principles. Any action arising out of or relating to this engagement or engagement letter shall only be brought in, and each party agrees to submit and consent to the exclusive jurisdiction of the federal or state courts in the State of Texas and convenience of those situated in Harris County, Texas.

D. Each party hereby irrevocably waives any right it may have to trial by jury in any proceeding arising out of or relating to this engagement or this engagement letter.

E. Whenever possible, this engagement letter shall be interpreted in such a manner as to be effective and valid under applicable laws, regulations, or published interpretation, but if any term of this engagement letter is declared illegal, unenforceable, or unconscionable, that term shall be severed or modified, and the remaining terms of the engagement letter shall remain in force. The court should in such case modify any term declared to be illegal, unenforceable, or unconscionable in a manner that will retain the intended term as closely as possible.

F. If because of a change in status or due to any other reason, any of the terms of this engagement or any contract we have now or enter into in the future with any of the other parties, would be prohibited by, or would impair our independence when required under laws, regulations or published interpretations by governmental bodies, professional organizations or other regulatory agencies, such provision shall, to that extent, be of no further force and effect and the contract shall consist of the remaining portions.

9. Miscellaneous.

A. We have non-CPA owners who may provide services pertaining to this engagement.

B. We do not provide legal advice or services. If necessary, refer to appropriate legal counsel for advice or services of that nature.

C. This engagement letter sets forth all agreed upon terms and conditions of our engagement with respect to the matters covered herein and supersedes any that may have come before. This engagement letter may not be amended or modified except by further writing signed by all the parties. Any provisions of this engagement letter which expressly or by implication are intended to survive its termination or expiration will survive and continue to bind the parties. The use of electronic signatures or multiple counterparts to execute this engagement letter shall have the same force and effect as a manually or physically signed original instrument.

PROFESSIONAL FEES

Cost efficiency is a Weaver hallmark. We pride ourselves on offering extensive capabilities at a reasonable cost. Our pricing reflects the level of insight and technical knowledge our team brings, focused on helping you meet both your immediate objectives and your long-term goals.



Weaver is committed to working with you to develop a conscious, cost-effective fee structure that reflects your unique needs — we want our relationship with you to be long-term and mutually beneficial.

Please see below for our not-to-exceed fee estimates for five years.

SERVICE	2025	2026	2027	2028	2029
Financial Audit Services	\$64,000	\$64,000	\$66,000	\$68,000	\$70,000

Questions and Communications

We encourage you to contact us with routine questions throughout the engagement, and throughout the year.

We won't bill you for general inquiries nor for the time to learn the nuances of your operations. We see all of this as an investment in building a long-term relationship with you.

For questions that require substantial research, or if it should become necessary to change the existing scope — either to supplement the services requested or to perform additional work because of specific recommendations — we'll discuss project details with you and agree on a pricing structure before beginning work. Typically, additional work is negotiated based upon the timing of the services needed and skill level required.

Addressing Scope Changes

There should never be surprises when it comes to costs. Once the annual audit plan and corresponding fee estimate are complete and approved, we don't expect the cost of the engagement to exceed this initial cost estimate.

However, there are situations that can trigger the need for additional services, such as significant changes in client operations, auditing standards, or to address issues identified during the audit. If it should ever become necessary to change the existing scope, we'll discuss project details with you and agree on a pricing structure before beginning additional services.

Keeping fees transparent and reasonable is just one way we demonstrate a commitment to our clients. If you're ever unsatisfied with your fee, please don't hesitate to let us know.



CERTIFICATE OF INTERESTED PARTIES

FORM 1295

1 of 1

Complete Nos. 1 - 4 and 6 if there are interested parties.
Complete Nos. 1, 2, 3, 5, and 6 if there are no interested parties.

**OFFICE USE ONLY
CERTIFICATION OF FILING****1 Name of business entity filing form, and the city, state and country of the business entity's place of business.**

Weaver and Tidwell, L.L.P.
Fort Worth, TX United States

Certificate Number:
2025-1291549

Date Filed:
04/04/2025

Date Acknowledged:
4/4/2025

2 Name of governmental entity or state agency that is a party to the contract for which the form is being filed.

City of Watauga

3 Provide the identification number used by the governmental entity or state agency to track or identify the contract, and provide a description of the services, goods, or other property to be provided under the contract.

25-001
Financial Audit

4	Name of Interested Party	City, State, Country (place of business)	Nature of interest (check applicable)	
			Controlling	Intermediary
	Mackel, John	Houston, TX United States	X	
	Rook, David	Houston, TX United States	X	
	Gonzalez, Jackie	Fort Worth, TX United States		X

5 Check only if there is NO Interested Party. ☐

6 UNSWORN DECLARATION

My name is Jackie Gonzalez, and my date of birth is 4/26/1979.

My address is 2821 West 7th Street Suite 700, Fort Worth, TX, 76107, US.
(street) (city) (state) (zip code) (country)

I declare under penalty of perjury that the foregoing is true and correct.

Executed in Tarrant County, State of Texas, on the 4th day of April, 2025.
(month) (year)

Signature of authorized agent of contracting business entity
(Declarant)