City of Azle
Regular Meeting Agenda
City Council

505 W. Main Street
Azle, Texas 76020

February 20, 2024 | **6:00 PM** | **Council Chambers**

Pursuant to Section 551.071 of the Texas Government Code, the Council may convene into Executive Session(s) from time to time as deemed necessary during the meeting for any posted agenda item and may receive advice from its attorney as permitted by law.

CALL TO ORDER

INVOCATION

The City of Azle is accepting volunteers from all Religions and Denominations to provide the invocation at the beginning of the City Council meeting. If you are interested in giving the invocation at a future meeting, please call the city secretary's office at 817-444-7101 or email: yforgey@cityofazle.org

Jay Ditty, pastor of Silver Creek Baptist Church

PLEDGE OF ALLEGIANCE

PUBLIC PARTICIPATION

This is an opportunity for the public to address the City Council on posted agenda items or non-agenda items. In order to address the Council, please complete a Speaker's Request Form and submit to the City Secretary prior to the start of the council meeting. All comments must be directed to the Presiding Officer, rather than an individual council member or city staff. All speakers must refrain from personal attacks toward any individual. Comments are limited to three (3) minutes and must pertain to the subject matter listed on the Speaker's Request Form. Speakers requiring the assistance of a translator shall be provided four (4) minutes. Council may not comment publicly on non-agenda items, but may direct the City Manager to resolve the matter or request the matter be placed on a future agenda. Public comments regarding non-agenda items shall not include any "deliberation" as defined by Chapter 551 of the Government Code, as now or hereafter amended. If you have a subject that may require City Council action, you may obtain a form from the City Secretary and request the item be placed on a future agenda.

PRESENTATIONS

1. Cross Timber Golf Course Annual Presentation.
   Matthew Sommerfield, Golf Course General Manager
2. Quarterly Investment Report for the Quarter ended December 31, 2023
   Martin Avila, Finance Director

ACTION ITEMS

3. Consider and take action on the February 6, 2024 regular council meeting minutes.
   Yael Forgey, City Secretary
4. Consider any action on acceptance of the auditor's opinion, the Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the fiscal year ended September 30, 2023
   Martin Avila, Finance Director
5. Consider any action on Ordinance No. 2024-02 an ordinance amending Chapter 4 "Business Regulations" of the code of ordinances, city of Azle, Texas to repeal and replace article 4.09 "Wreckers" to establish regulations for wreckers operating in the city and to provide for contracting with a single wrecker service company for towing and impound services for the city; providing that this ordinance is cumulative of all ordinances; providing a severability clause; providing a savings clause; providing a penalty clause; providing for publication; and providing an effective date.

Ben Hall, Police Chief

6. Consider a variance request to Section 3.10.042 (b) of the City of Azle Code of Ordinances to allow for corrugated metal panels for fencing material. The subject property is located at 735 Phillips Drive which is located on the west side of Phillips Drive and north of Kerry Lane.
   David Hawkins, Director of Planning and Development
7. Consider any action on Ordinance No 2024-03 amending Chapter 1, Article 1.04 "Boards, Commissions, and Committees" of the Code of Ordinances, City of Azle, Texas by adding a Beautification Board, providing that this ordinance is cumulative of all ordinances; providing a severability clause; providing a savings clause; and providing an effective date.
   Tom Muir, City Manager

DISCUSSION ITEMS

8. Parking lot Maintenance
   Tom Muir, City Manager

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

EXECUTIVE SESSION

- **551.074 PERSONNEL MATTERS**
  Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of City Manager.

9. Take any action pursuant to the Executive Session.

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on 02-16-2024, at the City's official bulletin board and is readily accessible to the public at all times in accordance with V.T.C.A. Chapter 551, Texas Government Code.

Yael Forgey

Yael Forgey,
City Secretary

This facility is wheelchair accessible and handicapped parking spaces are available. Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in city functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight hours prior to the scheduled starting time by calling the City Secretary's Office at 817-444-7101. Complete City Council agenda packet is available for review at the City Secretary's Office and on our website www.cityofazle.org.

Item Number: 1

Presenter: **Matthew Sommerfield, Golf Course General Manager**

Agenda Item: **Cross Timber Golf Course Annual Presentation.**

Background and Explanation:

Annual Presentation of the Golf Course.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

N/A

Attachments:

None

Item Number: 2

City of Azle
Community & Opportunity

Presenter: **Martin Avila, Finance Director**

Agenda Item: **Quarterly Investment Report for the Quarter ended December 31, 2023**

Background and Explanation:

Presentation of the Quarterly Investment Report for the Quarter ended December 31, 2023.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. 2023 12 Azle Quarterly Investment Repjort

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2023

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Azle is in compliance with the Public Funds Investment Act and the City of Azle Investment Policy.

Martin Avila

Investment Officer

Investment Officer

Disclaimer: These reports were compiled using information provided by the City of Azle. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment adviser fees.

Summary

Quarter End Results by Investment Category:

Asset Type	September 30, 2023 Book Value	September 30, 2023 Market Value	December 31, 2023 Book Value	December 31, 2023 Market Value	December 31, 2023 Ave. Yield
DDA/MMA/NOW	$ 18,677,920	$ 18,677,920	$ 17,931,286	$ 17,931,286	4.58%
Pools/MMMF	12,197,685	12,197,685	16,871,772	16,871,772	5.35%
CDs/Securities	6,123,155	6,123,155	6,199,482	6,199,482	5.06%
Totals	**$ 36,998,760**	**$ 36,998,760**	**$ 41,002,539**	**$ 41,002,539**	4.97%

Current Quarter Portfolio Performance (1)	
Average Quarterly Yield	4.97%
Rolling Three Month Treasury	5.53%
Rolling Six Month Treasury	5.49%
TexPool	5.37%

Fiscal Year-to-Date Portfolio Performance (2)	
Average Quarter-End Yield	4.97%
Rolling Three Month Treasury	5.53%
Rolling Six Month Treasury	5.49%
Average Quarter-End TexPool Yield	5.37%

Interest Earnings (Approximate)	
Quarterly Interest Earnings	$ 454,072
Fiscal YTD Interest Earnings	$ 454,072

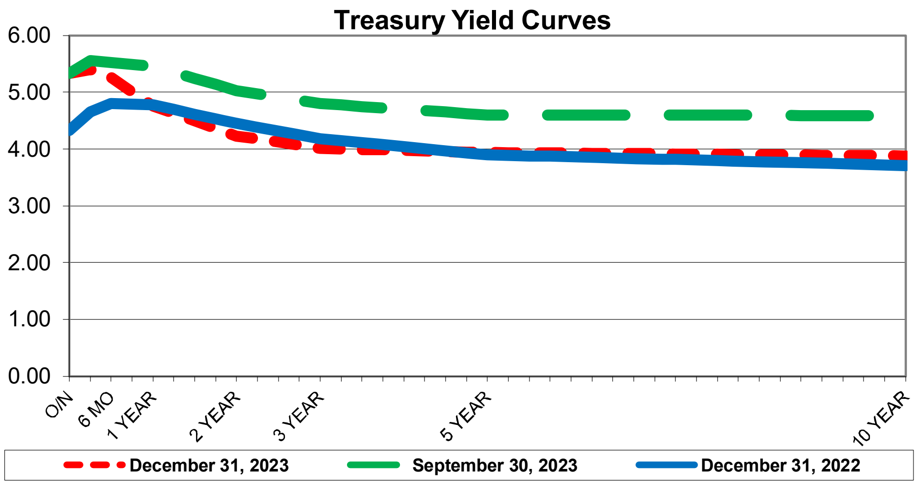
Bank Fee Offsets	
Quarterly Bank Fee Offsets	$ 1,683
Fiscal YTD Bank Fee Offsets	$ 1,683

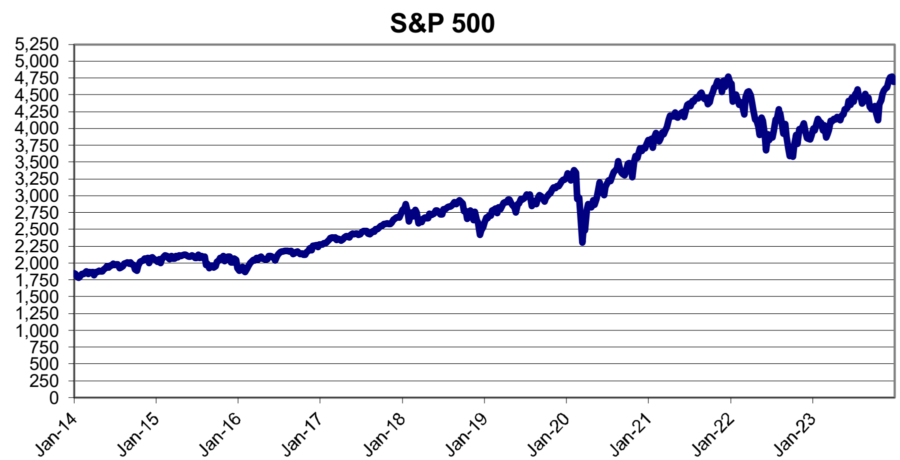
(1) **Current Quarter Weighted Average Yield** - calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

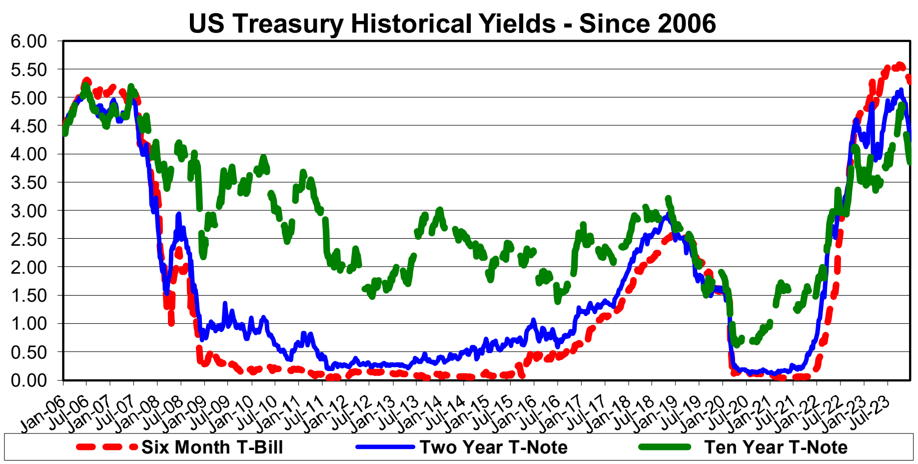
(2) **Fiscal Year-to-Date Weighted Average Yields -** calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

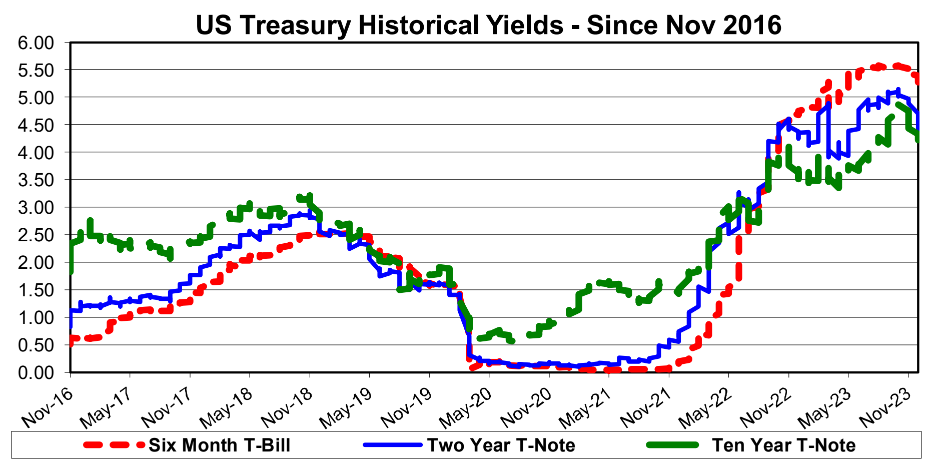
Economic Overview **12/31/2023**

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). Any additional actions, up or down, will be data-dependent. Final Third Quarter 2023 GDP revised downward to 4.9%, but still robust growth. December Non-Farm Payroll posted 216k new jobs (above the estimated 170k). The Three Month Rolling Average declined to 165k. The S&P 500 Stock Index reached a new peak trading over 4,770 (exceeding 4,766 in Dec 2021). The yield curve shifted lower anticipating future FOMC target reductions. Crude Oil stabilized at +/-$73 per barrel. Inflation continued to decline but still remained above the FOMC 2% target (Core PCE +/-3.2% and Core CPI +/-4.0%). Reduced global economic outlooks and ongoing/expanding military conflicts increase uncertainty.









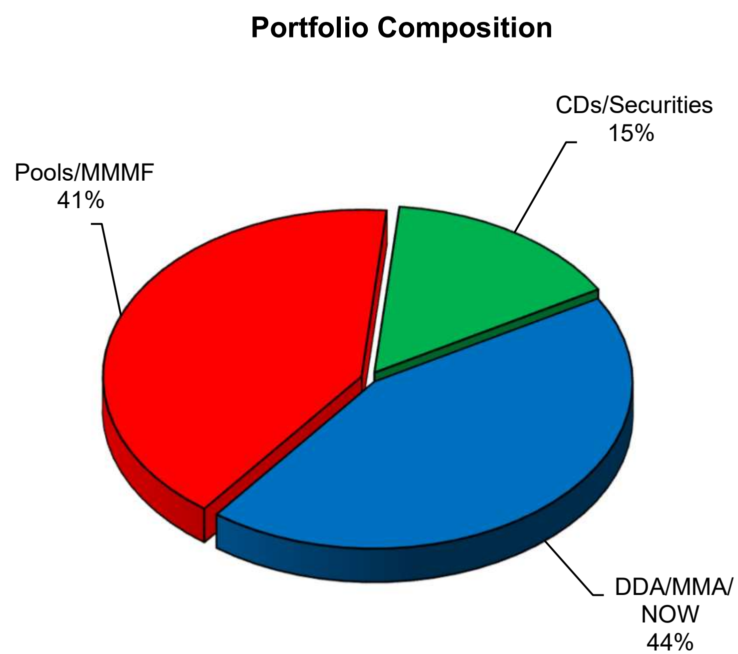
Investment Holdings
December 31, 2023

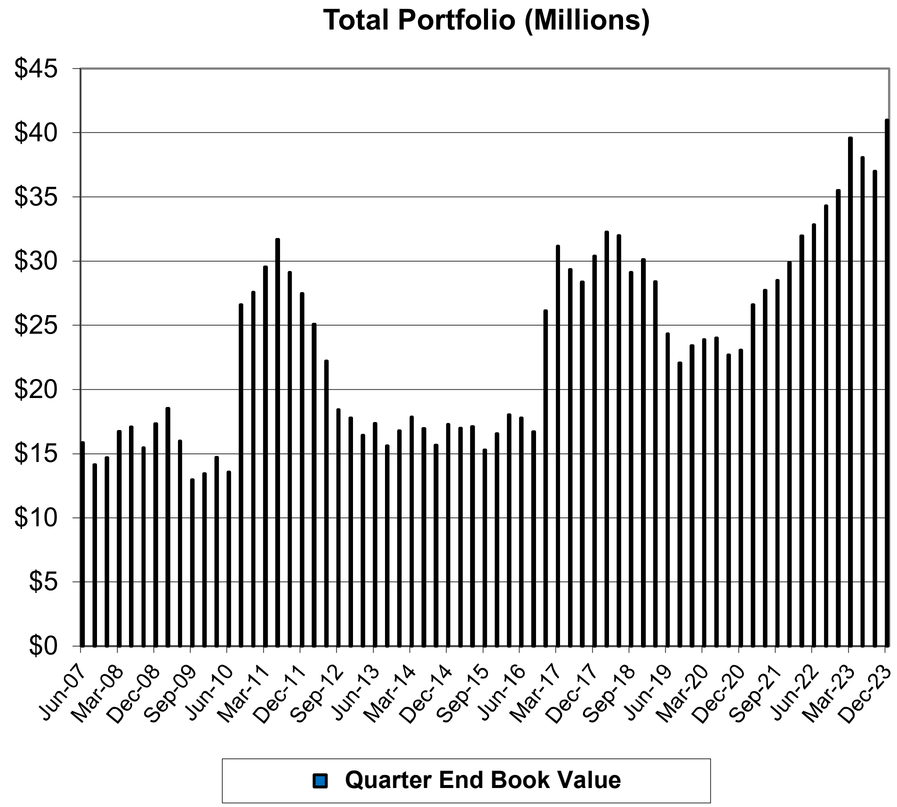
Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Original Face\ Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
Herring Bank		1.21%	01/01/24	12/31/23	$ 234,898	$ 234,898	1.00	$ 234,898	1	1.21%
PNC Bank (3)		0.19%	01/01/24	12/31/23	3,178,997	3,178,997	1.00	3,178,997	1	0.19%
NexBank MMA		5.60%	01/01/24	12/31/23	14,517,391	14,517,391	1.00	14,517,391	1	5.60%
TexSTAR	AAAm	5.34%	01/01/24	12/31/23	8,591,425	8,591,425	1.00	8,591,425	1	5.34%
TexPool	AAAm	5.37%	01/01/24	12/31/23	8,280,346	8,280,346	1.00	8,280,346	1	5.37%
Dreyfus Gov't MMMF	AAAm	3.33%	01/01/24	12/31/23	0.30	0.30	1.00	0.30	1	3.33%
East West Bank CD		5.09%	03/04/24	03/03/23	1,564,953	1,564,953	100.00	1,564,953	64	5.22%
East West Bank CD		5.05%	12/20/24	12/20/23	527,727	527,727	100.00	527,727	355	5.18%
Texas Capital Bank CD		4.70%	03/20/25	03/20/23	1,036,043	1,036,043	100.00	1,036,043	445	4.70%
BOK Financial CDARS		4.93%	06/19/25	06/22/23	1,025,427	1,025,427	100.00	1,025,427	536	5.05%
BOK Financial CDARS		4.93%	06/26/25	06/29/23	1,026,389	1,026,389	100.00	1,026,389	543	5.05%
American Nat'l Bank & Trust CDARS		5.00%	08/14/25	08/16/23	1,018,943	1,018,943	100.00	1,018,943	592	5.12%
					$ 41,002,539	**$ 41,002,539**		**$ 41,002,539**	**61**	**4.97%**
									(1)	**(2)**

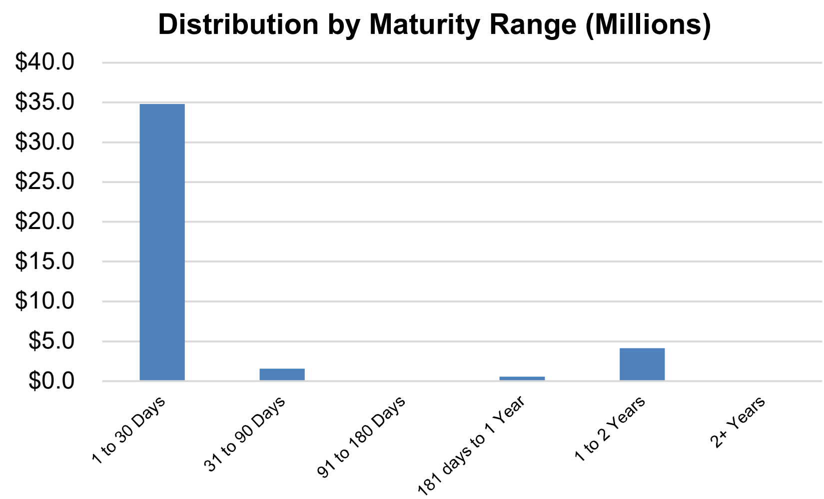
(1) Weighted average life - Pools, Money Market Funds, and Bank Deposits are assumed to have a one day maturity.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on Adjusted Book Value, adviser fees and realized and unrealized gains/losses are not considered. The pool and mutual fund yields are the average for the last month of the quarter. Bank deposit yields are estimated from the monthly allocated earnings.

(3) Compensating Balances - PNC Bank Balances generate earnings credit to offset most bank fees.


Portfolio Composition
CDs/Securities
15%
Pools/MMMF
41%
DDA/MMA/
NOW
44%


Total Portfolio (Millions)
$45
$40
$35
$30
$25
$20
$15
$10
$5
$0
Jun-07
Mar-08
Dec-08
Sep-09
Jun-10
Mar-11
Dec-11
Sep-12
Jun-13
Mar-14
Dec-14
Sep-15
Jun-16
Mar-17
Dec-17
Sep-18
Jun-19
Mar-20
Dec-20
Sep-21
Jun-22
Mar-23
Dec-23
Quarter End Book Value


Distribution by Maturity Range (Millions)
$40.0
$35.0
$30.0
$25.0
$20.0
$15.0
$10.0
$5.0
$0.0
1 to 30 Days
31 to 90 Days
91 to 180 Days
181 days to 1 Year
1 to 2 Years
2+ Years

Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 09/30/23	Increases	Decreases	Book Value 12/31/23	Market Value 09/30/23	Change in Market Value	Market Value 12/31/23
Herring Bank	1.21%	01/01/24	$ 234,152	$ 746	$ –	$ 234,898	$ 234,152	$ 746	$ 234,898
PNC Bank (3)	0.19%	01/01/24	4,129,619	–	(950,622)	3,178,997	4,129,619	(950,622)	3,178,997
NexBank MMA	5.60%	01/01/24	14,314,149	203,242	–	14,517,391	14,314,149	203,242	14,517,391
TexSTAR	5.34%	01/01/24	3,938,642	4,652,783	–	8,591,425	3,938,642	4,652,783	8,591,425
TexPool	5.37%	01/01/24	8,259,034	21,313	–	8,280,346	8,259,034	21,313	8,280,346
Dreyfus Gov't MMMF	3.33%	01/01/24	10	–	(10)	–	10	(10)	–
East West Bank CD	4.77%	12/20/23	521,498	–	(521,498)	–	521,498	(521,498)	–
East West Bank CD	5.22%	03/04/24	1,545,005	19,948	–	1,564,953	1,545,005	19,948	1,564,953
East West Bank CD	5.18%	12/20/24	–	527,727	–	527,727	–	527,727	527,727
Texas Capital Bank CD	4.70%	03/20/25	1,023,974	12,069	–	1,036,043	1,023,974	12,069	1,036,043
BOK Financial CDARS	5.05%	06/19/25	1,012,769	12,659	–	1,025,427	1,012,769	12,659	1,025,427
BOK Financial CDARS	5.05%	06/26/25	1,013,726	12,663	–	1,026,389	1,013,726	12,663	1,026,389
American Nat'l Bank & Trust CDARS	5.12%	08/14/25	1,006,183	12,760	–	1,018,943	1,006,183	12,760	1,018,943
TOTAL			**$ 36,998,760**	**$ 5,475,909**	**$ (1,472,130)**	**$ 41,002,539**	**$ 36,998,760**	**$ 4,003,779**	**$ 41,002,539**

Allocation
December 31, 2023
Book and Market Value

Fund	Total	Herring Bank - Backup	PNC Bank	NexBank MMA	TexSTAR	TexPool	Dreyfus Gov't MMMF	East West Bank CD 3/4/24	East West Bank CD 12/20/24
Operating	$ 2,013,111	$ 234,898	$ 1,778,214	$ –	$ –	$ –	$ –	$ –	$ –
General Fund	12,593,164	–	–	4,355,505	6,387,194	42,081	–	782,476	–
Utility Fund	5,315,387	–	–	4,494,000	38,911	–	–	782,476	–
Gas Well - Golf Course	273,182	–	–	–	–	273,182	–	–	–
Gas Well Royalty	236,450	–	–	–	–	236,450	–	–	–
Developer Proportionality Funds	936,535	–	–	–	–	936,535	–	–	–
Water Impact Fees	2,115,643	–	581,348	–	–	1,534,295	–	–	–
Sewer Impact Fees	2,086,555	–	777,449	535,226	246,153	–	–	–	527,727
Police Seizure Escrow	6,627	–	6,627	–	–	–	–	–	–
Police Evidence	35,360	–	35,360	–	–	–	–	–	–
Sales Tax Street Maintenance	749,004	–	–	640,235	108,769	–	–	–	–
Crime Control and Prevention	230,519	–	–	–	–	230,519	–	–	–
Municipal Development District	3,867,179	–	–	–	–	1,812,193	–	–	–
MDD - Capital Projects	239,691	–	–	211,818	–	27,873	–	–	–
General Capital Project	1,932,854	–	–	1,932,854	–	–	–	–	–
Storm Water	1,402,350	–	–	–	–	376,441	–	–	–
Court Technology	14,284	–	–	–	14,284	–	–	–	–
Court Security	27,574	–	–	–	11,468	16,106	–	–	–
Hotel/Motel Tax	256,343	–	–	–	256,343	–	–	–	–
Animal Control Donations	41,355	–	–	–	41,355	–	–	–	–
Animal Medical Fund	24,420	–	–	–	24,420	–	–	–	–
Animal Shelter Donations	288,380	–	–	–	–	288,380	–	–	–
Golf Course	885,570	–	–	420,356	465,214	–	–	–	–
Utility I&S	615,777	–	–	–	610,464	5,314	–	–	–
Debt Service I&S	173,038	–	–	–	173,038	–	–	–	–
Water & Sewer Bond Reserve	223,124	–	–	223,124	–	–	0.30	–	–
2017A SWIFT CO's	213,812	–	–	–	213,812	–	–	–	–
CRF	1,752,426	–	–	–	–	1,752,426	–	–	–
TIRZ #1	2,452,824	–	–	1,704,273	–	748,551	–	–	–
Totals	**$ 41,002,539**	**$ 234,898**	**$ 3,178,997**	**$ 14,517,391**	**$ 8,591,425**	**$ 8,280,346**	**$ 0.30**	**$ 1,564,953**	**$ 527,727**

Allocation (Continued)
December 31, 2023
Book and Market Value

Fund	Texas Capital Bank CD 3/20/25	BOK Financial CDARS 6/19/25	BOK Financial CDARS 6/26/25	American Nat'l Bank CDARS 8/14/25
Operating	$ –	$ –	$ –	$ –
General Fund	–	512,714	513,194	–
Utility Fund	–	–	–	–
Gas Well - Golf Course	–	–	–	–
Gas Well Royalty	–	–	–	–
Developer Proportionality Funds	–	–	–	–
Water Impact Fees	–	–	–	–
Sewer Impact Fees	–	–	–	–
Police Seizure Escrow	–	–	–	–
Police Evidence	–	–	–	–
Sales Tax Street Maintenance	–	–	–	–
Crime Control and Prevention	–	–	–	–
Municipal Development District	1,036,043	–	–	1,018,943
MDD - Capital Projects	–	–	–	–
General Capital Project	–	–	–	–
Storm Water	–	512,714	513,194	–
Court Technology	–	–	–	–
Court Security	–	–	–	–
Hotel/Motel Tax	–	–	–	–
Animal Control Donations	–	–	–	–
Animal Medical Fund	–	–	–	–
Animal Shelter Donations	–	–	–	–
Golf Course	–	–	–	–
Utility I&S	–	–	–	–
Debt Service I&S	–	–	–	–
Water & Sewer Bond Reserve	–	–	–	–
2017A SWIFT CO's	–	–	–	–
CRF	–	–	–	–
TIRZ #1	–	–	–	–
Totals	**$ 1,036,043**	**$ 1,025,427**	**$ 1,026,389**	**$ 1,018,943**

Allocation
September 30, 2023
Book and Market Value

Fund	Total	Herring Bank - Backup	PNC Bank	NexBank MMA	TexSTAR	TexPool	Dreyfus Gov't MMMF	East West Bank CD 12/20/23	East West Bank CD 3/4/24
Operating	$ 3,148,711	$ 234,152	$ 2,914,559	$ –	$ –	$ –	$ –	$ –	$ –
General Fund	8,218,461	–	–	4,294,528	2,096,666	41,517	–	–	772,502
Utility Fund	5,241,980	–	–	4,431,085	38,393	–	–	–	772,502
Gas Well - Golf Course	269,520	–	–	–	–	269,520	–	–	–
Gas Well Royalty	224,565	–	–	–	–	224,565	–	–	–
Developer Proportionality Funds	923,980	–	–	–	–	923,980	–	–	–
Water Impact Fees	1,995,182	–	481,456	–	–	1,513,726	–	–	–
Sewer Impact Fees	1,983,723	–	691,617	527,733	242,875	–	–	521,498	–
Police Seizure Escrow	6,627	–	6,627	–	–	–	–	–	–
Police Evidence	35,360	–	35,360	–	–	–	–	–	–
Sales Tax Street Maintenance	738,593	–	–	631,271	107,321	–	–	–	–
Crime Control and Prevention	248,302	–	–	–	–	248,302	–	–	–
Municipal Development District	3,895,594	–	–	–	–	1,865,436	–	–	–
MDD - Capital Projects	236,352	–	–	208,853	–	27,499	–	–	–
General Capital Project	1,905,795	–	–	1,905,795	–	–	–	–	–
Storm Water	1,360,607	–	–	–	–	347,360	–	–	–
Court Technology	14,093	–	–	–	14,093	–	–	–	–
Court Security	27,205	–	–	–	11,315	15,890	–	–	–
Hotel/Motel Tax	252,929	–	–	–	252,929	–	–	–	–
Animal Control Donations	40,268	–	–	–	40,268	–	–	–	–
Animal Medical Fund	19,677	–	–	–	19,677	–	–	–	–
Animal Shelter Donations	284,514	–	–	–	–	284,514	–	–	–
Golf Course	873,490	–	–	414,471	459,019	–	–	–	–
Utility I&S	293,713	–	–	–	288,470	5,242	–	–	–
Debt Service I&S	156,649	–	–	–	156,649	–	–	–	–
Water & Sewer Bond Reserve	220,010	–	–	220,000	–	–	10	–	–
2017A SWIFT CO's	210,965	–	–	–	210,965	–	–	–	–
CRF	1,752,968	–	–	–	–	1,752,968	–	–	–
TIRZ #1	2,418,929	–	–	1,680,414	–	738,515	–	–	–
Totals	**$ 36,998,760**	**$ 234,152**	**$ 4,129,619**	**$ 14,314,149**	**$ 3,938,642**	**$ 8,259,034**	**$ 10**	**$ 521,498**	**$ 1,545,005**

Allocation (Continued)
September 30, 2023
Book and Market Value

Fund	Texas Capital Bank CD 3/20/25	BOK Financial CDARS 6/19/25	BOK Financial CDARS 6/26/25	American Nat'l Bank CDARS 8/14/25
Operating	$ –	$ –	$ –	$ –
General Fund	–	506,384	506,863	–
Utility Fund	–	–	–	–
Gas Well - Golf Course	–	–	–	–
Gas Well Royalty	–	–	–	–
Developer Proportionality Funds	–	–	–	–
Water Impact Fees	–	–	–	–
Sewer Impact Fees	–	–	–	–
Police Seizure Escrow	–	–	–	–
Police Evidence	–	–	–	–
Sales Tax Street Maintenance	–	–	–	–
Crime Control and Prevention	–	–	–	–
Municipal Development District	1,023,974	–	–	1,006,183
MDD - Capital Projects	–	–	–	–
General Capital Project	–	–	–	–
Storm Water	–	506,384	506,863	–
Court Technology	–	–	–	–
Court Security	–	–	–	–
Hotel/Motel Tax	–	–	–	–
Animal Control Donations	–	–	–	–
Animal Medical Fund	–	–	–	–
Animal Shelter Donations	–	–	–	–
Golf Course	–	–	–	–
Utility I&S	–	–	–	–
Debt Service I&S	–	–	–	–
Water & Sewer Bond Reserve	–	–	–	–
2017A SWIFT CO's	–	–	–	–
CRF	–	–	–	–
TIRZ #1	–	–	–	–
Totals	**$ 1,023,974**	**$ 1,012,769**	**$ 1,013,726**	**$ 1,006,183**

Item Number: 3

Presenter: **Yael Forgey, City Secretary**

Agenda Item: **Consider and take action on the February 6, 2024 regular council meeting minutes.**

Background and Explanation:

Procedural.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

To approve.

Attachments:

1. Minutes

MINUTES
Regular Meeting
Azle City Council

505 W. Main Street
Azle, Texas 76020

February 6, 2024	6:00 PM	Council Chambers

CALL TO ORDER

Mayor Brundrett called the meeting to order at 6:01 PM

Members Present:

Mayor Alan Brundrett
Mayor Pro Tem Randa Goode
Councilmember Derrick Nelson
Councilmember Amy Estes
Councilmember Rouel Rothenberger
Councilmember Stacy Peek

Member Absent:

Councilmember Brian Conner

Staff Present:

Tom Muir	City Manager
Yael Forgey	City Secretary
Susie Hiles	Assistant to the City Manager
Andrea Russell	City Attorney
Will Scott	Fire Chief
Lee Godbold	Assistant Fire Chief
David Hawkins	Director of Planning and Develpment
Ben Hall	Police Chief

INVOCATION

Laura Pritchett, Trustee with the Tarrant County College District Board of Trustees, gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Brundrett led the Pledge of Allegiance.

PUBLIC PARTICIPATION

Anthony Lewis, 633 Madeline Ct - addressed the Council about issues with the left turn lane on Boyd Road between RaceTrac and Burger King.

PRESENTATIONS

1. Community Waste Disposal Annual Report

Mayor Brundrett recognized Robert Medigovich, CWD Municipal Coordinator, who gave an annual review of the city's solid waste and recycling services for 2023. Also, Mr. Medigovich presented the

2023 STAR Environmental Leadership Award to the City of Azle and Servolution Network.

ACTION ITEMS

2. Consider any action on the January 23, 2024 regular council meeting minutes.

Councilmember Rothenberger moved to approve the January 23, 2024 regular council meeting minutes, as presented. Mayor Pro Tem Goode seconded the motion.

Yes: (6) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger

3. Consider any action on an appeal to the City of Azle Code of Ordinances, Article 6.08, Tree Preservation, Section 6.08.007, Tree Replacement Requirement to allow a reduction in tree mitigation requirements, partial fee waiver and partial tree replacement for Kodiak Car Wash and an off-site drainage facility for a non-residential development located at 905 Boyd Road, a 1.55-acre tract of land located on the west side of Boyd Road, approximately 500 feet south of Pecan Street, and zoned as Heavy Commercial (HC). Case No. TR2024-01

Mayor Brundrett recognized Director of Planning and Development David Hawkins, who presented an overview of the appeal. Robert Petrie, property owner, provided information on his reason for requesting the appeal.

Councilmember Rothenberger moved to approve the appeal to the City of Azle Code of Ordinances, Article 6.08, Tree Preservation, Section 6.08.007, Tree Replacement Requirement to allow a reduction in tree mitigation requirements, partial fee waiver and partial tree replacement for Kodiak Car Wash and an off-site drainage facility for a non-residential development located at 905 Boyd Road, a 1.55-acre tract of land located on the west side of Boyd Road, approximately 500 feet south of Pecan Street, and zoned as Heavy Commercial (HC). Case No. TR2024-01.
None seconded the motion. Motion failed.

Councilmember Nelson moved to deny the appeal to the City of Azle Code of Ordinances, Article 6.08, Tree Preservation, Section 6.08.007, Tree Replacement Requirement to allow a reduction in tree mitigation requirements, partial fee waiver and partial tree replacement for Kodiak Car Wash and an off-site drainage facility for a non-residential development located at 905 Boyd Road, a 1.55-acre tract of land located on the west side of Boyd Road, approximately 500 feet south of Pecan Street, and zoned as Heavy Commercial (HC). Case No. TR2024-01. Councilmember Estes seconded the motion.

Yes: (5) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek

No: (1) Rouel Rothenberger

DISCUSSION ITEMS

4. Proposed revisions to the Wrecker Ordinance.

Mayor Brundrett recognized Chief Ben Hall who updated the council on the Wrecker Ordinance revisions, noting Staff is recommending contracting with one towing company to have a better oversight of service.

Mayor Brundrett convened to Executive Session at 6:36 PM to discuss Items 3 & 4. Pursuant to Section 551.071 of the Texas Government Code, the council may convene into Executive Session(s) from time to time as deemed necessary during the meeting for any posted agenda item and may receive advice from its attorney as permitted by law.

Council reconvened to open session at 7:41 PM.

5. Revising the Permitted Use Schedule.

Mayor Brundrett recognized Planning and Development Director David Hawkins, who presented Council with the Permitted Use Schedule. The Council reviewed the Permitted Use Schedule and recommended amendments. Mr Hawkins advised the revisions would need to be forwarded to the Planning and Zoning Commission for public hearing before coming back to Council. Staff will present the amendments to the P & Z Commission and proceed with scheduling the public hearing.

6. "No Littering" signs

Mayor Pro-Tem Goode requested to have "No littering" signs posted in the parks and on public streets. City Manager Muir will have Staff work on designing the signs and bring them back to Council for their review.

7. Beautification Committee

City Manager Muir advised Council that Staff has been working on a resolution to create the new board and will present it to Council for their review at the next council meeting.

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

- No Littering sings
- Beautification Committee
- Review/update Council on economic development incentives

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

- 02/19/2024 City facilities closed for President's Day
- 02/20 - 3/1/2024 Early voting for the 2024 March Primary Elections
- Move the first council meeting in March to March 4 due to the election on March 5.
- 02/23/2024 Coffee with First Responders at National Bank of Texas - 8:30 - 10 AM
- 02/24/2024 Servolution Gala
- 02/29/2024 Downtown Azle workshop - public meeting at Azle Christian Church to receive input from the Public on future plans for downtown Azle.
- 03-23-2024 Azle Memorial Library to hold a 15th Anniversary Celebration at the Library
- 03-29-2024 Grand Opening of the food truck park

EXECUTIVE SESSION

551.074 PERSONNEL MATTERS
Deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of City Manager.

Council did not convene for this executive session.

ADJOURNMENT

Mayor Brundrett adjourned the meeting at 8:56 PM.

Presented and approved on 02-20-2024

____
Alan Brundrett, Mayor

Attest:

____
Yael Forgey, TRMC, CMC
City Secretary

Item Number: 4

Presenter: **Martin Avila, Finance Director**

Agenda Item: **Consider any action on acceptance of the auditor's opinion, the Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the fiscal year ended September 30, 2023**

Background and Explanation:

Chapter 103 of the Texas Local Government Code and Section 3.14 of the City Charter require preparation of an annual financial statement in accordance with generally accepted accounting principles and an annual audit of the City's financial records and accounts by an independent certified public accountant. In addition to the annual audit, the City is required to have a single audit for fiscal year ended September 30, 2023. A single audit is required from recipients who expend $750,000 or more in aggregate federal financial assistance within the fiscal year. BrooksWatson & Co., PLLC Certified Public Accountants has completed the annual audit and single audit for fiscal year ending September 30, 2023. The audit report was reviewed by the Audit Committee on February 13, 2024. A representative from the firm will be at the meeting to review the ACFR and Single Audit Report and present their opinion for City Council acceptance. Upon acceptance, a copy of the report will be filed with the City Secretary and placed on the City's website.

Board/Commission/Committee Recommendation:

Audit Committee recommended acceptance of the auditor's opinion, ACFR and Single Audit Report for fiscal year ended September 30, 2023.

Staff Recommendation:

Staff recommends acceptance.

Attachments:

1. City of Azle 2023 ACFR
2. City of Azle Single Audit 9.30.23

CITY OF
AZLE, TEXAS

505 WEST MAIN STREET | AZLE, TX 76020
WWW.CITYOFAZLE.ORG | 817.444.2541

2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2023

City of Azle

Community & Opportunity

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

City of Azle, Texas

For the Year Ended
September 30, 2023

<u>Prepared by</u>

Martin Avila, CPA
Finance Director

Kim Silas
Accountant

Joanna Ash
Accounting Analyst

City of Azle

Community & Opportunity

City of Azle, Texas

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September 30, 2023

INTRODUCTORY SECTION

City of Azle

Community & Opportunity

February 9, 2024

Honorable Mayor, Members of the City Council, and Citizens of the City of Azle:

The City Charter requires the City to provide, at the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City for the fiscal year ended September 30, 2023.

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

The City's financial statements have been audited by Brooks Watson & Co., PLLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Azle's MD&A can be found immediately following the report of the independent auditors.

505 West Main Street, Azle, Texas 76020
Phone 817-444-2541 Fax 817-444-7149 www.cityofazle.org

Profile of the Government

The City of Azle, incorporated on April 23, 1957, is a suburban community with a rural quality of life. It is just 14 miles northwest of Fort Worth, which provides the convenience of the big city without losing the appeal of a small town. The City is 25 miles from Alliance Airport and 35 miles from Dallas/Fort Worth International Airport. The City encompasses 8.8 square miles and as of 2023 has an estimated 14,300 residents. The City of Azle is empowered to levy a property tax on both real and personal properties located within its boundaries.

The City has operated under the council-manager form of government since 1969. Policy-making and legislative authority are vested in a governing council consisting of the mayor and six (6) council members. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, the Municipal Court Judge, and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances approved by the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments.

The City provides a full range of municipal services, including public safety, municipal court, streets, parks, community development, library, golf course, and public utilities. The City is financially accountable for the Azle Crime Control and Prevention District and Azle Municipal Development District. Additional information on these component units can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's planning and financial control. All departments are required to submit requests for appropriation to the City Manager during June of each year. The City Manager uses these requests as the starting point for developing the proposed budget. The City's Charter requires the City Manager to submit a proposed budget and accompanying budget message to the City Council prior to the start of the fiscal year as soon as is practical and in accordance with state law. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30th of each year. The appropriated budget is prepared by fund, function, and department. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Economic Outlook and Financial Planning

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

Coronavirus Pandemic – The region has been tasked with responding to the novel coronavirus ("COVID-19") pandemic since March 2020. The initial onset resulted in a worldwide downturn that had negative impacts across Texas's economy and disrupted the normal operations of many businesses and organizations. Recovery has been more robust and quicker than initially expected. The region has regained many of the jobs lost and consumer spending levels have increased. Supply chain issues continue to prove challenging for many manufacturers and consumers despite the fact that the federal COVID-19 Public Health Emergency declaration ended on May 11, 2023.

Local economy – The City continues to experience new commercial and residential growth, however, at a slower rate than in recent years due to rising interest rates and inflationary pressure.

The local unemployment rate increased to 3.8% in September 2023 compared to 3.5% in 2022.

Sales tax collections have been robust and increased by 14.3% in 2023 following an increase of 8.8% in 2022. This growth is due in part to growth in the retail business community in the City and record increases in inflation. The City's assessed taxable values increased 21.48% for the 2023 tax year following a 11.56% increase for 2022.

Azle currently has a growth rate of 5.1% annually and its population has increased by 6.9% since the most recent census in 2020. While Azle continues to grow, the City remains conservative with revenue forecasts and reviews departmental expenses to identify cost savings.

Long-term financial planning – The City's ability to maintain adequate reserves is critical in allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. At the end of the current fiscal year, the general fund which is the main operating account of the City had unassigned reserves of 223 days, well above the City's goal of maintaining reserves of at least 120 days of operations.

It is the City's policy to issue debt only to fund capital projects that cannot be funded by excess reserve funds or annual revenues. The length of any long-term financing matches the estimated life of the asset purchased. The City will generally use finance purchase options for purchases of larger pieces of equipment with an estimated useful life of at least five (5) years. Certificates of obligation, general obligation or revenue bonds are issued for projects and other significant capital improvements with longer useful lives.

The City did not issue any debt during the 2023 fiscal year; however, the City is currently considering a debt issuance in the amount of approximately $6,000,000 for the reconstruction of the entire length of Dunaway Lane. This project is included in the 2021 Tarrant County Transportation Bond Program and the total cost is currently estimated at $7,604,992. Of this amount, $2,817,500 would be funded by Tarrant County.

Economic development continues to be a major focus for the City. In 2013, voters authorized the creation of the Azle Municipal Development District and an additional ½-cent sales tax on all sales in the Tarrant County portion of the City. The District sales tax collections are used to generate economic development and growth within the boundaries of the District. Collections totaled $869,421 in 2023 and $754,002 in 2022.

Major initiatives – The City strives to promote and sustain a superior quality of life. The City's annual budget process involves incorporating the goals and strategies identified by the City Council to provide for the community's highest priority needs. The City Council and staff worked together to identify the following goals:

> Plan and prepare for the current and future needs of a growing city by managing growth and development, encouraging economic development, identifying and addressing

infrastructure needs, and maintaining a financially sound and stable government. Priorities in this area include:

- Expanding the tax base through economic development efforts
- Improving facilities including recreational amenities
- Reviewing ordinances and design criteria
- Working with TxDOT on transportation issues within the city
- Planning for capital replacements
- Developing public/private partnerships

Achieve excellence in city government services by broadening avenues of communication and encouraging citizen involvement, attracting and retaining quality employees and providing quality customer service. Priorities in this area include:

- Improving employee salaries and benefits
- Staff development
- Improving overall customer service
- Improving IT infrastructure
- Providing annual staff reports to the Council

Promote livability and community pride by creating an “identity" for Azle and improving the overall appearance of the City. Priorities in this area include:

- Improve highway and overall city appearance
- Encourage commercial property improvements
- Develop new avenues of communication with residents and businesses

The Azle City Council and Staff will continue to offer the highest quality services and promote livability within the city. Council and Staff will work to ensure the City’s priorities, which are closely tied to our goals, are addressed to continually improve the quality of life for the residents of our community.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022. This is the twenty-first consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one (1) year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City was also awarded the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2022. This is the City's twentieth consecutive year to obtain this achievement. To qualify for the Distinguished Budget Presentation Award, the budget document must be judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

The City was also awarded the GFOA's Popular Annual Financial Reporting Award for Fiscal Year 2021. This is the City's eighth consecutive year to obtain this achievement. To qualify for the award, the City must produce an annual financial report that is designed to be readily accessible and easily understandable by the public and other interested parties without a background in public finance.

The preparation of this report would not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department. These individuals worked many hours and exhibited extraordinary effort in ensuring the accuracy of this report, and their contribution to this effort is greatly appreciated. We would also like to express our appreciation to those employees throughout the organization who assisted in and contributed to the preparation of this report. Credit also must be given to the Mayor, the City Council and the City Manager's office for their unfailing support of maintaining the highest standards of professionalism in the management of the City of Azle's financial operations.

Respectfully submitted,

Thomas J. Muir	Lawrence Bryant	Martin Avila
City Manager	Assistant City Manager	Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Azle
Texas

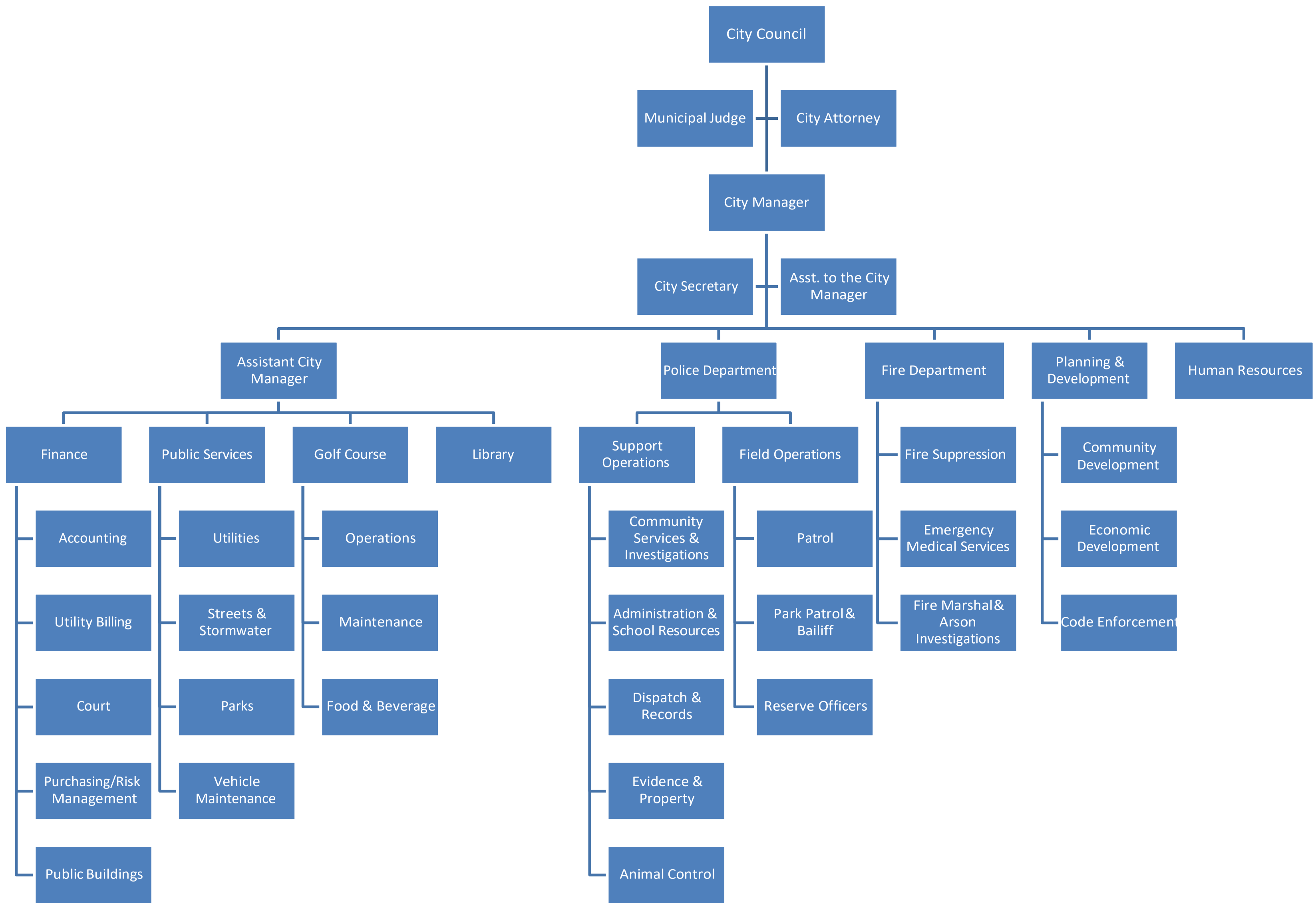
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morrill

Executive Director/CEO

City of Azle, Texas
Organizational Chart
September 30, 2023



City of Azle, Texas

ELECTED AND APPOINTED OFFICIALS

September 30, 2023

City Council

Alan Brundrett	Mayor
Randa Goode	Mayor Pro Tem
Derrick Nelson	Council Member 1
Amy Estes	Council Member 2
Stacy Peek	Council Member 3
Rouel Rothenberger	Council Member 5
Brian Conner	Council Member 6

Appointed Officials

Tom Muir	City Manager
Lawrence Bryant	Assistant City Manager
Martin Avila, CPA	Finance Director
Yael Forgey	City Secretary
Ben Hall	Police Chief
David Hawkins	Planning and Development Director
Curren McLane	Library Director
Will Scott	Fire Chief
Richard White	Public Services Director

FINANCIAL SECTION

City of Azle

Community & Opportunity

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Azle, Texas:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCPA.com

fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BrooksWatson & Co.

BrooksWatson & Co.
Certified Public Accountants
Houston, Texas
February 9, 2024

As management of the City of Azle, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources (net position) at September 30, 2023 by $100,626,847. Of this amount, $11,018,525 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's total net position increased by $4,618,817. The majority of the City's net position is invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $17,370,179 at September 30, 2023, an increase of $2,768,983 from the prior fiscal year; this includes an increase of $474,877 in the general fund, a decrease of $2,366 in the debt service fund, an increase of $1,643,534 in the capital projects fund, and an increase of $652,938 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $8,897,622 or 61% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, culture and recreation, community development, public safety, and public works. The business-type activities of the City include water and sewer utilities, golf course, and storm water utility operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate component units, the Crime Control and Prevention District and the Municipal Development District, which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-25 of this report.

FUND FINANCIAL STATEMENTS

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

<u>Governmental Funds</u>

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

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

The City maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects, and debt service fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, and special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 26-33 of this report.

<u>Proprietary Funds</u>

The City's proprietary funds are all enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its utility, golf course, and storm water utility operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility, golf course, and storm water utility, all of which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 34-43 of this report.

<u>Component Units</u>

The City maintains the accounting and financial statements for three component units. The Azle Crime Control and Prevention District and the Azle Municipal Development District are both discretely presented component units displayed on the government-wide financial statements.

The TIRZ No. 1 fund is a special purpose fund that collects property taxes within its boundaries for the purpose of infrastructure development. The fund's board consists of the City Council and is reported as a blended component unit, as it functions similar to a department of the City.

<u>Notes to Financial Statements</u>

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

The notes to the financial statements can be found on pages 45-88 of this report.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The required RSI includes a budgetary comparison schedule for the general fund, schedule of changes in the net pension liability and related ratios and schedule of employer contributions for the Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Azle, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by $100,626,847 as of September 30, 2023, in the primary government.

The largest portion of the City's net position, $76,608,662 reflects its investments in capital assets (e.g., land, buildings, improvements other than buildings, machinery and equipment, construction in progress), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Azle, Texas's net position of $12,999,660 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $11,018,525 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the City of Azle, Texas is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2023			2022		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 21,816,093	$ 15,329,178	$ 37,145,271	$ 20,236,721	$ 14,596,757	$ 34,833,478
Capital assets	40,175,167	55,336,257	95,511,424	39,524,716	53,366,230	92,890,946
Total Assets	61,991,260	70,665,435	132,656,695	59,761,437	67,962,987	127,724,424
Deferred Outflows	3,115,927	750,932	3,866,859	1,311,400	327,320	1,638,720
Other liabilities	4,635,828	3,203,700	7,839,528	5,742,839	3,636,281	9,379,120
Long-term liabilities	18,963,473	8,747,066	27,710,539	13,296,207	8,587,432	21,883,639
Total Liabilities	23,599,301	11,950,766	35,550,067	19,039,046	12,223,713	31,262,759
Deferred Inflows	89,652	256,988	346,640	1,422,486	669,869	2,092,355
Net Position:						
Net investment in capital assets	29,107,902	47,500,760	76,608,662	27,933,578	43,903,704	71,837,282
Restricted	8,176,591	4,823,069	12,999,660	5,865,272	4,839,046	10,704,318
Unrestricted	4,133,741	6,884,784	11,018,525	6,812,455	6,653,975	13,466,430
Total Net Position	$ 41,418,234	$ 59,208,613	$ 100,626,847	$ 40,611,305	$ 55,396,725	$ 96,008,030

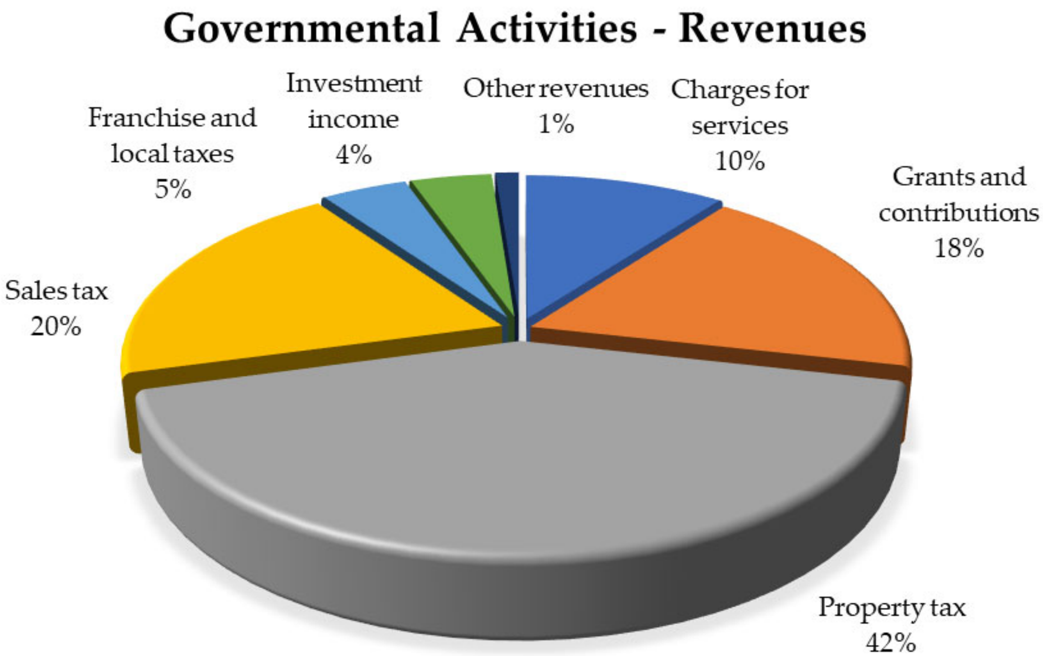
Current and other assets for the primary government increased by $2,311,793 or 7% primarily due to greater cash and investments on hand, resulting from operating surpluses during the year. Other liabilities decreased in governmental activities by $1,107,011 primarily due to deferred grant revenue being eligible for revenue recognition in the current year. Long-term liabilities for the primary government increased by $5,826,900 or 27% primarily as a result of the increase in the City's net pension liability over the course of the year.

Statement of Activities:

The following table provides a summary of the City's changes in net position:

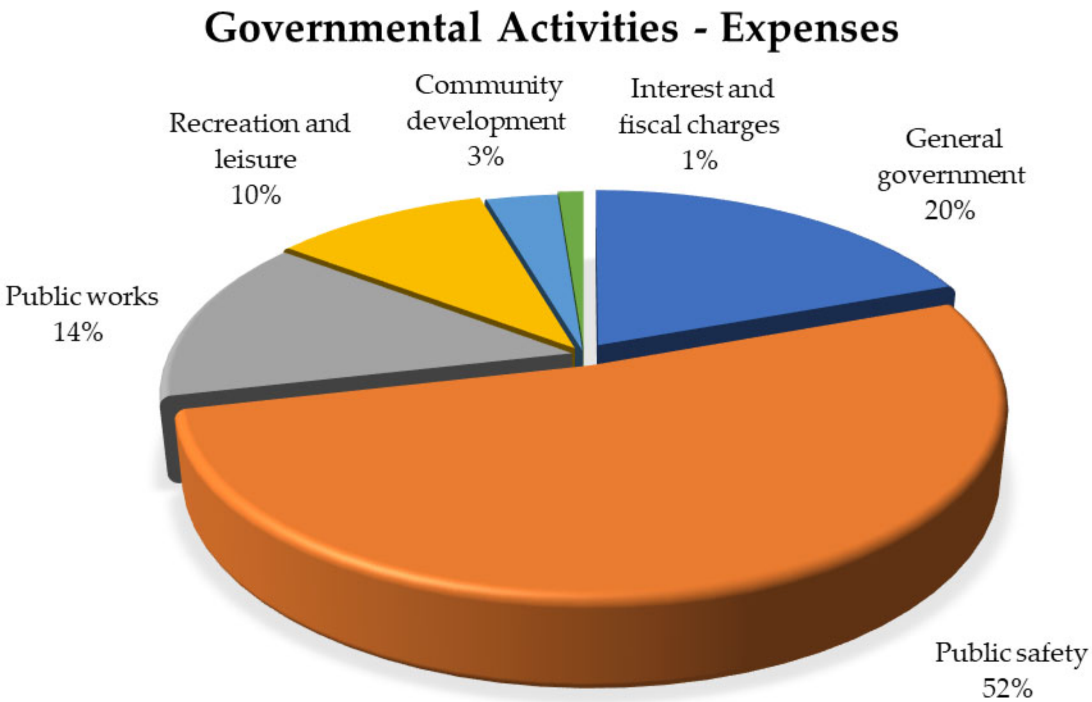
	For the Year Ended September 30, 2023			For the Year Ended September 30, 2022		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 2,163,571	$ 13,480,486	$ 15,644,057	$ 2,791,432	$ 12,668,234	$ 15,459,666
Operating grants	963,058	-	963,058	1,584,969	-	1,584,969
Capital contributions	2,924,838	2,146,399	5,071,237	2,737,544	6,973,273	9,710,817
General revenues:						
Property tax	8,949,443	-	8,949,443	8,232,946	-	8,232,946
Sales tax	4,147,648	-	4,147,648	3,628,226	-	3,628,226
Franchise and local taxes	927,431	-	927,431	884,041	-	884,041
Investment income	880,498	514,804	1,395,302	130,913	76,554	207,467
Oil and gas revenues	107,932	64,470	172,402	166,338	105,702	272,040
Other revenues	146,114	47,364	193,478	83,528	7,388	90,916
Total Revenues	21,210,533	16,253,523	37,464,056	20,239,937	19,831,151	40,071,088
Expenses						
General government	3,935,797	-	3,935,797	2,855,206	-	2,855,206
Public safety	10,537,721	-	10,537,721	7,531,306	-	7,531,306
Public works	2,822,352	-	2,822,352	1,850,360	-	1,850,360
Recreation and leisure	2,054,636	-	2,054,636	1,620,531	-	1,620,531
Community development	679,499	-	679,499	722,043	-	722,043
Interest and fiscal charges	240,415	119,905	360,320	239,439	147,024	386,463
Utility	-	10,235,101	10,235,101	-	8,332,477	8,332,477
Golf course	-	1,762,243	1,762,243	-	1,523,809	1,523,809
Storm water utility	-	457,570	457,570	-	377,258	377,258
Total Expenses	20,270,420	12,574,819	32,845,239	14,818,885	10,380,568	25,199,453
Change in Net Position Before Transfers	940,113	3,678,704	4,618,817	5,421,052	9,450,583	14,871,635
Transfers	(133,184)	133,184	-	337,455	(337,455)	-
Total	(133,184)	133,184	-	337,455	(337,455)	-
Change in Net Position	806,929	3,811,888	4,618,817	5,758,507	9,113,128	14,871,635
Beginning Net Position	40,611,305	55,396,725	96,008,030	34,852,798	46,283,597	81,136,395
Ending Net Position	$ 41,418,234	$ 59,208,613	$ 100,626,847	$ 40,611,305	$ 55,396,725	$ 96,008,030

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.



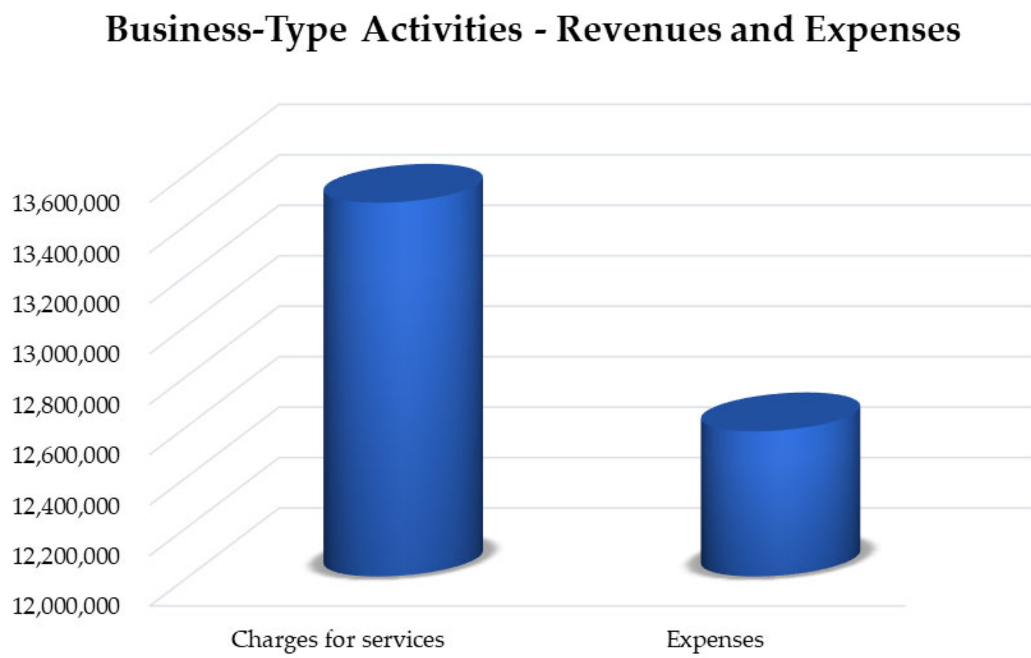
For the year ended September 30, 2023, revenues from governmental activities totaled $21,210,533. Property tax, grants and contributions, and sales tax are the City's largest general revenue sources. Overall revenue increased $970,596 due to higher sales and property taxes when compared to the prior year. Sales taxes increased by $519,422 or 14% primarily due to economic growth fueled by local purchases. Property taxes increased by $716,497 or 9% due to ascending appraisal values compared to the prior year. Charges for services decreased by $627,861 or 22% due primarily to nonrecurring building permit/inspection fee revenue for new construction in the prior year. Capital and operating contributions decreased by $434,617 primarily due to nonrecurring operating grants received in the prior year. Investment income increased by $749,585 or over 100%, which was a result of greater interest-bearing accounts and realization of higher interest rates over the course of the year. Other revenues increased by $62,586 or 75% primarily as a result of nonrecurring insurance claim reimbursements in the current year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2023, expenses for governmental activities totaled $20,270,420. This represents an increase of $5,451,535 or 37% from the prior year. The City's largest functional expense is public safety totaling $10,537,721, which increased by $3,006,415 or 40%. This increase is primarily a result of greater employee salaries and benefits, as the City adjusted several departmental pay rates to the market in the current year. In addition, retirement expenses increased approximately $2 million due to a significant rise in the City's net pension liability over the course of the year. General government and recreation and leisure expenses increased by $1,080,591 or 38% and $434,105 or 27%, respectively, due to the aforementioned market pay raises and nonrecurring retirement expenses resulting from the increase in the net pension liability. Public works expenses increased $971,992 or 53% due to street maintenance expenses in the current year. All other governmental activities expenses remained relatively consistent with the prior year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2023, charges for services by business-type activities totaled $13,480,486. This represents an increase of $812,252 or 6% from the previous year, which is a direct result of an increase in the City's customer base, greater water service consumption, and a 4% increase in garbage rates during the year. Capital contributions decreased by $4,826,874 or 69% as a result of nonrecurring developer contributions received in the prior year for utility infrastructure projects.

Total business-type activity expenses increased $2,194,251 or 21% to a total of $12,574,819. Utility expenses (including interest) totaled $10,355,006, while golf and storm water utility operations totaled $1,762,243 and $457,570, respectively. Utility expenses (excluding interest) increased by $1,902,624 or 23% primarily due to greater personnel costs, water purchases, garbage collection service expenses, and nonrecurring chemical/system supply purchases the course of the year. Golf course expenses increased by $238,434 or 16% primarily due to greater contract personnel expenses, food/beverage purchases, merchandise expenses, and asset depreciation expenses. These expense increases are consistent with greater green fees and clubhouse sales compared to the prior year. Storm water utility expenses increased by $80,312 or 21% primarily due to greater capital asset depreciation expenses, as the City continues to invest in new infrastructures projects in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

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

At September 30, 2023, the City's governmental funds reported combined fund balances of $17,370,179, an increase of $2,768,983 in comparison with the prior year. Approximately 51% of this amount, $8,897,622, constitutes *unassigned fund balance,* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable or restricted* to indicate that it is 1) not in spendable form $295,966 or 2) restricted for particular purposes $8,176,591.

As of the end of the year the general fund reflected a total fund balance of $9,580,034. Of this, $682,412 is considered not in spendable form or restricted and $8,897,622 is unassigned. General fund balance increased by $474,877 during the current year primarily due to less than anticipated expenditures and greater than expected revenues. Current year revenues increased by over $2 million compared to the prior year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $8,897,622 is 61% of total general fund expenditures.

The debt service fund had an ending fund balance of $160,504 at September 30, 2023, a slight decrease of $2,366 primarily due to a decline in property tax revenues over the course of the year. During the year, the fund recorded total principal and interest payments totaling $786,840 and property tax revenue of $770,596.

The capital projects fund had an ending fund balance of $2,403,406 at September 30, 2023, an increase of $1,643,534 when compared to the prior year. This increase is primarily attributable to greater than anticipated revenues and less than expected expenditures in the current year. Transfers from other funds increased by $250,000 compared to the prior year.

<u>Proprietary Funds</u> - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the utility fund, totaled $46,032,268. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to $6,884,784, an increase of $230,809 over the previous year. Total investment in capital assets, net of related debt was $47,500,760, and capital assets, net of depreciation totaled $55,336,257.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of $16,422,507 were less than actual revenues of $16,860,271, resulting in a total positive revenue variance of $437,764. All actual revenues were greater than the budgeted amounts with the exception of property taxes and intergovernmental revenue. Total budgeted expenditures of $17,537,244 were more than actual expenditures of $14,587,189, resulting in a total positive expenditure variance of $2,950,055. All departmental expenditures were less than the budgeted amounts. The City also increased various revenue categories by $1,223,458 due to revised estimates. The most significant was an increase to estimated sales taxes and intergovernmental revenues due to ARPA grant funds received in the current year. Final budgeted public safety increased due to a revised estimate of overall expenditures to account for greater employee salaries and employee benefits.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $40,175,167 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $55,336,257 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure. More detailed information about the City's capital assets is presented in note IV. D to the financial statements.

Major capital asset events during the current year include the following:

- Developer contributions for Lakeview Heights subdivision street infrastructure totaling $1,033,579.
- Developer contributions for Lakeview Heights subdivision utility infrastructure totaling $1,700,425.
- Improvements to Central Park lighting for $155,618.
- Dunaway reconstruction improvements for $183,054.
- Sidewalk improvements totaling $204,892.
- Purchased self-contained breathing apparatus and masks for $151,619.
- Purchased F-750 Ford dump truck for $101,434.
- Purchased new vehicles for various departments totaling $281,821.
- Invested in Ash Creek Park shade structure for $77,188.
- Purchased two new utility vehicles for $171,994.
- Purchase emergency process generator for $270,812.
- New drainage improvements on Ash Avenue for $1,488,864.
- Purchased emergency process generator for $257,165.

LONG-TERM DEBT

The City's outstanding bonds, tax notes, leases and certificates of obligation payable, net of all premiums and discounts, decreased by $2,190,705 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year was $18,144,396, net of all premiums and discounts. Of this amount, $17,820,000 (excluding unamortized premium/discount) comprises of bonded debt backed by the full faith and credit of the City, and the remaining represents bonds secured solely by self-supporting activities. More detailed information about the City's long-term liabilities is presented in note IV.E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the budget, tax rates, and fees for fiscal year ending 2024. The cost of providing City services continues to rise. While the City continues to experience new commercial and residential growth, inflationary costs coupled with rising interest rates will negatively impact construction. The City issued 112 new residential construction permits during FY 2023 compared to 275 in the previous year. In addition, two (2) commercial construction permits were issued during the year, compared to seven (7) in the prior year. General sales tax revenue increased approximately 14.3% from $2.9 million in 2022 to $3.3 million in 2023.The taxable assessed valuation of property within the City for the 2022 tax year increased by 20.68% from $1.276 billion to $1.540 billion. This increase includes $70.1 million in new construction.

Utility fund revenue is projected to increase $1,076,074 primarily due to growth in our customer base and an increase in interest income. Water and sewer rates are budgeted to remain unchanged. Operating expenses are budgeted to increase $1,353,150 from the prior year adopted budget and includes funding for pay plan step increases, the full annual cost of moving the City to a 7% retirement plan effective January 2023 and the purchase of a new sewer/vacuum truck for the Utility Maintenance department ($550,000). The continued slip lining of sewer lines in the Shoreline Drive area is also included.

General fund revenues, exclusive of transfers, are projected to be $16,756,883. This is an increase of $264,466 (1.6%) from the prior year amended budget. Of this amount, $1,480,000 is grant revenue from Tarrant County's American Rescue Plan Act (ARPA) funds. Expenditures, excluding transfers, for the general fund are budgeted at $17,927,910. This is an increase of $1,429,434 (8.66%) from the prior fiscal year.

Other key factors include:

- Sales tax collections are projected to increase by $355,000 (12.8%) from the original FY 2023 budget projection and franchise fees are projected to remain flat.
- New construction permits decrease of $450,000 due to a decline in new home starts.
- New positions in this budget include a dispatch supervisor, a receptionist for the animal shelter, and a parks maintenance worker.
- Replace three (3) ambulances ($1,920,000 funded over two fiscal years) which will be funded by a grant from Tarrant County's ARPA funds.
- Major capital projects include Dunaway Lane reconstruction, Walnut Creek Lift Station upgrade, Walnut Creek Force Main upgrade, Avondale Lift Station upgrade, and office space at the Azle Memorial Library
- A one step pay increase of approximately 3.6% and a 5.0% market adjustment was added for all full-time employees ($625,818 across all funds).

Additionally, the City's ad valorem tax rate decreased to $0.5688744 per hundred dollars of assessed value, which will produce a total increase in property tax revenue of $807,980 due to increased property values and new construction.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Azle, Texas, Finance Department, P.O. Box 1378, Azle, Texas, 76098. This information can also be accessed on the City's website at www.cityofazle.org.

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BASIC FINANCIAL STATEMENTS

City of Azle, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets			
Current assets:			
Cash and cash equivalents	$ 12,052,087	$ 5,871,418	$ 17,923,505
Investments	1,785,750	1,785,746	3,571,496
Taxes receivable, net	376,579	-	376,579
Receivables, net	1,847,319	1,513,344	3,360,663
Lease receivables, current	-	71,212	71,212
Due from component units	28,288	-	28,288
Inventories	42,972	410,127	453,099
Prepaid and other assets	20,378	6,732	27,110
Restricted assets - cash	5,430,104	563,233	5,993,337
Restricted assets - investments	-	521,498	521,498
Total Current Assets	21,583,477	10,743,310	32,326,787
Noncurrent assets:			
Restricted assets - cash	-	4,640,500	4,640,500
Lease receivables, noncurrent	-	177,984	177,984
Interfund advances	232,616	(232,616)	-
Capital assets:			
Non-depreciable	3,218,796	5,862,662	9,081,458
Net depreciable capital assets	36,956,371	49,473,595	86,429,966
Total Noncurrent Assets	40,407,783	59,922,125	100,329,908
Total Assets	61,991,260	70,665,435	132,656,695
Deferred Outflows of Resources			
Pension contributions	1,017,993	246,437	1,264,430
Pension expected experience vs. actual	477,952	117,778	595,730
Pension investment earnings	1,614,791	385,728	2,000,519
OPEB contributions	5,191	989	6,180
Total Deferred Outflows of Resources	3,115,927	750,932	3,866,859

Component Units	
Crime District	Municipal District
$ 255,728	$ 1,868,393
-	2,030,157
138,328	153,419
264,712	1,319
-	-
-	-
-	-
-	-
-	-
-	-
658,768	4,053,288
-	-
-	-
-	-
-	-
450,553	-
450,553	-
1,109,321	4,053,288
25,916	6,435
12,292	2,159
42,796	12,457
-	-
81,004	21,051

City of Azle, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 457,352	$ 701,002	$ 1,158,354
Accrued liabilities	410,760	298,347	709,107
Due to other governments	506,834	-	506,834
Due to primary government	-	-	-
Deposits payable	-	691,197	691,197
Grants received in advance	1,341,802	-	1,341,802
Unearned revenue	878,192	22,544	900,736
Compensated absences, current	432,050	115,171	547,221
Accrued interest payable	29,667	14,759	44,426
Long-term debt due in one year	579,171	1,360,680	1,939,851
Total Current Liabilities	4,635,828	3,203,700	7,839,528
Noncurrent liabilities:			
Net pension liability	8,202,959	2,217,976	10,420,935
OPEB liability	271,191	51,656	322,847
Compensated absences	108,012	28,793	136,805
Long-term debt due in more than one year	10,381,311	6,448,641	16,829,952
Total Noncurrent Liabilities	18,963,473	8,747,066	27,710,539
Total Liabilities	23,599,301	11,950,766	35,550,067
Deferred Inflows of Resources			
OPEB expected experience vs. actual	89,652	17,077	106,729
Lease related	-	239,911	239,911
Total Deferred Inflows of Resources	89,652	256,988	346,640
Net Position			
Net investment in capital assets	29,107,902	47,500,760	76,608,662
Restricted for:			
Municipal court	87,566	-	87,566
Public works	855,219	-	855,219
Capital projects	2,687,336	269,520	2,956,856
Debt service	160,504	293,713	454,217
Public safety	386,446	-	386,446
Bond reserve	-	220,010	220,010
Impact fees	-	4,039,826	4,039,826
Economic development	3,679,108	-	3,679,108
Tourism	320,412	-	320,412
Unrestricted	4,133,741	6,884,784	11,018,525
Total Net Position	$ 41,418,234	$ 59,208,613	$ 100,626,847

See Notes to Financial Statements.

Component Units	
Crime District	Municipal District
$ 18,115	$ 184,891
5,191	7,209
-	-
20,933	7,355
-	-
-	-
-	-
1,111	-
3,976	-
66,150	-
115,476	199,455
214,540	40,751
-	-
278	-
256,067	-
470,885	40,751
586,361	240,206
-	-
-	-
-	-
393,048	-
-	-
-	-
-	-
-	-
210,916	-
-	-
-	-
-	3,834,133
-	-
-	-
$ 603,964	$ 3,834,133

City of Azle, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 3,935,797	$ 919	$ -	$ -
Public safety	10,537,721	1,561,235	924,391	264,010
Public works	2,822,352	-	-	2,660,828
Recreation and leisure	2,054,636	55,509	38,667	-
Community development	679,499	545,908	-	-
Interest and fiscal charges	240,415	-	-	-
Total Governmental Activities	20,270,420	2,163,571	963,058	2,924,838
Business-Type Activities				
Utility	10,355,006	10,926,949	-	1,472,254
Golf course	1,762,243	2,000,905	-	-
Storm water utility	457,570	552,632	-	674,145
Total Business-Type Activities	12,574,819	13,480,486	-	2,146,399
Total Primary Government	$ 32,845,239	$ 15,644,057	$ 963,058	$ 5,071,237
Component Units				
Crime Prevention District	872,922	-	-	-
Municipal Development District	572,549	-	-	-
Total Component Units	$ 1,445,471	$ -	$ -	$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Oil and gas revenues

Insurance recoveries

Other revenues

Investment income

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Crime District	Municipal District
	$ (3,934,878)	$ -	$ (3,934,878)	$ -	$ -
	(7,788,085)	-	(7,788,085)	-	-
	(161,524)	-	(161,524)	-	-
	(1,960,460)	-	(1,960,460)	-	-
	(133,591)	-	(133,591)	-	-
	(240,415)	-	(240,415)	-	-
	(14,218,953)	-	(14,218,953)	-	-
	-	2,044,197	2,044,197	-	-
	-	238,662	238,662	-	-
	-	769,207	769,207	-	-
	-	3,052,066	3,052,066	-	-
	(14,218,953)	3,052,066	(11,166,887)	-	-
				(872,922)	-
				-	(572,549)
				(872,922)	(572,549)
	8,949,443	-	8,949,443	-	-
	4,147,648	-	4,147,648	799,001	869,421
	927,431	-	927,431	-	-
	107,932	64,470	172,402	-	-
	69,911	26,376	96,287	-	-
	76,203	20,988	97,191	-	-
	880,498	514,804	1,395,302	12,682	124,745
	(133,184)	133,184	-	-	-
	15,025,882	759,822	15,785,704	811,683	994,166
	806,929	3,811,888	4,618,817	(61,239)	421,617
	40,611,305	55,396,725	96,008,030	665,203	3,412,516
	$ 41,418,234	$ 59,208,613	$ 100,626,847	$ 603,964	$ 3,834,133

City of Azle, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Capital Projects
Assets			
Cash and cash equivalents	$ 6,764,808	$ 158,140	$ -
Investments	1,785,750	-	-
Restricted assets - cash	2,139,413	-	3,290,691
Taxes receivable, net	193,896	29,260	-
Accounts receivable, net	1,255,699	-	-
Intergovernmental receivable	591,620	-	-
Due from component units	28,288	-	-
Inventories	42,972	-	-
Prepaid and other assets	20,378	-	-
Advance to other funds	232,616	-	-
Total Assets	$ 13,055,440	$ 187,400	$ 3,290,691
Liabilities			
Accounts payable	$ 391,932	$ -	$ 9,093
Accrued liabilities	410,760	-	-
Due to other governments	506,834	-	-
Grants received in advance	1,341,802	-	-
Unearned revenue	-	-	878,192
Total Liabilities	2,651,328	-	887,285
Deferred Inflows of Resources			
Unavailable revenue - property taxes	172,411	26,896	-
Unavailable revenue - fines and forfeitures	69,680	-	-
Unavailable revenue - charges for EMS services	578,627	-	-
Unavailable revenue - grants	3,360	-	-
Total Deferred Inflows of Resources	824,078	26,896	-
Fund Balances			
Nonspendable:			
Inventories	42,972	-	-
Prepaid items	20,378	-	-
Advances	232,616	-	-
Restricted for:			
Debt service	-	160,504	-
Municipal court	-	-	-
Public safety	386,446	-	-
Street maintenance	-	-	-
Tourism	-	-	-
Economic development	-	-	-
Capital projects	-	-	2,403,406
Unassigned	8,897,622	-	-
Total Fund Balances	9,580,034	160,504	2,403,406
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,055,440	$ 187,400	$ 2,403,406

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 5,129,139	$ 12,052,087
-	1,785,750
-	5,430,104
153,423	376,579
-	1,255,699
-	591,620
-	28,288
-	42,972
-	20,378
-	232,616
$ 5,282,562	$ 21,816,093
$ 56,327	$ 457,352
-	410,760
-	506,834
-	1,341,802
-	878,192
56,327	3,594,940
-	199,307
-	69,680
-	578,627
-	3,360
-	850,974
-	42,972
-	20,378
-	232,616
-	160,504
87,566	87,566
-	386,446
855,219	855,219
320,412	320,412
3,679,108	3,679,108
283,930	2,687,336
-	8,897,622
5,226,235	17,370,179
$ 5,282,562	$ 20,965,119

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City of Azle, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2023

Fund Balances - Total Governmental Funds	$	17,370,179
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		3,218,796
Capital assets - net depreciable		36,956,371
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		850,974
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time		
OPEB expected experience vs. actual		(89,652)
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense/ expenditures) until then		
Pension contributions		1,017,993
Pension expected experience vs. actual		477,952
Pension investment earnings		1,614,791
OPEB contributions		5,191
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(29,667)
Deferred charges:		
Bond premium		(109,396)
Net pension liability		(8,202,959)
OPEB liability		(271,191)
Compensated absences		(540,062)
Non-current liabilities due in one year		(579,171)
Non-current liabilities due in more than one year		(10,271,915)
Net Position of Governmental Activities	$	41,418,234

See Notes to Financial Statements.

City of Azle, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects
Revenues			
Property tax	$ 7,289,729	$ 770,596	$ -
Sales tax	3,318,118	-	-
Franchise and local taxes	879,294	-	-
License and permits	545,908	-	-
Intergovernmental	2,555,109	-	37,250
Charges for services	905,154	-	-
Fines and forfeitures	647,052	-	-
Investment income	589,998	14,678	109,751
Other revenue	76,203	-	107,932
Donations	53,706	-	-
Total Revenues	16,860,271	785,274	254,933
Expenditures			
Current:			
General government	2,876,753	-	-
Public safety	7,912,302	-	-
Public works	743,257	-	-
Recreation and leisure	1,450,718	-	-
Community development	576,214	-	-
Debt Service:			
Principal	17,619	540,000	-
Interest and fiscal charges	624	246,840	-
Administrative charges	-	800	-
Capital outlay:			
General government	89,462	-	-
Public safety	515,411	-	-
Public works	156,969	-	361,399
Recreation and leisure	247,860	-	-
Total Expenditures	14,587,189	787,640	361,399
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,273,082	(2,366)	(106,466)
Other Financing Sources (Uses)			
Insurance recoveries	69,911	-	-
Lease issuance	59,663	-	-
Transfers in	589,223	-	1,750,000
Transfers (out)	(2,517,002)	-	-
Total Other Financing Sources (Uses)	(1,798,205)	-	1,750,000
Net Change in Fund Balances	474,877	(2,366)	1,643,534
Beginning fund balances	9,105,157	162,870	759,872
Ending Fund Balances	$ 9,580,034	$ 160,504	$ 2,403,406

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 947,215	$ 9,007,540
829,530	4,147,648
48,137	927,431
-	545,908
-	2,592,359
-	905,154
28,931	675,983
166,071	880,498
-	184,135
-	53,706
2,019,884	19,920,362
13,095	2,889,848
-	7,912,302
1,353,851	2,097,108
-	1,450,718
-	576,214
-	557,619
-	247,464
-	800
-	89,462
-	515,411
-	518,368
-	247,860
1,366,946	17,103,174
652,938	2,817,188
-	69,911
-	59,663
-	2,339,223
-	(2,517,002)
-	(48,205)
652,938	2,768,983
4,573,297	14,601,196
$ 5,226,235	$ 17,370,179

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City of Azle, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds	$	2,768,983
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		1,371,101
Capital assets transferred from business-type activities		44,595
Depreciation expense		(2,003,716)
Capital asset contributions from component unit activities		204,892
Capital assets contributed by developer		1,033,579
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(18,211)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(57,266)
Accrued interest		1,553
Pension expense		(3,030,645)
OPEB expense		(12,188)
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Lease issuance		(59,663)
Amortization of premium		6,296
Principal payments		557,619
Change in Net Position of Governmental Activities	$	806,929

See Notes to Financial Statements.

City of Azle, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2023

	Utility	Golf Course	Storm Water Utility
Assets			
Current Assets			
Cash and cash equivalents	$ 4,525,208	$ 980,919	$ 365,291
Investments	1,279,362	-	506,384
Accounts receivable, net	1,443,045	21,849	23,510
Lease receivable, current	71,212	-	-
Interest receivable	24,940	-	-
Inventories	318,619	91,508	-
Prepaid items	6,732	-	-
Restricted cash	293,713	269,520	-
Restricted investments	521,498	-	-
Total Current Assets	8,484,329	1,363,796	895,185
Noncurrent Assets			
Restricted cash:			
Impact fees	3,518,328	-	-
Capital projects	210,965	-	-
Customer deposits	691,197	-	-
Bond reserve	220,010	-	-
Lease receivable, noncurrent	177,984	-	-
Advance to other funds	185,754	-	-
Capital assets:			
Non-depreciable	525,392	3,340,719	1,996,551
Net depreciable capital assets	42,437,169	767,565	6,268,861
Total Noncurrent Assets	47,966,799	4,108,284	8,265,412
Total Assets	56,451,128	5,472,080	9,160,597
Deferred Outflows of Resources			
Pension contributions	207,475	38,962	-
Pension investment earnings	329,420	56,308	-
Pension expected experience vs. actual	97,830	19,948	-
OPEB contributions	989	-	-
Total Deferred Outflows of Resources	635,714	115,218	-

See Notes to Financial Statements.

Total
$ 5,871,418
1,785,746
1,488,404
71,212
24,940
410,127
6,732
563,233
521,498
10,743,310
3,518,328
210,965
691,197
220,010
177,984
185,754
5,862,662
49,473,595
60,340,495
71,083,805
246,437
385,728
117,778
989
750,932

City of Azle, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2023

	Utility	Golf Course	Storm Water Utility
Liabilities			
Current Liabilities			
Accounts payable	$ 641,235	$ 48,455	$ 11,312
Accrued liabilities	89,635	19,364	189,348
Customer deposits	691,197	-	-
Unearned revenue	-	22,544	-
Compensated absences, current	102,704	12,467	-
Long-term debt, current	1,192,929	121,078	46,673
Accrued interest	13,260	1,117	382
Total Current Liabilities	2,730,960	225,025	247,715
Noncurrent Liabilities			
Advance from other funds	-	418,370	-
Compensated absences	25,676	3,117	-
Long-term debt, noncurrent	6,070,000	306,357	72,284
Net pension liability	1,919,294	298,682	-
OPEB liability	51,656	-	-
Total Noncurrent Liabilities	8,066,626	1,026,526	72,284
Total Liabilities	10,797,586	1,251,551	319,999
Deferred Inflows of Resources			
OPEB expected experience vs. actual	17,077	-	-
Lease related	239,911	-	-
Total Deferred Inflows of Resources	256,988	-	-
Net Position			
Net investment in capital assets	35,871,706	3,680,849	7,948,205
Restricted for:			
Bond reserve	220,010	-	-
Debt service	293,713	-	-
Capital projects	-	269,520	-
Impact fees	4,039,826	-	-
Unrestricted	5,607,013	385,378	892,393
Total Net Position	$ 46,032,268	$ 4,335,747	$ 8,840,598

See Notes to Financial Statements.

	Total
$	701,002
	298,347
	691,197
	22,544
	115,171
	1,360,680
	14,759
	3,203,700
	418,370
	28,793
	6,448,641
	2,217,976
	51,656
	9,165,436
	12,369,136
	17,077
	239,911
	256,988
	47,500,760
	220,010
	293,713
	269,520
	4,039,826
	6,884,784
$	59,208,613

City of Azle, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Utility	Golf Course	Storm Water Utility
Operating Revenues			
Charges for services	$ 10,926,949	$ 821,920	$ 552,632
Green fees	-	744,249	-
Food and beverage sales	-	266,703	-
Pro shop sales	-	168,033	-
Other revenue	18,424	2,564	-
Total Operating Revenues	10,945,373	2,003,469	552,632
Operating Expenses			
Personnel services	2,786,792	-	-
Supplies	975,986	-	11,880
Maintenance and repairs	396,727	-	5,793
Contractual services	4,628,967	-	18,548
Course maintenance	-	501,877	-
Food and beverage	-	254,484	-
General operations	-	798,725	-
Depreciation	1,446,629	207,157	417,559
Total Operating Expenses	10,235,101	1,762,243	453,780
Operating Income (Loss)	710,272	241,226	98,852
Nonoperating Revenues (Expenses)			
Investment income	430,098	36,726	47,980
Gas royalties	-	64,470	-
Insurance recoveries	-	26,376	-
Interest expense	(118,430)	-	(3,790)
Fiscal charges	(1,475)	-	-
Total Nonoperating Revenues (Expenses)	310,193	127,572	44,190
Income Before Capital Contributions and Transfers	1,020,465	368,798	143,042
Capital Contributions and Transfers			
Capital contributions	1,026,280	-	674,145
Contributions-impact fees	445,974	-	-
Transfers in	-	-	767,002
Transfers (out)	(589,223)	-	(44,595)
Total Capital Contributions and Transfers	883,031	-	1,396,552
Change in Net Position	1,903,496	368,798	1,539,594
Beginning net position	44,128,772	3,966,949	7,301,004
Ending Net Position	$ 46,032,268	$ 4,335,747	$ 8,840,598

See Notes to Financial Statements.

Total
$ 12,301,501
744,249
266,703
168,033
20,988
13,501,474
2,786,792
987,866
402,520
4,647,515
501,877
254,484
798,725
2,071,345
12,451,124
1,050,350
514,804
64,470
26,376
(122,220)
(1,475)
481,955
1,532,305
1,700,425
445,974
767,002
(633,818)
2,279,583
3,811,888
55,396,725
$ 59,208,613

City of Azle, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2023

	Utility	Golf Course	Storm Water Utility
Cash Flows from Operating Activities			
Payments to employees	$ (1,982,026)	$ (686,277)	$ -
Payments to suppliers	(6,050,043)	(814,367)	(160,007)
Receipts from customers	10,863,376	1,997,520	551,676
Net Cash Provided (Used) by Operating Activities	2,831,307	496,876	391,669
Cash Flows from Noncapital Financing Activities			
Transfers in	-	-	767,002
Transfers (out)	(589,223)	-	-
Collections (payments) of interfund loans	90,000	(200,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(499,223)	(200,000)	767,002
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(723,283)	(98,257)	(1,546,134)
Impact fees received	445,974	-	-
Insurance recoveries	-	26,376	-
Interest paid on capital debt	(114,478)	(534)	(3,790)
Principal paid on capital debt	(1,543,585)	(118,094)	(45,496)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,935,372)	(190,509)	(1,595,420)
Cash Flows from Investing Activities			
Gas royalties	-	64,470	-
Purchase of investments	814,400	-	(506,384)
Interest on investments	405,447	36,726	47,834
Net Cash Provided (Used) by Investing Activities	1,219,847	101,196	(458,550)
Net Increase (Decrease) in Cash and Cash Equivalents	1,616,559	207,563	(895,299)
Beginning cash and cash equivalents	7,622,852	1,042,876	1,260,590
Ending Cash and Cash Equivalents (including restricted cash)	$ 9,239,411	$ 1,250,439	$ 365,291

See Notes to Financial Statements.

Total
$ (2,668,303)
(7,024,417)
13,412,572
3,719,852
767,002
(589,223)
(110,000)
67,779
(2,367,674)
445,974
26,376
(118,802)
(1,707,175)
(3,721,301)
64,470
308,016
490,007
862,493
928,823
9,926,318
$ 10,855,141

City of Azle, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Utility	Golf Course	Storm Water Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ 710,272	$ 241,226	$ 98,852
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	1,446,629	207,157	417,559
Loss on disposal of capital assets	2,854	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(27,669)	(12,044)	(956)
Inventory	(98,704)	(3,353)	-
Prepaid items	(1,397)	-	-
Increase (Decrease) in:			
Accounts payable	34,085	(62,788)	(274,869)
Accrued liabilities	27,503	8,135	151,083
Due to other other funds	(12,704)	-	-
Unearned revenue	(5,121)	6,095	-
Lease related	(80,549)	-	-
Compensated absences	4,871	(3,375)	-
Deferred outflows - pension contributions	(67,082)	(12,577)	-
Deferred outflows - OPEB contributions	(313)	-	-
Deferred outflows - OPEB expected experience vs. actual	25,690	-	-
Deferred inflows - pension investment earnings	(619,063)	(116,074)	-
Deferred outflows - pension expected experience vs. actual	19,527	3,662	-
Net pension liability	1,284,328	240,812	-
OPEB liability	(23,055)	-	-
Customer deposits	31,342	-	-
Net Cash Provided (Used) by Operating Activities	$ 2,831,307	$ 496,876	$ 391,669
Schedule of Non-Cash Capital and Related Financing Activities			
Capital contributions	$ 1,026,280	$ -	$ 674,145
Right-to-use assets	20,722	-	-
Transfer of capital assets to govt activities	-	-	(44,595)
Total Non-Cash Activities	$ 1,047,002	$ -	$ 629,550

See Notes to Financial Statements.

Total
$ 1,050,350
2,071,345
2,854
(40,669)
(102,057)
(1,397)
(303,572)
186,721
(12,704)
974
(80,549)
1,496
(79,659)
(313)
25,690
(735,137)
23,189
1,525,140
(23,055)
31,342
$ 3,719,852
$ 1,700,425
20,722
(44,595)
$ 1,676,552

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Azle, Texas (the "City") was incorporated on April 23, 1957 under the provisions of Chapter 11 Title 28 Texas revised Civil Statutes of 1925. In 1969, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of the City and its inhabitants.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) applicable to government units. The following is a summary of the more significant accounting policies.

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

B. Reporting Entity

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Discretely Presented Component Units

Azle Crime Control and Prevention District

The Azle Crime Control and Prevention District (the "Crime District"), is a legally separate entity created by resolution of the City Council with approval of the residents of the City, for the purpose of using an incremental sales tax to finance additional costs of improving crime control and prevention. The Crime District is governed by a seven-member board appointed by the City Council. The Crime District must submit its budget to the City Council for approval. The Crime District's primary activities consist of funding crime reduction programs and acquiring capital assets used by the City's public safety department. Discrete presentation is appropriate because the District's Board is not substantially the same as the City. Separate unaudited financial statements are available by contacting the City's finance department.

Azle Municipal Development District

The Azle Municipal Development District (the "Municipal District"), is a legally separate entity created by resolution of the City Council, with approval of the residents of the City for the purpose of using an incremental sales tax to making the community a better place to live, work and do business. In so doing, the Municipal District may help develop and finance any permissible project as defined in Chapter 377 of the Texas Local Government Code and that benefits, strengthens and diversifies the economic base of the City. The District is governed by a seven-member board appointed by the City Council. The Municipal District must submit its budget to the City Council for approval. The Municipal District is a legally separate organization and does not function as an integral part of the primary government. Discrete presentation is appropriate because the District's Board is not substantially the same as the City. Separate unaudited financial statements are available by contacting the City's finance department.

Blended Component Unit

Tax Increment Reinvestment Zone No. 1 Fund

The Tax Increment Reinvestment Zone No. 1 fund was created to encourage and accelerate planned development within the City limits. The fund accounts for all tax and expenditure activity associated with the fund's primary purpose. The tax increment is derived from the difference in appraised value between the year in which the reinvestment zone is established (base year) and each year the reinvestment zone is in existence. The Board is comprised of five City Council Members and one from each of the other four participating entities. The TIRZ functions similar to a department of the City in that the City has operational responsibility over the Zone. Separate audited financial statements are not available.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As discussed earlier, the government has two discretely presented component units which are shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, recreation and leisure, and community development.

Debt Service Fund

The City accounts for the accumulation of financial resources for the payments of principal, interest and related costs on general long-term debt paid primarily from taxes levied by the City. The fund balance of the debt service fund is restricted exclusively for debt service expenditures.

Capital Projects Fund

The City's capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

The government reports the following major enterprise funds:

Utility Fund

Water, wastewater, and trash removal services provided by the City are accounted for in the utility fund. Activities of the fund include administration, operation and maintenance of the garbage, water and wastewater system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and wastewater debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure the integrity of the funds.

Golf Course Fund

The golf course fund accounts for the administration, operation and maintenance of the municipal golf course.

Storm Water Utility Fund

The storm water utility fund accounts for the administration, operation and maintenance of the storm water control department.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund. These funds consist of the court technology, court security, street maintenance, hotel/motel tax, TIRZ No. 1, and Cable PEG Fees.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary, pension and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds use economic measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools
SEC registered, no load money market mutual funds

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are reported at cost using the first-in/first-out method. Golf course inventories held for sale are reported at lower of cost or market, using the average-cost method which approximates market value. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. Restricted Assets

Certain proceeds of enterprise fund certificates of obligation are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are expensed as incurred.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Golf course equipment	5 to 25 years
Machinery and equipment	5 to 10 years
Public domain infrastructure	20 years
System infrastructure	50 years
Buildings and improvements	40 years

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results form the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines and forfeitures and ambulance fees. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

The net pension liability is included within long term debt. This liability is valued using an actuarial model and represents the difference between the plan fiduciary net position and the net pension liability consistent with GASB statement no. 68. The portion of this liability presented as a current liability is based on actuarial calculations for estimated future payments of benefits and refunds over the twelve months following yearend.

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

9. Pensions

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

10. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) and as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary, calculated based on the employee's actual earnings on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

11. Leases

Lessee: The City is a lessee for noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The City is a lessor for a noncancellable lease of cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

• The City uses its estimated incremental borrowing rate as the discount rate for leases.

• The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

12. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

13. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

14. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

15. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

3. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Upon separation of employment, a "Retirement Eligible" employee shall be paid for accumulated sick leave. This provision shall apply, provided the employee is eligible for retirement under the provisions of the Texas Municipal Retirement System, has completed at least ten years of consecutive service with the City, and separation is voluntary. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. Maximum payouts are capped and no payment shall exceed 250 hours of accrued sick time. A liability for these amounts is reported in governmental funds only if they are expected to be liquidated with expendable available financial resources, for example, as a result of employee resignations and retirements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utility fund, golf course fund, and storm water utility funds are charges to customers for sales and services. The utility fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, court technology, court security, street maintenance, hotel/motel tax, cable PEG fees, debt service, and capital projects, and enterprise funds. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the City Charter is the fund level. No funds can be transferred or added which affect the total fund expenditures without City Council approval. Appropriations lapse at the end of the year. Two supplemental budget amendments were made during the year.

A. Restricted Fund Balance

The City records restricted net position on amounts with externally imposed restrictions (e.g., through debt covenants or by grantors) or restrictions imposed by law through constitutional provisions or enabling legislation. Total restricted fund balance for governmental funds was $8,176,591, of which, $691,908 is restricted by enabling legislation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. In addition, irrevocable letters of credit at 100% of the principal amounts of the deposits may be used to collateralize deposits. The City's deposits, as well as those of the City's component units, including certificates of deposit, were fully insured or collateralized as required by the state statutes at September 30, 2023. Deposits of the City that exceeded the federal depository insurance coverage level were covered by pledged securities and an irrevocable letter of credit with a value of $3,445,000 from the Federal Home Loan Bank of San Francisco. All collateral was held in the City's name under a joint safekeeping agreement with NexBank, PNC Bank, East West Bank, and NTB Financial Bank.

As of September 30, 2023, the primary government had the following investments:

Investment Type		Value	Weighted Average Maturity (Years)
Certificates of deposit	$	4,092,994	1.05
External investment pools		10,084,078	0.08
Total value	$	14,177,072	
Portfolio weighted average maturity			0.36

As of September 30, 2023, the Crime Control and Prevention District had the following investments:

Investment Type		Value	Weighted Average Maturity (Years)
External investment pools	$	248,302	0.08
Total value	$	248,302	
Portfolio weighted average maturity			0.08

As of September 30, 2023, the Municipal Development District had the following investments:

Investment Type		Value	Weighted Average Maturity (Years)
Certificates of deposit	$	2,030,157	1.67
External investment pools		1,865,436	0.08
Total value	$	3,895,593	
Portfolio weighted average maturity			0.91

Interest rate risk: In compliance with the City's Investment Policy, as of September 30, 2023, the City minimized the interest rate risk, related to current events market turmoil in the portfolio by: limiting the effective duration of security types not to exceed two years with the exception of securities purchases related to reserve funds; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2023, all of the City's purchased investments in US Agencies Obligations were rated AA+, AAA and Aaa by Standard & Poors, Fitch and Moody's, respectively.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

TexSTAR

TexSTAR has been established for governmental entities pursuant to the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code and operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexSTAR's governing body is a five-member Board consisting of three representatives of participants and one member designated by each of the co-administrators. The Board holds legal title to all money, investments, and assets and has the authority to employ personnel, contract for services, and engage in other administrative activities necessary or convenient to accomplish the objectives of TexSTAR. Board oversight of TexSTAR is maintained through daily, weekly, and monthly reporting requirements. TexSTAR is rated AAAm by Standard & Poor's. The City's fair value position is stated at the value of the position upon withdrawal. There were no limitations or restrictions on withdrawals.

TexasTERM

TexasTERM is an external investment pool operated by a private asset management corporation and is not SEC registered. The Texas Interlocal Cooperation Act and the Texas Public Investments Act provide for the creation of public funds investment pools and permit eligible governmental entities to jointly invest their funds in authorized investments. The City participates in both investment options operated by TexasTERM – a daily investment pool (TexasDAILY) and a long-term investment pool (TexasTERM). At September 30, 2023, the fair value of the position in both the TexasTERM and the TexasDAILY approximate fair value of the shares. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

C. Receivables

1. The following comprise receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental	Utility & Storm Water Utility	Golf Course	Total
Property taxes	$ 200,471	$ 30,261	$ -	$ -	$ -	$ 230,732
Sales tax	582,583	-	145,646	-	-	728,229
Franchise taxes	31,319	-	4,730	-	-	36,049
Municipal court	774,719	-	-	-	-	774,719
EMS	3,027,694	-	-	-	-	3,027,694
Utility services	-	-	-	1,520,184	-	1,520,184
Golf services	-	-	-	-	21,849	21,849
Hotel/motel	-	-	3,047			3,047
Other	52,787	-	-	24,940	-	77,727
Leases	-	-	-	249,196	-	249,196
Allowance	(2,628,358)	(1,001)	-	(53,629)	-	(2,682,988)
Total	$ 2,041,215	$ 29,260	$ 153,423	$ 1,740,691	$ 21,849	$ 3,986,438

2. The following comprise receivable balances of the component units at year end:

	Crime District	Municipal District	Total
Sales taxes	$ 138,328	$ 153,419	$ 291,747
Other	264,712	1,319	266,031
Total	$ 403,040	$ 154,738	$ 557,778

3. Governmental funds report unearned revenue and deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. All funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental and enterprise funds were as follows:

	Unavailable	Unearned	Total
Delinquent property taxes receivable (general fund)	$ 172,411	$ -	$ 172,411
Delinquent property taxes receivable (debt service fund)	26,896	-	26,896
Deferred municipal court revenue receivable (general fund)	69,680	-	69,680
Delinquent ambulance receivables (general fund)	578,627	-	578,627
Deferred grant revenue (general fund)	3,360	1,341,802	1,345,162
Deferred developer contribution (capital projects fund)	-	878,192	878,192
Deferred gift card revenue (golf course fund)	-	22,544	22,544
Total	$ 850,974	$ 2,242,538	$ 3,093,512

4. The City is the lessor of three contracts in which the City receives lease payments from the separate cell phone companies for the use of existing water tower antenna space. The leases commenced in 1997, 1999, and 2004 and are renewable in 5-year increments. Monthly lease payments of $1,399 will be received from Sprint through December 2024. Monthly lease payments of $3,438 will be received from TMobile through June 2024. Annual lease payments ranging from $24,784 to $28,502 will be received from Verizon through 2031. As of September 30, 2023, the lease receivable and offsetting deferred inflows amounted to $249,196 and $239,911, respectively.

   The annual principal and interest payments to be received are as follows:

Year ending	Business-Type Activities	
September 30,	Principal	Interest (2.5%)
2024	$ 71,212	$ 5,535
2025	24,619	4,362
2026	20,950	3,834
2027	25,191	3,310
2028	25,821	2,680
Thereafter	81,403	4,104
	$ 249,196	$ 23,825

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Disposals/Transfers/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 2,828,470	$ -	$ -	$ 2,828,470
Construction in progress	441,780	550,164	(601,618)	390,326
Total capital assets not being depreciated	3,270,250	550,164	(601,618)	3,218,796
Capital assets, being depreciated:				
Right to use assets	37,527	59,712	(37,527)	59,712
Buildings and improvements	28,734,395	22,850	12,166	28,769,411
Improvements other than buildings	3,440,050	24,323	601,618	4,065,991
Machinery and equipment	6,693,446	714,052	32,429	7,439,927
Infrastructure	29,095,499	1,033,579	204,892	30,333,970
Total capital assets being depreciated	68,000,917	1,854,516	813,578	70,669,011
Less accumulated depreciation				
Right to use assets	18,763	27,057	(37,527)	8,293
Buildings and improvements	6,267,719	694,968	-	6,962,687
Improvements other than buildings	2,524,082	110,384	-	2,634,466
Machinery and equipment	4,208,950	650,112	-	4,859,062
Infrastructure	18,726,937	521,195	-	19,248,132
Total accumulated depreciation	31,746,451	2,003,716	(37,527)	33,712,640
Net capital assets being depreciated	36,254,466	(149,200)	851,105	36,956,371
Total Capital Assets	$ 39,524,716	$ 400,964	$ 249,487 *	$ 40,175,167

*Represents book value of capital assets transferred from business-type and component unit activities.

Depreciation was charged to governmental functions as follows:

General government	$ 547,761
Public safety	564,480
Public works	554,977
Recreation and leisure	336,498
Total Governmental Activities Depreciation Expense	$ 2,003,716

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 625,284	$ -	$ -	$ 625,284
Golf course	2,778,860	-	-	2,778,860
Construction in progress	741,829	1,890,750	(174,061)	2,458,518
Total capital assets not being depreciated	4,145,973	1,890,750	(174,061)	5,862,662
Capital assets, being depreciated:				
Right to use assets	11,417	20,811	(11,417)	20,811
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	6,304,665	-	-	6,304,665
Utility system	61,781,404	1,104,524	149,726	63,035,654
Infrastructure	7,023,878	674,145	-	7,698,023
Machinery and equipment	3,396,136	398,591	(20,260)	3,774,467
Total capital assets being depreciated	78,713,272	2,198,071	118,049	81,029,392
Less accumulated depreciation				
Right to use assets	5,708	5,709	(11,417)	-
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	4,009,430	126,344	-	4,135,774
Utility system	22,062,330	1,230,990	2,854	23,296,174
Infrastructure	1,506,465	341,670	-	1,848,135
Machinery and equipment	1,713,310	366,632	-	2,079,942
Total accumulated depreciation	29,493,015	2,071,345	(8,563)	31,555,797
Net capital assets being depreciated	49,220,257	126,726	126,612	49,473,595
Total Capital Assets	$ 53,366,230	$ 2,017,476	$ (47,449)	$ 55,336,257

Depreciation was charged to business-type activities as follows:

Utility	$ 1,446,629
Golf course	207,157
Storm water utility	417,559
Total Business-type Activities Depreciation Expense	$ 2,071,345

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2023

A summary of changes in component unit capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Construction in progress	$ -	$ 204,892	$ (204,892) *	$ -
Total capital assets not being depreciated	-	204,892	(204,892)	-
Capital assets, being depreciated:				
Machinery and equipment	1,240,470	112,343	-	1,352,813
Total capital assets being depreciated	1,240,470	112,343	-	1,352,813
Less accumulated depreciation				
Machinery and equipment	762,143	140,117	-	902,260
Total accumulated depreciation	762,143	140,117	-	902,260
Net capital assets being depreciated	478,327	(27,774)	-	450,553
Total Capital Assets	$ 478,327	$ 177,118	$ (204,892)	$ 450,553

*Assets were transferred to governmental activities during the year.

Depreciation was charged to the following activities as follows:

Crime Prevention District	$ 140,117
Total Depreciation Expense	$ 140,117

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2023. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities, including the net pension and OPEB liabilities.

	Beginning Balance	Additions	Retired	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Refunding Bonds	$ 2,490,000	$ -	$ (370,000)	$ 2,120,000	$ 370,000
Certificate of Obligation Bonds	8,840,000	-	(170,000)	8,670,000	180,000
Lease liabilities	19,042	59,663	(17,619)	61,086	29,171
Less deferred amounts:					
For premiums	115,692	-	(6,296)	109,396	-
Total Governmental Activities	$ 11,464,734	$ 59,663	$ (563,915)	$ 10,960,482	$ 579,171
			Long-term liabilities due in more than one year	$ 10,381,311	
Business-Type Activities:					
General Obligation Refunding Bonds	$ 6,215,000	$ -	$ (745,000)	$ 5,470,000	$ 755,000
Certificate of Obligation Bonds	1,755,000	-	(195,000)	1,560,000	205,000
Revenue Bonds	810,000	-	(595,000)	215,000	215,000
Total Bonds Payable	8,780,000	-	(1,535,000)	7,245,000	1,175,000
Notes payable	709,981	-	(163,590)	546,391	167,750
Lease liabilities	5,793	20,722	(8,585)	17,930	17,930
Total Business-Type Activities	$ 9,495,774	$ 20,722	$ (1,707,175)	$ 7,809,321	$ 1,360,680
			Long-term liabilities due in more than one year	$ 6,448,641	
Component Unit Activities (Crime District):					
Notes payable	$ 75,721	$ 264,712	$ (18,216)	$ 322,217	$ 66,150
Total Component Unit Activities	$ 75,721	$ 264,712	$ (18,216)	$ 322,217	$ 66,150
			Long-term liabilities due in more than one year	$ 256,067	

The City of Azle issues general obligation bonds, certificates of obligation bonds, and notes to provide funds for the acquisition and construction of major capital facilities. These issues are direct obligations and pledge the full faith and credit of the City. For the governmental activities, compensated absences are generally liquidated by the General Fund.

The City issued $9,390,000 of Series 2016 Certificates of Obligation bonds in October 2016. Principal payments are due in annual installments through 2041. The bonds bear an interest rate of 2% to 3%.

The City issued $1,745,000 of Series 2017 General Obligation Refunding bonds in March 2017. Principal payments are due in annual installments through 2027. The bonds bear an interest rate of 2.16%. The outstanding principal of $1,685,000 on the Series 2006 certificate of obligation bonds was refunded with these Series 2017 refunding bonds.

The City issued $1,335,000 of Series 2017 Certificate of Obligation bonds in March 2017. Principal payments are due in annual installments through 2027. The bonds bear an interest rate of 2.16%.

The City issued $1,350,000 of Tax & Waterworks & Sewer System (Surplus Pledge) Revenue Certificates of Obligation, Series 2017A, in November 2017. Principal payments are due in annual installments through 2037. The bonds bear an interest rate ranging from .58% to 2.29%.

The Crime Control District obtained lease financing totaling $187,391 in December 2018 for purchase of a WatchGuard camera and evidence system. Principal payments are due annually through December 2020. The lease bears an interest rate of 4.3%.

On August 6, 2020, the City issued $7,685,000 worth of General Obligation Refunding Bonds, Series 2020. The issuance qualifies as an advance refunding as the funds will be placed in escrow to pay off the 2010 Waterworks and Sewer System Revenue Bonds in the amount of $8,195,000. The new debt has a payoff date of February 1, 2030.

In May 2020, the City obtained financing totaling $238,274 for golf course mowing equipment. Principal payments are due semi-annually through May 2025. The lease bears an interest rate of 2.97%.

The City issued $1,905,000 worth of general obligation refunding bonds, series 2020A on November 19, 2020. The bonds carry an interest rate of 1.19% and mature through 2031. The bonds refunded $1,825,000 worth of 2011 certificates of obligation. The refunding resulted in an actual cash savings of $317,365 and a present value savings of $276,824.

In August 2021, the City purchased a John Deere excavator through financing for $231,993. Principal payments are due semi-annually through August 2026. The lease bears an interest rate of 2.57%.

In December 2021, the City purchased new golf carts through note payable financing for $469,035. Principal payments are due semi-annually through November 2025. The lease bears an interest rate of 2.49%.

On May 1, 2023, the City entered into two lease agreements for Toshiba copiers amounting to $59,663 and $20,722. Both leases bear an interest rate of 2.31%. Principal payments are due monthly through April 2026.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund.

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
General Obligation Bonds:			
$1,745,000 General Obligation Refunding Bond, Series 2017, due in installments through 2027, interest at 2.16%	$ 685,000	$ -	$ 685,000
$7,685,000 General Obligation Refunding Bonds, Series 2020, due in installments through 2030, interest at 1.09%	-	5,470,000	5,470,000
$1,905,000 General Obligation Refunding Bonds, Series 2020A, due in installments through 2031, interest at 1.19%	1,435,000	-	1,435,000
Total General Obligation Bonds	$ 2,120,000	$ 5,470,000	$ 7,590,000
Certificates of Obligation:			
$9,390,000 Certificates of Obligation, Series 2016, due in annual installments through 2041, interest at 2% to 3%	$ 8,670,000	$ -	$ 8,670,000
$1,335,000 Certificates of Obligation, Series 2017, due in annual installments through 2027 interest at 2.16%	-	575,000	575,000
$1,350,000 Certificates of Obligation, Series 2017A, due in annual installments through 2037 interest at .58% to 2.29%	-	985,000	985,000
Total Certificates of Obligation	$ 8,670,000	$ 1,560,000	$ 10,230,000
Revenue Bonds:			
$2,210,000 Revenue Bond, Series 2014, due in installments through 2024, interest at 2.04%	$ -	$ 215,000	$ 215,000
Total Revenue Bonds	$ -	$ 215,000	$ 215,000

City of Azle, Texas

NOTES TO THE FINANCIAL STATEMENTS, Continued

September 30, 2023

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Premiums	$ 109,396	$ -	$ 109,396
Total deferred amounts	109,396	-	109,396
Notes Payable:			
$238,274 payable to Governmental Capital Corp, due in semi-annual installments of $25,817 through 2025, interest at 2.97%	$ -	$ 99,543	$ 99,543
$231,993 payable to Tax Exempt Leasing Corp, due in semi-annual installments of $24,716 through 2026, interest at 2.57%	-	118,956	118,956
$469,035 payable to De Lage Public Finance, due in semi-annual installments of $39,468 through 2025, interest at 2.49%	-	327,892	327,892
Total Notes Payable	-	546,391	546,391
Lease liabilities	61,086	17,930	79,016
Total Debt	$ 10,960,482	$ 7,809,321	$ 18,769,803

	Component Unit Activities	Total
Notes Payable:		
$264,712 payable to Tax-Exempt Leasing Corp, due in semi-annual installments of $30,551 through 2028, interest at 5.39%	$ 264,712	$ 264,712
$87,682 payable for Tasers, due in annual installments of $20,162 through 2025, interest at 2.57%	57,505	57,505
Total Notes Payable	322,217	322,217
Total Debt	$ 322,217	$ 322,217

The annual requirements to amortize the City's long-term activities debt issues outstanding at year end were as follows:

General Obligation Bonds & Certificates of Obligations

	Governmental Activities		Business-type Activities	
	Principal	**Interest**	**Principal**	**Interest**
2024	$ 550,000	$ 237,338	$ 960,000	$ 84,004
2025	560,000	227,707	970,000	71,946
2026	570,000	217,888	980,000	59,693
2027	555,000	207,979	995,000	47,195
2028	505,000	196,748	855,000	36,084
2029	510,000	187,588	865,000	26,382
2030	525,000	177,949	880,000	16,420
2031	530,000	168,096	70,000	10,673
2032	585,000	156,854	70,000	9,259
2033	595,000	144,169	75,000	7,739
2034	610,000	131,215	75,000	6,123
2035	620,000	117,993	75,000	4,473
2036	635,000	104,501	80,000	2,736
2037	650,000	90,688	80,000	916
2038	665,000	73,725	-	-
2039	685,000	53,475	-	-
2040	710,000	32,550	-	-
2041	730,000	10,950	-	-
Total	$ 10,790,000	$ 2,537,412	$ 7,030,000	$ 383,643

Revenue Bonds

Year Ending	**Business-type Activities**	
September 30,	**Principal**	**Interest**
2024	$ 215,000	$ 4,386
Total	$ 215,000	$ 4,386

The annual requirements to amortize notes payable and leases outstanding at year end were as follows:

Notes Payable

Year ending September 30,	Business-type Activities Principal		Interest	
2024	$	167,750	$	9,490
2025		172,020		6,429
2026		206,621		647
Total	$	546,391	$	16,566

The following is an analysis of equipment leased under notes payable as of September 30, 2023:

	Business-Type Activities	
Machinery and equipment	$	935,336
(Less) accumulated depreciation		(398,086)
Total	$	537,250

	Component Unit Activities	
Equipment	$	87,682
(Less) accumulated depreciation		(26,305)
Total	$	61,377

Lease Liabilities

Year ending September 30,	Governmental Activities Principal		Interest	
2024	$	29,171	$	1,067
2025		20,038		527
2026		11,877		92
Total	$	61,086	$	1,686

Year ending September 30,	Business-Type Activities Principal		Business-Type Activities Interest	
2024	$	17,930	$	558
Total	$	17,930	$	558

The City entered into leases to finance copier machines. The property is classified as right to use asset with a total carrying value as of yearend for governmental activities and business-type activities of $51,419 and $20,811, respectively.

G. Other Long-term Liabilities

The following is a summary of changes in the City's other long-term liabilities for the year ended. In general, the City uses the general fund and utility fund to liquidate compensated absences.

	Beginning Balance		Additions		Reductions		Ending Balance		Amounts Due Within One Year	
Governmental Activities:										
Compensated Absences	$	482,796	$	393,244	$	(335,978)	$	540,062	$	432,050
Total Governmental Activities	$	482,796	$	393,244	$	(335,978)	$	540,062	$	432,050
Long-term Liabilities Due in More than One Year							$	108,012		
Business-Type Activities:										
Compensated Absences	$	142,468	$	92,128	$	(90,632)	$	143,964	$	115,171
Total Business-Type Activities	$	142,468	$	92,128	$	(90,632)	$	143,964	$	115,171
Long-term Liabilities Due in More than One Year							$	28,793		

H. Interfund Transactions

The compositions of interfund advances and balances due from component units as of the year ended September 30, 2023 were as follows:

Receivable fund:	Payable fund: Crime District		Payable fund: Municipal District		Total	
General	$	20,933	$	7,355	$	28,288
Total	$	20,933	$	7,355	$	28,288

	Advances to:		
Advances from:	**General**	**Utility**	**Total**
Golf Course	$ 232,616	$ 185,754	$ 418,370
Total	$ 232,616	$ 185,754	$ 418,370

The amounts payable relate to working capital loans from the general and utility funds to the golf course. The golf course paid $110,000 and $90,000 to the general fund and utility fund, respectively, during the current fiscal year. Additional payments are expected in the subsequent fiscal year.

Transfers between the primary government during the 2023 year were as follows:

	Transfers Out:			
Transfers In:	**General**	**Utility**	**Storm Water**	**Total**
General	$ -	$ 589,223	$ -	$ 589,223
Capital projects	1,750,000	-	-	1,750,000
Governmental activities	-	-	44,595	44,595 *
Storm water	767,002	-	-	767,002
Total	$ 2,517,002	$ 589,223	$ 44,595	$ 3,150,820

*Represents amount of capital assets transferred to governmental activities during the year.

The Municipal Development District ("MDD") transferred $37,250 to the capital projects fund during the current year.

Transfers between funds were primarily to support debt service requirements and operation of funds.

I. Texas Water Development Board Compliance

Revenue Bonds

In May of 2014, the City issued $2,210,000 worth of waterworks and sewer system revenue refunding bonds, series 2014. For purposes of accumulating and maintaining funds as a reserve for the payment of the bonds, the City is required to maintain a separate and special fund or account to be known as the "Waterworks and Sewer System Revenue Bond Reserve Fund". The City is required to deposit an amount which equals or exceeds the average annual debt service (calculated on a fiscal year basis) for the bonds and the previously issued bonds. All funds deposited in the reserve fund are to be used solely for the payment of the principal of and interest on the bonds when other funds available for such purposes are insufficient. As of September 30, 2023, the amount required to be deposited in the reserve fund equaled $219,386. The City's actual deposit of $220,010 was in excess of this amount and in compliance with the required covenant.

In addition, for purposes of providing funds to pay the principal of and interest on the bonds as they become due and payable, the City is required to maintain a separate fund known as the "Waterworks and Sewer System Revenue Refunding Bond Interest and Sinking Fund". The City should deposit into this fund the amounts required to be made for the payment of the 2012 & 2014 revenue bonds, the 2020 GO refunding bonds, and the 2017A CO bonds. The City is required to deposit from the net revenues into the fund an amount equal to the amount required to fully pay the interest on and the principal of the bonds prior to each principal and interest payment date falling due and payable. Such deposits and accrued interest shall be made in substantially equal monthly installments on or before the 15th day of each month. As of September 30, 2023, the amount required to be deposited in the interest and sinking fund equaled $210,565. The City's actual deposit of $293,713 was in excess of this amount and in compliance with the required covenant.

Public Funds Investment & Collateral Acts

State statues require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2023, the market values of pledged securities and FDIC exceeded bank balances. In addition, the City is required to adopt certain standards as it relates to the investment and maintenance of public funds. The City was in compliance with the requirement Public Funds Investment Act and the Public Funds Collateral Act.

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City participates in the Texas Municipal League Intergovernmental Risk Pool (Pool) which provides protection for risks of loss. Premiums are paid to the Pool that retains the risk of loss beyond the City's policy deductibles. Any losses reported but unsettled or incurred and not reported, are believed to be insignificant to the City's basic financial statements. For the last three years, there have been no significant reductions of insurance coverage or insurance settlements in excess of insurance coverage.

B. Contingent Liabilities

The City is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the City does not expect them to have a materially adverse effect on the basic financial statements.

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

C. Pension Plans

Texas Municipal Retirement Systems

Plan Description

The City of Azle participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	Plan Year 2021	Plan Year 2022
Employee deposit rate	6%	6%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI repeating	70% of CPI repeating

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	99
Inactive employees entitled to but not yet receiving benefits	138
Active employees	138
Total	375

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Azle were required to contribute 7% of their annual gross earnings beginning January 1, 2023. During prior years, the City's employees contributed 6% of annual gross earnings. The contribution rates for the City of Azle were 12.46% and 16.87% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $1,597,219, and were equal to the required contributions.

Effective January 1, 2023, the City adopted an employee contribution rate of 7%. This resulted in an increase in the City's contribution rate from 12.82% to 16.87%.

Net Pension Liability

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

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.7%
Core Fixed Income	6.0%	4.9%
Non-Core Fixed Income	20.0%	8.7%
Other Public/Private Markets	12.0%	8.1%
Real Estate	12.0%	5.8%
Hedge Funds	5.0%	6.9%
Private Equity	10.0%	11.8%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, $10,420,935 is related to the primary government and $255,291 is attributable to discretely presented component units.

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net	Total Net Pension Liability	Primary Government	Component Units
Balance at 12/31/21	$ 34,032,926	$ 31,383,752	$ 2,649,174	$ 2,594,559	$ 54,615
Changes for the year:					
Service cost	1,597,421	-	1,597,421	1,557,485	39,936
Interest	2,513,292	-	2,513,292	2,450,460	62,832
Change in benefit terms	2,943,808	-	2,943,808	2,870,213	73,595
Difference between expected and actual experience	417,716	-	417,716	407,273	10,443
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,171,504	(1,171,504)	(1,142,216)	(29,288)
Contributions – employee	-	564,127	(564,127)	(550,024)	(14,103)
Net investment income	-	(2,294,278)	2,294,278	2,236,921	57,357
Benefit payments, including refunds of emp. contributions	(1,082,965)	(1,082,965)	-	-	-
Administrative expense	-	(19,824)	19,824	19,328	496
Other changes	-	23,656	(23,656)	(23,065)	(591)
Net changes	6,389,272	(1,637,780)	8,027,052	7,826,376	200,676
Balance at 12/31/22	$ 40,422,198	$ 29,745,972	$ 10,676,226	$ 10,420,935	$ 255,291

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

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

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 16,785,013	$ 10,420,935	$ 5,271,785

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 411,337	$ 255,291	$ 129,191

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 17,196,350	$ 10,676,226	$ 5,400,976

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended September 30, 2023, the City recognized pension expense of $5,451,460. Of this amount, $5,321,104 is related to the primary government and $130,356 is attributable to discretely presented component units.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	$ 2,000,519	$ -
Differences between expected and actual economic experience	595,730	-
Contributions subsequent to the measurement date	1,264,430	-
Component Units:		
Difference between projected and actual investment earnings	55,253	-
Differences between expected and actual economic experience	14,451	-
Contributions subsequent to the measurement date	32,351	-
Total	$ 3,962,734	$ -

The primary government and component units reported $1,264,430 and $32,351, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2024.

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

Year ended December 31:	Primary Government	Discretely Presented Component Units	Total
2023	$ 508,451	$ 13,037	$ 521,488
2024	670,235	17,186	687,421
2025	560,149	14,363	574,512
2026	857,414	25,118	882,532
2027	-	-	-
Thereafter	-	-	-
	$ 2,596,249	$ 69,704	$ 2,665,953

Other Postemployment Benefits

The City also participates in a defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB. The SDBF covers both active and retiree benefits with no segregation of assets and, therefore, doesn't meet the definition of a trust under GASB No. 75, paragraph 4b, (i.e., no assets are accumulated for OPEB). As such, the SDBF is considered to be a single-employer unfunded OPEB plan (and not a cost sharing plan) with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	50
Inactive employees entitled to but not yet receiving benefits	25
Active employees	138
Total	213

The City's contributions to the TMRS SDBF for the years ended 2023, 2022 and 2021 were $7,596, $6,369, and $6,270 respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2021	0.09%	0.09%	100.0%
2022	0.06%	0.06%	100.0%
2023	0.08%	0.08%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2022, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	4.05%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.05%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.05%, as well as what the City's total OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current rate:

1% Decrease (3.05%)	Current Single Rate Assumption 4.05%	1% Increase (5.05%)
$ 388,424	$ 322,847	$ 271,644

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/21	$ 466,944
Changes for the year:	
Service Cost	29,147
Interest	8,808
Difference between expected and actual experience	(5,462)
Changes of assumptions	(170,949)
Benefit payments	(5,641)
Net changes	(144,097)
Balance at 12/31/22	$ 322,847

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

For the year ended September 30, 2023, the City recognized OPEB expense of $22,105.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference between expected and actual experience	$ -	$ (106,729)
Contributions subsequent to measurement date	6,180	-
Total	$ 6,180	$ (106,729)

The City reported $6,180 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2024.

Other amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	
2023	$ (16,857)
2024	(14,281)
2025	(22,933)
2026	(28,072)
2027	(24,586)
Thereafter	-
	$ (106,729)

F. Subsequent Events

There were no material subsequent events through February 9, 2024, the date the financial statements were issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 7,288,949	$ 7,304,449	$ 7,289,729	$ (14,720)
Sales tax	2,770,000	3,125,000	3,318,118	193,118
Franchise and local taxes	785,000	800,000	879,294	79,294
License and permits	1,035,500	509,550	545,908	36,358
Intergovernmental	1,974,000	2,751,831	2,555,109	(196,722)
Charges for services	736,000	768,000	905,154	137,154
Fines and forfeitures	481,350	550,100	647,052	96,952
Investment income	55,000	500,000	589,998	89,998
Other revenue	43,250	66,050	76,203	10,153
Donations	30,000	47,527	53,706	6,179
Total Revenues	15,199,049	16,422,507	16,860,271	437,764
Expenditures				
Current:				
General government	3,283,782	3,027,915	2,876,753	151,162
Public safety	8,959,915	10,087,041	7,912,302	2,174,739
Public works	669,289	782,782	743,257	39,525
Recreation and leisure	1,569,699	1,860,700	1,450,718	409,982
Community development	987,847	750,861	576,214	174,647
Debt service:				
Principal	17,619	17,619	17,619	-
Interest	624	624	624	-
Capital outlay:				
General government	89,462	89,462	89,462	-
Public safety	515,411	515,411	515,411	-
Recreation and leisure	247,860	247,860	247,860	-
Total Expenditures	16,498,477	17,537,244	14,587,189	2,950,055
Revenues Over (Under) Expenditures	(1,299,428)	(1,114,737)	2,273,082	3,387,819

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)

GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Lease proceeds	$ -	$ -	$ 59,663	$ 59,663
Insurance recoveries	-	69,910	69,911	1
Transfers in	922,978	922,978	589,223	(333,755)
Transfers (out)	(584,885)	(1,584,885)	(2,517,002)	(932,117)
Total Other Financing Sources (Uses)	338,093	(591,997)	(1,798,205)	(1,206,208)
Net Change in Fund Balance	$ (961,335)	$ (1,706,734)	474,877	$ 2,181,611
Beginning fund balance			9,105,157	
Ending Fund Balance			$ 9,580,034	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

City of Azle, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Years Ended:

	12/31/2022	12/31/2021	12/31/2020
Total pension liability			
Service cost	$ 1,597,421	$ 1,253,777	$ 1,201,629
Interest	2,513,292	2,093,594	1,907,332
Changes in benefit terms	2,943,808	-	-
Differences between expected and actual experience	417,716	743,722	501,785
Changes of assumptions	-	-	-
Benefit payments, including refunds of participant contributions	(1,082,965)	(894,960)	(859,826)
Net change in total pension liability	6,389,272	3,196,133	2,750,920
Total pension liability - beginning	34,032,926	30,836,793	28,085,873
Total pension liability - ending (a)	40,422,198	34,032,926	30,836,793
Plan fiduciary net position			
Contributions - employer	$ 1,171,504	$ 1,055,279	$ 1,042,825
Contributions - members	564,127	519,844	500,679
Net investment income	(2,294,278)	3,546,774	1,871,313
Benefit payments, including refunds of participant contributions	(1,082,965)	(894,960)	(859,826)
Administrative expenses	(19,824)	(16,391)	(12,098)
Other	23,656	114	(472)
Net change in plan fiduciary net position	(1,637,780)	4,210,660	2,542,421
Plan fiduciary net position - beginning	31,383,752	27,173,092	24,630,671
Plan fiduciary net position - ending (b)	$ 29,745,972	$ 31,383,752	$ 27,173,092
Fund's net pension liability - ending (a) - (b)	$ 10,676,226	$ 2,649,174	$ 3,663,701
Plan fiduciary net position as a percentage of the total pension liability	74%	92%	88%
Covered payroll	$ 9,402,124	$ 8,664,664	$ 8,344,644
Fund's pension liability as a percentage of covered payroll	114%	31%	44%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014 [1]
$ 1,131,846	$ 999,304	$ 919,039	$ 877,496	$ 794,779	$ 754,057
1,749,849	1,599,122	1,478,975	1,385,113	1,342,303	1,256,328
-	-	-	-	-	-
194,127	335,183	22,085	(198,085)	(195,061)	(231,721)
58,824	-	-	-	35,963	-
(813,063)	(720,735)	(639,823)	(749,652)	(600,158)	(541,466)
2,321,583	2,212,874	1,780,276	1,314,872	1,377,826	1,237,198
25,764,290	23,551,416	21,771,140	20,456,268	19,078,442	17,841,244
28,085,873	25,764,290	23,551,416	21,771,140	20,456,268	19,078,442
$ 942,948	$ 827,664	$ 758,769	$ 724,937	$ 681,888	$ 657,248
462,607	407,049	375,629	366,132	340,377	342,309
3,222,899	(628,089)	2,493,454	1,118,058	23,774	847,497
(813,063)	(720,735)	(639,823)	(749,652)	(600,158)	(541,466)
(18,200)	(12,135)	(12,919)	(12,624)	(14,479)	(8,848)
(546)	(633)	(654)	(680)	(716)	(727)
3,796,645	(126,879)	2,974,456	1,446,171	430,686	1,296,013
20,834,026	20,960,905	17,986,449	16,540,278	16,109,592	14,813,579
$ 24,630,671	$ 20,834,026	$ 20,960,905	$ 17,986,449	$ 16,540,278	$ 16,109,592
$ 3,455,202	$ 4,930,264	$ 2,590,511	$ 3,784,691	$ 3,915,990	$ 2,968,850
88%	81%	89%	83%	81%	84%
$ 7,710,124	$ 6,784,144	$ 6,260,487	$ 6,102,200	$ 5,672,943	$ 5,705,148
45%	73%	41%	62%	69%	52%

City of Azle, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	$ 1,597,219	$ 1,167,544	$ 1,021,384
Contributions in relation to the actuarially determined contribution	$ 1,597,219	$ 1,167,544	$ 1,021,384
Contribution deficiency (excess)	$ -	$ -	$ -
Annual covered payroll	$ 10,084,586	$ 9,423,853	$ 8,331,931
Employer contributions as a percentage of covered payroll	15.84%	12.39%	12.26%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5%, including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	Increased member contribution rate from 6% to 7%. Removed statutory max.

9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015 [1]
$ 1,061,576	$ 903,297	$ 804,583	$ 746,291	$ 718,418	$ 659,428
$ 1,061,576	$ 903,297	$ 804,583	$ 746,291	$ 718,418	$ 659,428
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,541,078	$ 7,390,631	$ 6,606,400	$ 6,190,722	$ 6,028,397	$ 5,547,561
12.43%	12.22%	12.18%	12.05%	11.92%	11.89%

City of Azle, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	[1] 12/31/2022	12/31/2021	12/31/2020
Total OPEB liability			
Service cost	$ 29,147	$ 29,460	$ 21,696
Interest	8,808	8,637	9,960
Differences between expected and actual experience	(5,462)	924	(19,867)
Changes of assumptions	(170,949)	14,719	59,129
Benefit payments	(5,641)	(7,798)	(2,503)
Net changes	(144,097)	45,942	68,415
Total OPEB liability - beginning	466,944	421,002	352,587
Total OPEB liability - ending	[2] $ 322,847	$ 466,944	$ 421,002
Covered-employee payroll	$ 9,402,124	$ 8,664,664	$ 8,344,644
Fund's net position as a percentage of covered-employee payroll	3.43%	5.39%	5.05%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

12/31/2019	12/31/2018	12/31/2017
$ 16,962	$ 17,639	$ 14,399
10,761	9,831	9,441
(14,837)	(9,996)	-
59,666	(21,529)	24,062
(3,084)	(2,034)	(2,505)
69,468	(6,089)	45,397
283,119	289,208	243,811
$ 352,587	$ 283,119	$ 289,208
$ 7,710,124	$ 6,784,144	$ 6,260,487
4.57%	4.17%	4.62%

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of Azle, Texas

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2023

	Court Technology	Court Security	Street Maintenance
Assets			
Cash and cash equivalents	$ 22,449	$ 65,170	$ 765,847
Taxes receivable, net	-	-	145,646
Total Assets	$ 22,449	$ 65,170	$ 911,493
Liabilities			
Accounts payable	$ -	$ 53	$ 56,274
Total Liabilities	-	53	56,274
Fund Balances			
Restricted for:			
Municipal court	22,449	65,117	-
Public works	-	-	855,219
Tourism	-	-	-
Economic development	-	-	-
Capital projects	-	-	-
Total Fund Balances	22,449	65,117	855,219
Total Liabilities and Fund Balances	$ 22,449	$ 65,170	$ 911,493

See Notes to Financial Statements.

Hotel/Motel Tax	Cable PEG Fees	TIRZ No. 1	Total
$ 317,365	$ 279,200	$ 3,679,108	$ 5,129,139
3,047	4,730	-	153,423
$ 320,412	$ 283,930	$ 3,679,108	$ 5,282,562
$ -	$ -	$ -	$ 56,327
-	-	-	56,327
-	-	-	87,566
-	-	-	855,219
320,412	-	-	320,412
-	-	3,679,108	3,679,108
-	283,930	-	283,930
320,412	283,930	3,679,108	5,226,235
$ 320,412	$ 283,930	$ 3,679,108	$ 5,282,562

City of Azle, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	Court Technology	Court Security	Street Maintenance
Revenues			
Taxes	$ -	$ -	$ 829,530
Fines and fees	13,113	15,818	-
Investment income	630	1,240	47,077
Total Revenues	13,743	17,058	876,607
Expenditures			
General government	11,828	1,267	-
Public works	-	-	1,353,851
Total Expenditures	11,828	1,267	1,353,851
Revenues Over (Under) Expenditures	1,915	15,791	(477,244)
Net Change in Fund Balances	1,915	15,791	(477,244)
Beginning fund balances	20,534	49,326	1,332,463
Ending Fund Balances	$ 22,449	$ 65,117	$ 855,219

See Notes to Financial Statements.

Hotel/Motel Tax	Cable PEG Fees	TIRZ No. 1	Total
$ 29,167	$ 18,970	$ 947,215	$ 1,824,882
-	-	-	28,931
11,243	335	105,546	166,071
40,410	19,305	1,052,761	2,019,884
-	-	-	13,095
-	-	-	1,353,851
-	-	-	1,366,946
40,410	19,305	1,052,761	652,938
40,410	19,305	1,052,761	652,938
280,002	264,625	2,626,347	4,573,297
$ 320,412	$ 283,930	$ 3,679,108	$ 5,226,235

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 9,500	$ 13,113	$ 3,613
Investment income	35	630	595
Total Revenues	9,535	13,743	4,208
Expenditures			
General government	24,000	11,828	12,172
Total Expenditures	24,000	11,828	12,172
Revenues Over (Under) Expenditures	(14,465)	1,915	16,380
Net Change in Fund Balances	$ (14,465)	1,915	$ 16,380
Beginning fund balances		20,534	
Ending Fund Balances		$ 22,449	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

COURT SECURITY

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 11,000	$ 15,818	$ 4,818
Investment income	80	1,240	1,160
Total Revenues	11,080	17,058	5,978
Expenditures			
General government	7,500	1,267	6,233
Total Expenditures	7,500	1,267	6,233
Revenues Over (Under) Expenditures	3,580	15,791	12,211
Net Change in Fund Balances	$ 3,580	15,791	$ 12,211
Beginning fund balances		49,326	
Ending Fund Balances		$ 65,117	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STREET MAINTENANCE

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 692,000	$ 775,000	$ 829,530	$ 54,530
Investment income	1,600	25,000	47,077	22,077
Total Revenues	693,600	800,000	876,607	76,607
Expenditures				
Public works	1,279,000	1,395,000	1,353,851	41,149
Total Expenditures	1,279,000	1,395,000	1,353,851	41,149
Revenues Over (Under) Expenditures	(585,400)	(595,000)	(477,244)	117,756
Net Change in Fund Balances	$ (585,400)	$ (595,000)	(477,244)	$ 117,756
Beginning fund balances			1,332,463	
Ending Fund Balances			$ 855,219	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

HOTEL/MOTEL TAX

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 25,000	$ 29,167	$ 4,167
Investment income	350	11,243	10,893
Total Revenues	25,350	40,410	15,060
Revenues Over Expenditures	25,350	40,410	15,060
Net Change in Fund Balances	$ 25,350	40,410	$ 15,060
Beginning fund balances		280,002	
Ending Fund Balances		$ 320,412	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

CABLE PEG FEES

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 20,000	$ 18,970	$ (1,030)
Investment income	300	335	35
Total Revenues	20,300	19,305	(995)
Expenditures			
Capital outlay	50,000	-	50,000
Total Expenditures	50,000	-	50,000
Revenues Over Expenditures	(29,700)	19,305	49,005
Net Change in Fund Balances	$ (29,700)	19,305	$ 49,005
Beginning fund balances		264,625	
Ending Fund Balances		$ 283,930	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2023

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 691,368	$ 770,596	$ 79,228
Investment income	1,000	14,678	13,678
Total Revenues	692,368	785,274	92,906
Expenditures			
Debt Service:			
Principal	540,000	540,000	-
Interest and fiscal charges	246,841	246,840	1
Administrative charges	2,000	800	1,200
Total Expenditures	788,841	787,640	1,201
Revenues Over (Under) Expenditures	(96,473)	(2,366)	94,107
Net Change in Fund Balances	$ (96,473)	(2,366)	$ 94,107
Beginning fund balances		162,870	
Ending Fund Balances		$ 160,504	

See Notes to Financial Statements.

City of Azle, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL CAPITAL PROJECTS FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ -	$ -	$ 109,751	$ 109,751
Intergovernmental	-	37,250	37,250	-
Other revenue	120,000	120,000	107,932	(12,068)
Total Revenues	120,000	157,250	254,933	97,683
Expenditures				
Capital outlay	470,000	470,000	361,399	108,601
Total Expenditures	470,000	470,000	361,399	108,601
Revenues Over (Under) Expenditures	(350,000)	(312,750)	(106,466)	206,284
Other Financing Sources (Uses)				
Transfers in	787,250	1,750,000	1,750,000	-
Total Other Financing Sources (Uses)	787,250	1,750,000	1,750,000	-
Net Change in Fund Balances	$ 437,250	$ 1,437,250	1,643,534	$ 206,284
Beginning fund balances			759,872	
Ending Fund Balances			$ 2,403,406	

See Notes to Financial Statements.

COMBINING AND INDIVIDUAL UTILITY ENTERPRISE SUB-FUNDS

City of Azle, Texas

COMBINING SCHEDULE OF NET POSITION

UTILITY ENTERPRISE (Page 1 of 2)

September 30, 2023

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Assets			
Current Assets			
Cash and cash equivalents	$ 4,525,208	$ -	$ -
Investments	1,279,362	-	-
Accounts receivable, net	1,443,045	-	-
Lease receivables, current	71,212	-	-
Other receivables	24,940	-	-
Inventories	318,619	-	-
Prepaid items	6,732	-	-
Restricted cash	293,713	-	-
Restricted investments	-	521,498	
Total Current Assets	7,962,831	521,498	-
Noncurrent Assets			
Restricted cash:			
Impact fees	-	3,518,328	-
Capital projects	-	-	210,965
Customer deposits	691,197	-	-
Bond reserve	220,010	-	-
Lease receivables, noncurrent	177,984	-	-
Advance to other funds	185,754	-	-
Capital assets:			
Non-depreciable	89,937	-	435,455
Net depreciable capital assets	42,437,169	-	-
Total Noncurrent Assets	43,802,051	3,518,328	646,420
Total Assets	51,764,882	4,039,826	646,420
Deferred Outflows of Resources			
Pension contributions	207,475	-	-
Pension expected experience vs. actual	97,830	-	-
Pension investment earnings	329,420	-	-
OPEB contributions	989	-	-
Total Deferred Outflows of Resources	635,714	-	-

Total
$ 4,525,208
1,279,362
1,443,045
71,212
24,940
318,619
6,732
293,713
521,498
8,484,329
3,518,328
210,965
691,197
220,010
177,984
185,754
525,392
42,437,169
47,966,799
56,451,128
207,475
97,830
329,420
989
635,714

City of Azle, Texas

COMBINING SCHEDULE OF NET POSITION

UTILITY ENTERPRISE (Page 2 of 2)

September 30, 2023

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Liabilities			
Current Liabilities			
Accounts payable	$ 602,345	$ -	$ 38,890
Accrued liabilities	89,635	-	-
Customer deposits	691,197	-	-
Compensated absences, current	102,704	-	-
Long-term debt, current	1,192,929	-	-
Accrued interest	13,260	-	-
Total Current Liabilities	2,692,070	-	38,890
Noncurrent Liabilities			
Compensated absences, noncurrent	25,676	-	-
Long-term debt, noncurrent	6,070,000	-	-
Net pension liability	1,919,294	-	-
OPEB liability	51,656	-	-
Total Liabilities	10,758,696	-	38,890
Deferred Inflows of Resources			
OPEB expected experience vs. actual	17,077	-	-
Lease related	239,911	-	-
Total Deferred Inflows of Resources	256,988	-	-
Net Position			
Net investment in capital assets	35,225,286	-	646,420
Restricted for:			
Bond reserve	220,010	-	-
Debt service	293,713	-	-
Impact fees	-	4,039,826	-
Unrestricted	5,645,903	-	(38,890)
Total Net Position	$ 41,384,912	$ 4,039,826	$ 607,530

See Notes to Financial Statements.

Total	
$	641,235
	89,635
	691,197
	102,704
	1,192,929
	13,260
	2,730,960
	25,676
	6,070,000
	1,919,294
	51,656
	10,797,586
	17,077
	239,911
	256,988
	35,871,706
	220,010
	293,713
	4,039,826
	5,607,013
$	46,032,268

City of Azle, Texas

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

UTILITY ENTERPRISE

For the Year Ended September 30, 2023

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Operating Revenues			
Charges for services	$ 10,926,949	$ -	$ -
Other revenue	18,424	-	-
Total Operating Revenues	10,945,373	-	-
Operating Expenses			
Personnel services	2,786,792	-	-
Supplies	975,986	-	-
Maintenance and repairs	396,727	-	-
Contractual services	4,628,727	240	-
Depreciation	1,446,629	-	-
Total Operating Expenses	10,234,861	240	-
Operating Income	710,512	(240)	-
Nonoperating Revenues (Expenses)			
Investment income	297,396	121,470	11,232
Interest expense	(118,430)	-	-
Fiscal charges	(1,475)	-	-
Total Nonoperating Revenues (Expenses)	177,491	121,470	11,232
Income Before Capital Contributions and Transfers	888,003	121,230	11,232
Capital Contributions and Transfers			
Capital contributions	1,026,280	-	-
Contributions-impact fees	-	445,974	-
Transfers in	149,726	-	223,755
Transfers (out)	(812,978)	-	(149,726)
Total Capital Contributions and Transfers	363,028	445,974	74,029
Change in Net Position	1,251,031	567,204	85,261
Beginning net position	40,133,881	3,472,622	522,269
Ending Net Position	$ 41,384,912	$ 4,039,826	$ 607,530

Total
$ 10,926,949
18,424
10,945,373
2,786,792
975,986
396,727
4,628,967
1,446,629
10,235,101
710,272
430,098
(118,430)
(1,475)
310,193
1,020,465
1,026,280
445,974
373,481
(962,704)
883,031
1,903,496
44,128,772
$ 46,032,268

City of Azle, Texas

COMBINING SCHEDULE OF CASH FLOWS
UTILITY ENTERPRISE (Page 1 of 2)
For the Year Ended September 30, 2023

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Cash Flows from Operating Activities			
Payments to employees	$ (1,982,026)	$ -	$ -
Payments to suppliers	(6,023,395)	(11,998)	(14,650)
Receipts from customers	10,863,376	-	-
Net Cash Provided (Used) by Operating Activities	2,857,955	(11,998)	(14,650)
Cash Flows from Noncapital Financing Activities			
Transfers in	149,726	-	223,755
Transfers (out)	(812,978)	-	(149,726)
Collections (payments) of interfund loans	90,000	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(573,252)	-	74,029
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(498,870)	-	(224,413)
Impact fees received	-	445,974	-
Interest paid on capital debt	(114,478)	-	-
Principal paid on capital debt	(1,543,585)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,156,933)	445,974	(224,413)
Cash Flows from Investing Activities			
Reacquistion (purchase) of investments	833,386	(18,986)	-
Interest on investments	272,745	121,470	11,232
Net Cash Provided (Used) by Investing Activities	1,106,131	102,484	11,232
Net Increase (Decrease) in Cash and Cash Equivalents	1,233,901	536,460	(153,802)
Beginning cash and cash equivalents	4,276,217	2,981,868	364,767
Ending Cash and Cash Equivalents (including restricted cash)	$ 5,510,118	$ 3,518,328	$ 210,965

Total
$ (1,982,026)
(6,050,043)
10,863,376
2,831,307
373,481
(962,704)
90,000
(499,223)
(723,283)
445,974
(114,478)
(1,543,585)
(1,935,372)
814,400
405,447
1,219,847
1,616,559
7,622,852
$ 9,239,411

City of Azle, Texas

COMBINING SCHEDULE OF CASH FLOWS

UTILITY ENTERPRISE (Page 2 of 2)

For the Year Ended September 30, 2023

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 710,512	$ (240)	$ -
Adjustments to reconcile operating income to net cash provided:			
Depreciation	1,446,629	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(27,669)	-	-
Inventory	(98,704)	-	-
Prepaid items	(1,397)	-	-
Increase (Decrease) in:			
Accounts payable	47,789	(11,758)	(1,946)
Accrued liabilities	27,503	-	-
Unearned revenue	(5,121)	-	-
Deferred lease revenue	(80,549)	-	-
Due to other funds	-	-	(12,704)
Compensated absences	4,871	-	-
Deferred outflows - pension contributions	(67,082)	-	-
Deferred outflows - OPEB contributions	(313)	-	-
Deferred outflows - OPEB expected experience vs. actual	25,690	-	-
Deferred inflows of resources - OPEB assumption changes	179,863	-	-
Deferred inflows - pension investment earn	(619,063)	-	-
Deferred outflows - pension expected experience vs. actual	19,527	-	-
Net pension liability	1,284,328	-	-
OPEB liability	(23,055)	-	-
Customer deposits	31,342	-	-
Net Cash Provided (Used) by Operating Activities	$ 2,857,955	$ (11,998)	$ (14,650)
Schedule of Non-Cash Capital and Related Financing Activities			
Capital contributions	$ 1,026,280	$ -	$ -
Right-to-use assets	20,722	-	-

Total
$ 710,272
1,446,629
(27,669)
(98,704)
(1,397)
34,085
27,503
(5,121)
(80,549)
(12,704)
4,871
(67,082)
(313)
25,690
179,863
(619,063)
19,527
1,284,328
(23,055)
31,342
$ 2,831,307
$ 1,026,280
20,722

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents **Page**

City of Azle, Texas

NET POSITION BY COMPONENT

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	$ 29,107,902	$ 27,933,578	$ 24,032,848	$ 22,448,289
Restricted	8,176,591	5,865,272	4,045,435	2,682,316
Unrestricted	4,133,741	6,812,455	6,774,515	6,042,255
Total governmental activities net position	$ 41,418,234	$ 40,611,305	$ 34,852,798	$ 31,172,860
Business-type activities				
Net investment in capital assets	$ 47,500,760	$ 43,903,704	$ 37,132,186	$ 34,536,210
Restricted	4,823,069	4,839,046	4,141,809	3,549,543
Unrestricted	6,884,784	6,653,975	5,009,602	4,240,069
Total business-type activities net position	$ 59,208,613	$ 55,396,725	$ 46,283,597	$ 42,325,822
Primary government				
Net investment in capital assets	$ 76,608,662	$ 71,837,282	$ 61,165,034	$ 56,984,499
Restricted	12,999,660	10,704,318	8,187,244	6,231,859
Unrestricted	11,018,525	13,466,430	11,784,117	10,282,324
Total primary government net position	$ 100,626,847	$ 96,008,030	$ 81,136,395	$ 73,498,682

Source: City audited financial records

2019	2018	2017	2016	2015	2014
$ 20,151,647	$ 18,191,446	$ 18,133,163	$ 16,709,884	$ 17,274,438	$ 17,582,366
2,158,712	2,874,954	2,095,788	2,621,858	2,738,811	2,397,363
6,767,739	7,009,207	5,805,385	4,710,316	3,998,070	3,559,553
$ 29,078,098	$ 28,075,607	$ 26,034,336	$ 24,042,058	$ 24,011,319	$ 23,539,282
$ 30,899,466	$ 29,668,436	$ 28,568,108	$ 28,023,123	$ 27,007,438	$ 25,800,976
4,203,365	4,210,708	3,957,028	3,742,036	2,954,151	3,014,312
3,365,839	2,987,699	2,234,400	1,478,333	2,008,420	2,342,095
$ 38,468,670	$ 36,866,843	$ 34,759,536	$ 33,243,492	$ 31,970,009	$ 31,157,383
$ 51,051,113	$ 47,859,882	$ 46,701,271	$ 44,733,007	$ 44,281,876	$ 43,383,342
6,362,077	7,085,662	6,052,816	6,363,894	5,692,962	5,411,675
10,133,578	9,996,906	8,039,785	6,188,649	6,006,490	5,901,648
$ 67,546,768	$ 64,942,450	$ 60,793,872	$ 57,285,550	$ 55,981,328	$ 54,696,665

City of Azle, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government	$ 3,935,797	$ 2,855,206	$ 2,582,629	$ 2,536,444
Public safety	10,537,721	7,531,306	7,168,093	6,694,648
Public works	2,822,352	1,850,360	1,778,963	2,798,478
Recreation and leisure	2,054,636	1,620,531	1,600,244	1,499,379
Community development	679,499	722,043	530,993	347,380
Interest on long-term debt	240,415	239,439	284,153	332,608
Total governmental activities expenses	20,270,420	14,818,885	13,945,075	14,208,937
Business-type activities:				
Utility	10,355,006	8,479,501	7,922,358	7,893,329
Golf course	1,762,243	1,523,809	1,264,368	1,292,138
Storm water utility	457,570	377,258	281,021	254,636
Total business-type activities expenses	12,574,819	10,380,568	9,467,747	9,440,103
Total primary government expenses	$ 32,845,239	$ 25,199,453	$ 23,412,822	$ 23,649,040
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 919	$ 860,665	$ 656,163	$ 638,513
Public safety	1,561,235	540,452	452,450	530,803
Recreation and leisure	55,509	41,114	26,674	29,631
Community development	545,908	1,349,201	864,833	519,705
Operating grants and contributions	963,058	1,584,969	1,173,707	1,543,721
Capital grants and contributions	2,924,838	2,737,544	1,614,330	1,091,858
Total governmental activities program revenues	6,051,467	7,113,945	4,788,157	4,354,231
Business-type activities:				
Charges for services:				
Utility	$ 10,926,949	$ 10,336,841	$ 9,193,670	$ 8,994,213
Golf course	2,000,905	1,803,664	1,600,634	1,341,581
Storm water utility	552,632	527,729	506,565	497,843
Capital grants and contributions	2,146,399	6,973,273	2,699,498	2,949,685
Total business-type activities program revenues	15,626,885	19,641,507	14,000,367	13,783,322
Total primary government program revenues	$ 21,678,352	$ 26,755,452	$ 18,788,524	$ 18,137,553

2019	2018	2017	2016	2015	2014
$ 2,028,156	$ 1,962,994	$ 2,093,348	$ 2,086,541	$ 1,767,182	$ 1,277,520
6,169,132	5,182,350	5,100,964	4,774,299	4,517,332	4,433,987
2,208,463	2,129,943	2,077,628	2,385,564	2,081,755	1,949,188
1,442,735	1,467,387	1,404,364	1,350,538	1,190,542	1,126,735
348,737	262,577	240,037	225,597	258,576	221,770
348,230	361,911	573,608	207,710	237,200	258,665
12,545,453	11,367,162	11,489,949	11,030,249	10,052,587	9,267,865
7,293,864	7,069,165	6,675,446	6,390,912	6,065,888	6,214,226
1,133,824	1,135,975	1,059,490	1,133,152	955,856	943,488
168,863	170,543	155,188	135,233	178,972	196,527
8,596,551	8,375,683	7,890,124	7,659,297	7,200,716	7,354,241
$ 21,142,004	$ 19,742,845	$ 19,380,073	$ 18,689,546	$ 17,253,303	$ 16,622,106
$ 616,207	$ 616,269	$ 538,136	$ 583,991	$ 533,009	$ 476,002
476,298	538,652	608,477	552,410	589,515	546,563
69,157	62,689	72,596	50,311	44,591	46,037
383,754	413,336	781,178	569,666	345,608	300,133
847,882	592,865	653,851	523,618	563,686	473,007
218,323	978,591	1,568,114	33,647	-	36,544
2,611,621	3,202,402	4,222,352	2,313,643	2,076,409	1,878,286
$ 8,422,556	$ 8,770,014	$ 7,881,663	$ 7,641,983	$ 7,146,687	$ 6,778,745
1,157,649	1,113,198	1,124,953	1,039,619	901,055	848,909
299,374	254,777	240,935	228,911	233,876	235,885
652,037	805,037	655,860	596,678	251,326	104,671
10,531,616	10,943,026	9,903,411	9,507,191	8,532,944	7,968,210
$ 13,143,237	$ 14,145,428	$ 14,125,763	$ 11,820,834	$ 10,609,353	$ 9,846,496

City of Azle, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2023	2022	2021	2020
Net (Expenses) Revenue				
Governmental activities	$ (14,218,953)	$ (7,704,940)	$ (9,156,918)	$ (9,854,706)
Business-type activities	3,052,066	9,260,939	4,532,620	4,343,219
Total primary government net expense	$ (11,166,887)	$ 1,555,999	$ (4,624,298)	$ (5,511,487)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem taxes	8,949,443	7,378,119	6,805,217	6,358,024
Sales taxes	4,147,648	3,628,226	3,335,906	3,076,210
Franchise taxes	850,602	1,661,765	1,649,274	1,417,404
Alcoholic beverage taxes	47,662	47,603	20,859	33,456
Hotel motel taxes	29,167	29,500	27,121	25,474
Oil and gas revenues	107,932	166,338	76,161	60,239
Investment earnings	880,498	130,913	47,980	124,379
Miscellaneous	146,114	83,528	202,605	164,026
Transfers	(133,184)	337,455	671,733	690,256
Total governmental activities	15,025,882	13,463,447	12,836,856	11,949,468
Business-type activities:				
Investment earnings	514,804	76,554	25,461	97,657
Oil and gas lease	64,470	105,702	46,905	40,407
Miscellaneous	47,364	7,388	24,522	66,125
Transfers	133,184	(337,455)	(671,733)	(690,256)
Total business-type activities	759,822	(147,811)	(574,845)	(486,067)
Total primary government	$ 15,785,704	$ 13,315,636	$ 12,262,011	$ 11,463,401
Change in Net Position				
Governmental activities	$ 806,929	$ 5,758,507	$ 3,679,938	$ 2,094,762
Business-type activities	3,811,888	9,113,128	3,957,775	3,857,152
Total primary government	$ 4,618,817	$ 14,871,635	$ 7,637,713	$ 5,951,914

Source: City audited financial records

2019	2018	2017	2016	2015	2014
$ (9,933,832)	$ (8,164,760)	$ (7,267,597)	$ (8,716,606)	$ (7,976,178)	$ (7,389,579)
1,935,065	2,567,343	2,013,287	1,847,894	1,332,228	613,969
$ (7,998,767)	$ (5,597,417)	$ (5,254,310)	$ (6,868,712)	$ (6,643,950)	$ (6,775,610)
5,889,784	5,485,590	4,938,307	4,597,219	4,432,990	4,281,202
2,668,713	2,597,674	2,444,594	2,462,175	2,268,725	2,152,944
1,161,082	884,804	793,898	752,017	751,663	701,445
40,768	24,779	27,069	24,906	19,564	12,483
27,664	30,917	22,102	9,729	12,845	19,976
118,101	158,976	102,187	130,049	264,314	396,004
328,706	303,521	152,857	25,153	16,375	29,639
92,078	180,511	165,357	71,969	45,780	28,935
609,427	626,850	613,504	674,128	635,959	162,525
10,936,323	10,293,622	9,259,875	8,747,345	8,448,215	7,785,153
180,947	95,702	36,899	14,746	10,440	29,614
67,490	64,438	77,660	68,590	97,213	141,551
27,752	6,674	1,702	16,381	8,704	31,884
(609,427)	(626,850)	(613,504)	(674,128)	(635,959)	(162,525)
(333,238)	(460,036)	(497,243)	(574,411)	(519,602)	40,524
$ 10,603,085	$ 9,833,586	$ 8,762,632	$ 8,172,934	$ 7,928,613	$ 7,825,677
$ 1,002,491	$ 2,128,862	$ 1,992,278	$ 30,739	$ 472,037	$ 395,574
1,601,827	2,107,307	1,516,044	1,273,483	812,626	654,493
$ 2,604,318	$ 4,236,169	$ 3,508,322	$ 1,304,222	$ 1,284,663	$ 1,050,067

City of Azle, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
General Fund				
Nonspendable:				
Inventories	$ 42,972	$ 30,674	$ 29,283	$ 26,940
Prepaid items	20,378	35,281	47,004	67,367
Advances	232,616	342,616	452,616	452,616
Restricted for:				
Public safety	386,446	369,233	308,576	33,436
Unassigned	8,897,622	8,327,353	8,548,821	7,734,218
Total general fund	$ 9,580,034	$ 9,105,157	$ 9,386,300	$ 8,314,577
All Other Governmental Funds				
Restricted for:				
Debt service	160,504	162,870	151,158	141,014
Municipal court	87,566	69,860	59,368	48,267
Public works	855,219	1,332,463	1,014,854	793,648
Economic development	3,679,108	2,626,347	1,756,456	1,060,547
Tourism	320,412	280,002	249,865	222,469
Capital projects	2,687,336	1,024,497	505,158	382,935
Unassigned	-	-	-	-
Total all other governmental funds	$ 7,790,145	$ 5,496,039	$ 3,736,859	$ 2,648,880

Source: City audited financial records

Notes: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010.

2019	2018	2017	2016	2015	2014
$ 4,705	$ 4,250	$ 5,466	$ 4,496	$ 5,511	$ 5,630
8,931	12,150	569	2,238	1,556	604
452,616	452,616	452,616	452,617	452,617	452,617
30,584	27,521	24,791	21,859	19,206	13,208
8,192,880	8,333,797	7,269,853	5,839,320	5,057,719	4,776,991
$ 8,689,716	$ 8,830,334	$ 7,753,295	$ 6,320,530	$ 5,536,609	$ 5,249,050
149,826	123,607	88,531	48,448	37,213	39,771
198,154	200,233	191,585	181,367	168,699	155,139
954,227	730,408	455,772	219,814	527,502	479,299
428,957	153,587	40,699	-	-	-
195,961	167,261	135,679	113,271	104,932	93,429
201,003	7,099,478	10,527,589	2,297,311	2,140,676	1,865,801
(1,494,241)	-	-	-	-	-
$ 633,887	$ 8,474,574	$ 11,439,855	$ 2,860,211	$ 2,979,022	$ 2,633,439

City of Azle, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2023	2022	2021	2020
Revenues				
Taxes	$ 14,082,619	$ 12,700,316	$ 11,826,659	$ 10,873,955
Licenses and permits	545,908	1,322,516	864,833	519,705
Fines and fees	675,983	539,068	479,345	549,256
Charges for services	905,154	859,576	631,269	699,143
Investment income	880,498	130,913	47,980	124,379
Intergovernmental	2,592,359	1,418,777	1,092,895	1,598,872
Donations	53,706	166,192	299,197	25,134
Miscellaneous	184,135	195,943	120,517	105,335
Total Revenues	19,920,362	17,333,301	15,362,695	14,495,779
Expenditures				
General government	2,889,848	2,350,257	2,103,921	2,024,978
Public works	7,912,302	1,353,024	1,294,594	1,630,888
Public safety	2,097,108	7,060,809	6,568,733	6,246,307
Recreation and leisure	1,450,718	1,331,000	1,296,407	1,181,139
Community development	576,214	726,123	527,698	339,968
Capital outlay	1,371,101	2,619,254	1,454,941	1,392,918
Debt Service:				
Principal	557,619	548,485	525,000	481,667
Interest	247,464	256,890	301,168	340,687
Administrative charges	800	800	400	1,425
Bond issuance costs	-	-	40,113	-
Total Expenditures	17,103,174	16,246,642	14,112,975	13,639,977
Excess of Revenues Over (Under) Expenditures	2,817,188	1,086,659	1,249,720	855,802
Other Financing Sources (Uses)				
Transfers in	2,339,223	2,139,650	757,251	3,114,651
Transfers (out)	(2,517,002)	(1,802,195)	(85,518)	(2,424,395)
Debt issued	59,663	-	1,905,000	-
Payment to refunding bond escrow agent	-	-	(1,825,000)	-
Premium on bonds issued	-	-	-	-
Insurance recoveries	69,911	53,923	100,738	72,981
Proceeds from sale of assets	-	-	57,511	20,815
Total Other Financing Sources (Uses)	(48,205)	391,378	909,982	784,052
Net change in fund balances	$ 2,768,983	$ 1,478,037	$ 2,159,702	$ 1,639,854
Debt service as percentage of noncapital expenditures	5.1%	5.9%	6.5%	6.7%

Source: City audited fina City audited financial records

2019	2018	2017	2016	2015	2014
$ 9,800,873	$ 9,051,369	$ 8,220,887	$ 7,841,227	$ 7,473,187	$ 7,169,113
383,754	413,336	781,178	569,666	345,608	297,632
574,198	627,065	703,064	701,825	629,729	612,532
540,793	523,359	490,930	464,051	423,374	438,127
328,706	303,521	152,857	25,153	16,375	29,639
878,610	676,650	643,238	518,485	522,039	475,130
35,360	36,470	97,640	-	-	-
207,693	206,461	244,897	240,799	351,741	472,560
12,749,987	11,838,231	11,334,691	10,361,206	9,762,053	9,494,733
1,855,292	1,839,619	1,687,848	1,762,599	1,547,083	1,055,482
1,059,714	1,042,914	1,036,996	1,540,518	1,093,261	959,175
5,708,981	4,946,320	4,766,924	4,563,586	4,652,362	4,250,975
1,018,001	1,164,741	1,092,038	1,104,276	936,214	832,730
343,361	265,223	237,757	228,470	261,656	221,770
10,440,450	4,309,956	1,705,113	228,331	224,504	564,984
473,333	455,000	481,666	731,667	786,667	788,333
355,056	368,626	366,810	207,752	237,191	257,922
1,426	1,424	1,026	3,025	3,023	3,524
-	-	189,716	-	-	-
21,255,614	14,393,823	11,565,894	10,370,224	9,741,961	8,934,895
(8,505,627)	(2,555,592)	(231,203)	(9,018)	20,092	559,838
1,717,906	660,037	687,676	688,190	613,052	162,525
(1,108,479)	(33,187)	(74,172)	(14,062)	-	-
-	-	11,135,000	-	-	-
-	-	(1,685,000)	-	-	-
-	-	153,207	-	-	-
-	-	-	-	-	-
2,486	40,500	26,901	-	-	-
611,913	667,350	10,243,612	674,128	613,052	162,525
$ (7,893,714)	$ (1,888,242)	$ 10,012,409	$ 665,110	$ 633,144	$ 722,363
7.7%	8.2%	8.6%	9.3%	10.8%	12.5%

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City of Azle, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Fiscal Year Ended Sept 30	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2014	$ 707,041,715	$ 61,797,392	$ 124,356,935	$ 644,482,172	$ 0.65950
2015	722,515,409	62,004,103	125,988,810	658,530,702	0.66800
2016	760,226,233	58,968,269	148,135,846	671,058,656	0.67950
2017	866,199,279	62,524,484	202,256,870	726,466,893	0.67950
2018	1,001,959,296	64,163,391	245,248,061	820,874,626	0.67150
2019	1,091,279,458	68,829,218	245,718,805	914,389,871	0.66729
2020	1,178,465,058	71,430,498	209,230,725	1,040,664,831	0.65720
2021	1,255,957,297	75,427,158	215,272,402	1,116,112,053	0.65720
2022	1,400,994,516	75,004,873	231,112,447	1,244,886,942	0.64615
2023	1,551,412,851	75,004,873	241,320,551	1,385,097,173	0.62343

Source: Tarrant and Parker County Appraisal Districts

City of Azle, Texas

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

	CITY OF AZLE			AZLE INDEPENDENT SCHOOL DISTRICT		
Fiscal Year	Operating	Debt Service	Total City	Operating	Debt Service	Total AISD
2014	$ 0.5156	$ 0.1439	$ 0.6595	$ 1.0400	$ 0.1500	$ 1.1900
2015	0.5272	0.1408	0.6680	1.0400	0.1630	1.2030
2016	0.5415	0.1380	0.6795	1.0400	0.1630	1.2030
2017	0.5606	0.1189	0.6795	1.0400	0.1630	1.2030
2018	0.5701	0.1014	0.6715	1.0400	0.2890	1.3290
2019	0.5756	0.0917	0.6673	1.1700	0.1590	1.3290
2020	0.5793	0.0779	0.6572	1.0684	0.1790	1.2474
2021	0.5860	0.0712	0.6572	1.0508	0.1966	1.2474
2022	0.5821	0.0641	0.6461	0.9720	0.2506	1.2226
2023	0.5695	0.0539	0.6234	0.9364	0.2741	1.2105

Source: Tarrant and Parker County Appraisal Districts

PARKER COUNTY				TARRANT COUNTY					
County	Hospital	Junior College	Total County	County	Hospital	College	Water District	Total County	Total Direct & Overlapping Rates
$ 0.4124	$ 0.1179	$ 0.1146	$ 0.6449	$ 0.2640	$ 0.2279	$ 0.1495	$ 0.0200	$ 0.6614	$ 3.1558
0.4182	0.1117	0.1146	0.6445	0.2640	0.2279	0.1495	0.0200	0.6614	3.1769
0.3955	0.1117	0.1136	0.6208	0.2640	0.2279	0.1495	0.0200	0.6614	3.1647
0.4187	0.1118	0.1202	0.6507	0.2540	0.2279	0.1447	0.0194	0.6460	3.1792
0.3902	0.1115	0.1195	0.6212	0.2440	0.2244	0.1401	0.0194	0.6279	3.2496
0.3023	0.1115	0.1195	0.5333	0.2340	0.2244	0.1361	0.0194	0.6139	3.1435
0.3586	0.1074	0.1150	0.5810	0.2340	0.2244	0.1302	0.0287	0.6173	3.1029
0.3586	0.1074	0.1254	0.5914	0.2340	0.2244	0.1302	0.0287	0.6173	3.1133
0.3293	0.1051	0.1225	0.5569	0.2290	0.2244	0.1302	0.0287	0.6123	3.0379
0.3123	0.1051	0.1225	0.5399	0.2240	0.2244	0.1302	0.0269	0.6055	2.9793

City of Azle, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2023			2014		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
TFG Reata West LLC	$ 33,000,000	1	2.38%	$ -	-	0.00%
CSL Azle 2016 LLC	28,000,000	2	2.02%	-	-	0.00%
Wal-Mart	16,210,670	3	1.17%	20,494,944	1	3.18%
Azle Manor Inc/Azle Manor I LLC	11,149,567	4	0.80%	8,122,255	2	1.26%
DHIR-Graystone Ridge	9,330,770	5	0.67%	-	-	0.00%
Shady Azle LLC	7,701,878	6	0.56%	-	-	0.00%
Quality Trailer Products	7,286,637	7	0.53%	7,182,010	3	1.11%
Korcha LLC	6,400,000	8	0.46%	-	-	0.00%
Integrated Machinery	5,012,924	9	0.36%	-	-	0.00%
RS3 Holdings	4,802,140	10	0.35%	-	-	0.00%
TJ Machine & Tool	-	-	0.00%	5,502,620	4	0.85%
R/R Cross LLC	-	-	0.00%	3,644,700	5	0.57%
Racetrac Petroleum Inc	-	-	0.00%	3,186,475	6	0.49%
ABS Tx Investor	-	-	0.00%	3,180,000	7	0.49%
Jack D. Truly				3,175,000	8	0.49%
XTO Energy	-	-	0.00%	3,168,360	9	0.49%
Oncor Electric Delivery	-	-	0.00%	3,096,850	10	0.48%
Total	$ 128,894,586			$ 60,753,214		
Total Assessed Value	$ 1,385,097,173			$ 644,482,172		

Source: Tarrant and Parker County Appraisal Districts

City of Azle, Texas

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal year of the Levy: Amount	Collected within the Fiscal year of the Levy: Percentage of Tax Levy	Collections in Subsequent Years	Total Collections to Date: Amount	Total Collections to Date: Percentage of Tax Levy
2014	$ 4,250,360	$ 4,199,984	98.8%	$ 46,016	$ 4,246,000	99.9%
2015	4,398,467	4,342,477	98.7%	51,900	4,394,377	99.9%
2016	4,559,843	4,506,994	98.8%	45,064	4,552,058	99.8%
2017	4,936,343	4,874,866	98.8%	54,600	4,929,466	99.9%
2018	5,512,173	5,457,462	99.0%	46,595	5,504,057	99.9%
2019	6,101,605	6,049,771	99.2%	39,821	6,089,592	99.8%
2020	6,838,436	6,762,029	98.9%	63,258	6,825,287	99.8%
2021	7,321,815	7,255,949	99.1%	51,451	7,307,400	99.8%
2022	8,033,295	7,940,275	98.8%	69,484	8,009,759	99.7%
2023	8,713,460	8,620,755	98.9%	-	8,620,755	98.9%

Source: Tarrant County Tax Office

City of Azle, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

	Governmental Activities		Business-type Activities			
Fiscal Year	General Obligation Bonds	Notes & Lease Liabilities	Water & Sewer Bonds	General Obligation Bonds	Tax Notes	Notes & Lease Liabilities
2014	$ 6,320,480	$ -	$ 17,655,000	$ 410,000	$ 235,000	$ 16,802
2015	5,533,643	-	16,280,000	346,666	160,000	8,204
2016	4,801,804	-	15,100,000	283,333	80,000	84,458
2017	13,917,139	-	13,900,000	1,550,000	-	68,702
2018	13,455,671	-	12,675,000	2,655,000	-	52,398
2019	12,975,870	-	11,430,000	2,398,333	-	35,526
2020	12,487,108	-	1,965,000	9,825,000	-	256,341
2021	11,981,988	37,527	1,395,000	8,905,000	-	402,188
2022	11,445,692	19,042	810,000	7,970,000	-	715,774
2023	10,899,396	61,086	215,000	7,030,000	-	564,321

Notes: Details regarding the City's outstanding debt can be found in the notes to financial statements.

Total Primary Government	Percentage of Personal Income	Per Capita
$ 24,637,282	8.85%	$ 2,232
22,328,513	6.93%	2,004
20,349,595	6.17%	1,783
29,435,841	8.52%	2,495
28,838,069	8.46%	2,375
26,839,729	7.03%	2,118
24,533,449	5.81%	1,914
22,721,703	5.19%	1,756
20,960,508	4.21%	1,540
18,769,803	3.40%	1,313

City of Azle, Texas

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Actual Taxable Value[1] of Property	Per Capita[2]
2014	$ 6,965,480	$ 39,771	$ 6,925,709	1.07%	$ 627
2015	6,040,309	37,213	6,003,096	0.91%	539
2016	5,165,137	48,448	5,116,689	0.76%	448
2017	15,467,139	88,532	15,378,607	2.12%	1,303
2018	16,110,671	123,607	15,987,064	1.95%	1,317
2019	15,374,203	149,826	15,224,377	1.66%	1,202
2020	22,312,108	141,014	22,171,094	2.13%	1,729
2021	20,886,988	151,158	20,735,830	1.86%	1,602
2022	19,415,692	162,870	19,252,822	1.55%	1,415
2023	17,929,396	160,504	17,768,892	1.28%	1,243

[1] See the Schedule of Assessed and Estimated Actual Value of Taxable Property for property value data.

[2] Population data can be found in the Schedule of Demographic and Economic Statistics.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

City of Azle, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2023 (Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Azle Independent School District	$ 131,490,000	29.67%	$ 39,013,083
Parker County	133,013,540	1.59%	2,114,915
Parker County Junior College District	1,400,000	1.59%	22,260
Tarrant County	376,120,000	0.40%	1,504,480
Tarrant County College District	591,230,000	0.40%	2,364,920
Tarrant County Hospital District	448,410,000	0.40%	1,793,640
Subtotal, overlapping debt			46,813,298
City of Azle, direct debt		100%	10,960,482
Total direct and overlapping debt			$ 57,773,780

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping by the residents and businesses of the City of Azle. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply the every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

[1] For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Source: Debt outstanding estimates and percentage of debt provided by the Municipal Advisory Council of Texas.

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City of Azle, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Tax Rate Limit	Tax Rate	Available Tax Rate
2014	2.5000	0.6595	1.8405
2015	2.5000	0.6680	1.8320
2016	2.5000	0.6795	1.8205
2017	2.5000	0.6795	1.8205
2018	2.5000	0.6715	1.8285
2019	2.5000	0.6673	1.8327
2020	2.5000	0.6572	1.8428
2021	2.5000	0.6462	1.8538
2022	2.5000	0.6462	1.8538
2023	2.5000	0.6234	1.8766

Note: The City Charter of the City of Azle does not provide for a debt limit. Under the provisions of state law, the maximum tax rate is limited to $2.50 per $100 assessed valuation.

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City of Azle, Texas

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years (Unaudited)

	Waterworks and Sewer System Revenue Bonds					
Fiscal Year	Total Revenues[1]	Less: Operating Expenses[3]	Net Available Revenue	Debt Service[2] Principal	Debt Service[2] Interest	Coverage
2014	$ 6,722,338	$ 5,043,601	$ 1,678,737	$ 1,375,000	$ 469,727	0.91
2015	6,903,840	4,640,787	2,263,053	1,375,000	396,437	1.28
2016	7,149,828	4,783,361	2,366,467	1,180,000	375,824	1.52
2017	7,471,966	4,962,666	2,509,300	1,200,000	356,539	1.61
2018	8,670,978	5,385,715	3,285,263	1,225,000	335,045	2.11
2019	8,567,224	5,664,023	2,903,201	1,245,000	311,529	1.87
2020	9,071,016	6,170,629	2,900,387	1,270,000	309,363	1.84
2021	9,223,859	6,428,568	2,795,291	570,000	41,488	4.57
2022	10,391,730	6,947,598	3,444,132	585,000	29,376	5.61
2023	11,375,471	8,788,472	2,586,999	595,000	16,986	4.23

[1] Total revenue includes total water and sewer operating and non-operating revenue.

[2] Includes principal and interest of revenue bonds only. It does not include certificates of obligation or other debt reported in the water and sewer fund.

[3] Water and sewer operating expenses less depreciation and amortization.

City of Azle, Texas

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years (Unaudited)

Fiscal Year	Population[1]	Personal Income[3]	Per Capita Personal Income		Median Age	
2014	11,040	$ 278,318,400	$ 25,210	4	39.2	1
2015	11,140	322,046,260	28,909	1	41.8	1
2016	11,410	329,851,690	28,909	1	41.8	1
2017	11,800	345,492,200	29,279	1	43.5	1
2018	12,140	340,879,060	28,079	1	42.2	1
2019	12,670	381,531,710	30,113	1	42.2	1
2020	12,820	422,277,980	32,939	1	40.1	2
2021	12,940	437,423,760	33,804	1	40.4	2
2022	13,610	497,949,070	36,587	1	38.2	2
2023	14,300	552,537,700	38,639	1	36.9	2

Data Sources:

1 North Central Texas Council of Governments
2 United States Census Bureau
3 Personal Income derived by multiplying per capita personal income by population
4 ESRI Business Analyst
5 Azle Independent School District
6 U.S. Bureau of Labor Statistics

School Enrollment[5]	Unemployment Rate[6]
6,130	4.9%
6,212	4.1%
6,325	4.1%
6,460	3.4%
6,553	3.4%
6,817	3.1%
6,815	7.6%
6,885	4.5%
6,889	3.5%
7,089	3.8%

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City of Azle, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

Employer	2023 No. Employees [1]	2023 Rank	2023 Percentage of Total City Employment	2014 No. Employees [2]	2014 Rank	2014 Percentage of Total City Employment
Azle Independent School District	1,131	1	15.7%	775	1	14.2%
Wal-Mart	426	2	5.9%	369	2	6.8%
Texas Health/Harris Methodist Hospital	250	3	3.5%	248	3	4.5%
City of Azle	150	4	2.1%	115	7	2.1%
Azle Manor Nursing Home	125	5	1.7%			
Integrated Machine Solutions	132	6	1.8%			
Dexter Axles	105	7	1.5%			
Albertson's Grocery	100	8	1.4%	118	6	2.2%
Brookshires	90	9	1.3%	61	10	1.1%
Clark's Precision Machine & Tool	35	10	0.5%			
Tri-County Electric Coop				142	5	2.6%
TJ Machine and Tool				95	9	1.7%
Rockwell American (Quality Trailer)				100	8	1.8%
Bur-Mont Inc.				146	4	2.7%
(Azle Manor Nursing Home /Eagle Crest Villas)						
City of Azle Total	2,544		35.4%	2,169		39.7%

(1) Total city employment for year 2023 is 7,195, which is based on the change in unemployment rate and population.

(2) Total employment per employer was taken from Municipal Advisory Council of Texas, First Southwest Company or directly from Employer

Note: Total employment per employer was taken from Azle Absolutely.com/City of Azle website or directly from the employer

City of Azle, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

	2023	2022	2021	2020	2019
Function / Program					
General government	15.5	15	15	15	13
Public safety:					
Police	44.5	43	39.5	39.5	38
Fire	24	24	21	21	21
Animal control	5	4	4	4	4
Public works	9	9	8	8	8
Recreation and leisure	14	14	14	14	13
Community development	5.0	5.5	5	5	5
Golf course	5	4	3	3	3
Water	11	8.5	8.5	8.5	9
Sewer	7	6.5	6.5	6.5	7
Maintenance	10	10	9	9	9
Total all funds	150.0	143.5	133.5	133.5	130

Source: City budget

2018	2017	2016	2015	2014
13	13	12	8	8
35	35	35	34	32
18	17	17	17	17
4	4	4	3	3
8	8	9	7	7
13	13	14	14	13
4	4	4	3	3
3	2	2	2	2
9	9	8	14	14
6	6	6	6	6
9	9	9	9	9
122	120	120	117	114

City of Azle, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	**2023**	**2022**	**2021**	**2020**
Public Safety				
Number of employees	45	43	42	42
Number of violations	5,794	5,864	2,551	3,865
Fire:				
Number of employees	24	24	21	21
Number of fire runs	4,149	3,738	3,138	2,868
Number of EMS runs	2,437	2,567	2,437	2,202
Streets				
Street resurfacing (miles)	1.9	2.03	1.65	2.9
Recreation & leisure				
Parks and recreation				
Number of facility rentals processed	-	-	-	40
Library				
Volumes in collection	58,932	57,563	55,873	53,681
Community development				
Number of inspections performed	7,163	7,717	2,439	2,184
Number of permits issued	834	951	734	353
Golf course				
Number of paid rounds played	44,878	42,062	41,268	36,668
Water				
Number of water customers	5,162	6,144	5,822	5,719
Average daily consumption (gallons	1,867,280	1,763,824	1,463,428	1,506,760
Maximum storage capacity (gallons)	3,900,000	3,900,000	3,900,000	3,900,000
Sewer				
Average daily treatment (gallons)	1,282,222	1,250,946	1,278,101	1,231,000

Source: City departments

2019	2018	2017	2016	2015	2014
40	37	34	34	32	32
3,520	3,997	4,403	5,390	4,860	4,514
21	17	17	17	17	17
2,511	1,900	1,688	1,337	1,438	1,435
2,173	1,938	2,029	1,954	1,965	1,831
1.5	1.31	2.4	1.96	0.8	1.71
251	204	180	194	195	291
58,789	58,544	59,274	62,854	59,746	58,521
1,640	2,260	2,813	1,652	1,466	948
776	825	1,017	1,325	876	756
35,205	33,131	33,680	32,641	32,246	28,109
5,544	5,468	5,334	5,161	4,955	4,816
1,277,360	1,579,447	1,414,786	1,347,286	1,426,953	1,569,930
3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
1,161,580	932,811	1,035,000	1,084,481	922,000	920,000

City of Azle, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function	**2023**	**2022**	**2021**	**2020**
Police				
Number of stations	1	1	1	1
Number of patrol units	27	27	24	23
Fire				
Number of stations	1	1	1	1
Streets and Grounds				
Streets (miles)	69	68	65.91	65.16
Streetlights	643	574	570	570
Recreation & leisure				
Parks (acreage)	89	89	89	89
Parks	4	4	4	4
Community/senior centers	3	3	3	3
Golf course				
Course (acreage)	213	213	213	213
Water				
Water mains (miles)	134.5	133	127	125
Fire hydrants	760	753	702	686
Maximum daily capacity (gallons)	6,000,000	6,000,000	6,000,000	6,000,000
Sewer				
Sanitary sewer (miles)	69	68	62	60
Maximum daily capacity (gallons)	2,450,000	2,450,000	2,450,000	2,450,000
Storm water				
Storm sewers (miles)	83.25	82.5	81.65	81

Source: City departments

2019	2018	2017	2016	2015	2014
1	1	1	1	1	1
21	20	20	18	18	14
1	1	1	1	1	1
65.16	65.16	65.16	64.76	64	64.5
582	459	459	459	450	450
89	89	89	88	88	88
4	4	4	4	4	4
3	3	3	3	3	3
213	213	213	213	213	213
124	119	116	115	114	99
683	653	644	636	622	615
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
60	58	57	56	44	43
2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
80	80	80	80	80	80

FEDERAL SINGLE AUDIT REPORT

City of Azle, Texas

Fiscal Year Ended
September 30, 2023

City of Azle, Texas

SINGLE AUDIT REPORTS

Year Ended September 30, 2023

TABLE OF CONTENTS

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Azle, Texas:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Azle, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise City of Azle, Texas's basic financial statements, and have issued our report thereon dated February 9, 2024.

Report on Internal Control over Financial Reporting

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

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

14950 Heathrow Forest Pkwy | Suite 530 | Houston, TX 77032 | Tel: 281.907.8788 | Fax: 888.875.0587 | www.BrooksWatsonCo.com

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully,

BrooksWatson & Co.

BrooksWatson & Co.
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
February 9, 2024

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council
City of Azle, Texas:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Azle, Texas's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Azle, Texas's major federal programs for the year ended September 30, 2023. The City of Azle, Texas's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Azle, Texas complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Azle, Texas and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Azle, Texas's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Azle, Texas's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Azle, Texas's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Azle, Texas's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Azle, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Azle, Texas' basic financial statements. We issued our report thereon dated February 9, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of, management, governing body, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

BrooksWatson & Co.

BrooksWatson & Co.
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
February 9, 2024

City of Azle, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2023

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

None.

City of Azle, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued:

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Is any noncompliance material to financial statements noted?	___ Yes	_X_ No

Federal Awards

The auditor's report on compliance for major federal programs expresses an unmodified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	___ Yes	_X_ No
Are any significant deficiencies identified not considered to be material weaknesses?	___ Yes	_X_ None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ No

City of Azle, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2023

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery

Enter the dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Is the auditee qualified as a low-risk auditee?	__ Yes	_X_ No

II. FINANCIAL STATEMENT FINDINGS:

None.

III. FEDERAL AWARDS FINDINGS:

None.

City of Azle, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Federal Grantor/Pass-through Agency/Program Name	Program/Grant/ Project Number	Federal Assistance Listing Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Award			
Bulletproof Vest Partnership Program	BVP 2021	16.607	$ 3,360
Pass-through Texas Office of Governor -Criminal Justice Division:			
Edward Byrne Memorial Justice Assistance Grant Program	2020-DJ-BX-0034	16.738	31,880
		Total U.S. Department of Justice	35,240
U.S. DEPARTMENT OF TRANSPORTATION			
Pass-through Texas Department of Transportation:			
State and Community Highway Safety- Highway Safety Cluster	STEP CMV 2022	20.600	772
State and Community Highway Safety- Highway Safety Cluster	STEP COMP 2022	20.600	3,751
		Total U.S. Department of Transportation	4,523
U.S. DEPARTMENT OF TREASURY			
Pass-through Texas Division of Emergency Management			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	TX4291	21.027	1,385,108
Pass-through Tarrant County Emergency Services District			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	n/a	21.027	364,545
		Total U.S. Department of Treasury	1,749,653
		TOTAL PROGRAMS	$ 1,789,416

City of Azle, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2023

Note 1: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the grant activity of Azle, Texas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Cost Principles for Federal Awards (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Note 2: INDIRECT COST RATE

The City has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Presenter:	**Ben Hall, Police Chief**
Agenda Item:	**Consider any action on Ordinance No. 2024-02 an ordinance amending Chapter 4 "Business Regulations" of the code of ordinances, city of Azle, Texas to repeal and replace article 4.09 "Wreckers" to establish regulations for wreckers operating in the city and to provide for contracting with a single wrecker service company for towing and impound services for the city; providing that this ordinance is cumulative of all ordinances; providing a severability clause; providing a savings clause; providing a penalty clause; providing for publication; and providing an effective date.**

Background and Explanation:

During 1/23/2024 and 2/7/2024 Council meetings, Staff and Council discussed updating Chapter 4 of the code of ordinances' wrecker ordinance. Discussion centered around the need to update the ordinance, which included a provision to allow the City to contract with a single source vendor for police non-consent tows and align the current ordinance more closely to state law. The changes should allow the City to exercise greater ability to enforce the ordinance and maintain a high level of service to our citizens who require these services.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Staff recommends adopting the updates in the ordinance.

Attachments:

1. Ordinance 2024-02
2. Wrecker Ordinance- redline

ORDINANCE NO. 2024-02

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS, AMENDING CHAPTER 4 "BUSINESS REGULATIONS" OF THE CODE OF ORDINANCES, CITY OF AZLE, TEXAS TO REPEAL AND REPLACE ARTICLE 4.09 "WRECKERS" TO ESTABLISH REGULATIONS FOR WRECKERS OPERATING IN THE CITY AND TO PROVIDE FOR CONTRACTING WITH A SINGLE WRECKER SERVICE COMPANY FOR TOWING AND IMPOUND SERVICES FOR THE CITY; PROVIDING THAT THIS ORDINANCE IS CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY CLAUSE; PROVIDING FOR PUBLICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Azle, Texas ("City") is a home rule city 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, the City previously adopted regulations for the operation of wreckers in the City; and

WHEREAS, the regulations adopted in 2001 provided for the registration of wreckers with a place of business in the City or performing nonconsent tows within the City; and

WHEREAS, the regulations adopted in 2001 provided for the operation of a rotation list for the performance of police pull tows that allowed multiple wrecker service companies to share the police pull tows for the City; and

WHEREAS, the City Council finds that it is in the best interest of the City to amend the wrecker regulations to ensure compliance with federal and state law and to address current issues related to wrecker services; and

WHEREAS, the City Council finds that it is in the best interest of the City to contract with a single wrecker service company for police pull tows within the City; and

WHEREAS, the City Council finds that this Ordinance is in the best interests of the citizens of the City of Azle.

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

SECTION 1.

Chapter 14 "Business Regulations" of the Code of Ordinances, City of Azle, Texas is amended by repealing and replacing Article 4.09 "Wreckers" in its entirety to read as follows:

“ARTICLE 4.09 WRECKERS

§ 4.09.001 Definitions.

In this article, the following words shall have the meanings ascribed to them below:

Accident. Any occurrence that renders a vehicle wrecked or disabled.

Consent tow. The towing of a vehicle at the request of the owner or operator of the vehicle.

Disabled vehicle. A motor vehicle that has been rendered unsafe to be driven as the result of some occurrence, including but not limited to mechanical failure or breakdown, fire or vandalism, or a motor vehicle that is in a safe driving condition but whose owner or operator is not present, able, or permitted to drive so as to reasonably necessitate that the vehicle be removed by a wrecker.

Drop fee. The fee charged for a nonconsent tow which is disengaged, after being hooked-up, at the request of the vehicle’s owner or operator while the towed vehicle is still on the premises from which it is being removed. A drop fee applies as long as the vehicle is still at the tow site.

Hooked-up. The vehicle is fully and legally prepared for transport by attachment to a tow truck, lifted in a tow position, with tow lights and safety chains attached and, if required, placed on a dolly in a raised position and the only remaining is for the wrecker operator to drive away.

Unauthorized vehicle. A vehicle parked, stored or situated in violation of any State law or city ordinance or without the effective consent of the owner of the premises where the vehicle is parked, stored or situated.

Motor vehicle. Any motor driven or propelled vehicle required to be registered under the laws of this state.

Nonconsent tow. The towing of a vehicle without the prearranged knowledge and consent of the owner or operator of said vehicle. Examples include, but are not limited to: vehicles towed when the driver is incapacitated following an accident, vehicles towed when the driver has been arrested, and vehicles removed from public or private property without pre-notification to the vehicle owner.

Nonresident wrecker or tow truck operator. A wrecker or tow truck operator registered with the state who does not maintain a place of business within the corporate limits of the city.

Person. An individual, firm, partnership, association, corporation, company or organization of any kind.

Police pull. The towing or other transportation of a vehicle by a wrecker which is the result of a police officer exercising his authority, as part of incident management, to effect the removal of said vehicle pursuant to State law and/or this article.

Private nonconsent tow. The towing of a vehicle without the prearranged knowledge or consent of the owner or operator of the vehicle.

Register. Submitting the proper information for a wrecker service company and each wrecker to the city police department for purposes of obtaining a permit issued under this article.

Permit holder. An individual, applicant, or owner who has registered and been issued a permit by the police department to operate a wrecker service company in the city.

Repossession or recovery tow. A wrecker service company requested to remove or otherwise move a vehicle on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, to repossess or recover the vehicle.

Tow site. The entire property associated with the physical address of the location from which the vehicle is being towed.

Vehicle. Every mechanical device in, upon or by which any person or property is or may be transported or drawn upon a public highway, except devices moved by human power or used exclusively upon stationary rails or tracks.

Vehicle storage facility. A garage, parking lot, or other facility that is owned by a person other than a governmental entity and used to store or park at least 10 vehicles each year.

Wrecked vehicle. A discarded, abandoned, junked, wrecked or worn-out motor vehicle that is not in a condition to be lawfully operated on a public road.

Wrecker. A vehicle designed for use primarily for removing wrecked or disabled vehicles, which is equipped with a mechanical device used to tow, winch or otherwise move a vehicle and which charges a fee for its services.

Wrecker operator. A person engaged in the business of using a wrecker to tow, winch, or otherwise move a motor vehicle.

Wrecker service company. A business engaged in towing, moving, or removing vehicles through the use of a wrecker.

§ 4.09.002 Violations; penalty.

(a) A person commits an offense if he:

- **(1)** Operates a wrecker service company or drives or operates a wrecker within the city without a valid permit under this article;
- **(2)** Drives or operates a wrecker or uses any equipment within the city that is not in compliance with section 4.09.006;
- **(3)** Fails to maintain insurance as required in section 4.09.008;
- **(4)** Violates or fails to comply with the provisions of section 4.09.007.

(b) It is an affirmative defense to prosecution of a violation of subsection (a) hereof that the person is engaging in an activity described in Section 4.09.004.

(c) A person who commits an offense under this article shall be fined in accordance with the general penalty provision found in section 1.01.009 of this code. Each day that a violation exists shall constitute a separate offense.

§ 4.09.003 Permit required.

(a) Any wrecker service company that desires to provide wrecker services within the city or desires to operate a place of business within the city must register with the city and obtain a permit from the city.

(b) It is unlawful for a person to operate, or employ another to drive or operate, any wrecker over any street in the city for the purpose of performing a nonconsent tow originating within the city without first registering with the city and obtaining a permit.

(c) A person who charges a fee for towing nonconsent vehicles, whether by the use of a wrecker or by the use of any other vehicle utilizing ropes, chains, or other mechanisms, shall be considered to be engaging in a wrecker or towing business, and must register with the city and obtain a permit. This shall not be construed to include a service car or other vehicle not equipped with mechanical devices for transporting wrecked vehicles and not used for such purpose, such as service cars equipped with compressed air containers and tools for performing minor repairs not involving towing or transportation of wrecked or disabled vehicles.

§ 4.09.004 Exceptions.

A permit is not required for the following activities:

(1) The transportation of a vehicle by a nonresident wrecker operator from some point outside the city to some destination within the city.

(2) The transportation of a vehicle by a nonresident wrecker operator from some point outside the city and traversing the city to some other destination outside of the city.

(3) The transportation of a vehicle by a nonresident wrecker operator at the request of the owner or operator of a vehicle.

§ 4.09.005 Application for permit.

Each applicant for a permit, whether wishing to provide nonconsent tows within the city or operating a place of business in the city limits, must file a written permit application with the chief of police or his designee. The application shall be verified by the applicant and be on a form furnished by the police department. Only completed applications will be accepted. The application must contain the following information, in addition to any other reasonable information required by the form furnished by the police department:

(1) the owner of the wrecker service company;

(2) the wrecker service company's fee schedule for nonconsent tows;

(3) identify all wrecker operators;

(4) identify all wreckers to be operated in the city; and

(5) identify the vehicle storage facility.

§ 4.09.006 Vehicle requirements.

Each wrecker for a wrecker service company registered with the city shall meet the following minimum requirements:

(1) Each wrecker shall not be less than one ton in size.

(2) Each wrecker shall position a copy of the permit for the wrecker service company where it is clearly visible in the vehicle's front window, either hanging from the inside rear window or secured inside face-out next to the state inspection sticker.

(3) Each wrecker shall be equipped with a power or hand-operated winch line and boom or lifting device with a factory-rated capacity of not less than five thousand pounds single capacity.

(4) Each wrecker shall have inscribed on each side the name, address, telephone number, and TDLR permit number of the wrecker service company in letters not less than three inches in height.

(5) Each wrecker shall carry as standard equipment safety chains, a fire extinguisher, wrecking bar, broom, axe, shovel, either flares or traffic-control reflectors, a wheel dolly and a container to carry debris.

(6) Each wrecker shall be equipped so as to provide two-way voice communication by mobile telephone or radio with the permit holder's base station at all times.

(7) Each wrecker shall be equipped with overhead flashing emergency lights visible from one thousand five hundred feet.

§ 4.09.007 Recordkeeping; inspections.

(a) Each permit holder shall maintain books and records reflecting its operation in accordance with generally accepted accounting principles as may be necessary for verification of the permit holder's compliance with the terms of this article. The permit holder agrees to make such records available at reasonable times to the chief of police or his designee upon request.

(b) Members of the police department may inspect each wrecker and/or vehicle storage facility used by the permit holder at reasonable times during the application or permit period to insure compliance with the requirements of this article.

§ 4.09.008 Insurance.

(a) The city shall not issue a permit unless the wrecker operator or wrecker service company shall procure and keep in full force and effect automobile liability insurance and truck cargo insurance written by an insurance company authorized to do business in the state, acceptable to the city, and issued in the standard form approved by the state department of insurance. Such policies of insurance shall require at least thirty days' written notice to the city of any cancellation or termination or of any material change in the terms of the insurance coverage. The insurance policies shall contain appropriate provisions to cover all wreckers and wrecker operators conducting business under the permit.

(b) The automobile liability insurance must provide combined single limits of liability for bodily injury and property damage of not less than five hundred thousand dollars ($500,000.00) for any person killed or injured, one million dollars ($1,000,000.00) for more than one person killed or injured in any one accident, and five hundred thousand dollars ($500,000.00) for property damage and theft coverage on all vehicles removed or impounded. The automobile liability insurance must also meet the minimum requirements under the laws of the state.

(c) The garagekeeper's liability insurance or tow truck cargo insurance, whichever is maintained, must provide limits of liability for any one loss of not less than five hundred thousand dollars ($500,000.00).

(d) A copy of the required insurance policies shall be submitted to the city at the time of application for a permit and a current copy of such policies shall be maintained with the chief of police or his designee throughout the term of the permit.

§ 4.09.009 Issuance of permit; term; fee.

(a) Upon payment of the applicable application fees, the chief of police or his designee shall review the permit application. The chief of police or his designee shall issue a permit to each qualifying applicant complying with the provisions of this article and all wrecker and towing services regulations which have been established by the city and the state. In addition, the chief of police or his designee shall provide a copy of the permit for each wrecker operated by the applicant with the wrecker's VIN number on the face of the permit.

(b) Permits shall expire on December 31st in the year in which it is issued.

(c) The permit shall not be transferable to any wrecker service company other than the one for which it is issued and a permit may not be used on any wrecker other than the one for which it is issued.

(d) The annual fee for a permit shall be as provided for in the fee schedule found in appendix A of this code.

§ 4.09.010 Changes in permit information.

(a) A permit holder shall notify the police department of any and all personnel changes for those persons who will operate a wrecker within three working days of such personnel changes. The permit holder shall immediately notify the police department of any change in ownership of the wrecker service company, any change in the number of wreckers, any change in the fee schedule for nonconsent tows, any change in the location of a storage facility, or any other material change in the information provided on the application. The current permit will immediately expire and become void upon the addition of wrecker operators, the addition of wreckers, the change of location of a storage facility, the change of the fee schedule for nonconsent tows, or any other material change in information provided on the application for permit.

(b) New owners, the addition of wreckers, change of location of storage facility, change in the fee schedule for nonconsent tows, or any other material change in the information provided on the application for permit requires a new permit application to be submitted.

§ 4.09.011 Stored vehicles; right to hearing when vehicle removed without consent.

(a) Each vehicle storage facility must provide to the police department on the required police department form an inventory listing of stored vehicles by Tuesday of every week.

(b) As provided in Texas Transportation Code section 683.076, an owner or operator whose vehicle is removed without consent from a location within the city and placed in a vehicle storage facility is entitled to a hearing on whether probable cause existed for the removal and placement of the vehicle before a city municipal court judge. The police department will not support a wrecker service's claim of legality on non-police department requested tows.

§ 4.09.012 Denial, suspension or revocation of permit.

(a) The chief of police or his designee may refuse to approve the issuance or renewal of a wrecker permit, or may suspend or revoke a wrecker permit previously issued, for one or more of the following reasons:

(1) The making by the applicant of any false statement or omission of information as to a material matter in a permit application or in a hearing concerning the permit.

(2) Conviction of the applicant, the permit holder or an employee of the applicant or permit holder for a violation of a provision of this article.

(3) Revocation of permit issued to the applicant or any owner, partner or corporate officer of the applicant within three years preceding the application pursuant to this section.

(4) Conviction of the applicant or permit holder of a felony, assault, fraud, burglary, theft, DWI or other offense involving moral turpitude within five years preceding the application.

(5) Suspension of a state license for any reason.

(6) Failure to comply with any of the requirements of this article.

(b) If the chief of police or his designee denies a permit application, written notice shall be mailed to the applicant, at the address shown on the application, by certified mail, return receipt requested. The notice shall state the reason for denial.

(c) No permit shall be suspended or revoked without notice to the permit holder and an opportunity for a hearing. A permit holder who receives notice of a proposed suspension or revocation may file a written request for a hearing with the chief of police or his designee within ten days from the date of the notice. The chief of police or his designee shall conduct a hearing and shall thereafter determine whether to suspend or revoke the permit.

§ 4.09.013 Appeals.

Any person whose application for a wrecker permit has been denied, suspended, or revoked by the chief of police or his designee shall have the right to appeal in writing such action to the city manager within ten calendar days after notification of such action. The city manager shall review the matter and may uphold, modify, or reverse the action of the wrecker permit. The decision of the city manager shall be final.

§ 4.09.014 Contract for providing service to city.

(a) The city will contract with one wrecker service company for all police pulls in the city, for the towing of city owned vehicles, or for the towing or impoundment of any vehicle made necessary in the exercise of the city’s police and governmental functions, and to store or impound such vehicles on the parking facility of such wrecker service company.

(b) The fees for police pull services shall be set by contract between the wrecker service company and the city.

(c) The city may call any wrecker service company or use any wrecker service in cases where the contractor is unable to respond as required by this article, during emergency situations, or when deemed necessary by the chief of police or his designee.

§ 4.09.015 Requirements for city contract wrecker service company.

The wrecker service company contracting with the city for police pulls must be registered with the city and comply with the vehicle requirements established in Section 4.09.006, all state laws regarding wreckers and vehicle storage facilities, and the following requirements:

(1) Meet all city and state qualifications and requirements, and be registered as a wrecker service with the city and comply with all city ordinances.

(2) Operate a principal place of business in the city limits and have a storage facility within a five-mile radius of the city limits.

(3) Arrive at the scene within twenty minutes upon notification.

(4) Deliver wrecked or disabled vehicles to a location designated by the owner or operator of the vehicle or by the police department.

(5) Must not release any police department requested towed vehicle without proper documentation from the police department.

(6) Upon arrival at an accident scene, promptly clear the wreckage and debris from the traveled portion of the roadway and confine wreckage and debris to the smallest possible portion of the traveled roadway. In a manner to minimize the duration of the interference with normal traffic flow, completely remove from the site of the accident all resulting wreckage or debris, including all broken glass, excluding the truck's or vehicle's cargo, before leaving the site.

(7) To the extent feasible, comply with all traffic regulations in removing any vehicle from the scene of an accident. Under no circumstances shall a vehicle be moved or towed in such a manner as to jeopardize the safety of other vehicles on the roadway.

(8) Depart the scene of an accident at the request of a police officer when such wrecker has not been called to the scene in compliance with this article.

(9) Keep and maintain wrecker vehicles and towing equipment in a safe and working condition to ensure that said wrecker and equipment are adequate to perform towing services.

(10) Must have ability to access at least one flat-bed vehicle capable of handling the safe movement of motorcycles and front wheel drive cars.

(11) Must provide proof of ability to access, upon receipt of notice, a wrecker that is capable of towing a tractor-trailer and other large vehicles.

(12) Must operate wreckers equipped with an overhead flashing non-emergency (red) light that is visible from one thousand five hundred feet.

(13) Shall provide pickup and towing services for city vehicles, within the city at no charge to the city, and for vehicles outside the city but within Tarrant and Parker counties, and those counties contiguous to Tarrant and Parker counties, at the minimum rate provided by state law.

(14) Shall provide storage at no cost to the city for city-owned vehicles.

(15) Shall not charge the city for storage of vehicles towed and/or stored without the owner's consent but shall charge the owner.

(16) Maintain its certificates of convenience and necessity as issued by the state department of transportation and the United States Interstate Commerce Commission.

(17) Shall employ and maintain, or have the ability to access a sufficient number of personnel to accommodate a minimum of three wrecker units at the same time and to respond and be on the scene within twenty (20) minutes of notification.

(18) Shall have the ability to access a heavy wrecker and to be on the scene within forty-five (45) minutes of notification.

(19) Shall furnish a list of any liens, judgments, or other encumbrances against the registering company owned by applicant. The list shall include the amount secured by each lien, judgment, or encumbrance, the amount due, the character of such lien, judgment, or encumbrance, and the names and address of the holder of such lien, judgment, or encumbrance.

§ 4.09.016 Police-requested vehicle removal.

No person may drive a wrecker to the scene of an accident on the streets of the city unless the person has been called to the scene by a police officer or the owner or operator of the vehicle. When a wrecker operator has been called directly the owner or operator of the vehicle, the wrecker operator shall notify the police dispatcher before proceeding to the scene of the disabled vehicle at the accident scene.

§ 4.09.017 Non-police-requested vehicle removal.

The wrecker service company shall first notify the city police department of the intent to remove and store a wrecked or disabled vehicle before removing the vehicle from its location in the city to another location if the owner and/or operator of the vehicle has not given consent.

§ 4.09.018 Solicitation of business.

(a) No person may solicit in any manner, directly or indirectly, on the streets of the city, the business of towing a vehicle which is wrecked or disabled, regardless of whether the solicitation is for the purpose of soliciting business of towing, removing, repairing, storing, trading or purchasing the vehicle.

(b) Proof of the presence of a person engaged in the wrecker business, either as owner, operator, employee or agent, on a street in the city, at or near the scene of an accident, who has not been called to the scene by the police department or the owner or operator of the vehicle, within one hour after the happening of an accident is prima facie evidence of a solicitation in violation of this section.

§ 4.09.019 City employees not to recommend wrecker operator.

No police officer or other employee of the city shall recommend to any person, directly or indirectly, the name of any particular wrecker service company or wrecker operator, nor shall any police officer or other city employee attempt to influence in any manner a decision of a person in selecting a wrecker service company or wrecker operator.

§ 4.09.020 Permitted Tows.

The towing of vehicles shall fall into one of four categories: (a) consent tow; (b) police pull; (c) repossession or recovery tow; or (d) private nonconsent tow.

(a) Consent tow. A wrecker requested to remove or otherwise move a vehicle for a particular person at their request. The operator of the vehicle or its owner must request this wrecker service company by name. This wrecker service company is not required to be on an approved listing to tow, but must have in place a tow truck tag as required by the Texas Occupations Code or it will not be allowed to town the vehicle. An owner's request (consent tow) may be used at the scene of a collision, mechanical breakdown, or on a vehicle that is abandoned, unless the officer on the scene determines that the vehicle is hazardous or that a time delay would endanger or hamper the general public's safety, well-being, or the investigation. If the officer deems it necessary, a contract wrecker service company will be notified for immediate removal of the vehicle.

(b) Police pull. A wrecker called to remove or otherwise move vehicles at the request of a police officer exercising his authority under the law, for the purpose of incident management, or in the interest of public safety. A contract wrecker service company may be used to tow vehicles involved in a collision when the owner or operator is not present, is incapacitated, or is otherwise unable to request a tow truck including but not limited to when the operator is hospitalized or incarcerated, and when the police officer otherwise deems it necessary to remove the vehicle by police authority in the interest of incident management or public safety. A contract wrecker service company may be used to tow any vehicles to be held as evidence in a criminal case or to be seized for forfeiture in a civil action. A contract wrecker service company may be used to tow any vehicle under police authority when the removal is authorized by another law or in the interest of public safety, including but not limited to abandoned vehicles, pursuant to Chapter 683, Texas Transportation Code, or vehicles being operated without insurance.

(c) **Repossession or recovery tow.** A wrecker requested to remove or otherwise move a vehicle on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, to repossess or recover the vehicle.

(d) **Private nonconsent tow.** A wrecker requested to remove or otherwise move vehicles on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, where notice of prohibited parking is given by signs, where vehicles are parked in fire lanes or obstructing an entrance, exit or aisle of a parking facility, or where otherwise authorized by law.

§ 4.09.021 Repossession or recovery tow.

(a) A person or firm operating a wrecker in any manner, directly or indirectly, within the city limits for the purpose of repossessing or recovering a vehicle without the direct and express consent of the owner of the vehicle being towed must make the proper notification prescribed by law to the Azle police department.

(b) Proper notification must include:

(1) Name of the wrecker service company;

(2) Name of the wrecker operator;

(3) Location the vehicle is being removed from;

(4) The storage location;

(5) Contact information for the storage facility;

(6) Name of the person authorizing the tow;

(7) Year, make, model and color of the vehicle;

(8) Vehicle license plate number and state; and

(9) Vehicle VIN.

(c) This notification must be completed by providing all of the information listed in Section 4.09.021(b) to police dispatch at (817) 444-3221 within thirty (30) minutes of towing the vehicle.

(d) The vehicle must be dropped if the wrecker operator is confronted by the owner of the vehicle before leaving the tow site. In such case no fees shall be charged.

(e) No vehicle shall be removed from a location or the immediate area that it was parked, without the vehicle being hooked-up and legally prepared for transport as defined by this article.

§ 4.09.022 Private nonconsent tows.

(a) A wrecker service company engaging in private nonconsent towing of vehicle from a location in the city shall be licensed by the State pursuant to Chapter 2308, Texas Occupations Code, in addition to the permit required under this article.

(b) A wrecker service company towing and/or vehicle storage facility accepting a vehicle nonconsent towed from private property must report the tow to the Azle police department.

(c) The proper notification must include:

(1) The name of the wrecker service company;

(2) Name of the wrecker operator;

(3) Location the vehicle is being removed from;

(4) The storage location;

(5) Contact information for the storage facility;

(6) Name of the person authorizing the tow;

(7) Year, make, model and color of the vehicle;

(8) Vehicle license plate number and state; and

(9) Vehicle VIN.

(d) This notification must be completed by providing all of the information listed in Section 4.09.022(c) to police dispatch at (817) 444-3221 within thirty (30) minutes of towing the vehicle.

(e) Any wrecker operator shall cease the removal of a vehicle upon request of the vehicle's operator and upon payment of the drop fee. A wrecker operator must accept cash, credit cards and debit cards as payment for the drop fee.

(f) If a wrecker operator is notified by the police department that the vehicle he is removing has been reported stolen, he shall immediately disengage his wrecker from such vehicle and shall abandon the tow at no charge.

(g) Regardless of any general contractual or "patrol account" arrangement which may exist between a wrecker service company and a property owner, it is a violation of this article to make a nonconsent tow from private property of any vehicle unless specific authority as to that vehicle has been given by the property owner and a sign is erected on the premises as required by Section 4.09.023 of this article. This prohibition shall not apply if the vehicle:

(1) is in or obstructs a vehicular traffic aisle, entry or exit of the parking facility;

(2) prevents a vehicle from exiting a parking space in the facility;

(3) is in or obstructs a fire lane marked according to Chapter 2308 of the Texas Occupations Code;

(4) does not display the proper special license plates or disabled parking placard and is in a parking space that is designated for the exclusive use of a vehicle transporting a disabled person; or

(5) is blocking access to a dumpster.

(h) The owner or operator of a wrecker service company may not charge a nonconsent towing fee, including administrative fees and surcharges, in excess of the maximum fees established by the city, as follows:

(1) Nonconsent tow fees.

(A)	For vehicles with a gross weight rating up to 10,000 pounds:	**$272.00**
(B)	For vehicles with a gross weight rating of 10,001 and up to 24,999 pounds	**$380.00**
(C)	For vehicles with a gross weight rating of 25,000 pounds and up	**$489.00 per unit** ($978.00 max)

(2) Drop fee.

(A)	For vehicles up to 10,000 pounds:	**$135.00**
(B)	For vehicles 10,001 to 24,999 pounds:	**$190.00**
(C)	For vehicles 25,000 pounds and higher:	**$244.00**

(i) All fees established by this article in Section 4.09.022, subsection (h), shall be reviewed by the city annually, unless additional review is specifically requested by a wrecker service company.

(j) Wrecker operators and wrecker service companies shall prepare and issue a tow ticket for each nonconsent tow, a copy of which must be given to the vehicle owner, if the vehicle owner is present and available at the time of the tow, and a copy must be delivered to the vehicle storage facility. The tow ticket shall itemize each charge and each charge must be characterized in accordance with the fee structure stated in the towing company's nonconsent towing fee schedule on file with the vehicle storage facility.

(k) Wrecker operators and wrecker service companies performing nonconsent tows within the City must accept major credit cards and debit cards as payment for the fees described in Section 4.09.022, subsection (h), of this article.

(l) Upon initial contact with the owner of a vehicle which is the subject of a nonconsent tow, a wrecker operator, a vehicle storage facility operator, or any employee or agent thereof shall give written notice to the vehicle owner of his right to a hearing pursuant to the Texas Occupations Code, Chapter 2308. Such notice shall include the name, address and phone number of the person or agency that authorized the removal, and a statement that the hearing must be requested in writing within fourteen (14) days of the date the vehicle was stored and that the request must be filed with a magistrate in whose jurisdiction the location from which the vehicle was removed is located.

(m) The vehicle must be dropped if the wrecker operator is confronted by the owner of the vehicle before leaving the tow site. In such case no fee shall be charged, except that a drop fee shall apply only if the vehicle is hooked-up and legally prepared for transport as defined by this article. A wrecker operator and a wrecker service company must accept cash, credit cards and debit cards as payment for the drop charge.

(n) No vehicle shall be removed from a location or the immediate area that it was parked, without the vehicle being hooked-up and legally prepared for transport as defined by this article.

(o) Nonconsent towed vehicles removed from a location within the city shall only be taken to a storage facility that is within a ten (10) mile radius from the location from which the vehicle was removed.

(p) Nonconsent towed vehicles removed from a location within the city shall not be taken to a vehicle storage facility that does not accept major credit cards and debit cards.

(q) A vehicle storage facility shall not charge a fee in excess of the fees authorized by Section 2303.155 of the Texas Occupations Code. A vehicle storage facility must accept payment by cash, debit cards and credit cards.

(r) A vehicle storage facility shall provide the owner of a vehicle released, or the owner's representative, a tow ticket. The tow ticket may be combined with the vehicle storage facility invoice if it complies with the following requirements:

(1) the tow charges must be separated from the vehicle storage facility charges and each category of charges must be preceded by a heading or label identifying the charges as "Tow Charges" or "Storage Charges;"

(2) the tow charges must appear on a combined statement exactly as stated on the tow ticket prepared by the wrecker operator and provided to the vehicle storage facility at the time the vehicle is presented for storage; and

(3) a combined statement of charges must meet and contain all required elements of a separate vehicle storage facility invoice and tow ticket, except that the license number and name of the tow operator may be excluded.

§ 4.09.023 Required signage for private nonconsent tows.

(a) A parking facility must comply with the following signage and posting requirements in order to tow an unauthorized vehicle from the property:

(1) The requirements of this section shall apply only where notice of prohibited parking is given by signs. They shall not apply to tows made of vehicles parked in fire lanes or of vehicles obstructing an entrance, exit, or aisle of a parking facility.

(2) Signs shall be placed on the right or left side of each driveway access or curb cuts allowing vehicular access to a parking facility. If there are no curbs or access barriers, signs shall be placed at intervals of not less than twenty-five (25) feet around the perimeter which is accessible by vehicles.

(3) Each sign shall be placed at a right angle so as to face entering traffic. They shall be placed no farther than five (5) feet from the public right of way, but shall not be within said right of way.

(4) Each sign shall be permanently installed on a pole, post, permanent wall, or permanent barrier so that the bottom edge of the sign is no lower than five (5) feet and no higher than eight (8) feet above the ground level.

(5) Each sign shall be a minimum of eighteen (18) inches wide by twenty-four (24) inches high, and a maximum of twenty-four (24) inches wide by thirty (30) inches high. Their facings shall be fabricated out of weather-resistant material. The letters on such signs shall be of a minimum height of two (2) inches, of a contrasting color to the background, and shall be light-reflective. The background shall be white, except as otherwise provided by this ordinance or state law.

(6) Each sign shall state who may park in the facility, and shall further state that all others are prohibited and will be towed away at the owner's expense. The words "TOWING ENFORCED" shall be included on each sign in white capital letters of a minimum height of two (2) inches on a bright red background.

(7) Each sign must have the bright red international towing symbol, at least 4 inches in height, with a white background on the uppermost portion of the sign or on a separate sign placed immediately above the sign.

(8) Each sign shall provide the name and current telephone number of the wrecker service company authorized to tow vehicles from the parking facility, and the name and current telephone number of the vehicle storage facility, if different from the wrecker service company. Alternatively, each sign may state the name and phone number of the parking facility owner if that person has knowledge of the location of the stored vehicle.

(9) Signs shall be continuously maintained at a parking facility for twenty-four (24) hours prior to the towing or removing of any vehicle. However, this subsection shall not be deemed as giving proper notice to the owner of a vehicle parked on a parking facility prior to the installation of the signs and not subsequently moved by the owner.

(10) These provisions shall be in addition to the requirements of Chapter 2308 of the Texas Occupations Code.

(b) The city may place a sign immediately below the state required signage that provides an email address and/or phone number for towing related complaints."

SECTION 2.

This Ordinance shall be cumulative of all provisions of ordinances of the City of Azle, Texas, except where the provisions of this Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 3

It is hereby declared to be the intention of the City Council of the City of Azle that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this Ordinance should be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance, since the same would have been enacted by the City Council without incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph, or section.

SECTION 4

All rights or remedies of the City of Azle, Texas, are expressly saved as to any and all violations of the Code of Ordinances, City of Azle, Texas, or any amendments thereto that have accrued at the time of the effective date of this Ordinance; and as to such accrued violations, and all pending litigation, both civil and criminal, same shall not be affected by this Ordinance, but may be prosecuted until final disposition by the courts.

SECTION 5

Any person, firm or corporation who violates, disobeys, omits, neglects, refuses or fails to comply with, or who resists the enforcement of any provision of this Ordinance shall be fined, upon conviction, not more than five-hundred ($500.00) for each offence. Each day that a violation is permitted to exist shall constitute a separate offense.

SECTION 6

The City Secretary of the City is hereby directed to publish caption and penalty clause in the official newspaper at least once within ten (10) days after the passage of this Ordinance.

SECTION 7

This Ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS _____ DAY OF ________________, 2024.

____
Alan Brundrett, Mayor

ATTEST:

____
Yael Forgey, City Secretary

APPROVED AS TO FORM AND LEGALITY:

____
Andrea Russell, City Attorney

ORDINANCE NO. _______________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS, AMENDING CHAPTER 4 "BUSINESS REGULATIONS" OF THE CODE OF ORDINANCES, CITY OF AZLE, TEXAS TO REPEAL AND REPLACE ARTICLE 4.09 "WRECKERS" TO ESTABLISH REGULATIONS FOR WRECKERS OPERATING IN THE CITY AND TO PROVIDE FOR CONTRACTING WITH A SINGLE WRECKER SERVICE COMPANY FOR TOWING AND IMPOUND SERVICES FOR THE CITY; PROVIDING THAT THIS ORDINANCE IS CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING A PENALTY CLAUSE; PROVIDING FOR PUBLICATION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Azle, Texas ("City") is a home rule city 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, the City previously adopted regulations for the operation of wreckers in the City; and

WHEREAS, the regulations adopted in 2001 provided for the registration of wreckers with a place of business in the City or performing nonconsent tows within the City; and

WHEREAS, the regulations adopted in 2001 provided for the operation of a rotation list for the performance of police pull tows that allowed multiple wrecker service companies to share the police pull tows for the City; and

WHEREAS, the City Council finds that it is in the best interest of the City to amend the wrecker regulations to ensure compliance with federal and state law and to address current issues related to wrecker services; and

WHEREAS, the City Council finds that it is in the best interest of the City to contract with a single wrecker service company for police pull tows within the City; and

WHEREAS, the City Council finds that this Ordinance is in the best interests of the citizens of the City of Azle.

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

SECTION 1.

Chapter 14 "Business Regulations" of the Code of Ordinances, City of Azle, Texas is amended by repealing and replacing Article 4.09 "Wreckers" in its entirety to read as follows:

"ARTICLE 4.09 WRECKERS

§ 4.09.001 ~~.~~ Definitions.

In this article, the following words shall have the meanings ascribed to them below:

Accident. Any occurrence that renders a vehicle wrecked or disabled.

Consent tow. The towing of a vehicle at the request of the owner or operator of the vehicle.

~~Director of public safety or his designee. The director of the city's police and fire departments, the director of public safety/chief of police, or his authorized representative.~~

Disabled vehicle. A motor vehicle that has been rendered unsafe to be driven as the result of some occurrence, including but not limited to mechanical failure or breakdown, fire or vandalism, or a motor vehicle that is in a safe driving condition but whose owner or operator is not present, able, or permitted to drive so as to reasonably necessitate that the vehicle be removed by a wrecker.

~~Drop rate or~~ *Drop fee.* The fee charged for a ~~non-consent~~nonconsent tow which is disengaged, after being hooked-up, at the request of the vehicle's owner or operator while the towed vehicle is still on the premises from which it is being removed. A drop ~~rate~~fee applies as long as the vehicle is still at the tow site.

Hooked-up. The vehicle is fully and legally prepared for transport by attachment to a tow truck, lifted in a tow position, with tow lights and safety chains attached and, if required, placed on a dolly in a raised position and the only remaining is for the wrecker operator to drive away.

~~Illegally or unauthorized parked~~*Unauthorized vehicle.* A vehicle parked, stored or situated in violation of any State law or city ordinance or without the effective consent of the owner of the premises where the vehicle is parked, stored or situated.

Motor vehicle. Any motor driven or propelled vehicle required to be registered under the laws of this state. ~~Texas Transportation Code section 501.002(17)(18).~~

Nonconsent tow. The towing of a vehicle without the prearranged knowledge and consent of the owner or operator of said vehicle. Examples include, but are not limited to: vehicles towed when the driver is incapacitated following an accident, vehicles towed when the driver has been arrested, and vehicles removed from public or private property without pre-notification to the vehicle owner.

Nonresident wrecker or tow truck operator. A wrecker or tow truck operator registered with the state who does not maintain a place of business within the corporate limits of the city.

Person. An individual, firm, partnership, association, corporation, company or organization of any kind.

Police pull. The towing or other transportation of a vehicle by a wrecker which is the result of a police officer exercising his authority, as part of incident management, to effect the removal of said vehicle pursuant to State law and/or this article.

Private ~~non-consent~~nonconsent tow. The towing of a vehicle without the prearranged knowledge or consent of the owner or operator of the vehicle.

Register. Submitting the proper information ~~on~~for a wrecker service company and each wrecker ~~vehicle~~ to the city police department for ~~recordkeeping~~ purposes of obtaining a permit issued under this article.

~~Registration~~*Permit holder.* An individual, applicant, or owner who has registered and been issued a ~~receipt~~permit by the police department to operate a wrecker service company in the city.

Repossession or recovery tow. A wrecker service company requested to remove or otherwise move a vehicle on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, to repossess or recover the vehicle.

Tow site. The entire property associated with the physical address of the location from which the vehicle is being towed.

Vehicle. Every mechanical device in, upon or by which any person or property is or may be transported or drawn upon a public highway, except devices moved by human power or used exclusively upon stationary rails or tracks.

Vehicle storage facility. A garage, parking lot, or other facility that is owned by a person other than a governmental entity and used to store or park at least 10 vehicles each year.

Wrecked vehicle. A discarded, abandoned, junked, wrecked or worn-out motor vehicle that is not in a condition to be lawfully operated on a public road.

Wrecker. A vehicle designed for use primarily for removing wrecked or disabled vehicles, which is equipped with a mechanical device used to tow, winch or otherwise move a vehicle and which charges a fee for its services.

Wrecker ~~or tow truck~~ operator. A person engaged in the business of using a wrecker to tow, winch, or otherwise move a motor vehicle.

Wrecker service company. A business engaged in towing, moving, or removing vehicles through the use of a wrecker.

§ 4.09.002~~.~~ Violations; penalty.

(a) A person commits an offense if he:

(1) Operates a wrecker service company or drives or operates a wrecker within the city without a valid ~~registration~~permit under this article;

(2) Drives or operates a wrecker or uses any equipment within the city that is not in compliance with section 4.09.006;

(3) Fails to maintain insurance as required in section 4.09.~~013~~008;

(4) Violates or fails to comply with the provisions of section 4.09.007.

(b) It is an affirmative defense to prosecution of a violation of subsection (a) hereof that the person is engaging in an activity described in Section 4.09.004.

(c) A person who commits an offense under this article shall be fined in accordance with the general penalty provision found in section 1.01.009 of this code. Each day that a violation exists shall constitute a separate offense.

§ 4.09.003~~. Registration~~ Permit required.

(a) Any wrecker ~~operator~~service company that desires to provide wrecker ~~service~~services within the city or ~~wrecker service company that wishes~~desires to operate a place of business within the city must register with the city and obtain a permit from the city.

(b) It is unlawful for a person to operate, or employ another to drive or operate, any wrecker over any street in the city for the purpose of performing a ~~consent tow or~~ nonconsent tow originating within the city without first registering with the city and obtaining a ~~receipt, except as provided by this article~~permit.

(c) A person who charges a fee for towing nonconsent vehicles, whether by the use of a wrecker or by the use of any other vehicle utilizing ropes, chains, or other mechanisms, shall be considered to be engaging in a wrecker or towing business, and must register with the city and ~~submit the required registration fee.~~obtain a permit. This shall not be construed to include a service car or other vehicle not equipped with mechanical devices for transporting wrecked vehicles and not used for such purpose, such as service cars equipped with compressed air containers and tools for performing minor repairs not involving towing or transportation of wrecked or disabled vehicles.

§ 4.09.004 ~~.~~ Exceptions.

~~Registration~~A permit is not required for the following activities:

(1) The transportation of a vehicle by a nonresident wrecker operator from some point outside the city to some destination within the city.

(2) The transportation of a vehicle by a nonresident wrecker operator from some point outside the city and traversing the city to some other destination outside of the city.

(3) The transportation of a vehicle by a nonresident wrecker operator at the request of the owner or operator of a vehicle.

§ 4.09.005 ~~.~~ Application for ~~registration~~permit.

Each ~~wrecker service~~ applicant for a permit, whether wishing to provide ~~consent and/or~~ nonconsent tows within the city or operating a place of business in the city limits, must file a written ~~registration~~permit application with the ~~director~~chief of ~~public safety~~police or his designee. The application shall be verified by the applicant and be on a form furnished by the police department~~;~~.

Only completed applications will be accepted. The application must contain the following information, in addition to any other reasonable information required by the form furnished by the police department:

(1) the owner of the wrecker service company;

(2) the wrecker service company's fee schedule for nonconsent tows;

(3) identify all wrecker operators;

(4) identify all wreckers to be operated in the city; and

(5) identify the vehicle storage facility.

§ 4.09.006 ~~.~~ Vehicle requirements.

Each wrecker ~~truck~~ for ~~which~~ a ~~receipt is issued~~wrecker service company registered with the city shall meet the following minimum requirements:

(1) Each wrecker shall not be less than one ton in size.

(2) Each wrecker shall position ~~the registration receipt~~a copy of the permit for the wrecker service company where it is clearly visible in the vehicle's front window, either hanging from the inside rear window or secured inside face-out next to the state inspection ~~and registration stickers~~sticker.

(3) Each wrecker shall be equipped with a power or hand-operated winch line and boom or lifting device with a factory-rated capacity of not less than five thousand pounds single capacity.

(4) Each wrecker shall have inscribed on each side the name, address ~~and~~, telephone number, and TDLR permit number of the wrecker ~~business~~service company in letters not less than three inches in height.

(5) Each wrecker shall carry as standard equipment safety chains, a fire extinguisher, wrecking bar, broom, axe, shovel, either flares or traffic-control reflectors, a wheel dolly and a container to carry debris.

(6) Each wrecker shall be equipped so as to provide two-way voice communication by mobile telephone or radio with the ~~registration~~permit holder's base station at all times.

(7) Each wrecker shall be equipped with overhead flashing emergency lights~~,~~ visible from one thousand five hundred feet.

§ 4.09.007 ~~.~~ Recordkeeping; inspections.

(a) Each ~~registration~~permit holder shall maintain books and records reflecting its operation in accordance with generally accepted accounting principles as may be necessary for verification of the ~~registration~~permit holder's compliance with the terms of this article. The ~~registration~~permit holder agrees to make such records available at reasonable times to the ~~director~~chief of ~~public safety~~police or his designee upon request.

(b) Members of the police department may inspect each wrecker and/or vehicle storage facility used by the ~~registration~~permit holder at reasonable times during the application or permit period to insure compliance with the requirements of this article.

§ 4.09.008 ~~.~~ Insurance.

(a) The city shall not issue a permit unless the wrecker operator or wrecker service company shall procure and keep in full force and effect automobile liability insurance and ~~either garagekeeper's liability insurance or~~ truck cargo insurance written by an insurance company authorized to do business in the state, acceptable to the city, and issued in the standard form approved by the state department of insurance. Such policies of insurance shall require at least thirty days' written notice to the city of any cancellation or termination or of any material change in the terms of the insurance coverage. The insurance policies shall contain appropriate provisions to cover all wreckers and wrecker operators conducting business under the permit.

(b) The automobile liability insurance must provide combined single limits of liability for bodily injury and property damage of not less than ~~one million~~five hundred thousand dollars ($500,000.00) for any person killed or injured, ~~five two~~one million dollars ($1,000,000.00) for more than one person killed or injured in any one accident, and ~~one million~~five hundred thousand dollars ($500,000.00) for property damage and theft coverage on all vehicles removed or impounded. The automobile liability insurance must also meet the minimum requirements under the laws of the state.

(c) The garagekeeper's liability insurance or tow truck cargo insurance, whichever is maintained, must provide limits of liability for any one loss of not less than five hundred thousand dollars~~.~~ ($500,000.00).

(d) A copy of the required insurance policies shall be submitted to the city at the time of application for a ~~wrecker~~ permit and a current copy of such policies shall be maintained with the ~~director~~chief of ~~public safety~~police or his designee throughout the term of the permit.

§ 4.09.009 ~~.~~ Issuance of ~~registration~~permit; term; fee.

(a) Upon payment of the applicable ~~registration~~application fees, the ~~director~~chief of ~~public safety~~police or his designee shall review the ~~registration~~permit application. The ~~director~~chief of ~~public safety~~police or his designee shall issue a ~~receipt~~permit to each qualifying applicant complying with the provisions of this article and all wrecker and towing services regulations which have been established by the city and the state. In addition, the ~~director~~chief of ~~public safety~~police or his designee shall ~~issue~~provide a ~~receipt~~copy of the permit for each wrecker operated by the applicant with the wrecker's

VIN number on the face of the permit.

(b) ~~Registrations~~Permits shall expire on December 31st in the year in which it is issued.

(c) The ~~receipt~~permit shall not be transferable ~~or~~to any wrecker service company other than the one for which it is issued and a permit may not be used on any wrecker other than the one for which it is issued.

(d) The annual fee for ~~wrecker registration~~a permit shall be as provided for in the fee schedule found in appendix A of this code. ~~(2001 Code, sec. 4.609)~~

§ 4.09.010 ~~.~~ Changes in ~~registration~~permit information.

(a) A ~~registration~~permit holder shall notify the police department of any and all personnel changes for those persons who will operate ~~the~~a wrecker ~~vehicles~~ within three working days of such personnel changes. The ~~registration~~permit holder shall immediately notify the police department of any change in ownership of the wrecker service company, any change in the number of wreckers ~~or~~, any change in the fee schedule for nonconsent tows, any change in the location of a storage facility, or any other material change in the information provided on the application. The current ~~registration~~permit will immediately expire and become void upon the addition of wrecker operators, the addition of wreckers, the change of location of a storage facility, the change of the fee schedule for nonconsent tows, or any other material change in information provided on the application for permit.

(b) New owners, the addition of wreckers, change of location of storage facility, change in the fee schedule for nonconsent tows, or any other material change in the information provided on the application for permit requires ~~an immediate and additional registration~~a new permit application to be submitted.

§ 4.09.011 ~~.~~ Stored vehicles; right to hearing when vehicle removed without consent.

(a) Each ~~garagekeeper~~vehicle storage facility must provide to the police department on the required police department form an inventory listing of stored vehicles by Tuesday of every week.

~~**(b)** Requests for notification to the owner/lienholder of abandonment by the police department must be submitted on the police department requested tow or non-police department requested form.~~

~~**(c)** In accordance with Texas Transportation Code section 683.032, to compensate the city for the postal~~
~~expense necessary to process the required notification of abandonment to owners/lienholders, a minimum fee shall be charged to the wrecker service on each notification sent from the police department office. To compensate the city for the administrative and other expenses necessary to process the release, either to the owner/lienholder or by way of an auction, of a vehicle towed and stored, on both police department requested tows and non-police department requested tows, a fee as provided for in the fee schedule found in appendix A of this code shall be charged. The city reserves~~

~~the right to reimbursement of expenses for sales and auctions of abandoned vehicles as outlined by the Texas Transportation Code, section 683.015 and section 683.034.~~

~~(d)~~(b) As provided in Texas Transportation Code section 683.076, an owner or operator whose vehicle is removed without consent from a location within the city and placed in a vehicle storage facility is entitled to a hearing on whether probable cause existed for the removal and placement of the vehicle before a city municipal court judge. The police department will not support a wrecker service's claim of legality on non-police department requested tows.

§ 4.09.012 ~~.~~ Denial, suspension or revocation of ~~registration~~permit.

(a) The ~~director~~chief of ~~public safety~~police or his designee may refuse to approve the issuance or renewal of a wrecker ~~registration~~permit, or may suspend or revoke a wrecker ~~registration~~permit previously issued, for one or more of the following reasons:

(1) The making by the applicant of any false statement or omission of information as to a material matter in ~~an~~a permit application ~~for registration or registration renewal~~ or in a hearing concerning the ~~registration~~permit.

(2) Conviction of the applicant, the ~~registration~~permit holder or an employee of the applicant or ~~registration~~permit holder for a violation of a provision of this article.

(3) Revocation of ~~registration~~permit issued to the applicant or any owner, partner or corporate officer of the applicant within three years preceding the application pursuant to this section.

(4) Conviction of the applicant or ~~registration~~permit holder of a felony, assault, fraud, burglary, theft, DWI or other offense involving moral turpitude within five years preceding the application.

(5) Suspension of a state license for any reason.

(6) Failure to comply with any of the requirements of this article.

(b) If the ~~director~~chief of ~~public safety~~police or his designee denies ~~an~~a permit application ~~for registration~~, written notice shall be mailed to the applicant, at the address shown on the application, by certified mail, return receipt requested. The notice shall state the reason for denial.

(c) No ~~registration~~permit shall be suspended or revoked without notice to the ~~registration~~permit holder and an opportunity for a hearing. A ~~registration~~permit holder who receives notice of a proposed suspension or revocation may file a written request for a hearing with the ~~director~~chief of ~~public safety~~police or his designee within ten days from the date of the notice. The ~~director~~chief of ~~public safety~~police or his designee shall conduct a hearing and shall thereafter determine whether to suspend or revoke the ~~registration~~permit.

§ 4.09.013 ~~.~~ Appeals.

Any person whose application for a wrecker ~~registration~~permit has been denied, suspended, or revoked by the ~~director~~chief of ~~public safety~~police or his designee shall have the right to appeal in writing such action to the city manager within ten calendar days after notification of such action. The city manager shall review the matter and may uphold, modify, or reverse the action of the wrecker ~~registration~~permit. The decision of the city manager shall be final.

§ 4.09.014 ~~.~~ Contract for providing service to city.

(a) The city will contract with one wrecker service company for all police pulls in the city, for the towing of city owned vehicles, or for the towing or impoundment of any vehicle made necessary in the exercise of the city's police and governmental functions, and to store or impound such vehicles on the parking facility of such wrecker service company.

(b) The fees for police pull services shall be set by contract between the wrecker service company and the city.

(c) The city may call any wrecker service company or use any wrecker service in cases where the contractor is unable to respond as required by this article, during emergency situations, or when deemed necessary by the ~~director~~chief of ~~public safety~~police or his designee.

§ 4.09.015 ~~.~~ Requirements for city contract wrecker service company.

The wrecker service company contracting with the city for police pulls must be registered with the city and comply with the vehicle requirements established in Section 4.09.006, all state laws regarding wreckers and vehicle storage facilities, and the following requirements:

(1) Meet all city and state qualifications and requirements, and be registered as a wrecker service with the city and comply with all city ordinances.

(2) Operate a principal place of business in the city limits and have a storage facility within a five-mile radius of the city limits.

(3) Arrive at the scene within twenty minutes upon notification.

(4) Deliver wrecked or disabled vehicles to a location designated by the owner or operator of the vehicle or by the police department.

(5) Must not release any police department requested towed vehicle without proper documentation from the police department.

(6) Upon arrival at an accident scene, promptly clear the wreckage and debris from the traveled portion of the roadway and confine wreckage and debris to the smallest possible portion of the traveled roadway. In a manner to minimize the duration of the interference with normal traffic flow, completely remove from the site of the accident all resulting wreckage or debris, including all broken glass, excluding the truck's or vehicle's cargo, before leaving the site.

(7) To the extent feasible, comply with all traffic regulations in removing any vehicle from the scene of an accident. Under no circumstances shall a vehicle be moved or towed in such a manner as to jeopardize the safety of other vehicles on the roadway.

(8) Depart the scene of an accident at the request of a police officer when such wrecker has not been called to the scene in compliance with this article.

(9) Keep and maintain wrecker vehicles and towing equipment in a safe and working condition to ~~insure~~ensure that said wrecker and equipment are adequate to perform towing services.

(10) Must have ability to access at least one flat-bed vehicle capable of handling the safe movement of motorcycles and front wheel drive cars.

(11) Must provide proof of ability to access, upon receipt of notice, a wrecker that is capable of towing a tractor-trailer and other large vehicles.

(12) Must operate wreckers equipped with an overhead flashing non-emergency (red) light that is visible from one thousand five hundred feet.

(13) Shall provide pickup and towing services for city vehicles, within the city at no charge to the city, and for vehicles outside the city but within Tarrant and Parker counties, and those counties contiguous to Tarrant and Parker counties, at the minimum rate provided by state law.

(14) Shall provide storage at no cost to the city for city-owned vehicles.

(15) Shall not charge the city for storage of vehicles towed and/or stored without the owner's consent but shall charge the owner.

(16) Maintain its certificates of convenience and necessity as issued by the state department of transportation and the United States Interstate Commerce Commission.

(17) Shall employ and maintain, or have the ability to access ~~in the time outlined above (twenty minutes),~~ a sufficient number of personnel to accommodate a minimum of ~~two~~three wrecker units at the same time and to respond and be on the scene within twenty (20) minutes of notification.

(18) Shall have the ability to access a heavy wrecker and to be on the scene within forty-five (45) minutes of notification.

~~(18)~~(19) Shall furnish a list of any liens, judgments, or other encumbrances against the registering company owned by applicant. The list shall include the amount secured by each lien, judgment, or encumbrance, the amount due, the character of such lien, judgment, or encumbrance, and the names and address of the holder of such lien, judgment, or encumbrance.

§ 4.09.016 ~~.~~ Police-requested vehicle removal.

No person may drive a wrecker to the scene of an accident on the streets of the city unless the person has been called to the scene by a police officer or the owner or operator of the vehicle. When a wrecker operator has been called directly the owner or operator of the vehicle, the wrecker operator shall notify the police dispatcher before proceeding to the scene of the disabled vehicle at the accident scene.

§ 4.09.017 ~~.~~ Non-police-requested vehicle removal.

The wrecker service company shall first notify the city police department of the intent to remove and store a wrecked or disabled vehicle before removing the vehicle from its location in the city to another location if the owner and/or operator of the vehicle has not given consent.

§ 4.09.018 ~~.~~ Solicitation of business.

(a) No person may solicit in any manner, directly or indirectly, on the streets of the city, the business of towing a vehicle which is wrecked or disabled, regardless of whether the solicitation is for the purpose of soliciting business of towing, removing, repairing, storing, trading or purchasing the vehicle.

(b) Proof of the presence of a person engaged in the wrecker business, either as owner, operator, employee or agent, on a street in the city, at or near the scene of an accident, who has not been called to the scene by the police department or the owner or operator of the vehicle, within one hour after the happening of an accident is prima facie evidence of a solicitation in violation of this section.

§ 4.09.019 ~~.~~ City employees not to recommend wrecker operator.

No police officer or other employee of the city shall recommend to any person, directly or indirectly, the name of any particular wrecker service company or wrecker operator, nor shall any police officer or other city employee attempt to influence in any manner a decision of a person in selecting a wrecker service company or wrecker operator.

§ 4.09.020 ~~.~~ Permitted Tows.

The towing of vehicles shall fall into one of ~~three~~four categories: (a) consent tow; (b) police pull; (c) repossession or recovery tow; or (d) private ~~non-consent~~nonconsent tow.

(a) Consent tow~~—~~. A wrecker requested to remove or otherwise move a vehicle for a particular person at their request. The operator of the vehicle or its owner must request this wrecker service company by name. This wrecker service company is not required to be on an approved listing to tow, but must have in place a tow truck tag as required by the Texas Occupations Code or it will not be allowed to town the vehicle. An owner's request (consent tow) may be used at the scene of a collision, mechanical breakdown, or on a vehicle that is abandoned, unless the officer on the scene determines that the vehicle is hazardous or that a time delay would endanger or hamper the general public's safety, well-being, or the investigation. If the officer deems it necessary, a contract wrecker service company will be notified for immediate removal of the vehicle.

(b) Police pull~~–~~. A wrecker called to remove or otherwise move vehicles at the request of a police officer exercising his authority under the law, for the purpose of incident management, or in the interest of public safety. A contract wrecker service company may be used to tow vehicles involved in a collision when the owner or operator is not present, is incapacitated, or is otherwise unable to request a tow truck including but not limited to when the operator is hospitalized or incarcerated, and when the police officer otherwise deems it necessary to remove the vehicle by police authority in the interest of incident management or public safety. A contract wrecker service company may be used to tow any vehicles to be held as evidence in a criminal case or to be seized for forfeiture in a civil action. A contract wrecker service company may be used to tow any vehicle under police authority when the removal is authorized by another law or in the interest of public safety, including but not limited to abandoned vehicles, pursuant to Chapter 683, Texas Transportation Code, or vehicles being operated without insurance.

(c) **Repossession or recovery tow~~—~~.** A wrecker requested to remove or otherwise move a vehicle on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, to repossess or recover the vehicle.

(d) **Private ~~non-consent~~nonconsent tow~~—~~.** A wrecker requested to remove or otherwise move vehicles on private property, without the pre-arranged knowledge or consent of the owner or operator of the vehicle, where notice of prohibited parking is given by signs, where vehicles are parked in fire lanes or obstructing an entrance, exit ~~ot~~or aisle of a parking facility, or where otherwise authorized by law.

~~§~~ 4.09.021~~.~~ Repossession or recovery ~~towing~~tow.

(a) ~~No~~A person or firm ~~shall operate~~operating a wrecker in any manner, directly or indirectly, within the city limits for the purpose of repossessing or recovering a vehicle without the direct and express consent of the owner of the vehicle being towed~~, unless that wrecker service company has made~~ must make the proper notification ~~as~~ prescribed by law to the Azle police department.

(b) Proper notification must include:

(1) Name of the wrecker service company;

(2) Name of the wrecker operator;

(3) Location the vehicle is being removed from;

(4) The storage location;

(5) Contact information for the storage facility;

(6) Name of the person authorizing the tow;

(7) Year, make, model and color of the vehicle;

(8) Vehicle license plate number and state; and

(9) Vehicle VIN.

(c) This notification must be completed by providing all of the information listed in Section 4.09.021(b) to police dispatch at (~~XXX) XXX-XXXX prior to the tow; additionally the completion of the non-consent online tow form, located at ______ must be completed within 24 hours of the tow~~817) 444-3221 within thirty (30) minutes of towing the vehicle.

(d) The vehicle must be dropped if the wrecker operator is confronted by the owner of the vehicle before leaving the tow site. In such case no fees shall be charged.

(e) No vehicle shall be removed from a location or the immediate area that it was parked, without the vehicle being hooked-up and legally prepared for transport as defined by this ~~ordinance~~article.

§ 4.09.~~021.~~022 Private ~~non-consent~~nonconsent tows.

(a) A wrecker service company engaging in private ~~non-consent~~nonconsent towing of vehicle from a location in the city shall be licensed by the State pursuant to Chapter 2308, Texas Occupations Code, in addition to the ~~registration~~permit required under this article.

(b) A wrecker service company towing and/or vehicle storage facility accepting a vehicle ~~non-consent~~nonconsent towed from private property must report the tow to the Azle police department.

(c) The proper notification must include:

(1) The name of the wrecker service company;

(2) Name of the wrecker operator;

(3) Location the vehicle is being removed from;

(4) The storage location;

(5) Contact information for the storage facility;

(6) Name of the person authorizing the tow;

(7) Year, make, model and color ~~fo~~of the vehicle;

(8) Vehicle license plate number and state; and

(9) Vehicle VIN.

(d) This notification must be completed by providing all of the information listed in Section 4.09.~~021~~022(c) to police dispatch at (~~XXX) XXX-XXXX~~817) 444-3221 within thirty (30) minutes of towing the vehicle~~; additionally~~.

(e) Any wrecker operator shall cease the ~~completion~~removal of a vehicle upon request of the ~~non-consent online~~vehicle's operator and upon payment of the drop fee. A wrecker operator must accept cash, credit cards and debit cards as payment for the drop fee.

(f) If a wrecker operator is notified by the police department that the vehicle he is removing has been reported stolen, he shall immediately disengage his wrecker from such vehicle and shall abandon the tow ~~form, located~~ at ______ ~~must~~ no charge.

(g) Regardless of any general contractual or "patrol account" arrangement which may exist between a wrecker service company and a property owner, it is a violation of this article to make a nonconsent tow from private property of any vehicle unless specific authority as to that vehicle has been given by the property owner and a sign is erected on the premises as required by Section 4.09.023 of this article. This prohibition shall not apply if the vehicle:

(1) is in or obstructs a vehicular traffic aisle, entry or exit of the parking facility;

(2) prevents a vehicle from exiting a parking space in the facility;

(3) is in or obstructs a fire lane marked according to Chapter 2308 of the Texas Occupations Code;

(4) does not display the proper special license plates or disabled parking placard and is in a parking space that is designated for the exclusive use of a vehicle transporting a disabled person; or

(5) is blocking access to a dumpster.

(h) The owner or operator of a wrecker service company may not charge a nonconsent towing fee, including administrative fees and surcharges, in excess of the maximum fees established by the city, as follows:

(1) Nonconsent tow fees.

(A) For vehicles with a gross weight rating up to 10,000 pounds: **$272.00**

(B) For vehicles with a gross weight rating of 10,001 and up to 24,999 pounds **$380.00**

(C) For vehicles with a gross weight rating of 25,000 pounds and up **$489.00 per unit** ($978.00 max)

(2) Drop fee.

(A) For vehicles up to 10,000 pounds: **$135.00**

(B) For vehicles 10,001 to 24,999 pounds: **$190.00**

(C) For vehicles 25,000 pounds and higher: **$244.00**

(i) All fees established by this article in Section 4.09.022, subsection (h), shall be ~~completed~~reviewed by the city annually, unless additional review is specifically requested by a wrecker service company.

(j) Wrecker operators and wrecker service companies shall prepare and issue a tow ticket for each nonconsent tow, a copy of which must be given to the vehicle owner, if the vehicle owner is present and available at the time of the tow, and a copy must be delivered to the vehicle storage facility. The tow ticket shall itemize each charge and each charge must be characterized in accordance with the fee structure stated in the towing company's nonconsent towing fee schedule on file with the vehicle storage facility.

~~(d)~~(k) Wrecker operators and wrecker service companies performing nonconsent tows within ~~24 hours of the tow~~the City must accept major credit cards and debit cards as payment for the fees described in Section 4.09.022, subsection (h), of this article.

(l) Upon initial contact with the owner of a vehicle which is the subject of a nonconsent tow, a wrecker operator, a vehicle storage facility operator, or any employee or agent thereof shall give written notice to the vehicle owner of his right to a hearing pursuant to the Texas Occupations Code, Chapter 2308. Such notice shall include the name, address and phone number of the person or agency that authorized the removal, and a statement that the hearing must be requested in writing within fourteen (14) days of the date the vehicle was stored and that the request must be filed with a magistrate in whose jurisdiction the location from which the vehicle was removed is located.

(m) The vehicle must be dropped if the wrecker operator is confronted by the owner of the vehicle before leaving the tow site. In such case no fee shall be charged, except that a drop fee shall apply only if the vehicle is hooked-up and legally prepared for transport as defined by this article. A wrecker operator and a wrecker service company must accept cash, credit cards and debit cards as payment for the drop charge.

(n) No vehicle shall be removed from a location or the immediate area that it was parked, without the vehicle being hooked-up and legally prepared for transport as defined by this article.

(o) Nonconsent towed vehicles removed from a location within the city shall only be taken to a storage facility that is within a ten (10) mile radius from the location from which the vehicle was removed.

(p) Nonconsent towed vehicles removed from a location within the city shall not be taken to a vehicle storage facility that does not accept major credit cards and debit cards.

(q) A vehicle storage facility shall not charge a fee in excess of the fees authorized by Section 2303.155 of the Texas Occupations Code. A vehicle storage facility must accept payment by cash, debit cards and credit cards.

(r) A vehicle storage facility shall provide the owner of a vehicle released, or the owner's representative, a tow ticket. The tow ticket may be combined with the vehicle storage facility invoice if it complies with the following requirements:

(1) the tow charges must be separated from the vehicle storage facility charges and each category of charges must be preceded by a heading or label identifying the charges as "Tow Charges" or "Storage Charges;"

(2) the tow charges must appear on a combined statement exactly as stated on the tow ticket prepared by the wrecker operator and provided to the vehicle storage facility at the time the vehicle is presented for storage; and

(3) a combined statement of charges must meet and contain all required elements of a separate vehicle storage facility invoice and tow ticket, except that the license number and name of the tow operator may be excluded.

§ 4.09.~~022.~~023 Required signage for private ~~non-consent~~nonconsent tows.

(a) ~~"Parking Facility"~~A parking facility must comply with the following signage and posting requirements in order to tow an unauthorized vehicle from the property:

(1) The requirements of this section shall apply only where notice of prohibited parking is given by signs. They shall not apply to tows made of vehicles parked in fire lanes or of vehicles obstructing an entrance, exit, or aisle of a parking facility.

(2) ~~The~~Signs shall be placed on the right or left side of each driveway access or curb cuts allowing vehicular access to a parking facility. If there are no curbs or access barriers, signs shall be placed at intervals of not less than twenty-five (25) feet around the perimeter which is accessible by vehicles.

(3) Each sign shall be placed at a right angle so as to face entering traffic. They shall be placed no farther than five (5) feet from the public right of way, but shall not be within said right of way.

(4) Each sign shall be permanently installed on a pole, post, permanent wall, or permanent barrier so that the bottom edge of the sign is no lower than five (5) feet and no higher than eight (8) feet above the ground level.

(5) Each sign shall be a minimum of eighteen (18) inches wide by twenty-four (24) inches high, and a maximum of twenty-four (24) inches wide by thirty (30) inches high. Their facings shall be fabricated out of weather-resistant material. The letters on such signs shall be of a minimum height of two (2) inches, of a contrasting color to the background, and shall be light-reflective. The background shall be white, except as otherwise provided by this ordinance or state law.

(6) Each sign shall state who may park in the facility, and shall further state that all others are prohibited and will be towed away at the owner's expense. The words "TOWING ENFORCED" shall be included on each sign in white capital letters of a minimum height of two (2) inches on a bright red background.

(7) Each sign must have the bright red international towing symbol, at least 4 inches in height, with a white background on the uppermost portion of the sign or on a separate sign placed immediately above the sign.

(8) Each sign shall provide the name and current telephone number of the wrecker service company authorized to tow vehicles from the parking facility, and the name and current telephone number of the vehicle storage facility, if different from the wrecker service company. Alternatively, each sign may state the name and phone number of the parking facility owner if that person has knowledge of the location of the stored vehicle.

(9) Signs shall be continuously maintained at a parking facility for twenty-four (24) hours prior to the towing or removing of any vehicle. However, this subsection shall not be deemed as giving proper notice to the owner of a vehicle parked on a parking facility prior to the installation of the signs and not subsequently moved by the owner.

~~(2)~~**(10)** These provisions shall be in addition to the requirements of Chapter 2308 of the Texas Occupations Code.

(b) The city may place a sign immediately below the state required signage that provides an email address and/or phone number for towing related complaints~~.~~**."**

SECTION 2.

This Ordinance shall be cumulative of all provisions of ordinances of the City of Azle, Texas, except where the provisions of this Ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 3

It is hereby declared to be the intention of the City Council of the City of Azle that the phrases, clauses, sentences, paragraphs, and sections of this Ordinance are severable, and if any phrase, clause, sentence, paragraph, or section of this Ordinance should be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, or sections of this Ordinance, since the same would have been enacted by the City Council without incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph, or section.

SECTION 4

All rights or remedies of the City of Azle, Texas, are expressly saved as to any and all violations of the Code of Ordinances, City of Azle, Texas, or any amendments thereto that have accrued at the time of the effective date of this Ordinance; and as to such accrued violations, and all pending litigation, both civil and criminal, same shall not be affected by this Ordinance, but may be prosecuted until final disposition by the courts.

SECTION 5

Any person, firm or corporation who violates, disobeys, omits, neglects, refuses or fails to comply with, or who resists the enforcement of any provision of this Ordinance shall be fined, upon conviction, not more than five-hundred ($500.00) for each offence. Each day that a violation is permitted to exist shall constitute a separate offense.

SECTION 6

The City Secretary of the City is hereby directed to publish caption and penalty clause in the official newspaper at least once within ten (10) days after the passage of this Ordinance.

SECTION 7

This Ordinance shall be in full force and effect from and after its passage and publication as required by law, and it is so ordained.

PASSED AND APPROVED ON THIS _____ DAY OF __________________, 2024.

Alan Brundrett, Mayor

ATTEST:

Yael Forgey, City Secretary

APPROVED AS TO FORM AND LEGALITY:

Andrea Russell, City Attorney

Item Number: 6

Presenter: **David Hawkins, Director of Planning and Development**

Agenda Item: **Consider a variance request to Section 3.10.042 (b) of the City of Azle Code of Ordinances to allow for corrugated metal panels for fencing material. The subject property is located at 735 Phillips Drive which is located on the west side of Phillips Drive and north of Kerry Lane.**

Background and Explanation:

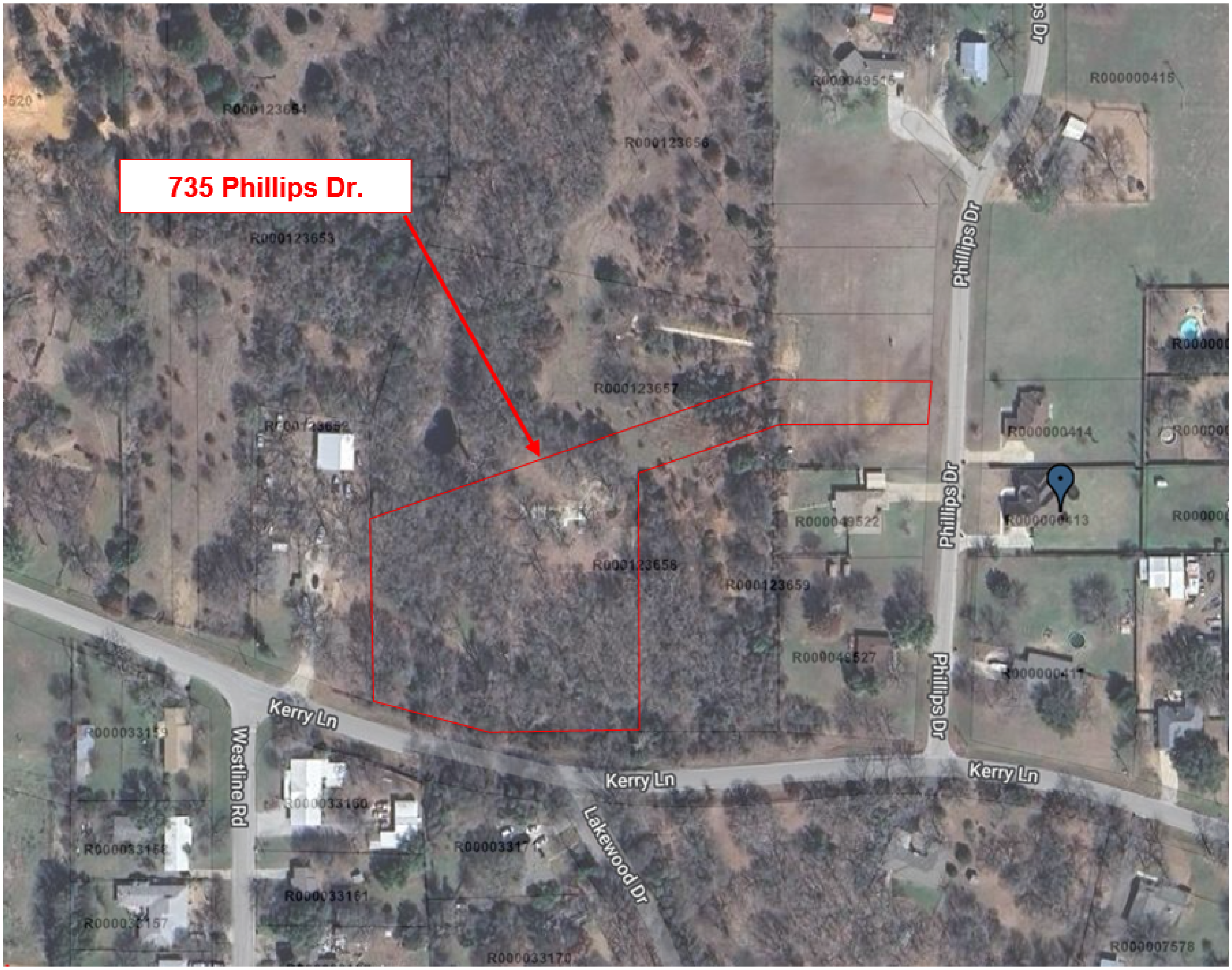
The owner of 735 Phillips Drive is requesting a variance to Section 3.10.042 (b) that prohibits the use of corrugated metal panels as a fencing material to be installed on a residential property. This section states:

"(b) The owner of any property shall replace broken, damaged, removed or missing parts of a fence within ten (10) days of the day the owner receives written notice from the city manager or the city manager's designee, with the same material, or material with comparable composition, color, size, shape and quality, of the original fence to which the repair is being made. The city manager or the city manager's designee, upon written notice from the owner that unusual circumstances related to weather or other matters beyond the control of the owner prevent the timely repair of a fence, may extend the replacement time as required. The city manager or the city manager's designee shall not extend the replacement time longer than reasonably necessary. The owner requesting a replacement time extension shall provide the city manager or the city manager's designee a written scope and schedule detailing materials and estimated time period of the completed replacement for approval. No person shall use materials not specifically manufactured as fencing materials, such as plywood, corrugated steel panels, or fiberglass panels, as fencing materials."

The City of Azle Code of Ordinances does not require a fence permit for any fencing planned to be installed along the side and/or rear of a property, only when the fencing is located in front of a residence (Section 3.10.003). Code Enforcement contacted and notified the property owner about the fence code violation as it was being installed. The sections along the west and south property lines have already been installed, and the property owner is requesting that a variance be granted to allow the use of six (6) foot tall corrugated metal panels to remain in place along the south and west property lines. The owner has also expressed interest in painting the metal fence as part of this variance request. The property owner intends to comply with the fence ordinance requirements for the fence along the east property line next to 715 Phillips Dr.

Existing Condition of Property:

735 Phillips Drive is located on the west side of Phillips Drive and has frontage along the north side of Kerry Lane. A building permit for a new single-family residence was approved in July 2023 and is currently under construction. The property has approximately 2.4 acres.



Proposed Location of Fence:

Additional Information:
The applicant referenced the address of 804 Kerry Lane for having a similar metal fence around the property. Earlier map views dating as far back as 2008 show the same metal fence currently in place today.

City Council Criteria for Granting a Variance:

Sec. 1.03.031 Authority to grant; conditions and requirements

(b) When, in the judgment of the City Council, the public convenience and welfare will be substantially served, the City Council may grant variances to the Code of Ordinances where:

(1) The literal enforcement of the provision of the ordinance would result in an unnecessary and/or unreasonable hardship;

(2) The special conditions are not the result of the applicant's actions, but are peculiar to the land, structure, or case involved;

(3) The variance is the minimum necessary;

(4) No variance may be granted which is denied to similarly situated requests.

(c) In granting the variance, the City Council may specify conditions and requirements that it deems appropriate. The City Council may withdraw any variance granted upon a finding that the applicant is in violation of the specified conditions and requirements.

Board/Commission/Committee Recommendation:

N/A

Staff Recommendation:

Staff forwards the variance request to City Council for their consideration.

Attachments:

1. 735 Phillips Dr. Fence Variance Email 2.16.2024
2. 735 Phillips Dr. - Fence Variance Exhibits

From: Javier Martinez
To: Hawkins, David
Subject: Updated letter
Date: Friday, February 16, 2024 9:06:12 AM

You don't often get email from javi.mavs@gmail.com. Learn why this is important

Martinez Family
735 Phillips Drive
Azle Texas 76020
javi.mavs@gmail.com
[8179468488]
02/08/2024

Mayor Alan Brundrett
Azle City Hall
P.O. Box 5000
Azle, TX 76098

City Council of Azle
Azle City Hall
P.O. Box 5000
Azle, TX 76098

Subject: Request for Fence Variance on 735 Phillips Avenue

Dear Mayor Brundrett and Members of the City Council,

I hope this letter finds you in good health and high spirits. I am writing to respectfully request a fence variance for my property located at 735 Phillips Drive. I understand that there was no permit required for building a fence around the sides and back of my property; therefore, I did not inquire with the city about any codes or permits. However, I used corrugated steel panels to fence my property to ensure the safety of my family and pets.

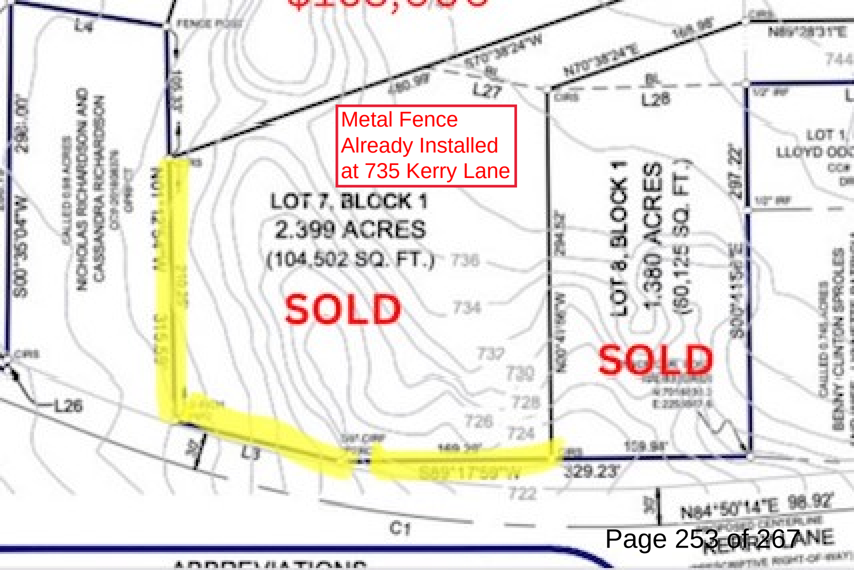
The primary reason behind our request is the safety of our pets, which include two Great Pyrenees and our small, skinny Chihuahua. We are deeply concerned that a wood fence will not be sufficient to contain our dogs, as they may chew through it. Additionally, our Chihuahua can easily slip through small gaps in a wooden fence or a wrought fence, putting all our pets at risk of getting hit by a car on the busy Kerry Lane.

In our research we have noticed that our neighbors at 804 Kerry Lanehave their entire property surrounded by corrugated steel panels, and the property at 621 Sunset Azle Tx also has a similar fence in the back. By allowing us to install a fence, not only will it provide a long-lasting barrier to prevent our pets from wandering off, but it will also safeguard our expensive work tools, protecting our livelihood.

Unfortunately, while working on the fence on Kerry Lane, we have experienced incidents of racism. We promptly reported these incidents by calling the non-emergency number for Azle PD, as we were harassed on three separate occasions by the same individual who repeatedly made racist remarks from his truck. Erecting this fence will add an extra layer of safety for our family, as my mother has felt uneasy ever since these incidents occurred.

Furthermore, we have diligently followed all regulations and pulled the necessary permits while building our house on 735 Phillips Drive. The current fence situation is the only hiccup we have encountered during this entire process.

In the event that our request for a complete fence variance is not granted, we are hoping that you will let us keep the fence on the side of our 2.3 acre property but are willing to replace the part of the fence on Kerry lane. We are also willing to paint the fence an appropriate color that falls within your guidelines. Thank you for your time and we look forward to hearing from you all.


Metal Fence
Already Installed
at 735 Kerry Lane
LOT 7, BLOCK 1
2.399 ACRES
(104,502 SQ. FT.)
SOLD
LOT 8, BLOCK 1
1.380 ACRES
(60,125 SQ. FT.)
SOLD
L4
L26
L27
L28
L3
C1
S00°35'04"W
329.23'
N84°50'14"E 98.92'

621 sunset azle Tx


804 kerry azle Tx


804 kerry lane


804 Kerry lane

Item Number: 7

Presenter: **Tom Muir, City Manager**

Agenda Item: **Consider any action on Ordinance No 2024-03 amending Chapter 1, Article 1.04 "Boards, Commissions, and Committees" of the Code of Ordinances, City of Azle, Texas by adding a Beautification Board, providing that this ordinance is cumulative of all ordinances; providing a severability clause; providing a savings clause; and providing an effective date.**

Background and Explanation:

The Council has expressed a desire to create a Beautification Board composed of councilmembers and citizens, including a high school student.

The Board will work to improve the aesthetic value of the city by involving citizens and various groups who have the beautification of Azle as a primary goal and who actively contribute to achieving this goal. The Board will accomplish these improvements through clean ups, landscaping, beautification, and revitalization of the City's public spaces and encouraging businesses and residential areas to beautify their respective areas. The Board will present a report annually to the City Council regarding their projects and activities throughout the year.

A draft ordinance is attached for the Council's review and consideration.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Ordinance No.2024-03

Ordinance No. 2023-03

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS, AMENDING CHAPTER 1, ARTICLE 1.04 "BOARDS, COMMISSIONS, AND COMMITTEES" OF THE CODE OF ORDINANCES, CITY OF AZLE, TEXAS ADDING A BEAUTIFICATION BOARD. PROVIDING THAT THIS ORDINANCE IS CUMULATIVE OF ALL ORDINANCES; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A SAVINGS CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Azle, Texas seeks to create a Beautification Board to keep Azle Beautiful.

NOW, THERFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AZLE, TEXAS

SECTION 1

There is hereby created and established a Beautification Board, hereinafter referred to as the "board," to be composed of seven (7) members, and shall serve at the pleasure of the City Council.

- Two (2) members from the Azle City Council
- One (1) member a high school student who resides within Azle's city limits
- One (1) member from a local business in which the business is located within Azle's city limits.
- Three (3) members residents who reside within Azle's city limits.

SECTION 2

These members shall be appointed by the City Council the term of the appointments shall be two (2) years each. Places 1, 3, 5 and 7 shall expire in odd-numbered years, while places 2, 4 and 6 shall expire in even-numbered years. The terms shall expire on October 31st of each year as referenced above. The Board will meet as needed.

SECTION 3

The Board shall advise the City Council on a beautification projects and program in the City of Azle. The Board shall give annual reports to the City Council.

SECTION 4

The purpose of the Beautification Board will be to make the city a clean and attractive city in which to live, to maintain a healthy environment, to educate the city's citizens as to the ongoing process of keeping their city beautiful, and to generally beautify the city.

The Board shall consider the following aspects of a potential beautification program and shall make recommendations of each to the City Council: landscaping of city rights-of-way and City property; award programs for businesses and residential areas that beautify their areas through landscaping, maintenance, the abatement of litter or other methods; voluntary recycling, including the promotion and education of the need for recycling; the possibility of joining state or nation-wide groups that are focused on beautification; and how to involve the general public, the school system, the business community and homeowners in a beautification program.

On an annual basis, the board shall present a report to the City Council regarding their projects and activities throughout the year.

This ordinance shall be effective immediately upon passage by the City Council.
PASSED AND APPROVED THIS Day ____ OF ____, 2024.

____

Alan Brundrett, Mayor

ATTEST:

____

Yael Forgey, City Secretary

APPROVED AS TO FORM AND LEGALITY:

____

Andrea Russell, City Attorney

Item Number: 8

Presenter: **Tom Muir, City Manager**

Agenda Item: **Parking lot Maintenance**

Background and Explanation:

Mayor Pro Tem Goode requested a discussion of possibly drafting and adopting an ordinance requiring maintenance of parking lots. She performed some research on other communities who have similar requirements and it is attached for your reference.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Parking Lot Repair Ordinances in Texas

Parking Lot Repair Ordinances in Texas

Duncanville, TX

Sec. 12-132. - Parking lot maintenance standards.

All persons owning, occupying or having supervision of real property not used for residential purposes (single-family and duplex) in the city shall keep and maintain in good condition and repair any lot or area situated on said property designated or used for the parking or storage of motor vehicles or for the access thereto. The surface of all such parking lots or areas, including the approaches, driveways, drive aisles to such parking, lots or areas, shall be kept and maintained free of grass, weeds and vegetation and free of cracks, holes or pits which may allow the seepage or accumulation of water.

Sec. 12-133. - Notice of violation.

Prior to the issuance of citation for violations of the foregoing subsection, a ten-day notice of violation shall be given in order to provide the offending party an opportunity to make the necessary corrections to be in compliance with this article.

Sec. 12-134. - Service of notice.

Any duly authorized officer of the city observing a violation of this article shall issue and serve a notice of such as follows:

(1)Delivered personally to the owner or occupant in writing;
(2)By letter addressed to the owner or occupant at the owner's or occupant's post office address, last known address, or property address where the violation exists; or
(3)If personal service cannot be obtained or the owner's or occupant's post office address is unknown:
   a.By publication in the city's official newspaper at least twice within ten consecutive days;
   b.By posting the notice on or near the front door of each building on the property to which the violation relates; or
   c.By posting the notice on a placard attached to a stake driven into the ground on the property to which the violation relates, if the property contains no building.

Sec. 12-135. - Penalties.

It shall be unlawful for any person to violate the provisions of this article and any person, firm, corporation or association violating, this article shall be deemed guilty of a misdemeanor and shall, upon conviction, be fined a sum not to exceed $500.00. Each day a violation of this article continues shall constitute a separate offense.

ARTICLE XV. - PARKING LOT MAINTENANCE | Code of Ordinances | Duncanville, TX | Municode Library

Springtown, TX

4.01.001 Maintenance of parking lots.

(a) Only parking lots which contain public access easements located within the city limits are subject to the requirements of this section. A parking lot is defined as a parking area open to business invitees, tenants or the public generally, with or without charge. This term shall include driving and maneuvering lanes.

(b) No parking lot shall be allowed to become deteriorated to the degree that there is destruction and/or deterioration of the driving surface where the subgrade materials are visible and serve as the driving surface, breakage of the driving surface that results in an uneven surface, and driving surface irregularities that in the opinion of the code enforcement officer are in need of repair to ensure the safe operation of motor vehicles.

(c) The owner and the manager of the premises on which a parking lot is located shall be responsible for compliance with this section. Should the owner or manager fail to complete repairs or otherwise come into compliance within forty-five (45) days after written notice mailed by a city representative to the owner's or manager's address listed on the city's tax roll, an offense will be deemed to have occurred.

(d) Should the owner or manager require more than forty-five (45) days to comply with this section due to conditions beyond his control, the city council may, if the matter is brought to its attention and proof of such need presented within the original forty-five (45) days, grant an extension of up to forty-five (45) days, in which case there will be no offense deemed unless there is a failure to complete repairs within such additional time granted.

(e) All repairs to a parking lot shall be permanent repairs and shall be equivalent to the original paving in both depth and material. All repairs are to be completed using the same type material the parking lot is made of, i.e., asphalt repairs of asphalt lots. Dissimilar materials shall not be used to make repairs, i.e., concrete to repair a pothole in an asphalt lot. All repairs are to be made so the compacted repair is level with the surrounding surface.

(f) Violations of subsections (c) and (e) are class C misdemeanors and any person owning or managing any such premises may be found guilty of violation of this section.

(Ordinance 827 adopted 2/27/14; 2005 Code, sec. 4.01.001)

City of Springtown, TX GENERAL PROVISIONS (ecode360.com)

Garland, TX

30.198 Maintenance of commercial properties.

(A) For the purposes of this section, "commercial property" shall mean all property other than single-family residential property. "Commercial building" shall mean any building or structure located on a commercial property. The terms "commercial property" and "commercial building" specifically include apartment and multifamily properties and buildings. "Owner" shall include an agent of the owner who is authorized to, or who actually does, lease, manage, or collect rent from a commercial property on behalf of the owner.

(B) Maintenance of parking areas. The owner of a commercial property shall:

- **(1)** Repair or resurface all parking areas, driveways to and from parking areas, and the pads and driveways to and from refuse storage facilities so as to be free from potholes, cracks which may contain weeds or other vegetation, or changes in surface grade of one inch (1") or greater.
- **(2)** Repaint or restripe parking spaces and fire lanes so as to maintain clearly designated parking spaces and fire lanes.

(C) Maintenance of landscaping. The owner of a commercial property shall remove and replace all dead trees, shrubs, and groundcover which are part of required landscaping for the commercial property and, if not part of required landscaping, shall be removed or replaced.

(D) Maintenance of commercial buildings and structures. The owner of a commercial building shall:

(1) Repair or replace broken, cracked, damaged, or missing doors and windows.
(2) Repair or replace loose, damaged, or missing exterior trim, siding, and roofs.
(3) Repaint or resurface exterior surfaces of the building with a weatherproof protection.
(4) Disconnect or cap off unsafe electric and unsanitary plumbing connections in commercial buildings, or portions thereof, that have not been in use for six (6) months or more.

(E) Schedule of maintenance. The owner shall submit, within ten (10) days of notification of a violation of this section, a work schedule to the City and obtain all necessary permits for the work. All portions of the work shall be completed within thirty (30) days of issuance of a permit. However, major work such as reroofing a building or repaving (resurfacing) a parking lot will be allowed thirty (30) days to submit a work schedule and obtain a permit and a maximum of six (6) months to complete the work.

(Ordinance 4449, sec. 1, adopted 9/18/90)

City of Garland, TX MISCELLANEOUS (ecode360.com)

Arlington, TX

Maintenance Parking facilities and loading berths shall be maintained and kept in a state of good repair at all times by the owner or the person in control of the premises.

UDCChapter.pdf (civiclive.com)

Commercial parking facilities such as parking surfaces and parking striping are required to be maintained and kept in a state of good repair at all times.

Common Violations

- Damaged parking surfaces
    - Potholes
    - Damaged/broken curb stop
    - Cracks in parking surface allowing grass/vegetation growth
    - Areas of the parking surface with multiple patches compromising the integrity of the parking surface
- Missing/faded fire lane and/or parking striping
- Burned out/improperly timed illumination

Parking Lot Standards - City of Arlington (arlingtontx.gov)