City of Azle
Regular Meeting Agenda
City Council

505 W. Main Street
Azle, Texas 76020

March 18, 2025 | **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: yhoffman@cityofazle.org

Carol Roberts, Pastor of Caring Ministries at Lighthouse Fellowship.

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.

PRESENTATION

1. Azle Memorial Library and Library Board annual presentation.
   Curren McLane, Library Director

ACTION ITEMS

2. Consider any action on the March 4, 2025 regular council meeting minutes.
   Yael Hoffman, City Secretary
3. Consider any action accepting the resignation of Tim Bevan from the Special Events Advisory Board.
   Yael Hoffman, City Secretary
4. Consider any action on appointing Ms. JoAnna Johnson to the Special Events Advisory Board, Place 4.
   Yael Hoffman, City Secretary
5. Consider any action for the Process Chemicals (Bid 2025-006)
   Jennifer Walls, Purchasing Agent
6. 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, 2024
   Stephen Barnes, Finance Director
7. Consider any action on Resolution No. 2025-06 approving the application for the Motor Vehicle

Crime Prevention Authority Grant
Mike Winterrowd, Police Detective

DISCUSSION ITEMS

8. Facade and Signage Improvement Program revisions and additions.
   Kristen Pegues, Community & Marketing Specialist
9. Speer Street Drainage Project
   Tom Muir, City Manager

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

EXECUTIVE SESSION

10. **551.072 REAL PROPERTY**
    Deliberation regarding the purchase, exchange, lease, or value of real property for the Park Land/Fire Station Project.

ADJOURNMENT

I, the undersigned authority, do hereby certify the above Agenda was posted at City Hall on 03-14-2025, 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 Hoffman, TRMC, CMC
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: **Curren McLane, Library Director**

Agenda Item: **Azle Memorial Library and Library Board annual presentation.**

Background and Explanation:

Azle Memorial Library and Library Board annual presentation.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

None

Item Number: 2

Presenter:	**Yael Hoffman, City Secretary**
Agenda Item:	**Consider any action on the March 4, 2025 regular council meeting minutes.**

Background and Explanation:

Procedural.

Board/Commission/Committee Recommendation:

Staff Recommendation:

Attachments:

1. Minutes

MINUTES
Regular Meeting
Azle City Council

505 W. Main Street
Azle, Texas 76020

March 4, 2025	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 Stacy Peek
Councilmember Rouel Rothenberger
Councilmember Brian Conner

Staff Present:

Tom Muir	City Manager
Andrea Russell	City Attorney
Yael Hoffman	City Secretary
Susie Hiles	Assistant to the City Manager
David Hawkins	Director of Planning and Development
Jennifer Walls	Purchasing Agent
Will Scott	Fire Chief
Lee Godbold	Assistant Fire Chief
Curren McLane	Library Director
Victor Gonzalez	Assistant Library Director

INVOCATION

Amy Collins from Sonshine Ministries gave the invocation.

PLEDGE OF ALLEGIANCE

Mayor Brundrett led the Pledge of Allegiance.

PUBLIC PARTICIPATION

None.

PROCLAMATIONS

1. Theatre in our Schools Month

Mayor Brundrett read and presented a proclamation to Azle ISD theatre program students and recognized the month of March as Theatre in Our Schools Month.

ACTION ITEMS

2. Consider any action on the February 4, 2025 regular Council meeting minutes

City Manager Tom Muir noted a typo on the action item. The correct date should be February 18, so the motion should reflect that.

Councilmember Estes moved to approve the February 18, 2025 regular Council meeting minutes, as presented. Mayor Pro Tem Goode seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

3. Consider any action on Ordinance No. 2025-04, declaring each unopposed candidate in the May 3, 2025, General Election elected to office and canceling the General Election.

Councilmember Rothenberger moved to approve Ordinance No. 2025-04, declaring each unopposed candidate in the May 3, 2025 General Election elected to office and canceling the General Election. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

4. Consider any action on the Facade and Signage Improvement Program application for Pecan Plaza at 328 W. Main St.

Councilmember Rothenberger moved to approve the Facade and Signage Improvement Program application in the amount of $10,000 to repave a portion of the parking lot at Pecan Plaza, 328 W. Main Street. Councilmember Nelson seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

5. Consider any action on the Facade and Signage Improvement Program application for 149 W. Main St.

No action was taken; Council requested more supporting documents. Staff to contact applicant.

6. Consider any action on the Facade and Signage Improvement Program application for 151 W. Main St.

Director of Planning and Development David Hawkins presented the Facade Grant request, noting the correct address is 149 W. Main Street and not 151.

Mayor Pro Tem Goode moved to approve the Facade and Signage Improvement Program application in the amount of $6,500 for building facade improvements at 149 W. Main Street. Councilmember Rothenberger seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

7. Consider any action on awarding the bid for EMS Billing, In-Field Patient Care Reporting, and Hardware (RFP No. 2025-004).

Mayor Brundrett recognized Purchasing Agent Jennifer Walls, who provided an overview of the bid process, noting bids were opened on January 16 and three (3) proposals were received. After evaluating the proposals, based on references and total contract costs, staff recommended awarding the contract to Quick Med Claims (QMC) in the amount of $238,000.

Mayor Pro Tem Goode moved to approve awarding the bid for EMS Billing, In-Field Patient Care Reporting, and Hardware (RFP No. 2025-004) to Quick Med Claims (QMC) in the amount of $238,000. Councilmember Rothenberger seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

8. Consider any action on Resolution No. 2025-05 designating the *Tri-County Reporter/Azle News* as the official newspaper.

Mayor Brundrett recognized City Manager Tom Muir who stated on February 18, the Council passed Resolution No. 2025-04 naming the *Commercial Recorder* as the City's official newspaper effective March 1, 2025, due to the *Tri-County Reporter* (formerly known as the *Azle News*) ceasing operations. On February 24, Staff was notified the *Tri-County Reporter* had been purchased and would continue operations initially as the *Tri-County Reporter* and then revert back to the *Azle News*. The *Tri-County Reporter* has asked the City to once again designate the *Tri-County Reporter/Azle News* as the city's official newspaper.

Councilmember Estes moved to approve Resolution No. 2025-05 designating the *Tri-County Reporter/Azle News* as the official newspaper. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

9. Consider a petition for release from the City's Extraterritorial Jurisdiction (ETJ) for property legally described as a 79.054-acre tract of land situated in the A. Campbell Survey, Abstract No. 338, Parker County, Texas, being a portion all of that tract of land described by deed to MITX, LTD., Wells Reno Investors, LTD., White Reno Investors, LTD., recorded in Volume 2154, Page 1607, County Records, Parker County, Texas and addressed as 1708 Helen Lane.

Mayor Brundrett recognized Planning and Development Director David Hawkins, who presented a petition for release from the city's ETJ. Senate Bill 2038, passed in 2023, allows residents and property owners in the ETJ to petition for release if they meet the requirements of the bill and the Texas Election Code. The ETJ release request meets the requirements of SB 2038 and city ordinances, and Staff has submitted it for the Council's consideration and approval.

Councilmember Nelson moved to approve the petition for release from the City's Extraterritorial Jurisdiction (ETJ) for property legally described as a 79.054-acre tract of land situated in the A. Campbell Survey, Abstract No. 338, Parker County, Texas, being a portion all of that tract of land described by deed to MITX, LTD., Wells Reno Investors, LTD., White Reno Investors, LTD., recorded in Volume 2154, Page 1607, County Records, Parker County, Texas and addressed as 1708 Helen Lane, as presented. Councilmember Conner seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

10. Consider any action on Ordinance No. 2025-5 amending Article 6.09.008 "Impoundment of Donation Bins" of Chapter Six, Health and Sanitation, of the Code of Ordinances, City of Azle, Texas, by adding a new subsection for abatement of repeat offenders.

Mayor Brundrett recognized Planning and Development Director David Hawkins, who provided a brief overview of the donation bin ordinance and the requested changes. The Council discussed proposed amendments to address repeat violators who drop off bins without permits multiple times throughout the year. The amendment aims to expedite the abatement process by allowing city staff to remove unauthorized donation bins immediately without prior notification. The Planning and Zoning Commission supported the request, and approval was sought from the Council. The key revision states that any donation bin within the city without a valid permit may be impounded without prior notice.

Councilmember Rothenberger moved to approve Ordinance No. 2025-05, amending Article 6.09.008 "Impoundment of Donation Bins" of Chapter Six, Health and Sanitation, of the Code of Ordinances, City of Azle, Texas, by adding a new subsection for abatement of repeat offenders, as presented. Councilmember Peek seconded the motion.

Yes: (7) Alan Brundrett, Randa Goode, Derrick Nelson, Amy Estes, Stacy Peek, Rouel Rothenberger, Brian Conner

11. Consider any action on approving Ordinance No. 2025-06 regulating short-term residential rentals.

Mayor Brundrett recognized City Manager Tom Muir who stated the Council discussed Ordinance No. 2025-06, which regulates short-term rentals, but action could not be taken at this time as public notices were not published. The City Attorney confirmed the ordinance's substance was complete, although some details still required clarification. The discussion included the possibility of hiring a consulting firm to monitor compliance, clarification on inspection fees and the renewal process, and a review of the Hotel Occupancy Tax registration procedure.

Destiny Ann - 150 Avondale Ave - addressed the Council, expressing her concerns that classifying short-term rentals as a business and requiring inspections could violate property owners' Fourth Amendment rights.

The Council clarified that once a property becomes a short-term rental, it is considered a business and must comply with all inspection requirements.

The City Attorney to bring back a final draft for Council review.

PUBLIC HEARING

12. Conduct a public hearing and consider any action on Ordinance No. 2025-03 regarding text amendments to Chapter 14 "Zoning Ordinance" of the Code of Ordinances, City of Azle, Texas. The purpose of the text amendment is to consider adding regulations for commercial buildings fronting a public street.

Mayor Brundrett recognized Planning and Development Director David Hawkins, who presented proposed amendments to the zoning ordinance regarding building orientation for commercial properties. Currently, zoning regulations only require residential structures to face a public street, with no such requirement for commercial buildings. The proposed change would mandate that all new commercial, retail, office, and industrial buildings also face a public street.

Mayor Brundrett opened the public hearing at 7:13 PM.
Mayor Brundrett closed the public hearing at 7:13 PM.

The Council discussed challenges related to defining "front-facing" orientation and the impact on architectural design. Concerns were raised about flexibility for businesses and potential exceptions. The Council requested the City Attorney draft a proposed amendment incorporating their suggestions.

ITEMS TO BE PLACED ON FUTURE MEETING AGENDAS

None.

MAYOR/COUNCIL COMMENTS OF COMMUNITY INTEREST

- Time change this weekend, March 9.
- March 10 - 14, Azle Library will offer various programs during Spring Break.
- No Municipal Development District meeting next week.
- 03-06-2025 - The Employee Appreciation Banquet will start at 6 PM.
- The splash pad will open in May.
- April 1 is Library Giving Day.
- The Feed-Lot and Farmers Market will open for the new season on April 5.

EXECUTIVE SESSION

Mayor Brundrett convened to Executive Session at 7:30 PM.
Mayor Brundrett reconvened to open meeting at 9:06 PM.

551.071 CONSULTATION WITH THE CITY ATTORNEY
Code Enforcement issues.

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

13. Take any action pursuant to the Executive Session.

No action.

ADJOURNMENT

Mayor Brundrett adjourned at 9:06 PM.

Presented and approved on March 18, 2025.

____
Alan Brundrett, Mayor

Attest:

____
Yael Hoffman, TRMC, CMC
City Secretary

Item Number: 3

Presenter: **Yael Hoffman, City Secretary**

Agenda Item: **Consider any action accepting the resignation of Tim Bevan from the Special Events Advisory Board.**

Background and Explanation:

Staff received a resignation notice from Mr. Bevan.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Tim Bevan

From: Tim Bevan
To: Culwell, Kyle; Yael Hoffman
Subject: Re:
Date: Wednesday, March 5, 2025 1:53:07 PM

Kyle and Yael,
Regretfully, I must resign my position on the Special Events Advisory Board. My schedule simply just doesn't allow consistent attendance and participation any longer.

Tim Bevan - Owner
OEM Part Haus
(817) 304-0624
OEMPartHaus.com

Item Number: 4

Presenter: **Yael Hoffman, City Secretary**

Agenda Item: **Consider any action on appointing Ms. JoAnna Johnson to the Special Events Advisory Board, Place 4.**

Background and Explanation:

An application has been received from Ms. JoAnna Johnson for the Special Events Advisory Board, Place 4.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. Boards and Commissions Application - JoAnna Johnson

Boards and Commissions Application

The following information is necessary to apply for potential service on a City of Azle Board or Commission. The information you provide will become a public record and available to the press and the public. In order to apply and serve as a Board or Commission member, you must meet eligibility requirements of the specific Board or Commission for which you apply. Please fill out this form and submit it to the Office of the City Secretary at 505 W. Main St. Azle, TX 76020 or by fax at 817.444.7149 By signing this application you are acknowledging that you have applied for an appointed position with the City, and agree to serve on the Board or Commission for which you have applied in good faith.

Personal Information

Name	JoAnna Johnson
E-Mail	Jdjohnson238@yahoo.com
Address	252 W Main Street
City	Azle
State	TX
Zip	76020
Phone (H):	8179664884
Length of Residence in Azle (Months):	480

You must be a resident of Azle for at least 12 consecutive months preceding your appointment

Registered Voter	Yes
Have you or do you currently serve on any City Board or Commission?	No

Professional Information

Business Name	Southern Hiney Giftique
Profession	Boutique Owner
Business Address	252 W Main Street
City	Azle
State	TX
Zip	76020
Business Phone	8174064899
Please briefly tell us why you are interested in serving on a Board or Commission:	I am a long time Azle resident and have a background in event planning. I also have a passion for music.
What do you think qualifies you to serve on a Board or Commission?	I have a background in event planning. I am an ambassador for the Azle Area Chamber of Commerce.
Please indicate your area(s) of interest. You may select one option or select more by ranking them according to your preferences.	• Special Events Advisory Board
Have you attended any meetings of the Board/Commission for which you wish to be considered?	No
Will you commit to:	Frequent Involvement

I certify that the foregoing information is true and correct.

Signature

Item Number: 5

Presenter:	**Jennifer Walls, Purchasing Agent**
Agenda Item:	**Consider any action for the Process Chemicals (Bid 2025-006)**

Background and Explanation:

On March 6, 2025, sealed bids were opened and read aloud for chemicals used at the Water and Wastewater Treatment Plants. Thirteen (13) different chemicals are used to maintain consistent water quality at the Water Plant and to ensure the sewage is safe for discharge at the Wastewater Treatment Plant. The bid specifications stated a primary and secondary vendor for each chemical would be awarded to ensure product availability for the plants.

As shown on the attached bid tabulation, fourteen (14) bidders responded with ten (10) of those agreeing to serve as a secondary vendor. The bid representing the best value to the City for each chemical is highlighted with primary and secondary vendors as indicated. All bids were evaluated by the Water Department and Purchasing Staff, who determined the City received qualifying bids for each individual chemical.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Staff recommends awarding the bid to the highlighted primary and secondary bidders for the respective chemicals.

Attachments:

1. Process Chemicals Bid Tab

City of Azle

2025 Bulk Chemical Bids* - BID # 2025-006

Opened 03/06/2025 at 14:01

Vendor	Secondary Vendor	Aluminum Sulfate (Alum)	Ammonium Sulfate (LAS)	(HTH) Calcium Hypochlorite	Copper Sulfate	Ferric Chloride	Polymers				Potassium Perm.	Activated Carbon	Sodium Hydroxide 25% /	50%	Hydrofluorosilicic Acid 55 gal.	Hydrofluorosilicic Acid 330 gal.	Hydrofluorosilicic Acid 1,500 gal.
							Trade Name	Water	Trade Name	Waste W							
Baker Services	YES		0.1590														
Carbon Activated Corporation	YES											1.2700					
Chameleon Industries	YES	0.1010	0.1430														
Chemtrade	YES	0.1301	0.1600				Hyper+Ion 810	0.4650									
Hawkins Inc.	YES	0.1450											0.1450	0.2350			
Pennco	NO		0.1245			0.2380											0.3680
Polydyne	YES								co-poly	1.7600							
PVS Technologies	NO					0.2400											
PVS DX	NO												0.1325	0.2380			
United Mineral & Chemical	YES			2.8500							2.4000						
Shannon Chemical	NO										3.3700						
Univar Solutions	YES	0.1260		3.7100							3.0900	1.2900	0.1217	0.2146	0.5300	0.7000	0.3200
US Alco	YES						GC 8781	0.4570									
Vineera Chemical	YES												0.1430	0.2080			

Chlorine (1 Ton Cylinder)	
PVS DX	1.2445

Sole / Winning Bid

Secondary Vendor

*All prices are bid in wet / pounds for Solutions
all dry weight / pounds for Dry chemicals

Exceptions to Bid
Pennco *Minimum 4,000 gallon delivery of Ferric Chloride *Minimum 4,000 gallon delivery of Ammonium Sulfate (LAS) *Minimum 1,500 gallon delivery of Hydrofluorosilicic
Shannon Chemical Corporation *Minimum delivery 36 pails of Potassium Permanganate

	2020	2021	2022	2023	2024	2025	Change	% Change
Alum	0.0775	0.0755	0.1170	0.0935	0.1030	0.1010	-0.0020	-1.98%
LAS	0.0965	0.0985	0.1870	0.1800	0.1450	0.1245	-0.0205	-16.47%
HTH	1.4900	2.2500	2.1900	2.6500	3.5800	2.8500	-0.7300	-25.61%
Copper Sulfate	No Bid	1.1900	1.1900	0.7020	1.6700	No Bid	#VALUE!	
Ferric Chloride	0.1353	0.1362	0.1579	0.2349	0.2450	0.2380	-0.0070	-2.94%
Polymer - W	0.3060	0.3040	0.4240	0.4375	0.4375	0.4570	0.0195	4.27%
Polymer - WW	1.7000	1.2600	1.6000	1.7400	1.7400	1.7600	0.0200	1.14%
Potassium Perm.	1.2500	1.8300	3.3200	3.9900	3.2900	2.4000	-0.8900	-37.08%
Activated Carbon	No Bid	1.2100	1.2800	1.2500	1.2900	1.2700	-0.0200	-1.57%
25% Caustic	0.0783	0.0700	0.1250	0.1506	0.1197	0.1217	0.0020	1.64%
50% Caustic	0.1220	0.1263	0.2313	0.2690	0.2124	0.2080	-0.0044	-2.12%
Fluoride - 55 gal	0.4200	0.4750	0.5700	0.5500	0.5800	0.5300	-0.0500	-9.43%
Fluoride - 330 gal	0.4000	0.4700	0.5800	0.5400	0.7000	0.7000	0.0000	0.00%
Fluoride - 1,500 gal	0.2850	0.2885	0.3100	0.3600	0.3200	0.3680	0.0480	13.04%
Cl2	0.4840	0.5125	0.8875	1.1745	1.1945	1.2445	0.0500	4.02%

Item Number: 6

Presenter: **Stephen Barnes, 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, 2024**

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, 2024. A single audit is required from recipients who expend $750,000 or more in aggregate federal financial assistance within the fiscal year, of which the City's expenditure of ARPA (American Rescue Plan Act) funds requires the need for such an audit.

BrooksWatson & Co., PLLC Certified Public Accountants has completed the annual audit and single audit for fiscal year ending September 30, 2024. The audit report was reviewed by the Audit Committee on March 11, 2025. 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, 2024.

Staff Recommendation:

Staff recommends acceptance.

Attachments:

1. Audit Power Point Presentation-Azle
2. Draft ACFR 9.30.24
3. 9.30.24 Single Audit - Draft
4. SAS 114 Communication With Governance
5. SAS 115-Communication of Sig Def and Other Matters

Azle, Texas

Audit Presentation

September 30, 2024

Presented By: Austin Henderson, CPA, Audit Manager
March 11, 2025

BW&C
CERTIFIED PUBLIC ACCOUNTANTS

OVERVIEW OF THE AUDIT PROCESS

Audit Process: 3 stages (Planning, Fieldwork, Conclusion & Reporting)

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS)

- PLANNING
  - The audit process was a risk-based approach in which we focused our procedures on those areas most susceptible to risk of error or fraud.
- FIELDWORK
  - Agree balances to underlying reports and perform testing to assure those balances are materially accurate.
- CONCLUSION & REPORTING
  - Evaluate results. Prepare report and required communications.

BW&C

ANNUAL COMPREHENSIVE FINANCIAL REPORT

- Certificate of Achievement for Excellence in Financial Reporting.
- Above and Beyond Standard Reporting Requirements.
- 22st Consecutive year awarded.

COMPONENTS OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

- Letter of Transmittal
- Auditor's Opinion
- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-Wide Statements
  - Fund Level Statements
  - Notes to the Financial Statements
- Required Supplementary Information
- Statistical Section

INDEPENDENT AUDITOR'S REPORT

REFERENCE ACFR – PAGE 1

- Four possible outcomes

-Unmodified

-Modified

-Disclaimed

-Adverse

- The City received an unmodified opinion
- Highest level of assurance

FINANCIAL HIGHLIGHTS

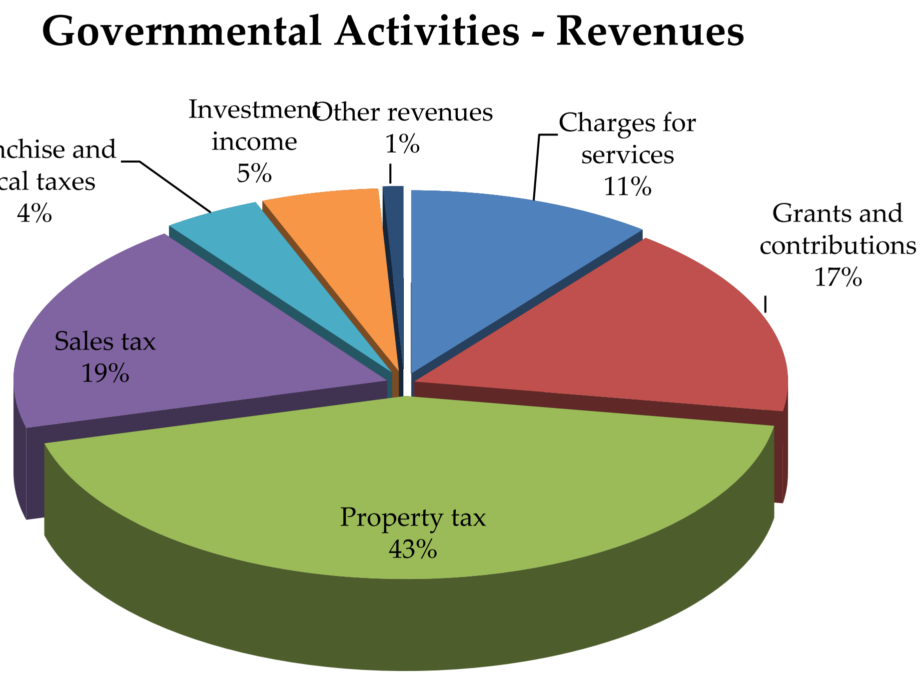
REFERENCE ACFR – PAGE 5

- Total assets exceeded total liabilities by $107,720,935.
- City's governmental funds reported combined ending fund balances of $27,471,028, an increase of $10,100,849.
- Unassigned fund balance in the general fund was $10,698,217 or 64% of annual general fund expenditures.
- The City had an overall increase in net position of $7,094,088 for the year.

BW&C

City Revenues – Governmental Activities

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/24 - REFERENCE ACFR PAGE 24/25



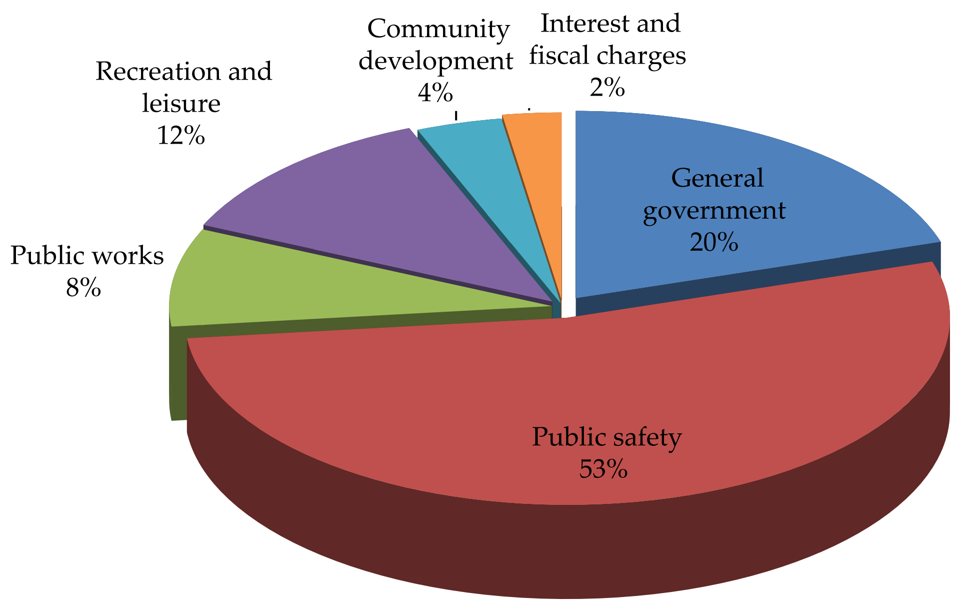
- Total governmental revenues were $22,962,554, increase of $1,752,021.
  - Total property taxes were $9,928,802, increase of $979,359.
  - Total sales taxes were $4,360,559, increase of $212,911.
  - Charges for services were $2,440,213, increase of $276,642.

BW&C

City Expenses – Governmental Activities

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/24 - REFERENCE ACFR PAGE 24

Governmental Activities - Expenses



- Total governmental expenses were $18,336,752, decrease of $1,933,668.
  - Public safety expenses were $9,738,083, decrease of $799,638.
  - General government were $3,693,469, decrease of $242,328.
  - Public works expenses were $1,552,870, decrease of $1,269,482.

BW&C

STATEMENT REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/24 - REFERENCE ACFR PAGE 30

	General Fund	Debt Service	Capital Projects	TIRZ No. 1
Revenues				
Total Revenues	18,757,843	735,453	341,545	1,281,585
Expenditures				
Total Expenditures	16,695,728	788,138	771,187	-
Total Other Financing Sources (Uses)	(302,945)	-	7,505,675	-
Net Change in Fund Balances	1,759,170	(52,685)	7,076,033	1,281,585
Beginning fund balances	9,580,034	160,504	2,403,406	3,679,108
Ending Fund Balances	$ 11,339,204 *	$ 107,819	$ 9,479,439	$ 4,960,693

*Unassigned fund balance for the general fund was $10,698,217 or 64% of annual general fund expenditures.

BW&C

SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE (Budget & Actual)

GENERAL FUND – YEAR ENDING 9/30/24 - REFERENCE ACFR PAGE 94/95

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Total Revenues	18,951,407	18,757,843	(193,564)
Expenditures			
Total Expenditures	18,808,802	16,695,728	2,113,074
Revenues Over (Under) Expenditures	142,605	2,062,115	1,919,510
Other Financing Sources (Uses)			
Total Other Financing Sources (Uses)	(396,012)	(302,945)	93,067
Net Change in Fund Balance	$ (253,407)	1,759,170	$ 2,012,577
Beginning fund balance		9,580,034	
Ending Fund Balance		$ 11,339,204	

BW&C

STATEMENT REVENUES, EXPENDITURES & CHANGES IN NET POSITION

PROPRIETARY FUNDS – YEAR ENDING 9/30/24 - REFERENCE ACFR PAGE 40

	Utility	Golf Course	Storm Water
Operating Revenues			
Total Operating Revenues	10,235,728	1,996,185	593,301
Operating Expenses			
Total Operating Expenses	9,371,023	1,712,483	479,153
Operating Income (Loss)	864,705	283,702	114,148
Nonoperating Revenues (Expenses)			
Total Nonoperating Revenues (Expenses)	437,728	55,586	(14,329)
Income Before Capital Contributions & Transfers	1,302,433	339,288	99,819
Capital Contributions	651,720	-	-
Transfers, net	(870,388)	-	(17,836)
Change in Net Position	1,083,765	339,288	81,983
Beginning net position	46,032,268	4,335,747	8,840,598
Ending Net Position	$ 47,116,033	$ 4,675,035	$ 8,922,581

SINGLE AUDIT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDING 9/30/24 - REFERENCE SINGLE AUDIT REPORT

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

SINGLE AUDIT
SCHEDULE OF FEDERAL EXPENDITURES

SEFA – YEAR ENDING 9/30/24 - REFERENCE SINGLE AUDIT REPORT

City of Azle, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2024

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 2022	16.607	$ 1,968
	Total U.S. Department of Justice		1,968
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			
Pass-through Tarrant County:			
U.S. Department of Housing and Urban Development Community Development Block Grant - CDBG-Entitlement Grants Cluster	B-22-UC-48-0001-11-05	14.218	115,307
	Total U.S. Department of Transportation		115,307
U.S. DEPARTMENT OF TREASURY			
Pass-through Texas Division of Emergency Management			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	TX4291	21.027	1,341,802
Pass-through Tarrant County Emergency Services District			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	n/a	21.027	991,251
	Total U.S. Department of Treasury		2,333,053
	TOTAL PROGRAMS		$ 2,450,328

BW&C

CONCLUSION

Other Reports and Questions

Presented By: Austin Henderson, CPA, Audit Manager
March 11, 2025

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

of the

City of Azle, Texas

For the Year Ended
September 30, 2024

<u>Prepared by</u>

Stephen Barnes
Finance Director

Kim Silas
Senior Accountant

Joanna Ash
Accounting Analyst

City of Azle

Community & Opportunity

City of Azle, Texas

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September 30, 2024

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City of Azle

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City of Azle
Community & Opportunity

February 18, 2025

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, 2024.

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, 2024, 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, 2024, 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 2024 has an estimated 14,847 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.

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 3.9% in September 2024 compared to 3.8% in 2023.

Sales tax collections increased by 6% in 2024 and 14.3% in 2023. This growth is due in part to growth in the retail business community in the City and increases in inflation. The City's assessed taxable values increased 6% for the 2024 tax year and 21.48% in 2023.

The City's estimated 2024 population is 14,847 which represents an 11% increase 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 234 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 issued debt during FY 2024 in the amount of $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 $8,500,000. Of this amount, $2,817,500 will 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 $949,397 in 2024 and $869,421 in 2023.

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, 2023. This is the twenty-second 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, 2023. This is the City's twenty-first 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 2023. This is the City's ninth 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
City Manager

Lawrence Bryant
Assistant City Manager

Stephen Barnes

Stephen Barnes
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Azle
Texas

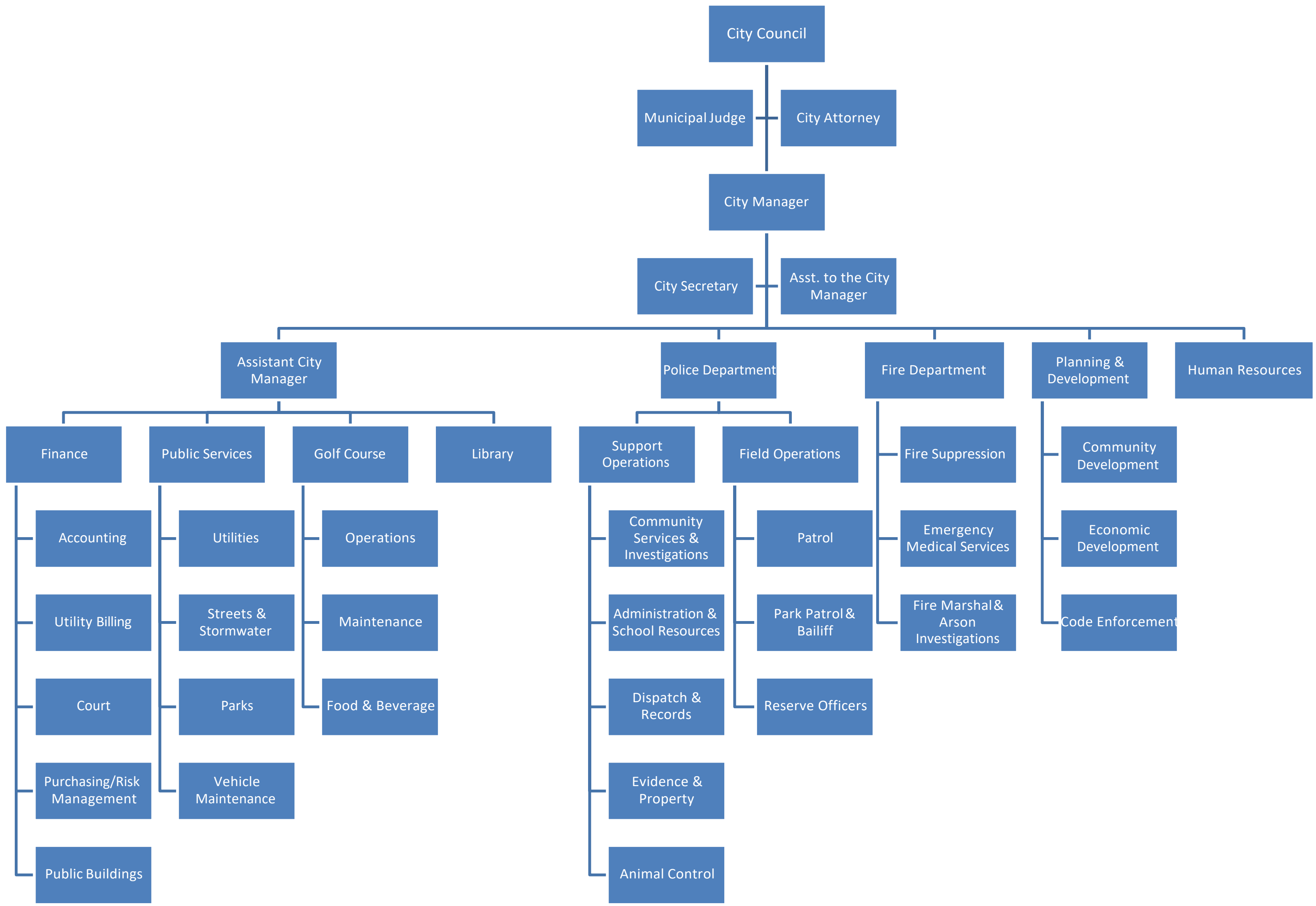
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morrill

Executive Director/CEO

City of Azle, Texas
Organizational Chart
September 30, 2024



City of Azle, Texas

ELECTED AND APPOINTED OFFICIALS

September 30, 2024

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
Stephen Barnes	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

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, 2024, 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, 2024, 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 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.

Emphasis of Matters

As discussed in Note V.H. to the financial statements, the City reclassified the TIRZ No. 1 fund from a nonmajor governmental fund in the prior fiscal year to a major governmental fund in the current fiscal year. There was no impact on beginning governmental net position or fund balances. Our opinion is not modified with respect to this matter.

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 March 7, 2025 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.
Certified Public Accountants
Houston, Texas
March 7, 2025

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 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, 2024. 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, 2024 by $107,720,935. Of this amount, $12,085,172 (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 $7,094,088. 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 $27,471,028 at September 30, 2024, an increase of $10,100,849 from the prior fiscal year; this includes an increase of $1,759,170 in the general fund, a decrease of $52,685 in the debt service fund, an increase of $7,076,033 in the capital projects fund, an increase of $1,281,585 in the TIRZ No. 1 fund, and an increase of $36,746 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $10,698,217 or 64% 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.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in 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 eleven 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, with the exception of tree restoration fund and roadway impact fees fund. 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.

Proprietary Funds

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 36-45 of this report.

Component Units

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.

Notes to Financial Statements

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 47-92 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 $107,720,935 as of September 30, 2024, in the primary government.

The largest portion of the City's net position, $77,882,872 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 $17,752,891 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $12,085,172 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:

	2024			2023		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 31,005,129	$ 15,921,854	$ 46,926,983	$ 21,816,093	$ 15,329,178	$ 37,145,271
Capital assets	40,728,244	54,827,660	95,555,904	40,175,167	55,336,257	95,511,424
Total Assets	71,733,373	70,749,514	142,482,887	61,991,260	70,665,435	132,656,695
Deferred Outflows	1,836,571	441,209	2,277,780	3,115,927	750,932	3,866,859
Other liabilities	3,753,488	2,788,556	6,542,044	4,635,828	3,203,700	7,839,528
Long-term liabilities	22,634,818	7,479,803	30,114,621	18,963,473	8,747,066	27,710,539
Total Liabilities	26,388,306	10,268,359	36,656,665	23,599,301	11,950,766	35,550,067
Deferred Inflows	174,352	208,715	383,067	89,652	256,988	346,640
Net Position:						
Net investment in capital assets	29,645,059	48,237,813	77,882,872	29,107,902	47,500,760	76,608,662
Restricted	10,968,193	6,784,698	17,752,891	8,176,591	4,823,069	12,999,660
Unrestricted	6,394,034	5,691,138	12,085,172	4,133,741	6,884,784	11,018,525
Total Net Position	$ 47,007,286	$ 60,713,649	$ 107,720,935	$ 41,418,234	$ 59,208,613	$ 100,626,847

Current and other assets for the primary government increased by $9,781,712 or 26% primarily due to greater cash and investments on hand, resulting from operating surpluses during the year and unspent bond proceeds as of year end. Other liabilities decreased for the primary government by $1,297,484 or 17% primarily due to the recognition of grant revenue previously deferred in the prior year. Long-term liabilities for governmental activities increased by $3,671,345 or 16% primarily as a result of nonrecurring debt issuances in the current year. Long-term liabilities for business-type activities decreased by $1,267,263 or 14% primarily due to debt principal payments and a decrease in the net pension liability in the current year.

City of Azle, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

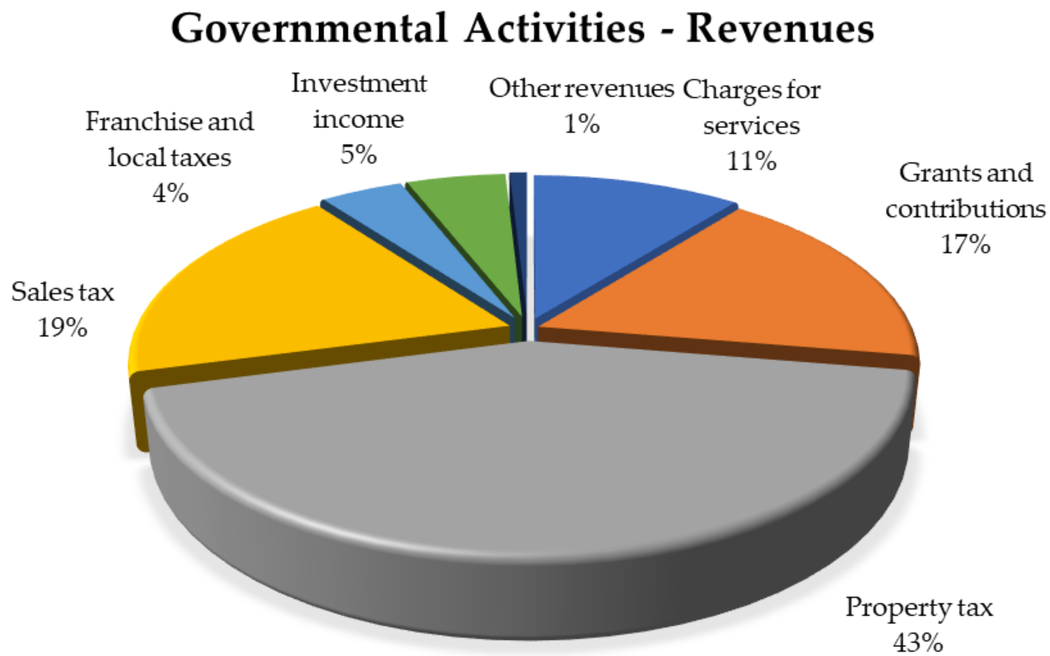
September 30, 2024

Statement of Activities:

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

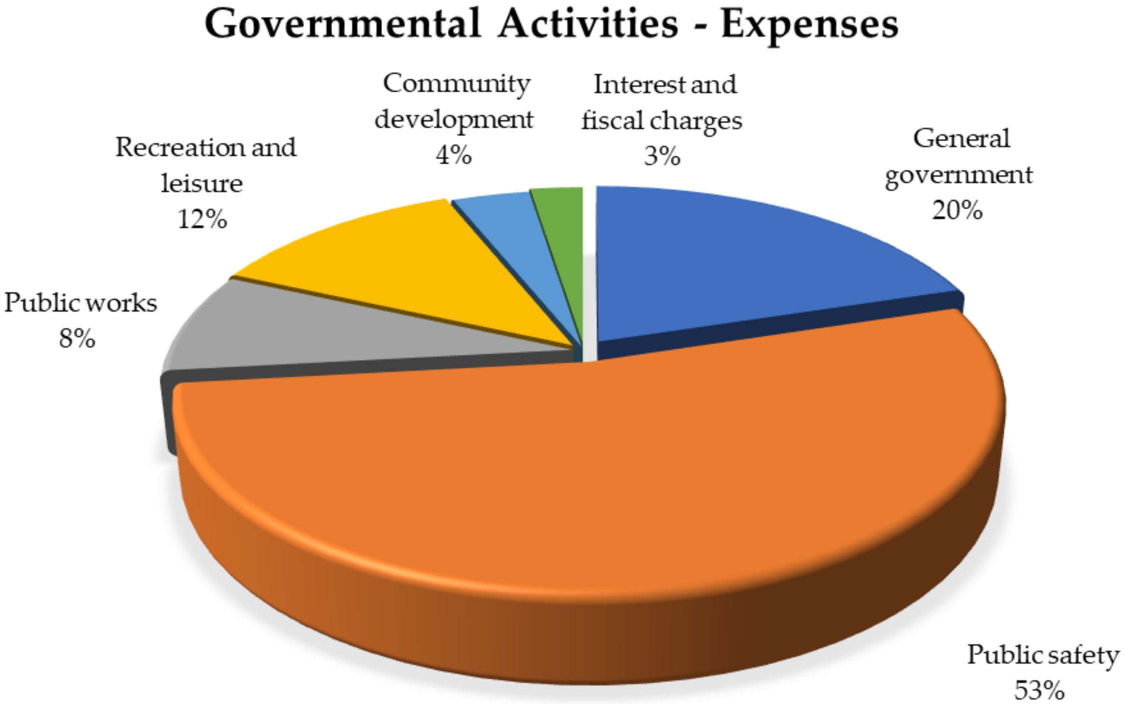
	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 2,440,213	$ 12,779,084	$ 15,219,297	$ 2,163,571	$ 13,480,486	$ 15,644,057
Operating grants	870,703	-	870,703	963,058	-	963,058
Capital contributions	3,026,897	651,720	3,678,617	2,924,838	2,146,399	5,071,237
General revenues:						
Property tax	9,928,802	-	9,928,802	8,949,443	-	8,949,443
Sales tax	4,360,559	-	4,360,559	4,147,648	-	4,147,648
Franchise and local taxes	969,815	-	969,815	927,431	-	927,431
Investment income	1,163,265	636,582	1,799,847	880,498	514,804	1,395,302
Oil and gas revenues	43,395	14,728	58,123	107,932	64,470	172,402
Other revenues	158,905	46,130	205,035	146,114	47,364	193,478
Total Revenues	22,962,554	14,128,244	37,090,798	21,210,533	16,253,523	37,464,056
Expenses						
General government	3,693,469	-	3,693,469	3,935,797	-	3,935,797
Public safety	9,738,083	-	9,738,083	10,537,721	-	10,537,721
Public works	1,552,870	-	1,552,870	2,822,352	-	2,822,352
Recreation and leisure	2,232,258	-	2,232,258	2,054,636	-	2,054,636
Community development	665,319	-	665,319	679,499	-	679,499
Interest and fiscal charges	454,753	86,710	541,463	240,415	119,905	360,320
Utility	-	9,371,023	9,371,023	-	10,235,101	10,235,101
Golf course	-	1,720,463	1,720,463	-	1,762,243	1,762,243
Storm water utility	-	481,762	481,762	-	457,570	457,570
Total Expenses	18,336,752	11,659,958	29,996,710	20,270,420	12,574,819	32,845,239
Change in Net Position Before Transfers	4,625,802	2,468,286	7,094,088	940,113	3,678,704	4,618,817
Transfers	963,250	(963,250)	-	(133,184)	133,184	-
Total	963,250	(963,250)	-	(133,184)	133,184	-
Change in Net Position	5,589,052	1,505,036	7,094,088	806,929	3,811,888	4,618,817
Beginning Net Position	41,418,234	59,208,613	100,626,847	40,611,305	55,396,725	96,008,030
Ending Net Position	$ 47,007,286	$ 60,713,649	$ 107,720,935	$ 41,418,234	$ 59,208,613	$ 100,626,847

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



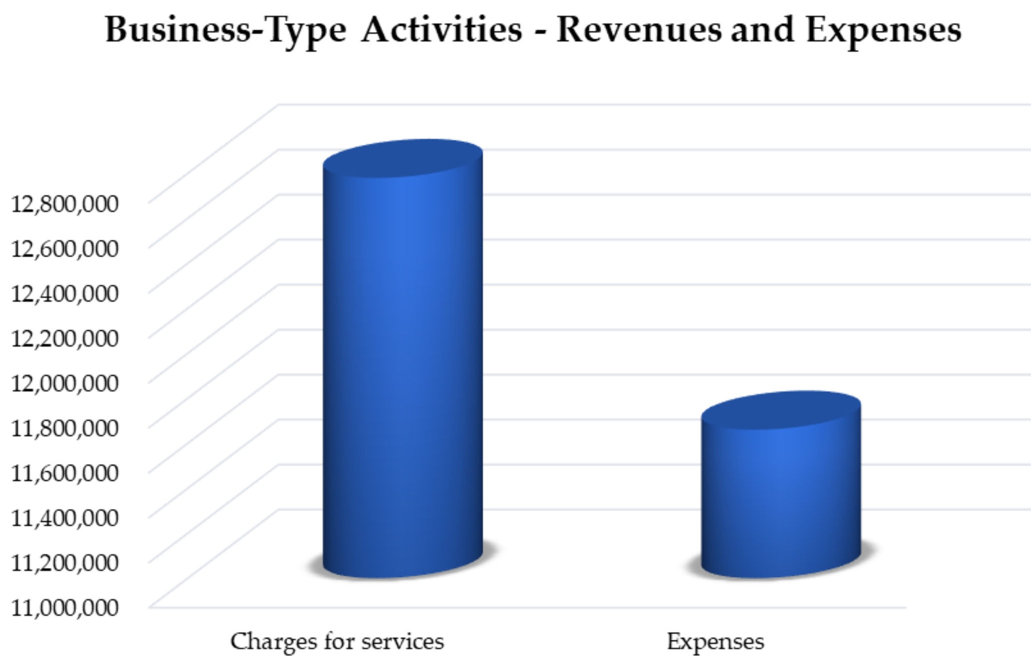
For the year ended September 30, 2024, revenues from governmental activities totaled $22,962,554. Property tax, grants and contributions, and sales tax are the City's largest general revenue sources. Overall revenue increased $1,752,021 or 8% due to greater investment income, charges for services, and property taxes when compared to the prior year. Property taxes increased by $979,359 or 11% due to greater appraisal values compared to the prior year. Charges for services increased by $276,642 or 13% due primarily to an increase in municipal court fines and forfeitures revenue in the current year. Investment income increased by $282,767 or over 100%, which was a result of greater interest-bearing accounts and realization of higher interest rates over the course of the year. Oil and gas revenues decreased by $64,537 or 60% primarily due to a decrease in overall production and prices for gas royalties 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, 2024, expenses for governmental activities totaled $18,336,752. This represents a decrease of $1,933,668 or 10% from the prior year. The City's largest functional expense is public safety totaling $9,738,083, which decreased by $799,638 or 8%. This decrease is primarily a result of nonrecurring employee retirement expenses related to actuarial changes in the City's pension liability over the course of the year. The City's net pension liability decreased by over $2 million when compared to the prior year. General government decreased by $242,328 or 6% due to nonrecurring employee retirement expenses, resulting from the aforementioned pension valuation changes over the course of the year. Public works expenses decreased by $1,269,482 or 45% due to nonrecurring street maintenance expenses in the prior year. Recreation and leisure expenses increased by $177,622 or 9% due to nonrecurring costs incurred for the ongoing park projects in the current year. In addition, the increase was due to greater personnel costs related to wage increases in the current year. Interest and fiscal charges increased by $214,338 or 89% due to nonrecurring debt issuance costs 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, 2024, charges for services by business-type activities totaled $12,779,084. This represents a decrease of $701,402 or 5% from the previous year, which is a direct result of a decrease in water and sewer consumption in the current year. Capital contributions decreased by $1,494,679 or 70% as a result of nonrecurring developer contributions received in the prior year for utility and storm water infrastructure projects.

Total business-type activity expenses decreased $914,861 or 7% to a total of $11,659,958. Utility expenses (including interest) totaled $9,457,733, while golf and storm water utility operations totaled $1,720,463 and $481,762, respectively. Utility expenses (excluding interest) decreased by $864,078 or 8% primarily due to nonrecurring garbage services due to greater commercial garbage consumption in the prior year. In addition, the decrease is due to nonrecurring employee benefit expenses due to the City's pension valuation changes throughout the 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, 2024, the City's governmental funds reported combined fund balances of $27,471,028, an increase of $10,100,849 in comparison with the prior year. Approximately 39% of this amount, $10,698,217, 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 $254,541 or 2) restricted for particular purposes $16,518,270.

As of the end of the year the general fund reflected a total fund balance of $11,339,204. Of this, $640,987 is considered not in spendable form or restricted and $10,698,217 is unassigned. General fund balance increased by $1,759,170 during the current year primarily due to less than anticipated expenditures. Current year revenues increased by nearly $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 $10,698,217 is 64% of total general fund expenditures.

The debt service fund had an ending fund balance of $107,819 at September 30, 2024, a decrease of $52,685 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 $787,338 and property tax revenue of $719,687.

The capital projects fund had an ending fund balance of $9,479,439 at September 30, 2024, an increase of $7,076,033 when compared to the prior year. This increase is primarily attributable to greater than anticipated revenues and nonrecurring bond issuances in the current year.

The TIRZ No. 1 fund had an ending fund balance of $4,960,693 at September 30, 2024, an increase of $1,281,585 when compared to the prior year. The increase is due to greater property tax revenues over the course of the year.

Proprietary Funds - 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 $47,116,033. Unrestricted net position at the close of the fiscal year for all proprietary funds amounted to $5,691,138, a decrease of $1,193,646 over the previous year. Total investment in capital assets, net of related debt was $48,237,813, and capital assets, net of depreciation totaled $54,827,660.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total budgeted revenues of $18,951,407 were more than actual revenues of $18,757,843, resulting in a total negative revenue variance of $193,564. All actual revenues were greater than the budgeted amounts with the exception of property taxes and intergovernmental revenue. Total budgeted expenditures of $18,808,802 were more than actual expenditures of $16,695,728, resulting in a total positive expenditure variance of $2,113,074. All departmental expenditures were less than the budgeted amounts with the exception of public works, principal, interest and capital outlay. The City also increased various revenue categories by $2,194,524 due to revised estimates. The most significant was an increase to intergovernmental revenues due to new federal grant funds received in the current year. The City increased various expenditure categories by $872,392 due to revised estimates.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $40,728,244 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested $54,827,660 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:

- Continued work on the Shady Grove project for $513,284.
- Continued work on the Dunaway Reconstruction project for $344,396.
- Completed the two ambulance projects totaling $731,151.
- Replaced an HVAC unit for $68,588.
- Made improvements to the AD building for $69,593.
- Purchased multiple vehicles totaling $188,494.
- Purchased three cardiac monitors totaling $165,902.
- Made improvements to public safety vehicles totaling $108,416.
- Made improvements to the food truck park restrooms for $59,810.
- Purchased energy saving equipment totaling $119,339.
- Installed new water meters for $62,808.
- Entered into new lease financing for golf carts totaling $463,503.
- Purchased golf course equipment totaling $160,535.
- Purchased new PVC piping for $73,882.
- Began the golf course clubhouse remodel totaling $88,554.
- Continued and began work on multiple drainage projects for $213,531.
- Upgraded multiple utility lines for $276,902.
- Installed an emergency process generator for $142,845.
- Began work on the Dalton water line for $130,470.

LONG-TERM DEBT

The City's outstanding bonds, tax notes, leases and certificates of obligation payable, net of all premiums and discounts, increased by $4,546,358 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year was $22,571,650, net of all premiums and discounts. Of this amount, $22,050,000 (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 2025. 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 187 new residential construction permits during FY 2024 compared to 123 in the previous year. In addition, 6 commercial construction permits were issued during the year, compared to 2 in the prior year. General sales tax revenue increased approximately 5.1% from $3.3 million in 2023 to $3.48 million in 2024. The taxable assessed valuation of property within the City for the 2023 tax year increased by 8.79% from $1,542 million to $1,677 million. This increase includes $69.1 million in new construction.

Utility fund revenue is projected to decrease $719,536. This decrease is attributable to a change in billing for solid waste service. The City of Azle has granted a franchise for solid waste collection to Community Waste Disposal (CWD). Prior to February 2024 the City billed both commercial and residential customers for CWD's service with the customer's utility bill. Commercial accounts are now billed by CWD directly. Expenses in the Utility fund have also decreased as a result of this change. Water and sewer rates are budgeted to remain unchanged. Operating expenses are budgeted to decrease $1,075,207 from the prior year adopted budget due to the change in solid waste billing mentioned above and a reduction in the fund's annual debt service expense. The reduction in debt service is attributable to the laddered structure of the outstanding debt.

General fund revenues, exclusive of transfers in, are projected to be $16,772,759. This is an increase of $15,876 (0.09%) from the prior year amended budget. Revenue is expected to be flat overall due to a decrease in the amount of grant funding expected this year. Expenditures, excluding transfers, for the general fund are budgeted at $18,268,270. This is an increase of $340,360 (1.9%) from the prior fiscal year.

Other key factors include:

- Sales tax collections are projected to increase by $255,555 (8.16%) from the original FY 2024 budget projection and franchise fees are projected to remain flat.
- New construction building permits decrease of $200,000 due to a decline in new home starts.
- New positions in this budget include a three (3) Firefighter/Paramedics, two (2) Police Officers (previously funded by Azle ISD), two (2) Dispatchers, Police Records Assistant, Senior Accountant, and a Library Assistant (upgrade from part to full-time).
- Replace one (1) ambulance ($580,000) 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, Central Park Trail Improvement and Extension Project, and Shady Grove Park Field No. 1 renovation.
- A one step pay increase of approximately 3.6% and a 5.0% market adjustment was added for all full-time employees ($790,787 including all associated costs across all funds).

Additionally, the City's ad valorem tax rate increased to $0.6140869 per hundred dollars of assessed value, which will produce a total increase in property tax revenue of $1,529,327 due to increased property values and new construction. These increases are mainly attributable to a $0.0349816 increase in the debt service rate as a result of the issuance of certificates of obligation for the reconstruction and expansion of Dunaway Lane.

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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	$ 10,295,907	$ 4,131,559	$ 14,427,466
Investments	4,949,692	2,765,655	7,715,347
Taxes receivable, net	420,109	-	420,109
Receivables, net	3,286,553	1,390,617	4,677,170
Lease receivables, current	-	24,619	24,619
Inventories	29,840	484,354	514,194
Prepaid and other assets	102,085	6,732	108,817
Restricted assets - cash	10,249,361	562,126	10,811,487
Restricted assets - investments	1,548,966	1,185,947	2,734,913
Total Current Assets	30,882,513	10,551,609	41,434,122
Noncurrent assets:			
Restricted assets - cash	-	5,339,496	5,339,496
Lease receivables, noncurrent	-	153,365	153,365
Interfund advances	122,616	(122,616)	-
Capital assets:			
Non-depreciable	3,355,920	3,957,184	7,313,104
Net depreciable capital assets	37,372,324	50,870,476	88,242,800
Total Noncurrent Assets	40,850,860	60,197,905	101,048,765
Total Assets	71,733,373	70,749,514	142,482,887
Deferred Outflows of Resources			
Deferred outflows - Pension	1,830,899	440,129	2,271,028
Deferred outflows - OPEB	5,672	1,080	6,752
Total Deferred Outflows of Resources	1,836,571	441,209	2,277,780

Component Units	
Crime District	Municipal District
$ 261,111	$ 2,157,730
-	2,131,297
146,926	171,406
-	1,935
-	-
-	-
-	-
-	-
-	-
408,037	4,462,368
-	-
-	-
-	-
-	-
669,846	-
669,846	-
1,077,883	4,462,368
48,417	12,949
-	-
48,417	12,949

City of Azle, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	$ 418,792	$ 692,275	$ 1,111,067
Accrued liabilities	443,282	99,124	542,406
Due to other governments	362,392	-	362,392
Deposits payable	-	706,511	706,511
Unearned revenue	1,123,417	26,148	1,149,565
Compensated absences, current	430,658	115,135	545,793
Accrued interest payable	98,411	11,736	110,147
Long-term debt due in one year	876,536	1,137,627	2,014,163
Total Current Liabilities	3,753,488	2,788,556	6,542,044
Noncurrent liabilities:			
Net pension liability	6,515,960	1,809,657	8,325,617
OPEB liability	294,469	56,089	350,558
Compensated absences	107,664	28,784	136,448
Long-term debt due in more than one year	15,716,725	5,585,273	21,301,998
Total Noncurrent Liabilities	22,634,818	7,479,803	30,114,621
Total Liabilities	26,388,306	10,268,359	36,656,665
Deferred Inflows of Resources			
Deferred inflows - pension	104,602	25,317	129,919
Deferred inflows - OPEB	69,750	13,286	83,036
Lease related	-	170,112	170,112
Total Deferred Inflows of Resources	174,352	208,715	383,067
Net Position			
Net investment in capital assets	29,645,059	48,237,813	77,882,872
Restricted for:			
Municipal court	99,941	-	99,941
Public works	784,131	-	784,131
Capital projects	9,190,509	6,506,820	15,697,329
Debt service	107,819	277,878	385,697
Public safety	386,446	-	386,446
Economic development	-	-	-
Parks and recreation	31,655	-	31,655
Tourism	367,692	-	367,692
Unrestricted	6,394,034	5,691,138	12,085,172
Total Net Position	$ 47,007,286	$ 60,713,649	$ 107,720,935

See Notes to Financial Statements.

Component Units	
Crime District	Municipal District
$ 41,536	$ 18,396
6,813	2,489
-	-
-	-
-	-
2,319	-
3,057	-
96,345	-
150,070	20,885
171,559	30,006
-	-
580	-
245,446	-
417,585	30,006
567,655	50,891
2,665	666
-	-
-	-
2,665	666
328,055	-
-	-
-	-
-	-
-	-
227,925	-
-	4,423,760
-	-
-	-
-	-
$ 555,980	$ 4,423,760

City of Azle, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 3,693,469	$ 132,223	$ -	$ -
Public safety	9,738,083	1,706,037	785,345	92,082
Public works	1,552,870	-	-	2,934,815
Recreation and leisure	2,232,258	46,696	85,358	-
Community development	665,319	555,257	-	-
Interest and fiscal charges	454,753	-	-	-
Total Governmental Activities	18,336,752	2,440,213	870,703	3,026,897
Business-Type Activities				
Utility	9,457,733	10,216,250	-	651,720
Golf course	1,720,463	1,969,533	-	-
Storm water utility	481,762	593,301	-	-
Total Business-Type Activities	11,659,958	12,779,084	-	651,720
Total Primary Government	$ 29,996,710	$ 15,219,297	$ 870,703	$ 3,678,617
Component Units				
Crime Prevention District	901,036	-	-	-
Municipal Development District	568,852	-	-	-
Total Component Units	$ 1,469,888	$ -	$ -	$ -

General Revenues:

Taxes

Property taxes

Sales taxes

Franchise and local taxes

Oil and gas revenues

Insurance recoveries

Other revenues

Investment income

Capital assets transferred within primary govt.

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
$ (3,561,246)	$ -	$ (3,561,246)	$ -	$ -
(7,154,619)	-	(7,154,619)	-	-
1,381,945	-	1,381,945	-	-
(2,100,204)	-	(2,100,204)	-	-
(110,062)	-	(110,062)	-	-
(454,753)	-	(454,753)	-	-
(11,998,939)	-	(11,998,939)	-	-
-	1,410,237	1,410,237	-	-
-	249,070	249,070	-	-
-	111,539	111,539	-	-
-	1,770,846	1,770,846	-	-
(11,998,939)	1,770,846	(10,228,093)	-	-
			(901,036)	-
			-	(568,852)
			(901,036)	(568,852)
9,928,802	-	9,928,802	-	-
4,360,559	-	4,360,559	837,441	949,397
969,815	-	969,815	-	-
43,395	14,728	58,123	-	-
26,546	-	26,546	-	-
132,359	46,130	178,489	988	-
1,163,265	636,582	1,799,847	14,623	209,082
75,026	(75,026)	-	-	-
888,224	(888,224)	-	-	-
17,587,991	(265,810)	17,322,181	853,052	1,158,479
5,589,052	1,505,036	7,094,088	(47,984)	589,627
41,418,234	59,208,613	100,626,847	603,964	3,834,133
$ 47,007,286	$ 60,713,649	$ 107,720,935	$ 555,980	$ 4,423,760

City of Azle, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2024

	General	Debt Service	Capital Projects	TIRZ No. 1
Assets				
Cash and cash equivalents	$ 4,469,047	$ 105,813	$ -	$ 4,186,210
Investments	4,949,692	-	-	-
Restricted assets - cash	423,461	-	9,825,900	-
Restricted assets - investments	-	-	774,483	774,483
Taxes receivable, net	223,001	29,675	-	-
Accounts receivable, net	1,484,241	-	-	-
Interest receivable	-	-	3,715	-
Intergovernmental receivable	1,798,597	-	-	-
Inventories	29,840	-	-	-
Prepaid and other assets	102,085	-	-	-
Advance to other funds	122,616	-	-	-
Total Assets	$ 13,602,580	$ 135,488	$ 10,604,098	$ 4,960,693
Liabilities				
Accounts payable	$ 299,153	$ -	$ 1,242	$ -
Accrued liabilities	443,282	-	-	-
Due to other governments	362,392	-	-	-
Unearned revenue	-	-	1,123,417	-
Total Liabilities	1,104,827	-	1,124,659	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	204,775	27,669	-	-
Unavailable revenue - fines and forfeitures	240,956	-	-	-
Unavailable revenue - charges for EMS services	710,850	-	-	-
Unavailable revenue - grants	1,968	-	-	-
Total Deferred Inflows of Resources	1,158,549	27,669	-	-
Fund Balances				
Nonspendable:				
Inventories	29,840	-	-	-
Prepaid items	102,085	-	-	-
Advances	122,616	-	-	-
Restricted for:				
Debt service	-	107,819	-	-
Municipal court	-	-	-	-
Public safety	386,446	-	-	-
Street maintenance	-	-	-	-
Parks and recreation	-	-	-	-
Tourism	-	-	-	-
Capital projects	-	-	9,479,439	4,960,693
Unassigned	10,698,217	-	-	-
Total Fund Balances	11,339,204	107,819	9,479,439	4,960,693
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 13,602,580	$ 135,488	$ 9,479,439	$ 4,960,693

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ 1,534,837	$ 10,295,907
-	4,949,692
-	10,249,361
-	1,548,966
167,433	420,109
-	1,484,241
-	3,715
-	1,798,597
-	29,840
-	102,085
-	122,616
$ 1,702,270	$ 31,005,129
$ 118,397	$ 418,792
-	443,282
-	362,392
-	1,123,417
118,397	2,347,883
-	232,444
-	240,956
-	710,850
-	1,968
-	1,186,218
-	29,840
-	102,085
-	122,616
-	107,819
99,941	99,941
-	386,446
784,131	784,131
31,655	31,655
367,692	367,692
300,454	14,740,586
-	10,698,217
1,583,873	27,471,028
$ 1,702,270	$ 29,818,911

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City of Azle, Texas

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

September 30, 2024

Fund Balances - Total Governmental Funds	$	27,471,028
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		3,355,920
Capital assets - net depreciable		37,372,324
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		1,186,218
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		
Pension inflows		(104,602)
OPEB inflows		(69,750)
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 outflows		1,830,899
OPEB outflows		5,672
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Accrued interest		(98,411)
Deferred charges:		
Bond premium		(521,650)
Net pension liability		(6,515,960)
OPEB liability		(294,469)
Compensated absences		(538,322)
Non-current liabilities due in one year		(876,536)
Non-current liabilities due in more than one year		(15,195,075)
Net Position of Governmental Activities	$	47,007,286

See Notes to Financial Statements.

City of Azle, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	TIRZ No. 1
Revenues				
Property tax	$ 8,039,812	$ 719,687	$ -	$ 1,136,166
Sales tax	3,488,447	-	-	-
Franchise and local taxes	920,678	-	-	-
License and permits	555,257	-	-	-
Intergovernmental	3,377,753	-	40,000	-
Charges for services	864,824	-	-	-
Fines and forfeitures	653,771	-	-	-
Investment income	685,338	15,766	258,150	145,419
Other revenue	67,941	-	43,395	-
Donations	104,022	-	-	-
Total Revenues	18,757,843	735,453	341,545	1,281,585
Expenditures				
Current:				
General government	3,233,082	-	-	-
Public safety	9,391,588	-	-	-
Public works	891,177	-	-	-
Recreation and leisure	2,194,104	-	-	-
Community development	675,141	-	-	-
Debt Service:				
Principal	29,144	550,000	-	-
Interest and fiscal charges	984	237,338	-	-
Administrative charges	-	800	-	-
Bond issuance costs	-	-	158,506	-
Capital outlay	280,508	-	612,681	-
Total Expenditures	16,695,728	788,138	771,187	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,062,115	(52,685)	(429,642)	1,281,585

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 9,895,665
872,112	4,360,559
49,137	969,815
-	555,257
-	3,417,753
-	864,824
62,862	716,633
58,592	1,163,265
-	111,336
-	104,022
1,042,703	22,159,129
16,066	3,249,148
-	9,391,588
-	891,177
-	2,194,104
-	675,141
-	579,144
-	238,322
-	800
-	158,506
989,891	1,883,080
1,005,957	19,261,010
36,746	2,898,119

City of Azle, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

	General	Debt Service	Capital Projects	TIRZ No. 1
Other Financing Sources (Uses)				
Bond issuance	$ -	$ -	$ 5,740,000	$ -
Bond issuance premium	-	-	423,873	-
Note payable issuance	59,669	-	-	-
Insurance recoveries	26,546	-	-	-
Sale of assets	64,418	-	-	-
Transfers in	888,224	-	1,341,802	-
Transfers (out)	(1,341,802)	-	-	-
Total Other Financing Sources (Uses)	(302,945)	-	7,505,675	-
Net Change in Fund Balances	1,759,170	(52,685)	7,076,033	1,281,585
Beginning fund balances (as previously presented)	9,580,034	160,504	2,403,406	-
Change within financial reporting entity (nonmajor to major)	-	-	-	3,679,108
Beginning fund balances (as adjusted)	9,580,034	160,504	2,403,406	3,679,108
Ending Fund Balances	$ 11,339,204	$ 107,819	$ 9,479,439	$ 4,960,693

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 5,740,000
-	423,873
-	59,669
-	26,546
-	64,418
-	2,230,026
-	(1,341,802)
-	7,202,730
36,746	10,100,849
5,226,235	17,370,179
(3,679,108)	-
1,547,127	17,370,179
$ 1,583,873	$ 27,471,028

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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, 2024

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	$	10,100,849
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		2,229,742
Capital assets contributed by developer		263,106
Capital assets transferred from business-type activities		75,026
Capital asset contributions from component unit activities		114,111
Depreciation expense		(2,128,908)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		335,244
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		1,740
Accrued interest		(68,744)
Pension expense		302,560
OPEB expense		(2,895)
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.		
Note issuance		(59,669)
Debt issuance		(5,740,000)
Debt issuance premium		(423,873)
Amortization of premium		11,619
Principal payments		579,144
Change in Net Position of Governmental Activities	$	5,589,052

See Notes to Financial Statements.

City of Azle, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2024

	Utility	Golf Course	Storm Water Utility
Assets			
Current Assets			
Cash and cash equivalents	$ 2,924,537	$ 751,975	$ 455,047
Investments	2,233,626	-	532,029
Accounts receivable, net	1,302,649	58,089	25,353
Lease receivable, current	24,619	-	-
Interest receivable	4,526	-	-
Inventories	400,094	84,260	-
Prepaid items	6,732	-	-
Restricted cash	277,878	284,248	-
Restricted investments	1,185,947	-	-
Total Current Assets	8,360,608	1,178,572	1,012,429
Noncurrent Assets			
Restricted cash:			
Impact fees	4,177,875	-	-
Capital projects	455,110	-	-
Customer deposits	706,511	-	-
Lease receivable, noncurrent	153,365	-	-
Advance to other funds	95,754	-	-
Capital assets:			
Non-depreciable	502,790	3,388,089	66,305
Net depreciable capital assets	41,741,983	1,164,754	7,963,739
Total Noncurrent Assets	47,833,388	4,552,843	8,030,044
Total Assets	56,193,996	5,731,415	9,042,473
Deferred Outflows of Resources			
Deferred outflows - pension	373,880	66,249	-
Deferred outflows - OPEB	1,080	-	-
Total Deferred Outflows of Resources	374,960	66,249	-

See Notes to Financial Statements.

Total
$ 4,131,559
2,765,655
1,386,091
24,619
4,526
484,354
6,732
562,126
1,185,947
10,551,609
4,177,875
455,110
706,511
153,365
95,754
3,957,184
50,870,476
60,416,275
70,967,884
440,129
1,080
441,209

City of Azle, Texas

STATEMENT OF NET POSITION

PROPRIETARY FUNDS (Page 2 of 2)

September 30, 2024

	Utility	Golf Course	Storm Water Utility
Liabilities			
Current Liabilities			
Accounts payable	$ 555,559	$ 91,222	$ 45,494
Accrued liabilities	78,016	19,225	1,883
Customer deposits	706,511	-	-
Unearned revenue	5,307	20,841	-
Compensated absences, current	95,644	19,491	-
Long-term debt, current	987,613	102,134	47,880
Accrued interest	10,937	567	232
Total Current Liabilities	2,439,587	253,480	95,489
Noncurrent Liabilities			
Advance from other funds	-	218,370	-
Compensated absences	23,911	4,873	-
Long-term debt, noncurrent	5,153,171	407,699	24,403
Net pension liability	1,575,447	234,210	-
OPEB liability	56,089	-	-
Total Noncurrent Liabilities	6,808,618	865,152	24,403
Total Liabilities	9,248,205	1,118,632	119,892
Deferred Inflows of Resources			
Deferred inflows - pension	21,320	3,997	-
Deferred inflows - OPEB	13,286	-	-
Lease related	170,112	-	-
Total Deferred Inflows of Resources	204,718	3,997	-
Net Position			
Net investment in capital assets	36,274,706	4,043,010	7,920,097
Restricted for:			
Debt service	277,878	-	-
Capital projects	6,222,572	284,248	-
Unrestricted	4,340,877	347,777	1,002,484
Total Net Position	$ 47,116,033	$ 4,675,035	$ 8,922,581

See Notes to Financial Statements.

Total
$ 692,275
99,124
706,511
26,148
115,135
1,137,627
11,736
2,788,556
218,370
28,784
5,585,273
1,809,657
56,089
7,698,173
10,486,729
25,317
13,286
170,112
208,715
48,237,813
277,878
6,506,820
5,691,138
$ 60,713,649

City of Azle, Texas

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

For the Year Ended September 30, 2024

	Utility	Golf Course	Storm Water Utility
Operating Revenues			
Charges for services	$ 10,216,250	$ 809,036	$ 593,301
Green fees	-	747,566	-
Food and beverage sales	-	251,480	-
Pro shop sales	-	161,451	-
Other revenue	19,478	26,652	-
Total Operating Revenues	10,235,728	1,996,185	593,301
Operating Expenses			
Personnel services	2,284,056	-	-
Supplies	693,844	-	7,492
Maintenance and repairs	694,158	-	12,913
Contractual services	4,216,837	-	9,849
Course maintenance	-	598,601	-
Food and beverage	-	261,262	-
General operations	-	741,251	-
Depreciation	1,482,128	111,369	448,899
Total Operating Expenses	9,371,023	1,712,483	479,153
Operating Income (Loss)	864,705	283,702	114,148
Nonoperating Revenues (Expenses)			
Investment income	539,438	48,838	48,306
Loss on disposal of capital assets	-	(7,980)	-
Gas royalties	-	14,728	-
Interest expense	(86,410)	-	(2,609)
Fiscal charges	(300)	-	-
Transfer of capital assets to govt. activities	(15,000)	-	(60,026)
Total Nonoperating Revenues (Expenses)	437,728	55,586	(14,329)
Income Before Capital Contributions and Transfers	1,302,433	339,288	99,819
Capital Contributions and Transfers			
Contributions-impact fees	651,720	-	-
Transfers (out)	(870,388)	-	(17,836)
Total Capital Contributions and Transfers	(218,668)	-	(17,836)
Change in Net Position	1,083,765	339,288	81,983
Beginning net position	46,032,268	4,335,747	8,840,598
Ending Net Position	$ 47,116,033	$ 4,675,035	$ 8,922,581

See Notes to Financial Statements.

Total
$ 11,618,587
747,566
251,480
161,451
46,130
12,825,214
2,284,056
701,336
707,071
4,226,686
598,601
261,262
741,251
2,042,396
11,562,659
1,262,555
636,582
(7,980)
14,728
(89,019)
(300)
(75,026)
478,985
1,741,540
651,720
(888,224)
(236,504)
1,505,036
59,208,613
$ 60,713,649

City of Azle, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2024

	Utility	Golf Course	Storm Water Utility
Cash Flows from Operating Activities			
Payments to employees	$ (2,354,012)	$ (743,977)	$ -
Payments to suppliers	(5,783,609)	(817,967)	(183,537)
Receipts from customers	10,398,158	1,958,242	591,458
Net Cash Provided (Used) by Operating Activities	2,260,537	396,298	407,921
Cash Flows from Noncapital Financing Activities			
Transfers (out)	(870,388)	-	(17,836)
Collections (payments) of interfund loans	90,000	(200,000)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(780,388)	(200,000)	(17,836)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(719,670)	(356,257)	(273,557)
Proceeds from sale of capital assets	-	263,832	-
Impact fees received	651,720	-	-
Interest paid on capital debt	(89,033)	(550)	(2,609)
Principal paid on capital debt	(1,181,815)	(381,105)	(46,674)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,338,798)	(474,080)	(322,840)
Cash Flows from Investing Activities			
Gas royalties	-	14,728	-
Purchase of investments	(1,618,713)	-	(25,645)
Interest on investments	559,852	48,838	48,156
Net Cash Provided (Used) by Investing Activities	(1,058,861)	63,566	22,511
Net Increase (Decrease) in Cash and Cash Equivalents	(917,510)	(214,216)	89,756
Beginning cash and cash equivalents	9,459,421	1,250,439	365,291
Ending Cash and Cash Equivalents (including restricted cash)	$ 8,541,911	$ 1,036,223	$ 455,047

See Notes to Financial Statements.

Total
$ (3,097,989)
(6,785,113)
12,947,858
3,064,756
(888,224)
(110,000)
(998,224)
(1,349,484)
263,832
651,720
(92,192)
(1,609,594)
(2,135,718)
14,728
(1,644,358)
656,846
(972,784)
(1,041,970)
11,075,151
$ 10,033,181

City of Azle, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2024

	Utility	Golf Course	Storm Water Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	$ 864,705	$ 283,702	$ 114,148
Adjustments to reconcile operating income (loss) to net cash provided (used):			
Depreciation	1,482,128	111,369	448,899
Gain (loss) on disposal of capital assets	-	(7,980)	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	211,608	(36,240)	(1,843)
Inventory	(81,475)	7,248	-
Increase (Decrease) in:			
Accounts payable	(85,676)	42,767	34,182
Accrued liabilities	(11,619)	(139)	(187,465)
Unearned revenue	5,307	(1,703)	-
Lease related	(69,799)	-	-
Compensated absences	(8,825)	8,780	-
Deferred outflows - pension contributions	(166,405)	(27,287)	-
Deferred outflows - OPEB contributions	989	-	-
Deferred outflows - OPEB expected experience vs. actual	(3,791)	-	-
Deferred inflows - pension investment earnings	328,340	56,308	-
Deferred outflows - pension expected experience vs. actual	119,150	23,945	-
Net pension liability	(343,847)	(64,472)	-
OPEB liability	4,433	-	-
Customer deposits	15,314	-	-
Net Cash Provided (Used) by Operating Activities	$ 2,260,537	$ 396,298	$ 407,921

	Utility	Golf Course	Storm Water Utility
Schedule of Non-Cash Capital and Related Financing Activities			
Capital assets purchased through note payables	$ 59,670	$ 463,503	$ -
Transfer of capital assets to govt activities	(15,000)	-	(60,026)
Total Non-Cash Activities	$ 44,670	$ 463,503	$ (60,026)

See Notes to Financial Statements.

Total
$ 1,262,555
2,042,396
(7,980)
173,525
(74,227)
(8,727)
(199,223)
3,604
(69,799)
(45)
(193,692)
989
(3,791)
384,648
143,095
(408,319)
4,433
15,314
$ 3,064,756
$ 523,173
(75,026)
$ 448,147

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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.

TIRZ No. 1 Fund

The fund is used to account for property tax levies and debt obligations used to encourage and accelerate planned development of a certain contiguous geographic area within its jurisdiction and extra-territorial jurisdiction. During the current year, the TIRZ No. 1 fund became a major fund.

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, Cable PEG Fees, tree reforestation, and roadway impact 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. One supplemental budget amendment was 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 $16,518.270, of which, $768,087 is restricted by enabling legislation.

B. Expenditures Exceeding Appropriations

Expenditures exceeded the legal level of control for the capital projects fund by $499,006.

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, 2024. 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, 2024, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 10,450,260	0.64
External investment pools	15,739,940	0.07
Total value	$ 26,190,200	
Portfolio weighted average maturity		0.30

As of September 30, 2024, the Crime Control and Prevention District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
External investment pools	$ 251,755	0.07
Total value	$ 251,755	
Portfolio weighted average maturity		0.07

As of September 30, 2024, the Municipal Development District had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	$ 2,131,297	0.67
External investment pools	2,179,087	0.07
Total value	$ 4,310,384	
Portfolio weighted average maturity		0.37

Interest rate risk: In compliance with the City’s Investment Policy, as of September 30, 2024, 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, 2024, 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, 2024, 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, 2024, 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	Capital Projects	Nonmajor Governmental	Utility & Storm Water Utility	Golf Course	Total
Property taxes	$ 230,564	$ 30,688	$ -	$ -	$ -	$ -	$ 261,252
Sales tax	615,565	-	-	153,891	-	-	769,456
Franchise taxes	65,519	-	-	4,105	-	-	69,624
Municipal court	905,649	-	-	-	-	-	905,649
EMS	4,693,712	-	-	-	-	-	4,693,712
Utility services	-	-	-	-	1,451,163	-	1,451,163
Golf services	-	-	-	-	-	58,089	58,089
Hotel/motel	-	-	-	9,437	-	-	9,437
Grants	1,183,032	-	-	-	-	-	1,183,032
Other	27,482	-	3,715	-	4,526	-	35,723
Leases	-	-	-	-	177,984	-	177,984
Allowance	(4,215,684)	(1,013)	-	-	(123,161)	-	(4,339,858
Total	$ 3,505,839	$ 29,675	$ 3,715	$ 167,433	$ 1,510,512	$ 58,089	$ 5,275,263

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

	Crime District	Municipal District	Total
Sales taxes	$ 146,926	$ 171,406	$ 318,332
Other	-	1,935	1,935
Total	$ 146,926	$ 173,341	$ 320,267

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)	$ 204,775	$ -	$ 204,775
Delinquent property taxes receivable (debt service fund)	27,669	-	27,669
Deferred municipal court revenue receivable (general fund)	240,956	-	240,956
Delinquent ambulance receivables (general fund)	710,850	-	710,850
Deferred grant revenue (general fund)	1,968	-	1,968
Deferred developer contribution (capital projects fund)	-	1,123,417	1,123,417
Deferred utility revenue (utility fund)	-	5,307	5,307
Deferred gift card revenue (golf course fund)	-	20,841	20,841
Total	$ 1,186,218	$ 1,149,565	$ 2,335,783

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, 2024, the lease receivable and offsetting deferred inflows amounted to $177,984 and $170,112, respectively.

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

Year ending	Business-Type Activities	
September 30,	Principal	Interest (2.5%)
2025	$ 24,619	$ 4,362
2026	20,950	3,834
2027	25,191	3,310
2028	25,821	2,680
2029	26,467	2,035
Thereafter	54,936	2,069
	$ 177,984	$ 18,290

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	390,326	1,343,832	(1,206,708)	527,450
Total capital assets not being depreciated	3,218,796	1,343,832	(1,206,708)	3,355,920
Capital assets, being depreciated:				
Right to use assets	59,712	-	-	59,712
Buildings and improvements	28,769,411	241,172	80,037	29,090,620
Improvements other than buildings	4,065,991	336,441	307,538	4,709,970
Machinery and equipment	7,439,927	571,403	656,883	8,668,213
Infrastructure	30,333,970	-	-	30,333,970
Total capital assets being depreciated	70,669,011	1,149,016	1,044,458	72,862,485
Less accumulated depreciation				
Right to use assets	8,293	19,904	-	28,197
Buildings and improvements	6,962,687	698,880	-	7,661,567
Improvements other than buildings	2,634,466	143,752	-	2,778,218
Machinery and equipment	4,859,062	685,950	(351,387)	5,193,625
Infrastructure	19,248,132	580,422	-	19,828,554
Total accumulated depreciation	33,712,640	2,128,908	(351,387)	35,490,161
Net capital assets being depreciated	36,956,371	(979,892)	1,395,845	37,372,324
Total Capital Assets	$ 40,175,167	$ 363,940	$ 189,137 *	$ 40,728,244

*Represents book value of capital assets transferred from business-type and component unit activities totaling $75,026 and $114,111, respectively.

Depreciation was charged to governmental functions as follows:

General government	$ 555,323
Public safety	550,132
Public works	625,524
Recreation and leisure	397,929
Total Governmental Activities Depreciation Expense	$ 2,128,908

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	2,458,518	837,637	(2,743,115)	553,040
Total capital assets not being depreciated	5,862,662	837,637	(2,743,115)	3,957,184
Capital assets, being depreciated:				
Right to use assets	20,811	-	-	20,811
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	6,304,665	207,902	(27,262)	6,485,305
Utility system	63,035,654	90,383	(15,000)	63,111,037
Infrastructure	7,698,023	-	2,339,550	10,037,573
Machinery and equipment	3,774,467	736,735	(179,251)	4,331,951
Total capital assets being depreciated	81,029,392	1,035,020	2,118,037	84,182,449
Less accumulated depreciation				
Right to use assets	-	6,937	-	6,937
Golf course infrastructure	195,772	-	-	195,772
Buildings and improvements	4,135,774	128,473	-	4,264,247
Utility system	23,296,174	1,246,915	-	24,543,089
Infrastructure	1,848,135	375,377	195,722	2,419,234
Machinery and equipment	2,079,942	284,694	(481,942)	1,882,694
Total accumulated depreciation	31,555,797	2,042,396	(286,220)	33,311,973
Net capital assets being depreciated	49,473,595	(1,007,376)	2,404,257	50,870,476
Total Capital Assets	$ 55,336,257	$ (169,739)	$ (338,858)	$ 54,827,660

Depreciation was charged to business-type activities as follows:

Utility	$ 1,482,128
Golf course	111,369
Storm water utility	448,899
Total Business-type Activities Depreciation Expense	$ 2,042,396

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	$ -	$ 114,111	$ (114,111) *	$ -
Total capital assets not being depreciated	-	114,111	(114,111)	-
Capital assets, being depreciated:				
Machinery and equipment	1,352,813	392,750	-	1,745,563
Total capital assets being depreciated	1,352,813	392,750	-	1,745,563
Less accumulated depreciation				
Machinery and equipment	902,260	173,457	-	1,075,717
Total accumulated depreciation	902,260	173,457	-	1,075,717
Net capital assets being depreciated	450,553	219,293	-	669,846
Total Capital Assets	$ 450,553	$ 333,404	$ (114,111)	$ 669,846

*Assets were transferred to governmental activities during the year.

Depreciation was charged to the following activities as follows:

Crime Prevention District	$ 173,457
Total Depreciation Expense	$ 173,457

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, 2024. 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	$ 2,120,000	$ -	$ (370,000)	$ 1,750,000	$ 380,000
Certificate of Obligation Bonds	8,670,000	5,740,000	(180,000)	14,230,000	470,000
Total Bonds Payable	10,790,000	5,740,000	(550,000)	15,980,000	850,000
Lease liabilities	61,086	-	(29,144)	31,942	20,038
Note payable	-	59,669	-	59,669	6,498
Less deferred amounts:					
For premiums	109,396	423,873	(11,619)	521,650	-
Total Governmental Activities	$ 10,960,482	$ 6,223,542	$ (590,763)	$ 16,593,261	$ 876,536
			Long-term liabilities due in more than one year	$ 15,716,725	
Business-Type Activities:					
General Obligation Refunding Bonds	$ 5,470,000	$ -	$ (755,000)	$ 4,715,000	$ 765,000
Certificate of Obligation Bonds	1,560,000	-	(205,000)	1,355,000	205,000
Revenue Bonds	215,000	-	(215,000)	-	-
Total Bonds Payable	7,245,000	-	(1,175,000)	6,070,000	970,000
Notes payable	546,391	523,173	(427,778)	641,786	156,513
Lease liabilities	17,930	-	(6,816)	11,114	11,114
Total Business-Type Activities	$ 7,809,321	$ 523,173	$ (1,609,594)	$ 6,722,900	$ 1,137,627
			Long-term liabilities due in more than one year	$ 5,585,273	
Component Unit Activities (Crime District):					
Notes payable	$ 322,217	$ 272,737	$ (253,163)	$ 341,791	$ 96,345
Total Component Unit Activities	$ 322,217	$ 272,737	$ (253,163)	$ 341,791	$ 96,345
			Long-term liabilities due in more than one year	$ 245,446	

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.

In May 2024, the City entered into a note payable agreement with Ideal Impact for energy savings equipment for $119,339. The note was split between governmental and business-type activities totaling $59,669 and $59,670, respectively. The note bears an interest rate of 3.85% and principal payments are due quarterly through August 2032.

On August 19, 2024, the City purchased a new golf cart through note payable financing for $463,503. Principal payments are due monthly through March 31, 2029. The note bears an interest rate of 5.5%.

On June 4, 2024, the City issued $5,740,000 of Certificates of Obligation bonds. Principal payments are due in annual installments through 2044. The bonds bear an interest rate of 4% to 5%.

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%	$ 520,000	$ -	$ 520,000
$7,685,000 General Obligation Refunding Bonds, Series 2020, due in installments through 2030, interest at 1.09%	-	4,715,000	4,715,000
$1,905,000 General Obligation Refunding Bonds, Series 2020A, due in installments through 2031, interest at 1.19%	1,230,000	-	1,230,000
Total General Obligation Bonds	$ 1,750,000	$ 4,715,000	$ 6,465,000
Certificates of Obligation:			
$9,390,000 Certificates of Obligation, Series 2016, due in annual installments through 2041, interest at 2% to 3%	$ 8,490,000	$ -	$ 8,490,000
$1,335,000 Certificates of Obligation, Series 2017, due in annual installments through 2027 interest at 2.16%	-	435,000	435,000
$1,350,000 Certificates of Obligation, Series 2017A, due in annual installments through 2037 interest at .58% to 2.29%	-	920,000	920,000
$5,740,000 Certificates of Obligation, Series 2024, due in annual installments through 2044 interest at 4% to 5%	5,740,000	-	5,740,000
Total Certificates of Obligation	$ 14,230,000	$ 1,355,000	$ 15,585,000

	Governmental Activities	Business - Type Activities	Total
Less deferred amounts:			
Premiums	$ 521,650	$ -	$ 521,650
Total deferred amounts	521,650	-	521,650
Notes Payable:			
$238,274 payable to Governmental Capital Corp, due in semi-annual installments of $25,817 through 2025, interest at 2.97%	$ -	$ 50,505	$ 50,505
$231,993 payable to Tax Exempt Leasing Corp, due in semi-annual installments of $24,716 through 2026, interest at 2.57%	-	72,283	72,283
$463,503 payable to Southside Bank, due in monthly installments of $6,318 through 2028, interest at 5.50%	-	459,328	459,328
$119,339 payable to Ideal Impact, due in quarterly installments of $17,402 through 2032, interest at 3.85%	59,669	59,670	119,339
Total Notes Payable	59,669	641,786	701,455
Lease liabilities	31,942	11,114	43,056
Total Debt	$ 16,593,261	$ 6,722,900	$ 23,316,161

	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%	$ 217,246	$ 217,246
$87,682 payable for Tasers, due in annual installments of $20,162 through 2025, interest at 2.57%	38,821	38,821
$128,038 for body cameras, due in annual installments of $31,848 through 2027, interest at 5.50%	85,724	85,724
Total Notes Payable	341,791	341,791
Total Debt	$ 341,791	$ 341,791

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**
2025	$ 850,000	$ 538,945	$ 970,000	$ 71,946
2026	860,000	480,644	980,000	59,693
2027	845,000	456,236	995,000	47,195
2028	795,000	430,505	855,000	36,084
2029	800,000	406,844	865,000	26,382
2030	815,000	382,706	880,000	16,420
2031	820,000	358,352	70,000	10,673
2032	875,000	332,610	70,000	9,259
2033	880,000	305,550	75,000	7,739
2034	895,000	278,346	75,000	6,123
2035	905,000	250,874	75,000	4,473
2036	920,000	223,133	80,000	2,736
2037	935,000	195,069	80,000	916
2038	950,000	163,856	-	-
2039	970,000	129,356	-	-
2040	995,000	94,181	-	-
2041	1,015,000	58,331	-	-
2042	285,000	33,131	-	-
2043	285,000	18,881	-	-
2044	285,000	5,878	-	-
	$ 15,980,000	$ 5,143,428	$ 6,070,000	$ 299,639

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

Year ending September 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 6,498	$ 2,203
2026	6,752	1,949
2027	7,015	1,685
2028	7,289	1,411
2029	7,574	1,127
2030	7,869	832
2031	8,176	524
2032	8,496	205
Total	$ 59,669	$ 9,936

Year ending September 30,	Business-type Activities Principal	Business-type Activities Interest
2025	$ 156,513	$ 29,070
2026	85,722	23,511
2027	64,690	19,828
2028	68,246	16,271
2029	242,073	7,268
2030	7,869	832
2031	8,176	524
2032	8,497	205
Total	$ 641,786	$ 97,509

The following is an analysis of equipment leased under notes payable as of September 30, 2024:

	Business-Type Activities
Machinery and equipment	$ 1,109,067
(Less) accumulated depreciation	(382,933)
Total	$ 726,134

	Component Unit Activities
Equipment	$ 693,971
(Less) accumulated depreciation	(241,144)
Total	$ 452,827

Lease Liabilities

Year ending September 30,	Governmental Activities Principal	Governmental Activities Interest
2025	$ 20,038	$ 527
2026	11,904	92
Total	$ 31,942	$ 619

Year ending September 30,	Business-Type Activities Principal	Business-Type Activities Interest
2025	$ 11,114	$ 215
Total	$ 11,114	$ 215

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 $31,515 and $13,874, 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	$ 540,062	$ 391,241	$ (392,981)	$ 538,322	$ 430,658
Total Governmental Activities	$ 540,062	$ 391,241	$ (392,981)	$ 538,322	$ 430,658
Long-term Liabilities Due in More than One Year				$ 107,664	
Business-Type Activities:					
Compensated Absences	$ 143,964	$ 96,422	$ (96,467)	$ 143,919	$ 115,135
Total Business-Type Activities	$ 143,964	$ 96,422	$ (96,467)	$ 143,919	$ 115,135
Long-term Liabilities Due in More than One Year				$ 28,784	

H. Interfund Transactions

The compositions of interfund advances as of the year ended September 30, 2024 were as follows:

	Advances to:		
Advances from:	**General**	**Utility**	**Total**
Golf Course	$ 122,616	$ 95,754	$ 218,370
Total	$ 122,616	$ 95,754	$ 218,370

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 2024 year were as follows:

	Transfers Out:			
Transfers In:	**General**	**Utility**	**Storm Water**	**Total**
General	$ -	$ 870,388	$ 17,836	$ 888,224
Capital projects	1,341,802	-	-	1,341,802
Governmental activities	-	15,000	60,026	75,026 *
Total	$ 1,341,802	$ 885,388	$ 77,862	$ 2,305,052

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

The Municipal Development District ("MDD") transferred $40,000 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, 2024, the amount required to be deposited in the reserve fund equaled $0. The City's dis not need to make a deposit in the current year due to the bond maturing.

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, 2024, the amount required to be deposited in the interest and sinking fund equaled $173,658. The City's actual deposit of $277,878 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, 2024, 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 934 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 2023	Plan Year 2022
Employee deposit rate	7%	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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	146
Active employees	150
Total	403

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 16.87% and 17.02% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were $1,878,384 which equaled the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85% 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 for the period ending December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2019 and dated December 31, 2019. 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 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.7%
Core Fixed Income	6.0%	4.7%
Non-Core Fixed Income	20.0%	8.0%
Other Public/Private Markets	12.0%	8.0%
Real Estate	12.0%	7.6%
Hedge Funds	5.0%	6.4%
Private Equity	10.0%	11.6%
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, $8,325,617 is related to the primary government and $201,565 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 12/31/22	$ 40,422,198	$ 29,745,972	$ 10,676,226	$ 10,420,935	$ 255,291
Changes for the year:					
Service cost	1,748,150	-	1,748,150	1,704,446	43,704
Interest	2,720,695	-	2,720,695	2,652,678	68,017
Change in benefit terms	(389,836)	-	(389,836)	(380,090)	(9,746)
Difference between expected and actual experience	(137,795)	-	(137,795)	(134,350)	(3,445)
Changes of assumptions	(193,274)	-	(193,274)	(188,442)	(4,832)
Contributions – employer	-	1,745,046	(1,745,046)	(1,701,420)	(43,626)
Contributions – employee	-	724,086	(724,086)	(705,984)	(18,102)
Net investment income	-	3,449,907	(3,449,907)	(3,363,659)	(86,248)
Benefit payments, including refunds of emp. contributions	(1,199,676)	(1,199,676)	-	-	-
Administrative expense	-	(21,902)	21,902	21,354	548
Other changes	-	(153)	153	149	4
Net changes	2,548,264	4,697,308	(2,149,044)	(2,095,318)	(53,726)
Balance at 12/31/23	$ 42,970,462	$ 34,443,280	$ 8,527,182	$ 8,325,617	$ 201,565

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%
$ 14,830,796	$ 8,325,617	$ 3,031,725

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 359,059	$ 201,565	$ 73,399

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 15,189,855	$ 8,527,182	$ 3,105,124

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, 2024, the City recognized pension expense of $1,499,385. Of this amount, $1,463,942 is related to the primary government and $35,422 is attributable to discretely presented component units.

At September 30, 2024, 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	$ 744,145	$ -
Differences between expected and actual economic experience	126,227	-
Change in assumptions	-	(129,919)
Contributions subsequent to the measurement date	1,400,656	-
Component Units:		
Difference between projected and actual investment earnings	23,040	-
Differences between expected and actual economic experience	2,412	-
Change in assumptions	-	(3,331)
Contributions subsequent to the measurement date	35,914	-
Total	$ 2,332,394	$ (133,250)

The primary government and component units reported $1,400,656 and $35,914, 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, 2025.

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
2024	$ 288,788	$ 7,405	$ 296,193
2025	178,702	4,582	183,284
2026	557,216	14,288	571,504
2027	(284,254)	(4,153)	(288,407)
2028	-	-	-
Thereafter	-	-	-
	$ 740,453	$ 22,121	$ 762,574

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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	26
Active employees	150
Total	229

The City's contributions to the TMRS SDBF for the years ended 2024, 2023 and 2022 were $8,848, $7,596, and $6,369 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
2022	0.06%	0.06%	100.0%
2023	0.08%	0.08%	100.0%
2024	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, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60% to 11.85%, including inflation per year
Discount rate	3.77%
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 3.77%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2023.

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 3.77%, 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 (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

1% Decrease (2.77%)	Current Single Rate Assumption 3.77%	1% Increase (4.77%)
$ 421,754	$ 350,558	$ 294,984

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/22	$ 322,847
Changes for the year:	
Service Cost	14,482
Interest	13,201
Difference between expected and actual experience	(8,369)
Changes of assumptions	16,673
Benefit payments	(8,276)
Net changes	27,711
Balance at 12/31/23	$ 350,558

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

For the year ended September 30, 2024, the City recognized OPEB expense of $12,293.

At September 30, 2024, 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
Differences between expected and actual economic experience	$ -	$ (18,076)
Change in assumptions	-	(64,960)
actual experience	-	-
Contributions subsequent to measurement date	6,752	-
Total	$ 6,752	$ (83,036)

The City reported $6,752 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, 2025.

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

Year ended December 31:	
2024	$ (12,814)
2025	(21,466)
2026	(26,605)
2027	(23,119)
2028	968
Thereafter	-
	$ (83,036)

F. Restatements

The City reclassed the TIRZ No. 1 fund from a nonmajor fund in the prior year to a major fund in the current year. The below is a summary of the reclassification:

	TIRZ No. 1	Nonmajor Governmental	Governmental Activities
Prior year ending fund balance/net position as reported	$ -	$ 5,226,235	$ 41,418,234
Change from nonmajor to major fund	3,679,108	(3,679,108)	-
Restated beginning fund balance/net position	$ 3,679,108	$ 1,547,127	$ 41,418,234

G. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 100, entitled Accounting Changes and Error Calculations. The requirements of this Statement are displayed within the government-wide and fund financial statements, where applicable.

H. Subsequent Events

There were no material subsequent events through March 7, 2025, 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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 8,122,133	$ 8,122,133	$ 8,039,812	$ (82,321)
Sales tax	3,125,000	3,380,000	3,488,447	108,447
Franchise and local taxes	802,000	802,000	920,678	118,678
License and permits	638,000	490,450	555,257	64,807
Intergovernmental	2,109,000	3,885,405	3,377,753	(507,652)
Charges for services	780,000	805,390	864,824	59,434
Fines and forfeitures	554,700	633,199	653,771	20,572
Investment income	500,000	685,000	685,338	338
Other revenue	46,050	48,050	67,941	19,891
Donations	80,000	99,780	104,022	4,242
Total Revenues	16,756,883	18,951,407	18,757,843	(193,564)
Expenditures				
Current:				
General government	3,843,945	3,484,627	2,952,574	532,053
Public safety	10,410,119	10,890,741	9,391,588	1,499,153
Public works	859,928	938,830	1,009,417	(70,587)
Recreation and leisure	1,994,354	2,608,351	2,356,372	251,979
Community development	753,232	768,176	675,141	93,035
Debt service:				
Principal	-	-	29,144	(29,144)
Interest	-	-	984	(984)
Capital outlay	66,332	118,077	280,508	(162,431)
Total Expenditures	17,927,910	18,808,802	16,695,728	2,113,074
Revenues Over (Under) Expenditures	(1,171,027)	142,605	2,062,115	1,919,510

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses)				
Sale of assets	$ -	$ -	$ 64,418	$ 64,418
Note issuance	-	-	59,669	59,669
Insurance recoveries	-	25,607	26,546	939
Transfers in	1,188,381	1,188,381	888,224	(300,157)
Transfers (out)	-	(1,610,000)	(1,341,802)	268,198
Total Other Financing Sources (Uses)	1,188,381	(396,012)	(302,945)	93,067
Net Change in Fund Balance	$ 17,354	$ (253,407)	1,759,170	$ 2,012,577
Beginning fund balance			9,580,034	
Ending Fund Balance			$ 11,339,204	

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:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	$ 1,748,150	$ 1,597,421	$ 1,253,777	$ 1,201,629
Interest	2,720,695	2,513,292	2,093,594	1,907,332
Changes in benefit terms	(389,836)	2,943,808	-	-
Differences between expected and actual experience	(137,795)	417,716	743,722	501,785
Changes of assumptions	(193,274)	-	-	-
Benefit payments, including refunds of participant contributions	(1,199,676)	(1,082,965)	(894,960)	(859,826)
Net change in total pension liability	2,548,264	6,389,272	3,196,133	2,750,920
Total pension liability - beginning	40,422,198	34,032,926	30,836,793	28,085,873
Total pension liability - ending (a)	42,970,462	40,422,198	34,032,926	30,836,793
Plan fiduciary net position				
Contributions - employer	$ 1,745,046	$ 1,171,504	$ 1,055,279	$ 1,042,825
Contributions - members	724,086	564,127	519,844	500,679
Net investment income	3,449,907	(2,294,278)	3,546,774	1,871,313
Benefit payments, including refunds of participant contributions	(1,199,676)	(1,082,965)	(894,960)	(859,826)
Administrative expenses	(21,902)	(19,824)	(16,391)	(12,098)
Other	(153)	23,656	114	(472)
Net change in plan fiduciary net position	4,697,308	(1,637,780)	4,210,660	2,542,421
Plan fiduciary net position - beginning	29,745,972	31,383,752	27,173,092	24,630,671
Plan fiduciary net position - ending (b)	$ 34,443,280	$ 29,745,972	$ 31,383,752	$ 27,173,092
Fund's net pension liability - ending (a) - (b	$ 8,527,182	$ 10,676,226	$ 2,649,174	$ 3,663,701
Plan fiduciary net position as a percentage of the total pension liability	80%	74%	92%	88%
Covered payroll	$ 10,344,082	$ 9,402,124	$ 8,664,664	$ 8,344,644
Fund's pension liability as a percentage of covered payroll	82%	114%	31%	44%

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

City of Azle, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Years Ended:

	9/30/2024	9/30/2023	9/30/2022	9/30/2021
Actuarially determined employer contributions	$ 1,878,384	$ 1,597,219	$ 1,167,544	$ 1,021,384
Contributions in relation to the actuarially determined contribution	$ 1,878,384	$ 1,597,219	$ 1,167,544	$ 1,021,384
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Annual covered payroll	$ 11,059,412	$ 10,084,586	$ 9,423,853	$ 8,331,931
Employer contributions as a percentage of covered payroll	16.98%	15.84%	12.39%	12.26%

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	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85%, 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 2023 valuation pursuant to an experience study of the period 2022.
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	Adopted 70% non-retroactive repeating COLA

9/30/2020		9/30/2019		9/30/2018		9/30/2017		9/30/2016		9/30/2015	
$	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] 12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total OPEB liability				
Service cost	$ 14,482	$ 29,147	$ 29,460	$ 21,696
Interest	13,201	8,808	8,637	9,960
Differences between expected and actual experience	(8,369)	(5,462)	924	(19,867)
Changes of assumptions	16,673	(170,949)	14,719	59,129
Benefit payments	(8,276)	(5,641)	(7,798)	(2,503)
Net changes	27,711	(144,097)	45,942	68,415
Total OPEB liability - beginning	322,847	466,944	421,002	352,587
Total OPEB liability - ending	[2] $ 350,558	$ 322,847	$ 466,944	$ 421,002
Covered-employee payroll	$ 10,344,082	$ 9,402,124	$ 8,664,664	$ 8,344,644
Fund's net position as a percentage of covered-employee payroll	3.39%	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, 2024

	Court Technology	Court Security	Street Maintenance	Hotel/Motel Tax
Assets				
Cash and cash equivalents	$ 20,220	$ 79,775	$ 742,928	$ 358,255
Taxes receivable, net	-	-	153,891	9,437
Total Assets	$ 20,220	$ 79,775	$ 896,819	$ 367,692
Liabilities				
Accounts payable	$ -	$ 54	$ 118,343	$ -
Total Liabilities	-	54	118,343	-
Fund Balances				
Restricted for:				
Municipal court	20,220	79,721	-	-
Public works	-	-	778,476	-
Parks and recreation	-	-	-	-
Tourism	-	-	-	367,692
Capital projects	-	-	-	-
Total Fund Balances	20,220	79,721	778,476	367,692
Total Liabilities and Fund Balances	$ 20,220	$ 79,775	$ 896,819	$ 367,692

See Notes to Financial Statements.

Cable PEG Fees	Tree Reforestation	Roadway Impact Fees	Formerly Nonmajor Fund TIRZ No. 1	Total
$ 296,349	$ 31,655	$ 5,655	$ -	$ 1,534,837
4,105	-	-	-	167,433
$ 300,454	$ 31,655	$ 5,655	$ -	$ 1,702,270
$ -	$ -	$ -	$ -	$ 118,397
-	-	-	-	118,397
-	-	-	-	99,941
-	-	5,655	-	784,131
-	31,655	-	-	31,655
-	-	-	-	367,692
300,454	-	-	-	300,454
300,454	31,655	5,655	-	1,583,873
$ 300,454	$ 31,655	$ 5,655	$ -	$ 1,702,270

City of Azle, Texas

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

For the Year Ended September 30, 2024

	Court Technology	Court Security	Street Maintenance	Hotel/Motel Tax
Revenues				
Taxes	$ -	$ -	$ 872,112	$ 32,872
Fines and fees	11,682	14,123	-	-
Investment income	797	1,839	41,036	14,408
Total Revenues	12,479	15,962	913,148	47,280
Expenditures				
General government	14,708	1,358	-	-
Capital outlay	-	-	989,891	-
Total Expenditures	14,708	1,358	989,891	-
Revenues Over (Under) Expenditures	(2,229)	14,604	(76,743)	47,280
Net Change in Fund Balances	(2,229)	14,604	(76,743)	47,280
Beginning fund balances (as previously reported)	22,449	65,117	855,219	320,412
Change within financial reporting entity (nonmajor to major)	-	-	-	-
Beginning fund balances (as adjusted)	22,449	65,117	855,219	320,412
Ending Fund Balances	$ 20,220	$ 79,721	$ 778,476	$ 367,692

See Notes to Financial Statements.

Cable PEG Fees	Tree Reforestation	Roadway Impact Fees	Formerly Nonmajor Fund TIRZ No. 1	Total
$ 16,265	$ -	$ -	$ -	$ 921,249
-	31,440	5,617	-	62,862
259	215	38	-	58,592
16,524	31,655	5,655	-	1,042,703
-	-	-	-	16,066
-	-	-	-	989,891
-	-	-	-	1,005,957
16,524	31,655	5,655	-	36,746
16,524	31,655	5,655	-	36,746
283,930	-	-	3,679,108	5,226,235
-	-	-	(3,679,108)	(3,679,108)
283,930	-	-	-	1,547,127
$ 300,454	$ 31,655	$ 5,655	$ -	$ 1,583,873

City of Azle, Texas

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

COURT TECHNOLOGY

For the Year Ended September 30, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 10,000	$ 11,682	$ 1,682
Investment income	500	797	297
Total Revenues	10,500	12,479	1,979
Expenditures			
General government	18,000	14,708	3,292
Total Expenditures	18,000	14,708	3,292
Revenues Over (Under)	(7,500)	(2,229)	5,271
Net Change in Fund Balances	$ (7,500)	(2,229)	$ 5,271
Beginning fund balances		22,449	
Ending Fund Balances		$ 20,220	

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, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and fees	$ 12,000	$ 14,123	$ 2,123
Investment income	850	1,839	989
Total Revenues	12,850	15,962	3,112
Expenditures			
General government	7,500	1,358	6,142
Total Expenditures	7,500	1,358	6,142
Revenues Over (Under) Expenditures	5,350	14,604	9,254
Net Change in Fund Balances	$ 5,350	14,604	$ 9,254
Beginning fund balances		65,117	
Ending Fund Balances		$ 79,721	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 775,000	$ 775,000	$ 872,112	$ 97,112
Investment income	25,000	25,000	41,036	16,036
Total Revenues	800,000	800,000	913,148	113,148
Expenditures				
Public works	1,401,000	1,401,000	989,891	411,109
Total Expenditures	1,401,000	1,401,000	989,891	411,109
Revenues Over (Under)	(601,000)	(601,000)	(76,743)	524,257
Net Change in Fund Balances	$ (601,000)	$ (601,000)	(76,743)	$ 524,257
Beginning fund balances			855,219	
Ending Fund Balances			$ 778,476	

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, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 18,000	$ 32,872	$ 14,872
Investment income	7,000	14,408	7,408
Total Revenues	25,000	47,280	22,280
Revenues Over Expenditures	25,000	47,280	22,280
Net Change in Fund Balances	$ 25,000	47,280	$ 22,280
Beginning fund balances		320,412	
Ending Fund Balances		$ 367,692	

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, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 20,000	$ 16,265	$ (3,735)
Investment income	300	259	(41)
Total Revenues	20,300	16,524	(3,776)
Net Change in Fund Balances	$ 20,300	16,524	$ (3,776)
Beginning fund balances		283,930	
Ending Fund Balances		$ 300,454	

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, 2024

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 726,755	$ 719,687	$ (7,068)
Investment income	4,000	15,766	11,766
Total Revenues	730,755	735,453	4,698
Expenditures			
Debt Service:			
Principal	550,000	550,000	-
Interest and fiscal charges	237,339	237,338	1
Administrative charges	2,000	800	1,200
Total Expenditures	789,339	788,138	1,201
Revenues Over (Under)	(58,584)	(52,685)	5,899
Net Change in Fund Balances	$ (58,584)	(52,685)	$ 5,899
Beginning fund balances		160,504	
Ending Fund Balances		$ 107,819	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ -	$ -	$ 258,150	$ 258,150
Intergovernmental	-	-	40,000	40,000
Other revenue	40,000	40,000	43,395	3,395
Total Revenues	40,000	40,000	341,545	301,545
Expenditures				
Bond issuance costs	-	-	158,506	(158,506)
Capital outlay	8,500,000	8,772,181	612,681	8,159,500
Total Expenditures	8,500,000	8,772,181	771,187	8,000,994 *
Revenues Over (Under) Expenditures	(8,460,000)	(8,732,181)	(429,642)	8,302,539
Other Financing Sources (Uses)				
Bond issuance	-	-	5,740,000	5,740,000
Bond issuance premium	-	-	423,873	423,873
Transfers in	40,000	1,650,000	1,341,802	(308,198)
Total Other Financing Sources (Uses)	40,000	1,650,000	7,505,675	5,855,675
Net Change in Fund Balances	$ (8,420,000)	$ (7,082,181)	7,076,033	$ 14,158,214
Beginning fund balances			2,403,406	
Ending Fund Balances			$ 9,479,439	

See Notes to Financial Statements.

* Expenditures exceeded appropriations at the legal level of control.

COMBINING AND INDIVIDUAL UTILITY ENTERPRISE SUB-FUNDS

City of Azle, Texas

COMBINING SCHEDULE OF NET POSITION

UTILITY ENTERPRISE (Page 1 of 2)

September 30, 2024

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Assets			
Current Assets			
Cash and cash equivalents	$ 2,286,997	$ -	$ 637,540
Investments	2,233,626	-	-
Accounts receivable, net	1,302,649	-	-
Lease receivables, current	24,619	-	-
Other receivables	4,526	-	-
Inventories	400,094	-	-
Prepaid items	6,732	-	-
Restricted cash	277,878	-	-
Restricted investments	-	548,115	637,832
Total Current Assets	6,537,121	548,115	1,275,372
Noncurrent Assets			
Restricted cash:			
Impact fees	-	4,177,875	-
Capital projects	-	-	455,110
Customer deposits	706,511	-	-
Lease receivables, noncurrent	153,365	-	-
Advance to other funds	95,754	-	-
Capital assets:			
Non-depreciable	89,937	-	412,853
Net depreciable capital assets	41,741,983	-	-
Total Noncurrent Assets	42,787,550	4,177,875	867,963
Total Assets	49,324,671	4,725,990	2,143,335
Deferred Outflows of Resources			
Deferred outflows - pension	373,880	-	-
Deferred outflows - OPEB	1,080	-	-
Total Deferred Outflows of Resources	374,960	-	-

Total
$ 2,924,537
2,233,626
1,302,649
24,619
4,526
400,094
6,732
277,878
1,185,947
8,360,608
4,177,875
455,110
706,511
153,365
95,754
502,790
41,741,983
47,833,388
56,193,996
373,880
1,080
374,960

City of Azle, Texas

COMBINING SCHEDULE OF NET POSITION

UTILITY ENTERPRISE (Page 2 of 2)

September 30, 2024

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Liabilities			
Current Liabilities			
Accounts payable	$ 492,376	$ -	$ 63,183
Accrued liabilities	78,016	-	-
Unearned revenue	5,307	-	-
Customer deposits	706,511	-	-
Compensated absences, current	95,644	-	-
Long-term debt, current	987,613	-	-
Accrued interest	10,937	-	-
Total Current Liabilities	2,376,404	-	63,183
Noncurrent Liabilities			
Compensated absences, noncurrent	23,911	-	-
Long-term debt, noncurrent	5,153,171	-	-
Net pension liability	1,575,447	-	-
OPEB liability	56,089	-	-
Total Liabilities	9,185,022	-	63,183
Deferred Inflows of Resources			
Deferred inflows - pension	21,320	-	-
Deferred inflows - OPEB	13,286	-	-
Lease related	170,112	-	-
Total Deferred Inflows of Resources	204,718	-	-
Net Position			
Net investment in capital assets	35,691,136	-	583,570
Restricted for:			
Debt service	277,878	-	-
Capital projects	-	4,725,990	1,496,582
Unrestricted	4,340,877	-	-
Total Net Position	$ 40,309,891	$ 4,725,990	$ 2,080,152

See Notes to Financial Statements.

Total
$ 555,559
78,016
5,307
706,511
95,644
987,613
10,937
2,439,587
23,911
5,153,171
1,575,447
56,089
9,248,205
21,320
13,286
170,112
204,718
36,274,706
277,878
6,222,572
4,340,877
$ 47,116,033

City of Azle, Texas

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

UTILITY ENTERPRISE

For the Year Ended September 30, 2024

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Operating Revenues			
Charges for services	$ 10,216,250	$ -	$ -
Other revenue	19,478	-	-
Total Operating Revenues	10,235,728	-	-
Operating Expenses			
Personnel services	2,284,056	-	-
Supplies	693,844	-	-
Maintenance and repairs	694,158	-	-
Contractual services	4,202,246	-	14,591
Depreciation	1,482,128	-	-
Total Operating Expenses	9,356,432	-	14,591
Operating Income (Loss)	879,296	-	(14,591)
Nonoperating Revenues (Expenses)			
Investment income	350,174	164,299	24,965
Interest expense	(86,410)	-	-
Fiscal charges	(300)	-	-
Transfer of capital assets to govt. activities	(15,000)	-	-
Total Nonoperating Revenues (Expenses)	248,464	164,299	24,965
Income Before Capital Contributions and Transfers	1,127,760	164,299	10,374
Capital Contributions and Transfers			
Contributions-impact fees	-	651,720	-
Transfers in	572,820	-	2,035,068
Transfers (out)	(2,775,601)	(129,855)	(572,820)
Total Capital Contributions and Transfers	(2,202,781)	521,865	1,462,248
Change in Net Position	(1,075,021)	686,164	1,472,622
Beginning net position	41,384,912	4,039,826	607,530
Ending Net Position	$ 40,309,891	$ 4,725,990	$ 2,080,152

Total
$ 10,216,250
19,478
10,235,728
2,284,056
693,844
694,158
4,216,837
1,482,128
9,371,023
864,705
539,438
(86,410)
(300)
(15,000)
437,728
1,302,433
651,720
2,607,888
(3,478,276)
(218,668)
1,083,765
46,032,268
$ 47,116,033

City of Azle, Texas

COMBINING SCHEDULE OF CASH FLOWS
UTILITY ENTERPRISE (Page 1 of 2)
For the Year Ended September 30, 2024

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Cash Flows from Operating Activities			
Payments to employees	$ (2,354,012)	$ -	$ -
Payments to suppliers	(5,793,311)	-	-
Receipts from customers	10,398,158	-	-
Outstanding payables to suppliers	-	-	9,702
Net Cash Provided (Used) by Operating Activities	2,250,835	-	9,702
Cash Flows from Noncapital Financing Activities			
Transfers in	572,820	-	2,035,068
Transfers (out)	(3,348,421)	(129,855)	-
Collections (payments) of interfund loans	90,000	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	(2,685,601)	(129,855)	2,035,068
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(169,452)	-	(550,218)
Impact fees received	-	651,720	-
Interest paid on capital debt	(89,033)	-	-
Principal paid on capital debt	(1,181,815)	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,440,300)	651,720	(550,218)
Cash Flows from Investing Activities			
Reacquistion (purchase) of investments	(954,264)	(26,617)	(637,832)
Interest on investments	370,588	164,299	24,965
Net Cash Provided (Used) by Investing Activities	(583,676)	137,682	(612,867)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,458,742)	659,547	881,685
Beginning cash and cash equivalents	5,730,128	3,518,328	210,965
Ending Cash and Cash Equivalents (including restricted cash)	$ 3,271,386	$ 4,177,875	$ 1,092,650

Total
$ (2,354,012)
(5,793,311)
10,398,158
9,702
2,260,537
2,607,888
(3,478,276)
90,000
(780,388)
(719,670)
651,720
(89,033)
(1,181,815)
(1,338,798)
(1,618,713)
559,852
(1,058,861)
(917,510)
9,459,421
$ 8,541,911

City of Azle, Texas

COMBINING SCHEDULE OF CASH FLOWS
UTILITY ENTERPRISE (Page 2 of 2)
For the Year Ended September 30, 2024

	Water & Sewer Utility	Utility Impact Fee	Utility CIP
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 879,296	$ -	$ (14,591)
Adjustments to reconcile operating income to net cash provided:			
Depreciation	1,482,128	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	211,608	-	-
Inventory	(81,475)	-	-
Increase (Decrease) in:			
Accounts payable	(109,969)	-	24,293
Accrued liabilities	(11,619)	-	-
Unearned revenue	5,307	-	-
Deferred lease revenue	(69,799)	-	-
Compensated absences	(8,825)	-	-
Deferred outflows - pension contributions	(166,405)	-	-
Deferred outflows - OPEB contributions	989	-	-
Deferred inflows - OPEB expected experience vs. actual	(3,791)	-	-
Deferred inflows - pension investment earn	328,340	-	-
Deferred outflows - pension expected experience vs. actual	119,150	-	-
Net pension liability	(343,847)	-	-
OPEB liability	4,433	-	-
Customer deposits	15,314	-	-
Net Cash Provided (Used) by Operating Activities	$ 2,250,835	$ -	$ 9,702
Schedule of Non-Cash Capital and Related Financing Activities			
Transfer of capital assets between funds	$ 572,820	$ -	$ (572,820)
Capital assets transferred to primary govt.	(15,000)	-	-

Total
$ 864,705
1,482,128
211,608
(81,475)
(85,676)
(11,619)
5,307
(69,799)
(8,825)
(166,405)
989
(3,791)
328,340
119,150
(343,847)
4,433
15,314
$ 2,260,537
$ -
(15,000)

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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)

	2024	2023	2022	2021
Governmental activities				
Net investment in capital assets	$ 29,645,059	$ 29,107,902	$ 27,933,578	$ 24,032,848
Restricted	10,968,193	8,176,591	5,865,272	4,045,435
Unrestricted	6,394,034	4,133,741	6,812,455	6,774,515
Total governmental activities net position	$ 47,007,286	$ 41,418,234	$ 40,611,305	$ 34,852,798
Business-type activities				
Net investment in capital assets	$ 48,237,813	$ 47,500,760	$ 43,903,704	$ 37,132,186
Restricted	6,808,642	4,823,069	4,839,046	4,141,809
Unrestricted	5,667,192	6,884,784	6,653,975	5,009,602
Total business-type activities net position	$ 60,713,647	$ 59,208,613	$ 55,396,725	$ 46,283,597
Primary government				
Net investment in capital assets	$ 77,882,872	$ 76,608,662	$ 71,837,282	$ 61,165,034
Restricted	17,776,835	12,999,660	10,704,318	8,187,244
Unrestricted	12,061,226	11,018,525	13,466,430	11,784,117
Total primary government net position	$ 107,720,933	$ 100,626,847	$ 96,008,030	$ 81,136,395

Source: City audited financial records

2020	2019	2018	2017	2016	2015
$ 22,448,289	$ 20,151,647	$ 18,191,446	$ 18,133,163	$ 16,709,884	$ 17,274,438
2,682,316	2,158,712	2,874,954	2,095,788	2,621,858	2,738,811
6,042,255	6,767,739	7,009,207	5,805,385	4,710,316	3,998,070
$ 31,172,860	$ 29,078,098	$ 28,075,607	$ 26,034,336	$ 24,042,058	$ 24,011,319
$ 34,536,210	$ 30,899,466	$ 29,668,436	$ 28,568,108	$ 28,023,123	$ 27,007,438
3,549,543	4,203,365	4,210,708	3,957,028	3,742,036	2,954,151
4,240,069	3,365,839	2,987,699	2,234,400	1,478,333	2,008,420
$ 42,325,822	$ 38,468,670	$ 36,866,843	$ 34,759,536	$ 33,243,492	$ 31,970,009
$ 56,984,499	$ 51,051,113	$ 47,859,882	$ 46,701,271	$ 44,733,007	$ 44,281,876
6,231,859	6,362,077	7,085,662	6,052,816	6,363,894	5,692,962
10,282,324	10,133,578	9,996,906	8,039,785	6,188,649	6,006,490
$ 73,498,682	$ 67,546,768	$ 64,942,450	$ 60,793,872	$ 57,285,550	$ 55,981,328

City of Azle, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021
Expenses				
Governmental activities:				
General government	$ 3,693,469	$ 3,935,797	$ 2,855,206	$ 2,582,629
Public safety	9,738,083	10,537,721	7,531,306	7,168,093
Public works	1,552,870	2,822,352	1,850,360	1,778,963
Recreation and leisure	2,232,258	2,054,636	1,620,531	1,600,244
Community development	665,319	679,499	722,043	530,993
Interest on long-term debt	454,753	240,415	239,439	284,153
Total governmental activities expenses	18,336,752	20,270,420	14,818,885	13,945,075
Business-type activities:				
Utility	9,457,733	10,355,006	8,479,501	7,922,358
Golf course	1,720,463	1,762,243	1,523,809	1,264,368
Storm water utility	481,762	457,570	377,258	281,021
Total business-type activities expenses	11,659,958	12,574,819	10,380,568	9,467,747
Total primary government expenses	$ 29,996,710	$ 32,845,239	$ 25,199,453	$ 23,412,822
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 132,223	$ 919	$ 860,665	$ 656,163
Public safety	1,706,037	1,561,235	540,452	452,450
Recreation and leisure	46,696	55,509	41,114	26,674
Community development	555,257	545,908	1,349,201	864,833
Operating grants and contributions	870,703	963,058	1,584,969	1,173,707
Capital grants and contributions	3,026,897	2,924,838	2,737,544	1,614,330
Total governmental activities program revenues	6,337,813	6,051,467	7,113,945	4,788,157
Business-type activities:				
Charges for services:				
Utility	$ 10,216,250	$ 10,926,949	$ 10,336,841	$ 9,193,670
Golf course	1,969,533	2,000,905	1,803,664	1,600,634
Storm water utility	593,301	552,632	527,729	506,565
Capital grants and contributions	651,720	2,146,399	6,973,273	2,699,498
Total business-type activities program revenues	13,430,804	15,626,885	19,641,507	14,000,367
Total primary government program revenues	$ 19,768,617	$ 21,678,352	$ 26,755,452	$ 18,788,524

2020	2019	2018	2017	2016	2015
$ 2,536,444	$ 2,028,156	$ 1,962,994	$ 2,093,348	$ 2,086,541	$ 1,767,182
6,694,648	6,169,132	5,182,350	5,100,964	4,774,299	4,517,332
2,798,478	2,208,463	2,129,943	2,077,628	2,385,564	2,081,755
1,499,379	1,442,735	1,467,387	1,404,364	1,350,538	1,190,542
347,380	348,737	262,577	240,037	225,597	258,576
332,608	348,230	361,911	573,608	207,710	237,200
14,208,937	12,545,453	11,367,162	11,489,949	11,030,249	10,052,587
7,893,329	7,293,864	7,069,165	6,675,446	6,390,912	6,065,888
1,292,138	1,133,824	1,135,975	1,059,490	1,133,152	955,856
254,636	168,863	170,543	155,188	135,233	178,972
9,440,103	8,596,551	8,375,683	7,890,124	7,659,297	7,200,716
$ 23,649,040	$ 21,142,004	$ 19,742,845	$ 19,380,073	$ 18,689,546	$ 17,253,303
$ 638,513	$ 616,207	$ 616,269	$ 538,136	$ 583,991	$ 533,009
530,803	476,298	538,652	608,477	552,410	589,515
29,631	69,157	62,689	72,596	50,311	44,591
519,705	383,754	413,336	781,178	569,666	345,608
1,543,721	847,882	592,865	653,851	523,618	563,686
1,091,858	218,323	978,591	1,568,114	33,647	-
4,354,231	2,611,621	3,202,402	4,222,352	2,313,643	2,076,409
$ 8,994,213	$ 8,422,556	$ 8,770,014	$ 7,881,663	$ 7,641,983	$ 7,146,687
1,341,581	1,157,649	1,113,198	1,124,953	1,039,619	901,055
497,843	299,374	254,777	240,935	228,911	233,876
2,949,685	652,037	805,037	655,860	596,678	251,326
13,783,322	10,531,616	10,943,026	9,903,411	9,507,191	8,532,944
$ 18,137,553	$ 13,143,237	$ 14,145,428	$ 14,125,763	$ 11,820,834	$ 10,609,353

City of Azle, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2024	2023	2022	2021
Net (Expenses) Revenue				
Governmental activities	$ (11,998,939)	$ (14,218,953)	$ (7,704,940)	$ (9,156,918)
Business-type activities	1,770,846	3,052,066	9,260,939	4,532,620
Total primary government net expense	$ (10,228,093)	$ (11,166,887)	$ 1,555,999	$ (4,624,298)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Ad valorem taxes	9,928,802	8,949,443	7,378,119	6,805,217
Sales taxes	4,360,559	4,147,648	3,628,226	3,335,906
Franchise taxes	891,510	850,602	1,661,765	1,649,274
Alcoholic beverage taxes	45,433	47,662	47,603	20,859
Hotel motel taxes	32,872	29,167	29,500	27,121
Oil and gas revenues	43,395	107,932	166,338	76,161
Investment earnings	1,163,265	880,498	130,913	47,980
Miscellaneous	158,905	146,114	83,528	202,605
Transfers	963,250	(133,184)	337,455	671,733
Total governmental activities	17,587,991	15,025,882	13,463,447	12,836,856
Business-type activities:				
Investment earnings	636,582	514,804	76,554	25,461
Oil and gas lease	14,728	64,470	105,702	46,905
Miscellaneous	46,130	47,364	7,388	24,522
Transfers	(963,250)	133,184	(337,455)	(671,733)
Total business-type activities	(265,810)	759,822	(147,811)	(574,845)
Total primary government	$ 17,322,181	$ 15,785,704	$ 13,315,636	$ 12,262,011
Change in Net Position				
Governmental activities	$ 5,589,052	$ 806,929	$ 5,758,507	$ 3,679,938
Business-type activities	1,505,036	3,811,888	9,113,128	3,957,775
Total primary government	$ 7,094,088	$ 4,618,817	$ 14,871,635	$ 7,637,713

Source: City audited financial records

2020	2019	2018	2017	2016	2015
$ (9,854,706)	$ (9,933,832)	$ (8,164,760)	$ (7,267,597)	$ (8,716,606)	$ (7,976,178)
4,343,219	1,935,065	2,567,343	2,013,287	1,847,894	1,332,228
$ (5,511,487)	$ (7,998,767)	$ (5,597,417)	$ (5,254,310)	$ (6,868,712)	$ (6,643,950)
6,358,024	5,889,784	5,485,590	4,938,307	4,597,219	4,432,990
3,076,210	2,668,713	2,597,674	2,444,594	2,462,175	2,268,725
1,417,404	1,161,082	884,804	793,898	752,017	751,663
33,456	40,768	24,779	27,069	24,906	19,564
25,474	27,664	30,917	22,102	9,729	12,845
60,239	118,101	158,976	102,187	130,049	264,314
124,379	328,706	303,521	152,857	25,153	16,375
164,026	92,078	180,511	165,357	71,969	45,780
690,256	609,427	626,850	613,504	674,128	635,959
11,949,468	10,936,323	10,293,622	9,259,875	8,747,345	8,448,215
97,657	180,947	95,702	36,899	14,746	10,440
40,407	67,490	64,438	77,660	68,590	97,213
66,125	27,752	6,674	1,702	16,381	8,704
(690,256)	(609,427)	(626,850)	(613,504)	(674,128)	(635,959)
(486,067)	(333,238)	(460,036)	(497,243)	(574,411)	(519,602)
$ 11,463,401	$ 10,603,085	$ 9,833,586	$ 8,762,632	$ 8,172,934	$ 7,928,613
$ 2,094,762	$ 1,002,491	$ 2,128,862	$ 1,992,278	$ 30,739	$ 472,037
3,857,152	1,601,827	2,107,307	1,516,044	1,273,483	812,626
$ 5,951,914	$ 2,604,318	$ 4,236,169	$ 3,508,322	$ 1,304,222	$ 1,284,663

City of Azle, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2024	2023	2022	2021
General Fund				
Nonspendable:				
Inventories	$ 29,840	$ 42,972	$ 30,674	$ 29,283
Prepaid items	102,085	20,378	35,281	47,004
Advances	122,616	232,616	342,616	452,616
Restricted for:				
Public safety	386,446	386,446	369,233	308,576
Unassigned	10,698,217	8,897,622	8,327,353	8,548,821
Total general fund	$ 11,339,204	$ 9,580,034	$ 9,105,157	$ 9,386,300
All Other Governmental Funds				
Restricted for:				
Debt service	107,819	160,504	162,870	151,158
Municipal court	99,941	87,566	69,860	59,368
Public works	784,131	855,219	1,332,463	1,014,854
Economic development	-	3,679,108	2,626,347	1,756,456
Parks and recreation	31,655	-	-	-
Tourism	367,692	320,412	280,002	249,865
Capital projects	14,740,586	2,687,336	1,024,497	505,158
Unassigned	-	-	-	-
Total all other governmental funds	$ 16,131,824	$ 7,790,145	$ 5,496,039	$ 3,736,859

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.

2020	2019	2018	2017	2016	2015
$ 26,940	$ 4,705	$ 4,250	$ 5,466	$ 4,496	$ 5,511
67,367	8,931	12,150	569	2,238	1,556
452,616	452,616	452,616	452,616	452,617	452,617
33,436	30,584	27,521	24,791	21,859	19,206
7,734,218	8,192,880	8,333,797	7,269,853	5,839,320	5,057,719
$ 8,314,577	$ 8,689,716	$ 8,830,334	$ 7,753,295	$ 6,320,530	$ 5,536,609
141,014	149,826	123,607	88,531	48,448	37,213
48,267	198,154	200,233	191,585	181,367	168,699
793,648	954,227	730,408	455,772	219,814	527,502
1,060,547	428,957	153,587	40,699	-	-
-	-	-	-	-	-
222,469	195,961	167,261	135,679	113,271	104,932
382,935	201,003	7,099,478	10,527,589	2,297,311	2,140,676
-	(1,494,241)	-	-	-	-
$ 2,648,880	$ 633,887	$ 8,474,574	$ 11,439,855	$ 2,860,211	$ 2,979,022

City of Azle, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis of accounting)

	2024	2023	2022	2021
Revenues				
Taxes	$ 15,226,039	$ 14,082,619	$ 12,700,316	$ 11,826,659
Licenses and permits	555,257	545,908	1,322,516	864,833
Fines and fees	716,633	675,983	539,068	479,345
Charges for services	864,824	905,154	859,576	631,269
Investment income	1,163,265	880,498	130,913	47,980
Intergovernmental	3,417,753	2,592,359	1,418,777	1,092,895
Donations	104,022	53,706	166,192	299,197
Miscellaneous	111,336	184,135	195,943	120,517
Total Revenues	22,159,129	19,920,362	17,333,301	15,362,695
Expenditures				
General government	3,249,148	2,889,848	2,350,257	2,103,921
Public works	9,391,588	7,912,302	1,353,024	1,294,594
Public safety	891,177	2,097,108	7,060,809	6,568,733
Recreation and leisure	2,194,104	1,450,718	1,331,000	1,296,407
Community development	675,141	576,214	726,123	527,698
Capital outlay	1,883,080	1,371,101	2,619,254	1,454,941
Debt Service:				
Principal	579,144	557,619	548,485	525,000
Interest	238,322	247,464	256,890	301,168
Administrative charges	800	800	800	400
Bond issuance costs	158,506	-	-	40,113
Total Expenditures	19,261,010	17,103,174	16,246,642	14,112,975
Excess of Revenues Over (Under) Expenditures	2,898,119	2,817,188	1,086,659	1,249,720
Other Financing Sources (Uses)				
Transfers in	2,420,183	2,339,223	2,139,650	757,251
Transfers (out)	(1,531,959)	(2,517,002)	(1,802,195)	(85,518)
Debt issued	5,799,669	59,663	-	1,905,000
Payment to refunding bond escrow agent	-	-	-	(1,825,000)
Premium on bonds issued	423,873	-	-	-
Insurance recoveries	26,546	69,911	53,923	100,738
Sale of assets	64,418	-	-	57,511
Total Other Financing Sources (Uses)	7,202,730	(48,205)	391,378	909,982
Net change in fund balances	$ 10,100,849	$ 2,768,983	$ 1,478,037	$ 2,159,702
Debt service as percentage of noncapital expenditures	4.8%	5.1%	5.9%	6.5%

Source: City audited financial records.

2020	2019	2018	2017	2016	2015
$ 10,873,955	$ 9,800,873	$ 9,051,369	$ 8,220,887	$ 7,841,227	$ 7,473,187
519,705	383,754	413,336	781,178	569,666	345,608
549,256	574,198	627,065	703,064	701,825	629,729
699,143	540,793	523,359	490,930	464,051	423,374
124,379	328,706	303,521	152,857	25,153	16,375
1,598,872	878,610	676,650	643,238	518,485	522,039
25,134	35,360	36,470	97,640	-	-
105,335	207,693	206,461	244,897	240,799	351,741
14,495,779	12,749,987	11,838,231	11,334,691	10,361,206	9,762,053
2,024,978	1,855,292	1,839,619	1,687,848	1,762,599	1,547,083
1,630,888	1,059,714	1,042,914	1,036,996	1,540,518	1,093,261
6,246,307	5,708,981	4,946,320	4,766,924	4,563,586	4,652,362
1,181,139	1,018,001	1,164,741	1,092,038	1,104,276	936,214
339,968	343,361	265,223	237,757	228,470	261,656
1,392,918	10,440,450	4,309,956	1,705,113	228,331	224,504
481,667	473,333	455,000	481,666	731,667	786,667
340,687	355,056	368,626	366,810	207,752	237,191
1,425	1,426	1,424	1,026	3,025	3,023
-	-	-	189,716	-	-
13,639,977	21,255,614	14,393,823	11,565,894	10,370,224	9,741,961
855,802	(8,505,627)	(2,555,592)	(231,203)	(9,018)	20,092
3,114,651	1,717,906	660,037	687,676	688,190	613,052
(2,424,395)	(1,108,479)	(33,187)	(74,172)	(14,062)	-
-	-	-	11,135,000	-	-
-	-	-	(1,685,000)	-	-
-	-	-	153,207	-	-
72,981	-	-	-	-	-
20,815	2,486	40,500	26,901	-	-
784,052	611,913	667,350	10,243,612	674,128	613,052
$ 1,639,854	$ (7,893,714)	$ (1,888,242)	$ 10,012,409	$ 665,110	$ 633,144
6.7%	7.7%	8.2%	8.6%	9.3%	10.8%

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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	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2024	1,927,346,429	92,091,783	317,599,413	1,701,838,799	0.56887

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
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
2024	0.5222	0.0467	0.5689	0.7510	0.2740	1.0250

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
$ 0.4182	$ 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
0.2871	0.0922	0.1061	0.4854	0.1945	0.1945	0.1122	0.0267	0.5279	2.6072

City of Azle, Texas

PRINCIPAL PROPERTY TAX PAYERS

Current and Nine Years Ago (Unaudited)

	2024			2015		
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	$ 33,417,367	1	1.96%	$ -	-	0.00%
CSL Azle 2016 LLC	28,000,000	2	1.65%	-	-	0.00%
SMC Azle, LLC	23,000,000	3	1.35%	-	-	0.00%
WalMart	18,205,690	4	1.07%	17,936,070	1	2.72%
Azle Manor Inc/Eagle Crest Properties, LLC	11,149,567	5	0.66%	5,922,769	3	0.90%
Tri-County Electric	8,645,410	6	0.51%	-	-	0.00%
Shady Azle, LLC	7,701,878	7	0.45%	-	-	0.00%
RS3 Holdings LLC	6,812,320	8	0.40%	-	-	0.00%
Korcha LLC	6,400,000	9	0.38%	-	-	0.00%
Integrated Machinery Solutions	5,064,269	10	0.30%	-	-	0.00%
Quality Trailer	-	-	0.00%	6,559,910	2	1.00%
TJ Machine & Tool	-	-	0.00%	5,673,440	4	0.86%
Oncor Electric Delivery	-	-	0.00%	3,896,040	5	0.59%
RR Cross, LLC	-	-	0.00%	3,644,700	6	0.55%
XTO Energy				3,235,290	7	0.49%
ABS Tx Investor LP	-	-	0.00%	3,180,000	8	0.48%
Jack D Truly	-	-	0.00%	3,175,000	9	0.48%
RaceTrac Petroleum INC				3,146,818	10	0.48%
Total	$ 148,396,501			$ 56,370,037		
Total Assessed Value	$ 1,701,838,799			$ 658,530,702		

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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Tax Levy		Amount	Percentage of Tax Levy
2015	$ 4,398,467	$ 4,342,477	98.7%	$ 51,907	$ 4,394,384	99.9%
2016	4,559,843	4,506,994	98.8%	47,417	4,554,411	99.9%
2017	4,936,343	4,874,866	98.8%	57,184	4,932,050	99.9%
2018	5,512,173	5,457,462	99.0%	49,434	5,506,896	99.9%
2019	6,101,605	6,049,771	99.2%	42,889	6,092,660	99.9%
2020	6,838,436	6,762,029	98.9%	66,761	6,828,790	99.9%
2021	7,321,815	7,255,949	99.1%	55,225	7,311,174	99.9%
2022	8,033,295	7,940,275	98.8%	70,854	8,011,129	99.7%
2023	8,713,460	8,620,755	98.9%	48,914	8,669,669	99.5%
2024	9,667,576	9,565,409	98.9%	-	9,565,409	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
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
2024	16,501,650	91,611	-	6,070,000	-	652,900

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
$ 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
23,316,161	4.06%	1,570

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]
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
2024	22,571,650	107,819	22,463,831	1.32%	1,513

[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, 2024 (Unaudited)

Governmental Unit	**Debt Outstanding**	**Estimated Percentage Applicable[1]**	**Estimated Share of Overlapping Debt**
Debt repaid with property taxes:			
Azle Independent School District	$ 273,195,000	28.84%	$ 78,789,438
Parker County	204,740,000	1.69%	3,460,106
Parker County Junior College District	1,225,000	1.69%	20,703
Tarrant County	345,130,000	0.41%	1,415,033
Tarrant County College District	569,915,000	0.41%	2,336,652
Tarrant County Hospital District	440,020,000	0.41%	1,804,082
Tarrant Regional WD	48,940,000	1.09%	533,446
Subtotal, overlapping debt			87,826,013
City of Azle, direct debt		100%	16,593,261
Total direct and overlapping debt			$ 104,419,274

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
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
2024	2.5000	0.5689	1.9311

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					
		Less:	Net			
				Debt Service [2]		
Fiscal Year	Total Revenues[1]	Operating Expenses[3]	Available Revenue	Principal	Interest	Coverage
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
2024	10,775,166	7,888,895	2,886,271	215,000	4,386	13.16

[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
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]
2024	14,847	573,673,233	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]
6,212	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%
7,218	3.9%

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City of Azle, Texas

PRINCIPAL EMPLOYERS

Current and Nine Years Ago (Unaudited)

	2024			2015		
Employer	**No. Employees** [1]	**Rank**	**Percentage of Total City Employment**	**No. Employees**[2]	**Rank**	**Percentage of Total City Employment**
Azle Independent School District	992	1	15.2%	820	1	12.6%
Wal-Mart	426	2	6.5%	359	3	5.5%
Texas Health/Harris Methodist Hospital	240	3	3.7%	243	4	3.7%
Tri-County Electric Coop	142	4	2.2%	144	5	2.2%
City of Azle	139	5	2.1%	135	6	2.1%
Azle Manor Nursing Home	125	6	1.9%	116	7	1.8%
Integrated Machine Solutions	117	7	1.8%	-	-	-
Rockwell American (Quality Trailer)	105	8	1.6%	363	2	5.6%
Albertson's Grocery	100	9	1.5%	84	8	1.3%
Brookshires	90	10	1.4%	70	9	1.1%
TJ Machine and Tool	45	11	0.7%	67	10	1.0%
Texas Turbine, Inc	36	12	0.6%	-	-	-
Clark's Precision Machine & Tool	34	13	0.5%	-	-	-
CVS Pharmacy	25	14	0.4%	-	-	-
SC Electronics	20	15	0.3%	-	-	-
City of Azle Total	2,557		39.1%	2,401		36.8%

(1) Total city employment for year 2024 is 6545, 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)

	2024	2023	2022	2021	2020
Function / Program					
General government	14.5	15.5	15	15	15
Public safety:					
Police	41.0	44.5	43	39.5	39.5
Fire	24	24	24	21	21
Animal control	6	5	4	4	4
Public works	9	9	9	8	8
Recreation and leisure	13	14	14	14	14
Community development	4.5	5.0	5.5	5	5
Golf course	5	5	4	3	3
Water	11	11	8.5	8.5	8.5
Sewer	7	7	6.5	6.5	6.5
Maintenance	10	10	10	9	9
Total all funds	145.0	150.0	143.5	133.5	133.5

Source: City budget

2019	2018	2017	2016	2015
13	13	13	12	8
38	35	35	35	34
21	18	17	17	17
4	4	4	4	3
8	8	8	9	7
13	13	13	14	14
5	4	4	4	3
3	3	2	2	2
9	9	9	8	14
7	6	6	6	6
9	9	9	9	9
130	122	120	120	117

City of Azle, Texas

OPERATING INDICATORS BY FUNCTIONS/PROGRAM

Last Ten Fiscal Years (Unaudited)

Function/Program	**2024**	**2023**	**2022**	**2021**
Public Safety				
Number of employees	40	45	43	42
Number of violations	5,517	5,794	5,864	2,551
Fire:				
Number of employees	19	24	24	21
Number of fire runs	3,903	4,149	3,738	3,138
Number of EMS runs	2,230	2,437	2,567	2,437
Streets				
Street resurfacing (miles)	2.25	1.9	2.03	1.65
Recreation & leisure				
Parks and recreation				
Number of facility rentals processed	221	-	-	-
Library				
Volumes in collection	60,629	58,932	57,563	55,873
Community development				
Number of inspections performed	5,557	7,163	7,717	2,439
Number of permits issued	1,214	834	951	734
Golf course				
Number of paid rounds played	38,307	44,878	42,062	41,268
Water				
Number of water customers	6,249	5,162	6,144	5,822
Average daily consumption (gallons	1,748,518	1,867,280	1,763,824	1,463,428
Maximum storage capacity (gallons)	3,900,000	3,900,000	3,900,000	3,900,000
Sewer				
Average daily treatment (gallons)	1,346,000	1,282,222	1,250,946	1,278,101

Source: City departments

2020	2019	2018	2017	2016	2015
42	40	37	34	34	32
3,865	3,520	3,997	4,403	5,390	4,860
21	21	17	17	17	17
2,868	2,511	1,900	1,688	1,337	1,438
2,202	2,173	1,938	2,029	1,954	1,965
2.9	1.5	1.31	2.4	1.96	0.8
40	251	204	180	194	195
53,681	58,789	58,544	59,274	62,854	59,746
2,184	1,640	2,260	2,813	1,652	1,466
353	776	825	1,017	1,325	876
36,668	35,205	33,131	33,680	32,641	32,246
5,719	5,544	5,468	5,334	5,161	4,955
1,506,760	1,277,360	1,579,447	1,414,786	1,347,286	1,426,953
3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
1,231,000	1,161,580	932,811	1,035,000	1,084,481	922,000

City of Azle, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

	2024	2023	2022	2021
Function				
Police				
Number of stations	1	1	1	1
Number of patrol units	27	27	27	24
Fire				
Number of stations	1	1	1	1
Streets and Grounds				
Streets (miles)	71.5	69	68	65.91
Streetlights	682	643	574	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)	136.0	134.5	133	127
Fire hydrants	772	760	753	702
Maximum daily capacity (gallons)	6,000,000	6,000,000	6,000,000	6,000,000
Sewer				
Sanitary sewer (miles)	71	69	68	62
Maximum daily capacity (gallons)	2,450,000	2,450,000	2,450,000	2,450,000
Storm water				
Storm sewers (miles)	84	83.25	82.5	81.65

Source: City departments

2020	2019	2018	2017	2016	2015
1	1	1	1	1	1
23	21	20	20	18	18
1	1	1	1	1	1
65.16	65.16	65.16	65.16	64.76	64
570	582	459	459	459	450
89	89	89	89	88	88
4	4	4	4	4	4
3	3	3	3	3	3
213	213	213	213	213	213
125	124	119	116	115	114
686	683	653	644	636	622
6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
60	60	58	57	56	44
2,450,000	2,450,000	2,450,000	2,450,000	2,450,000	2,450,000
81	80	80	80	80	80

FEDERAL SINGLE AUDIT REPORT

City of Azle, Texas

Fiscal Year Ended
September 30, 2024

City of Azle, Texas

SINGLE AUDIT REPORTS

Year Ended September 30, 2024

TABLE OF CONTENTS

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, 2024, 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 March 7, 2025.

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.

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.
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
March 7, 2025

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, 2024. 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, 2024.

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

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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, 2024, 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 March 7, 2025, 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
March 7, 2025

City of Azle, Texas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended September 30, 2024

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

None.

City of Azle, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended September 30, 2024

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, 2024

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, 2024

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 2022	16.607	$ 1,968
	Total U.S. Department of Justice		1,968
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			
Pass-through Tarrant County:			
U.S. Department of Housing and Urban Development Community Development Block Grant - CDBG-Entitlement Grants Cluster	B-22-UC-48-0001-11-05	14.218	115,307
	Total U.S. Department of Transportation		115,307
U.S. DEPARTMENT OF TREASURY			
Pass-through Texas Division of Emergency Management			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	TX4291	21.027	1,341,802
Pass-through Tarrant County Emergency Services District			
(COVID-19) Coronavirus State and Local Fiscal Recovery Funds	n/a	21.027	991,251
	Total U.S. Department of Treasury		2,333,053
	TOTAL PROGRAMS		$ 2,450,328

City of Azle, Texas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2024

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.

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

March 7, 2025

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

We have audited the financial statements of the City of Azle, Texas as of and for the year ended September 30, 2024, and have issued our report thereon dated March 7, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 1, 2023, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our findings regarding significant control deficiencies over financial reporting material weaknesses and material noncompliance, and other matters noted during our audit in a separate letter to you dated March 7, 2025.

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Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, and as appropriate, our firm have complied with all relevant ethical requirements regarding independence.

Our firm and staff do not have any existing relationships, conflicts of interest, or other conditions or circumstances that would impair our independence with the City under U.S. GAAS or *Government Auditing Standards*

For any nonattest service provided by our firm, management of the City maintained responsibility for (a) making all management decisions and performing all management functions; (b) assigning a competent individual to oversee the services; (c) evaluating the adequacy of the services performed; (d) evaluating and accepting responsibility for the results of the services performed; and (e) establishing and maintaining internal controls, including monitoring ongoing activities.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Azle, Texas is included in Note 1 to the financial statements. The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 100, entitled Accounting Changes and Error Calculations. during the year end September 30, 2024; No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are.

Management's estimate of the useful lives of capital assets is based on industry standards relating to capital assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Azle, Texas's financial statements relate to the City's disclosure of capital assets and long-term debt.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements to report during the year.

In addition, professional standards require us to communicate to you all material, audit adjustments that were brought to the attention of management as a result of our audit procedures. See exhibit 1 for a listing of audit adjustments noted during the year.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Azle, Texas's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated March 7, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Azle, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Azle, Texas's auditors.

Emphasis of Matter

As discussed in Note V.H. to the financial statements, the City reclassified the TIRZ No. 1 fund from a nonmajor governmental fund in the prior fiscal year to a major governmental fund in the current fiscal year. There was no impact on beginning governmental net position or fund balances. Our opinion is not modified with respect to this matter.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City of Azle, Texas's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the City of Azle, Texas and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Houston, Texas

Exhibit 1

Correcting Audit Entries

Adjusting Journal Entries JE # 1
To adjust municipal court due to state.

01-2163	ACCRUED CT PAYABLE TO STATE	200,714.79	
01-2702	DEFERRED REVENUE - MUNCPL CRT		200,714.79
Total		**200,714.79**	**200,714.79**

BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

March 7, 2025

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

In planning and performing our audit of the financial statements of the City of Azle, Texas (the "City"), as of and for the year ended September 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible*. The chance of the future event or events occurring is more than remote but less than likely.
- *Probable*. The future event or events are likely to occur.

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

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Other matters are any additional noteworthy items that are unrelated to internal control such as compliance with laws and regulations. In addition, we noted other matters involving the internal control and its operation:

1. **NEW ACCOUNTING STANDARD – GASB NO. 101 – COMPENSATED ABSENCES**

Finding

GASB 101, *Compensated Absences*, replaces GASB 16, *Accounting Compensated Absences*. The goal of the standard is to create a more consistent model for accounting for compensated absences that can be applied to all types of compensated absence arrangements. GASB Statement No. 101 is effective for fiscal years beginning after December 15, 2023. For September 30th governments that means on October 1, 2024.

The new guidance introduces three criteria for recording a liability in financial statements prepared using the economic resources measurement focus (often referred to as a "full accrual" basis). A liability should be recognized for leave that has not been used if all of the following are true:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means (likelihood of more than 50 percent).

The most significant impact will be the change to sick leave and how it is accounted for. Under GASB 16, governments have two options in accounting for sick leave, both of which only require the government to accrue for sick time that will be paid in the form of a termination payment. Under GASB 101, sick leave will be calculated in the same manner as any other type of compensated absence. Governments will be required to accrue for time that has accumulated and is likely to be used, even if the employee will never be eligible for a termination payment related to unused time. In addition, the threshold for when to recognize a liability related to expected future payment (or use under GASB 101) decreased from "probable" (likely) to "more likely than not" (likelihood of 50% or higher).

Recommendation

The City should begin planning for an increase in their compensated absence liability if Sick Leave has not previously been accrued. In addition, the City should begin assessing the approach and assessment of the likelihood that compensated absences will be utilized and therefore accrued.

2. **SINGLE AUDIT THRESHOLD**

Finding

Approximately every five years, the Office of Management and Budget (OMB) completes a review and proposes changes to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, commonly known as the "Uniform Guidance" or "2 C.F.R. Part 200." The *2024 Compliance Supplement* issued by the Office of Management and Budget ("OMB") is effective for audits of fiscal years beginning after June 30, 2023. This supplement supersedes the *2023 Compliance Supplement* dated May 19, 2023.

The most notable change contained within this supplement is an increase in the Single Audit threshold for non-federal entities from $750,000 to $1,000,000 in federal awards expended within a fiscal year. This change is effective for fiscal years beginning on or after October 1, 2024 and will apply to the City's 2024/2025 fiscal year.

Recommendation

The City should continue to monitor federal grant expenditures and apply the new threshold guidance over single audits going forward.

This communication is intended solely for the information and use of the City Council and management, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Houston, Texas

Item Number: 7

Presenter:	**Mike Winterrowd, Police Detective**
Agenda Item:	**Consider any action on Resolution No. 2025-06 approving the application for the Motor Vehicle Crime Prevention Authority Grant**

Background and Explanation:

This grant is a 20% match from the TX Motor Vehicle Crime Prevention Authority, and would begin September 1. The grant will provide a surveillance package including a drone(s), low-light vision detection equipment, and magnified optics, all for targeted surveillance to detect, deter, or prevent vehicle theft, burglary of vehicles and related crimes, for use by Azle Police personnel. The grant will have quarterly reports, assessments, and productivity measures during the operation cycle.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

Approve Resolution No. 2025-06.

Attachments:

1. Res. 2025-06

RESOLUTION NO. 2025-06

A RESOLUTION OF THE CITY OF AZLE TEXAS SUPPORTING THE SUBMISSION OF A TEXAS MOTOR VEHICLE CRIME PREVENTION AUTHORITY GRANT VIA THE TEXAS DEPARTMENT OF MOTOR VEHICLES FOR A TARGETED SURVEILLANCE PROJECT

WHEREAS, the City of Azle finds it in the best interest of the citizens of Azle , Texas that the Targeted Surveillance Project be operated for a budget cycle beginning September 2025 ending in September 2026; and

WHEREAS, the City of Azle agrees to provide $55,000, for the said project as required by the Texas Motor Vehicle Crime Prevention Authority, $44,000 of which will be reimbursed (there is a 20% match requirement) as this request is a partial reimbursement grant; and

WHEREAS, the grant is for a surveillance package that will include a drone or drones, low-light vision detection equipment, and magnified optics, all for targeted surveillance to detect, deter, or prevent vehicle theft and related crimes, for use by Azle Police personnel; and

WHEREAS, the City of Azle agrees that in the event of loss or misuse of the Texas Motor Vehicle Crime Prevention Authority funds, the City of Azle assures that any applicable funds will be returned in full to the Texas Motor Vehicle Crime Prevention Authority; and

WHEREAS, under the provisions of the Texas Transportation Code Chapter 1006 and Texas Administrative Code Title 43; Part 3; Chapter 57, entities are eligible to receive grants from the Motor Vehicle Crime Prevention Authority to provide financial support to law enforcement agencies for economic motor vehicle theft and fraud-related motor vehicle crime enforcement teams; and

WHEREAS, this grant program will assist the Azle Police Department to combat motor vehicle theft, motor vehicle burglary and fraud-related motor vehicle crime; and

WHEREAS, the City of Azle designates Chief of Police Ben Hall as the Authorized Official to apply for, accept, decline, modify, or cancel the grant application for the Motor Vehicle Crime Prevention Authority Grant Program, and all other necessary documents to accept said grant;

WHEREAS, the City of Azle designates Detective Mike Winterrowd as the Program Director, and designates Stephen Barnes as the Financial Officer for this grant.

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

SECTION 1

The Azle City Council hereby approves the submission of the grant application for Targeted Surveillance Project to the Texas Motor Vehicle Crime Prevention Authority.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF AZLE TEXAS ON MARCH 18, 2025, REGULAR MEETING.

____

ALAN BRUNDRETT, MAYOR

ATTEST:

____

YAEL HOFFMAN, CITY SECRETARY

Item Number: 8

Presenter: **Kristen Pegues, Community & Marketing Specialist**

Agenda Item: **Facade and Signage Improvement Program revisions and additions.**

Background and Explanation:

At the February 18 meeting, the City Council discussed potential revisions to the Façade and Signage Improvement Program. Based on that discussion, staff has compiled the following proposed amendments for further consideration:

- Increased Maximum Reimbursement: Raise the maximum reimbursement for façade improvement projects on Main Street to $25,000.
- Permit Fee Waivers: Waive permit fees for projects funded by the grant.
- Flexible Funding Option: Allow the Council to approve certain projects at a higher participation rate, up to 80%, at their discretion.

These proposed changes are reflected in red in the attached document. Staff is seeking Council's direction and/or further recommendations before presenting the policy for adoption.

Board/Commission/Committee Recommendation:

N/A.

Staff Recommendation:

N/A.

Attachments:

1. FSIP 2025 revision DRAFT

Facade and Signage Improvement Program (FSIP)

Guidelines and Application

Revised: March 2025

A free program for City of Azle business property owners or tenants seeking to renovate or restore their exterior signage, awnings, lighting, or commercial building façade.

Quick Links:

A. INTRODUCTION

The City of Azle has established the Facade and Signage Improvement Program (FSIP), which will provide technical and financial assistance to property owners or business tenants seeking to renovate or restore their exterior signage, lighting or commercial building facades. The FSIP is designed to impact properties in need of revitalization, resulting in the improved exterior, visibility and presentation of a business. The FSIP is not designed to subsidize corrections to building code violations that prolong the life of a commercial property.

There are two (2) kinds of grants that may be applied for: General Project Grant and a Signage Project Grant. Both grants may be applied for any number of times until the aggregated maximum amount is reached on the same property in a calendar year.

General Project Grant

The FSIP will provide a fifty percent (50%) General Project matching grant of up to $10,000 for the funding of well-designed improvements which will coordinate all the important features of the storefront into a more attractive image while creating, if necessary, an accessible entrance for the public. This may include the restoration of architectural details, better windows and doors, and well- proportioned signage and lighting.

Signage Project Grant

An additional fifty percent (50%) Signage Project matching grant up to $5,000 may be available for improvement of existing signage or construction of new City-approved signage.

City staff will be available to provide assistance to applicants through the conceptual stage at no cost to the applicants. Applicants, however, will be responsible for hiring licensed architects and contractors to refine this conceptual design depending on the scope of work.

B. DEFINITIONS

The following definitions shall apply to the terms used in this Policy:

Applicant: the Property owner or business occupant signing the Application for a Facade and Signage Improvement Grant.

Aggregate Amount: the total accumulated dollar amount during a calendar year.

Construction Costs: the cost of permits, fees, construction materials, and installation labor. All other associated costs are deemed excluded, including, but not exclusively, the following costs: design, construction document preparation, bidding, sweat equity and construction financing.

DRC: the City's Development Review Committee.

Eligible Enhancements: the improvements identified as eligible in Section C herein.

Facade: the portion of the building visible from the primary right-of-way as determined by City.

MDD: the Municipal Development District (Tarrant County side of Azle)

Notice to Proceed: a written notice from City Staff authorizing the Applicant to begin construction as approved by the City.

Property: the physical lot and/or building to which improvements are being made.

Staff: the City Manager or their designee(s).

Sweat Equity**:** the cost or value of a party's contribution to a project in the form of labor

C. ELIGIBILITY CRITERIA

The following criteria must be met for participation in FSIP:

1. Applicants must be commercial property owners or commercial tenants located in the City of Azle;
2. Tenants must have written approval from property owners to participate in program;
3. Nonconforming signage on property, if applicable, must be permanently removed as part of the improvement;
4. Applicants must be up to date on all municipal taxes prior to participation in the program;
5. Applicants must not have any City liens filed against any property owned by Applicant, including but not limited to, weed liens, demolition liens, board-up/open structure liens and paying liens;
6. Applicants must comply with all State and local laws and regulations pertaining to licensing, permits, building code and zoning requirements;
7. Understanding that the overall objective of the FSIP is to improve the exterior, visibility and presentation of a property; the City has the discretion to decline an application while suggesting enhancements that would enable future acceptance.
8. Ineligible businesses: non-profits, government offices, residences, home businesses, and sexually-oriented businesses.

D. DESIGN PRINCIPLES AND GUIDELINES

Improvements to be funded by the program must be compatible with the character and architecture of the individual building as well as meet City standards with regards to latest construction and design trends. Buildings with significant architectural qualities are strongly encouraged to restore and maintain these features. Improvements for buildings not having such architectural features should still be carefully considered and be seen as an opportunity to substantially enhance the appearance of the buildings and their streetscapes.

1. *Eligible Facade/Signage Improvements:*

a. Restoration of details in historically contributing or significant buildings, and removal of elements which cover architectural details;
b. Window replacement and window framing visible from the street which is appropriately scaled to the building;
c. Visually appealing and appropriate City-approved signage, including monument signage, pole signage, electronic message boards and other signage as specified in the City's codes;
d. Lighting which is visually appealing and appropriately illuminates signage, storefront window displays, and recessed areas of a building Facade;
e. Awnings or canopies which can be both functional and visually appealing;
f. Edging, curbing, irrigation installation and repair, approved trees, landscaping beds (not including planting material) or other landscaping features where appropriate;
g. Cleaning, repainting (including mural installation) or residing of building;
h. Asphalt overlay of parking lots visible from street;
i. New storefront construction, appropriately scaled within an existing building;
j. Removal of architectural barriers to public accessibility.
k. Replacement or repair of the portions of the roof that are visible from an adjacent public street.
l. Replacement or repair of existing gutters and/or downspouts.
m. Installation of new sidewalks and/or the replacement or repair of existing sidewalks.
n. Outdoor dining/seating, including benches/porch swings and shade structures
o. Taxes

2. *Ineligible Improvements/Expenses:*

a. exterior improvements located on the sides or rear of buildings;
b. interior improvements;
c. playground or recreational equipment;
d. structural changes;
e. burglar bars;

f. security/alarm system;
g. "sweat equity" (See definition in Section B);
h. new commercial construction;
i. gazebos;
j. trellises;
k. window boxes;
l. permitting fees;
m. architectural, survey or other professional fees;
n. asbestos testing, removal, abatement, or remediation; or
o. improvements for which insurance monies are received
p. outline lighting;
q. parking lot striping only

3. Prior Improvements

Any permits, alterations, or improvements pertaining or relating to the FSIP application made prior to application submission or receiving a "Notice to Proceed" are not eligible for reimbursement.

4. Alterations

Applicant must agree not to change or alter the improved Facade without prior written approval from the City for four (4) years from the date of grant payment.

E. PROGRAM ASSISTANCE

1. Financial Assistance

Funding offered is a matching grant in which the FSIP reimburses Applicant fifty percent (50%) of total project costs, up to a $10,000 maximum match for Facade improvements, except for properties located on Main Street, which are eligible for a maximum match of $25,000. Additionally, City-approved signage is eligible for a fifty percent (50%) match, up to $5,000. While applicants must obtain applicable permits for the project, permit fees will be waived except for the plan review fee (where required). Architectural design fees may not be included in the total cost of eligible improvements.

Applicant's match may be in the form of other financial aid (grant or loan) received from other agencies and/or banks, but may not be "in-kind." The FSIP will only provide reimbursement after Applicant has paid their architect, contractor and vendor(s) in full and after the project is determined to have been completed in accordance with the contract between the City and Applicant.

At its discretion, the Azle City Council may approve funding for certain projects at a higher City participation rate, up to 80% of total project costs, based on the project's impact, location, contribution to the community's overall revitalization efforts, and any hardship expressed by the applicant.

2. Application and Information

If you wish to participate in the FSIP, please contact the City of Azle Economic Development Department, (817) 444-7076 office or e-mail econdev@cityofazle.org.

F. APPLICATION PROCESS

All prospective applicants must follow the application process in the order outlined below.

1. Applicant meets with Economic Development Director for initial project discussions and files an application.
2. Applicant meets with Staff to discuss building program and design alternatives.
3. Applicant's architect prepares final design drawings and submits them to Staff for review and approval.
4. Applicant must submit two (2) competitive bids on the proposed work and clearly identify which bid will be utilized. If there is an extreme difference between bids, the applicant will be required to provide a narrative as to why they chose the more expensive bid or why the other bid is so low.
5. Proposed project will be presented to the DRC for review followed by review by the City Manager. The proposed project will then be presented to the Azle City Council for final review/approval.
6. Staff sends applicant a "Notice to Proceed" and fully executed Facade and Signage Improvement Program Agreement. **Any portion of work initiated or completed prior to submitting an application or receiving the "Notice to Proceed" will not be reimbursed.**
7. Applicant has sixty (60) days from the date the Notice to Proceed is sent to begin implementation of approved improvements. Applicant must provide Staff with copies of all building permits and certifications received from improvement project.
8. Contractor constructs project improvements as specified in the final design. Any changes to the approved plan must be approved by Staff.
9. Applicant notifies Staff once project is completed.
10. Staff certifies the improvements comply with the final drawings and specifications.
11. Applicant must submit copies of all paid invoices and receipts with verification of funds disbursement (copy of check, bank statement withdrawal, credit card statement, etc.) to the Economic Development Director, who then submits request for reimbursement check.
12. If the application is denied, the Applicant will not be allowed to reapply to the Program for 120 days from the original application date.
13. Any approved applicants may apply for additional grants any number of times until the aggregated maximum amount of $10,000 for General Projects and $5,000 for Signage Projects is reached on the same property in a calendar year.

14. Approved projects must be completed within six (6) months of approval and turn in all receipts for approval and reimbursement. If the applicant is unable to complete the work within this timeframe, applicant must make a written request for an extension. Extensions will be limited to two (2) – sixty (60) day periods.

The City reserves the right to make adjustments regarding conditions and parameters outlined in these guidelines.

G. TERMINATION

The City of Azle has the right to terminate any agreement under the FSIP if a participant is found to be in violation of any conditions set forth in these guidelines or if the project has been started prior to an executed Facade and Improvement Program Agreement with the City of Azle and the receipt of a Notice to Proceed.

Facade and Signage Improvement Program Application

Please return completed application with necessary attachments and signature to City of Azle Economic Development Office, 505 W Main Street, Azle TX 76020 or mail to PO Box 1378 Azle, TX 76098. If you have any application questions, please contact the Economic Development Director at 817-444-7076.

Applicant Name	Date
Business Name	
Mailing Address	
Contact Phone	
Email Address	
Building Owner (if different than applicant)	
Project Site/ Address	County

Type of Work: (check all that apply)

Façade/Building Rehab ☐ Roofing ☐ Landscaping ☐

Parking & Driveways ☐ Awnings ☐ Pedestrian Amenities ☐

Signage ☐ Outdoor Seating/Patio ☐

Details of Planned Improvements relating Grant Request (attach additional information if necessary)

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How will this project benefit the community?

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____

____

General Project Expenditures	**Total Estimated Costs**	**50% Grant Requested**
Façade/Building Rehab		
Roofing		
Landscaping		
Parking/Driveways		
Awnings		
Pedestrian Amenities		
Outdoor Seating/Patio		
Total		

Total General Project grant request may not exceed 50% of TOTAL COST up to $10,000

Signage Project Expenditures	**Total Estimated Costs**	**50% Grant Requested**
Signage		
Total		

Total Signage Project grant request may not exceed 50% of TOTAL COST up to $5,000

Request Total	

**** Attach with final design drawings and photographs of building's exterior Facade.***

____

Applicant Signature ***Date***

____

Property Owner Signature ***Date***

Application Checklist

- □ Completed application with details of planned improvements
- □ Copies of bids
- □ Photographs of existing building conditions

Return completed application with necessary attachments and signature to:

City of Azle - Economic Development Office
505 W Main Street
Azle, TX 76020

Mailing Address:
PO Box 1378
Azle, TX 76098

If you have any application questions, please contact the Economic Development Director at 817-444-7076

Presenter: **Tom Muir, City Manager**

Agenda Item: **Speer Street Drainage Project**

Background and Explanation:

Staff will explain the need for the Project and discuss possible funding.

Board/Commission/Committee Recommendation:

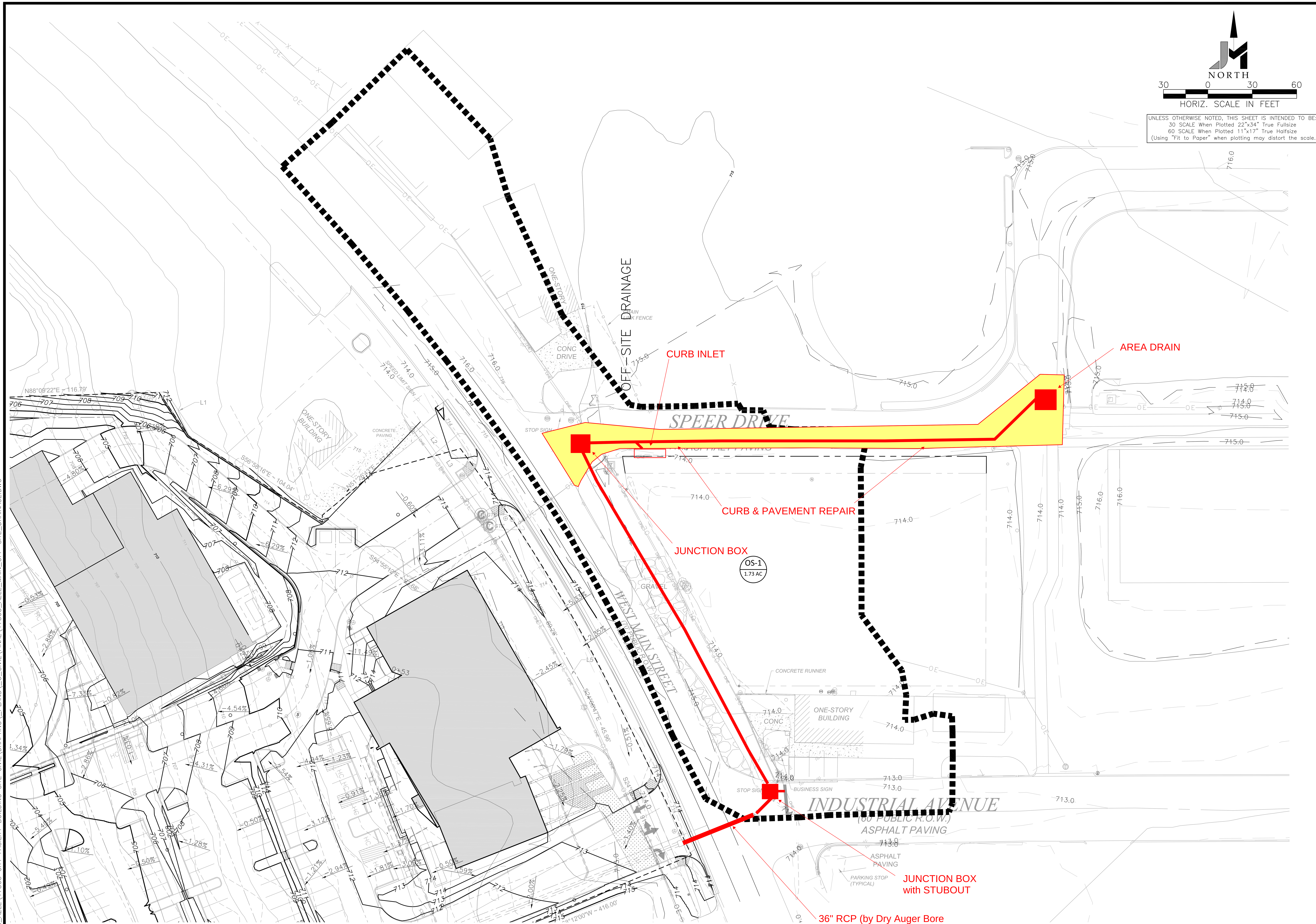
N/A.

Staff Recommendation:

N/A.

Attachments:

1. Speer Street Drainage



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3465 CURRY LANE
ABILENE, TX 79606
325-695-1070

1508 SANTA FE DR, STE 203
WEATHERFORD, TX 76086
817-594-9880

FIRM# F-2448

JACOB MARTIN

CITY OF AZLE, TEXAS

OFF-SITE DRAINAGE

NO.	REVISION	DATE
	95% CD SUBMITTAL	03/02/2018

SCALE 1"=30'
PROJECT # 17305
DESIGNED A.D.T.
DRAWN J.D.B.
CHECKED A.D.T.

BAR IS ONE INCH IN LENGTH ON ORIGINAL DRAWING. CHECK SCALE & ADJUST ACCORDINGLY.

SHEET

SEQ.