AGENDA
WATAUGA CITY COUNCIL
WORKSHOP MEETING
MONDAY, AUGUST 4, 2025
CITY HALL COUNCIL CHAMBER, 7105 WHITLEY ROAD
5:30 PM

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

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

ROLL CALL

ANNOUNCEMENTS

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

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

PRESENTATIONS

1. Presentation of the City Manager's Proposed Budget for FY2025-2026
   Jennifer Calvert, Finance Director

ADJOURNMENT

<u>Meeting Notices and Reservation of Rights</u>

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

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

NOTICE

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

I, Linda Proskey, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on August 1, 2025, before 5:00 p.m., in accordance with Chapter 551 of the Texas Government Code.

/S/ Linda Proskey

City Secretary

AGENDA MEMORANDUM

DATE: July 17, 2025

TO: Honorable City Council Members

FROM: Sandra Gibson, City Manager

THROUGH: Sandra Gibson, City Manager

SUBJECT: Presentation of the City Manager's Proposed Budget for FY2025-2026

BACKGROUND/INFORMATION:

Staff will present an overview of the revenues and expenditures, fund summaries, and tax rate within the 2025-2026 Proposed Budget.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. Budget Workshop Presentation 8-4-2025
2. DEPARTMENTS BUDGET PRESENTATION FY2025-26
3. FY2025-2026 PROPOSED BUDGET

REVIEWED BY:

Sandra Gibson, City Manager
Linda Proskey, City Secretary
Approved as to form for inclusion on Agenda

CITY OF WATAUGA PROPOSED BUDGET

FY 2025 - 2026

August 4, 2025

Budget Workshop

FY2025 Proposed Budget

October 1, 2025 - September 30, 2026

- Budget is Balanced
- Budget Addresses City Council Priorities
- Focus on recruitment and retention of personnel, Public Safety, Streets, Parks & Community Services, Library Services
- Consistent with Council approved Financial Policies

State Law provides certain parameters for municipal budgeting. Ch. 102 of the Local Government Code and the City's Charter lists out certain parameters for the budget process, what must be included and requirements for adopting the budget.

BUDGET BASICS – WHAT IS IN THE BUDGET?

- A policy statement: sets the tone for the year and governs the use of funds
- A “work” plan: annual priorities; long-range planning objectives
- A financial plan: state of the City’s finances
- A communication tool: tell the public the City’s plan for the budget year
- A legal document: adopted by ordinance

The Budget Cycle

Budget Important Dates

- July 25th – TAD provided Certified tax values and tax rate calculated
- July 25th – Budget to Council; posted to Website
- August 4th – 5:30 p.m. Budget Overview and Department Budgets Presentation
- August 4th – 6:30 p.m. Special Meeting (set public hearings, vote to consider tax rate, etc.)
- August 11th – 6:30 p.m. Budget Public Hearing (City & CCD Public Hearing)
- August 11th – Budget Adoption (CCD)
- August 25th –Budget Hearings and Adoption
    - Adopt Budget
    - Tax Rate Public Hearing & Adoption
    - WEDC Public Hearing & Budget Adoption

Long-Range Financial Plans

- Capital Improvement Plan
  - FY2026-FY2030 CIP
  - Rolling five year plan every year

- Personnel Enhancement Plan
- Succession Plan

- Capital Outlay Plan (capital equipment vehicles, technology and facilities)

Other Contributing Plans:

- Strategic Plan (City & Economic Development)
- Comprehensive Plan
- Utility Rate Model
- Parks Master Plan

Significant Budget Impacts FY2025-2026

Revenues

- Sales tax flat in FY2025. 1.5% increase for FY2026.
- Property tax revenues capped by SB2 not meeting inflationary increases. Proposing same rate as FY2025.
- Interest income and charges for services forecast lower.

Inflationary impact on budget

CPI increases

30% increase TML risk insurance.

Personnel Items

- Retention and Recruitment challenges
  - 3% COLA
  - Step & merit pay continuation.
- Near full staffing.
- Medical Plan premium decreases 1.2%; retirement funding decrease of 0.71%.

Funding sources

Grant Funds – ARPA funds to be utilized this fiscal year for remaining items.

Combined Funds Budget Overview

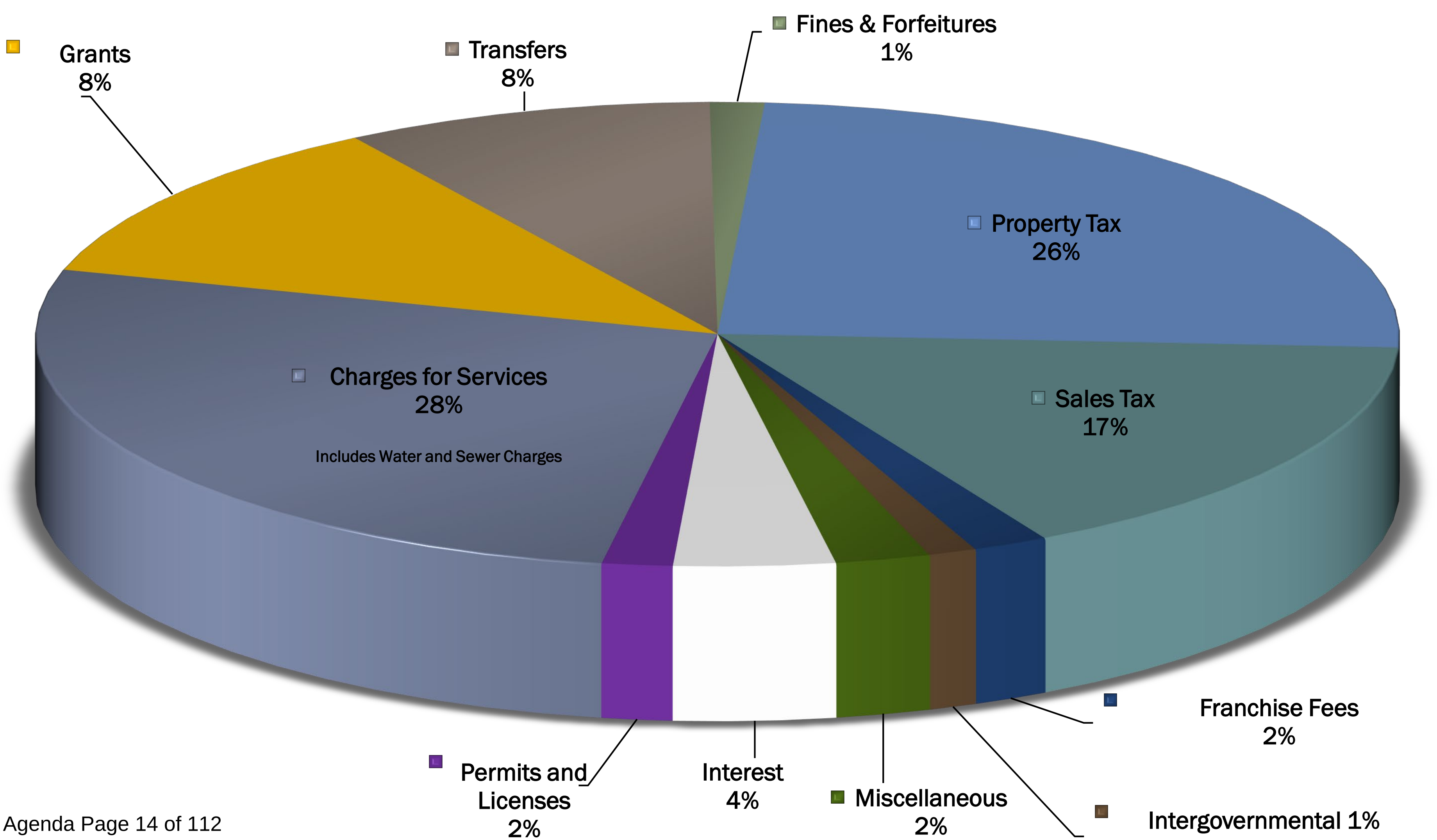
Revenues and Expenditures

Total Proposed Budget – All Funds Including Capital Funds

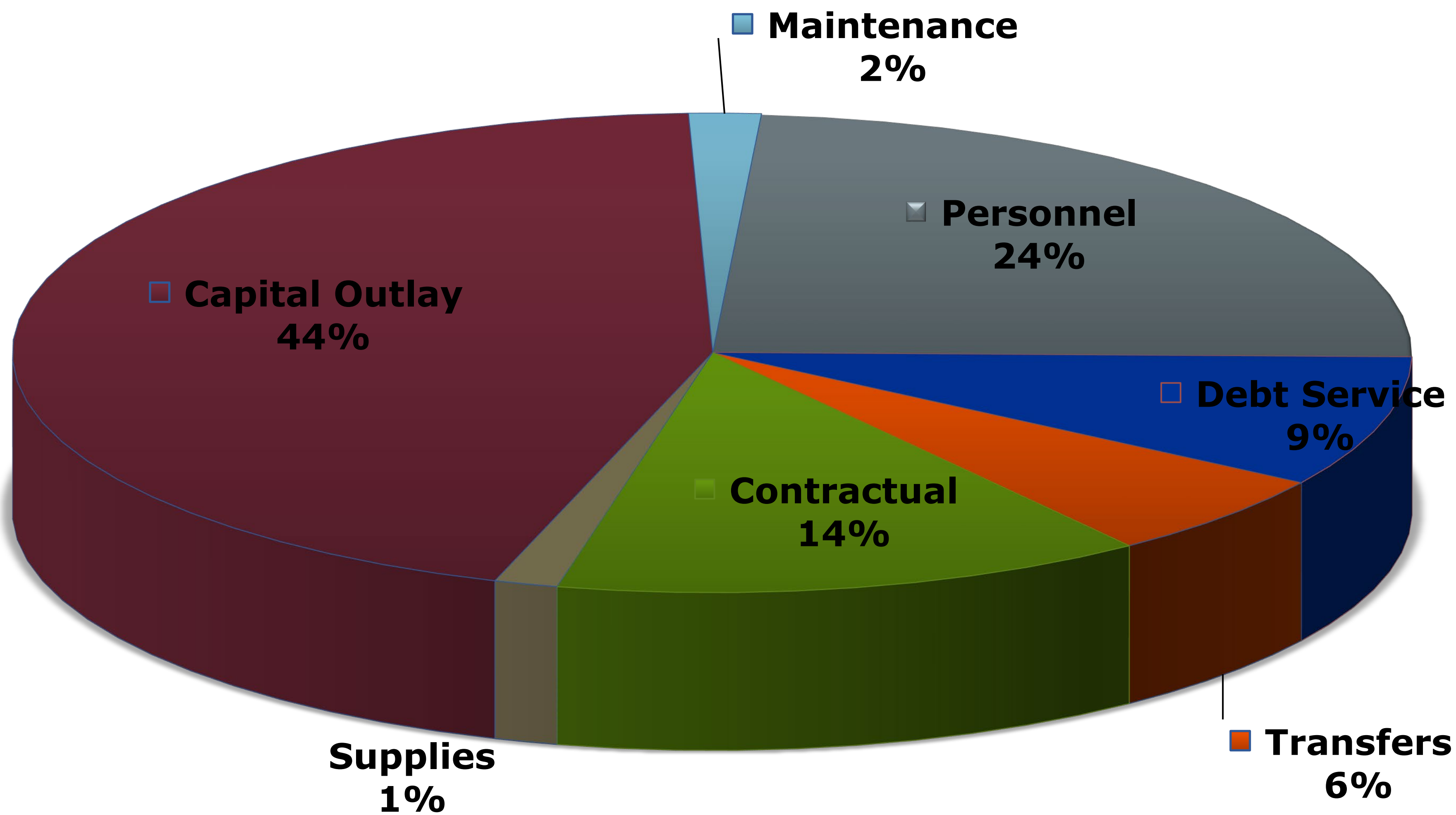
Fund	Beginning Fund Balance	Revenues & Transfers In	Expenses& Transfers Out	Ending Fund Balance (Reserves)
General	**$ 9,230,290**	**$19,487,540**	**$19,788,240**	**$8,929,590**
Water & Sewer	**$ 2,657,841**	**$10,709,000**	**$11,037,280**	**$2,329,561**
Capital Funds (Gen/Water/EDC)	**$34,322,475**	**$ 4,377,000**	**$37,619,790**	**$5,234,485**
Sales Tax Funds (EDC and Crime Control)	$ 4,358,455	$ 3,267,500	$ 3,230,150	$4,013,482
Grant Fund (ARPA)	$ 7,921	$ 542,709	$ 542,709	$ 7,921
Debt Service – General and Utility	$ 1,331,821	$ 6,164,500	$ 6,117,533	$1,378,788
Storm Drain	$ 4,663,832	$ 1,655,000	$ 1,275,630	$1,747,002
Other Funds**	$ 3,880,171	$ 928,560	$ 403,040	$3,711,891
TOTAL	**$60,452,806**	**$47,131,809**	**$80,014,372**	**$27,570,243**

**Includes fund balance from non-appropriated funds

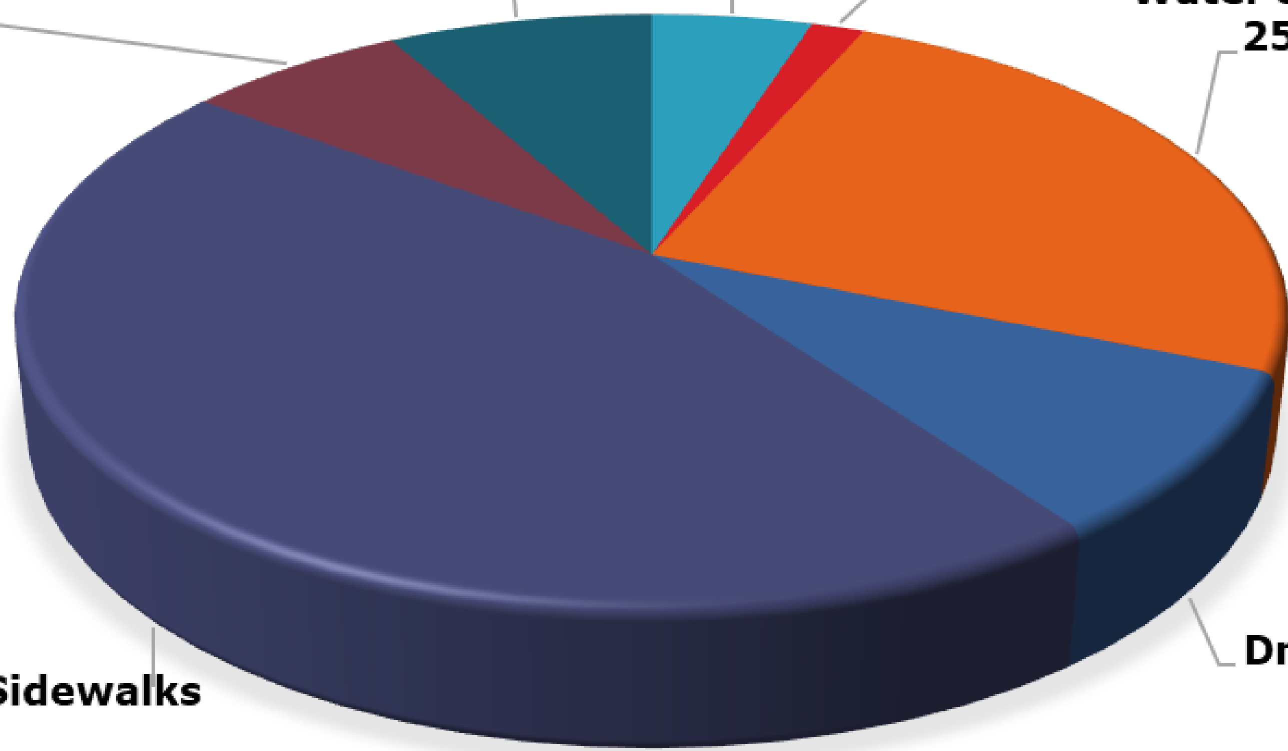
FY2025-2026 Operating Revenues by Category – All Funds
$47,131,809 million (including transfers & grants)



FY2025-2026 Expenditures by Category
$80 million



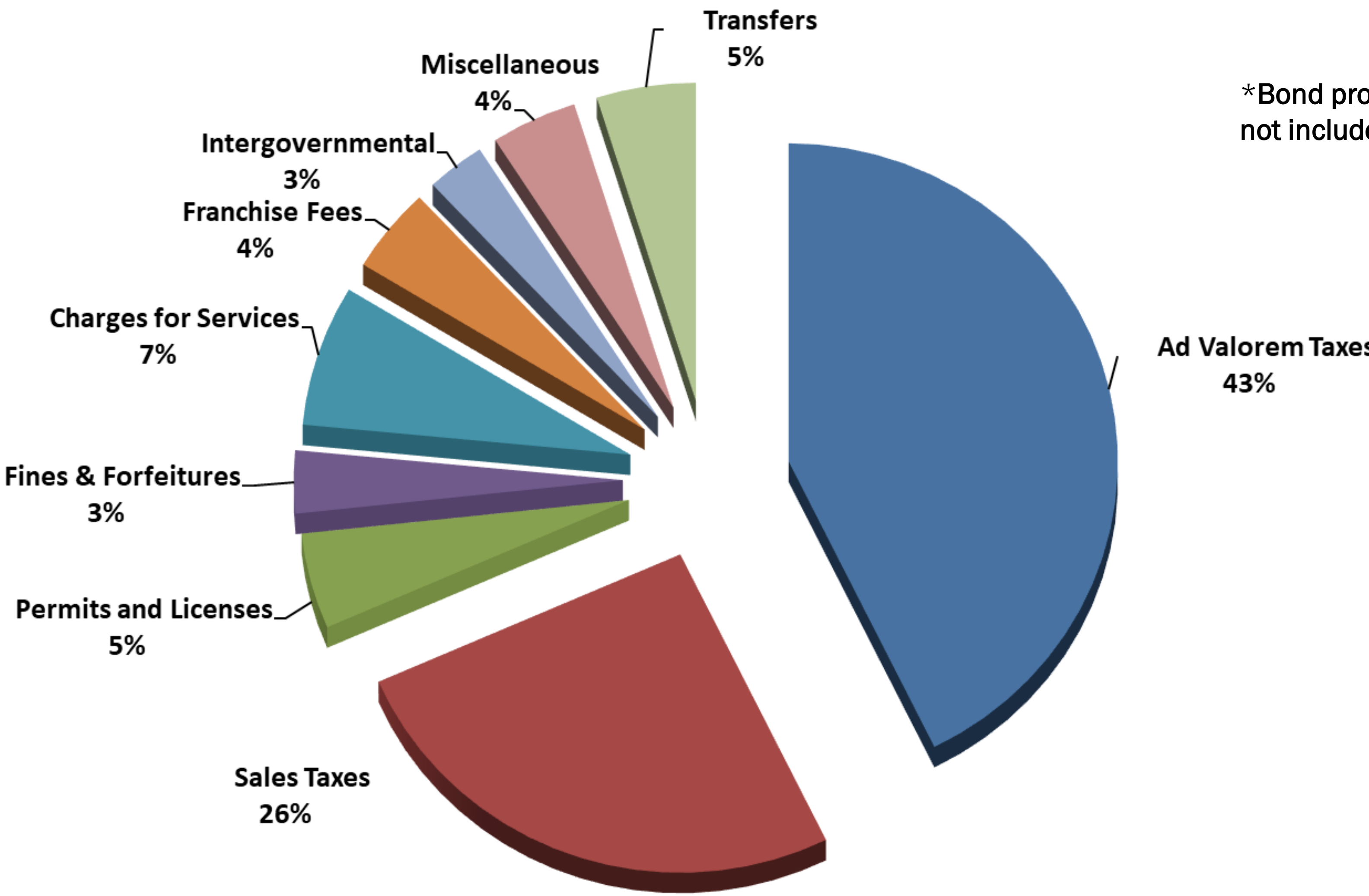
Budgeted Capital Expenditures
$37.1 million



Major Funds Overview

Revenues and Expenditures

Revenues by Category
General Fund $19,487,540



*Bond proceeds not included

General Fund Revenues

- General Fund Revenues are projected to increase by $795,720 or 4.4% from last year's budgeted revenues.
- 69% of revenue growth is from property taxes

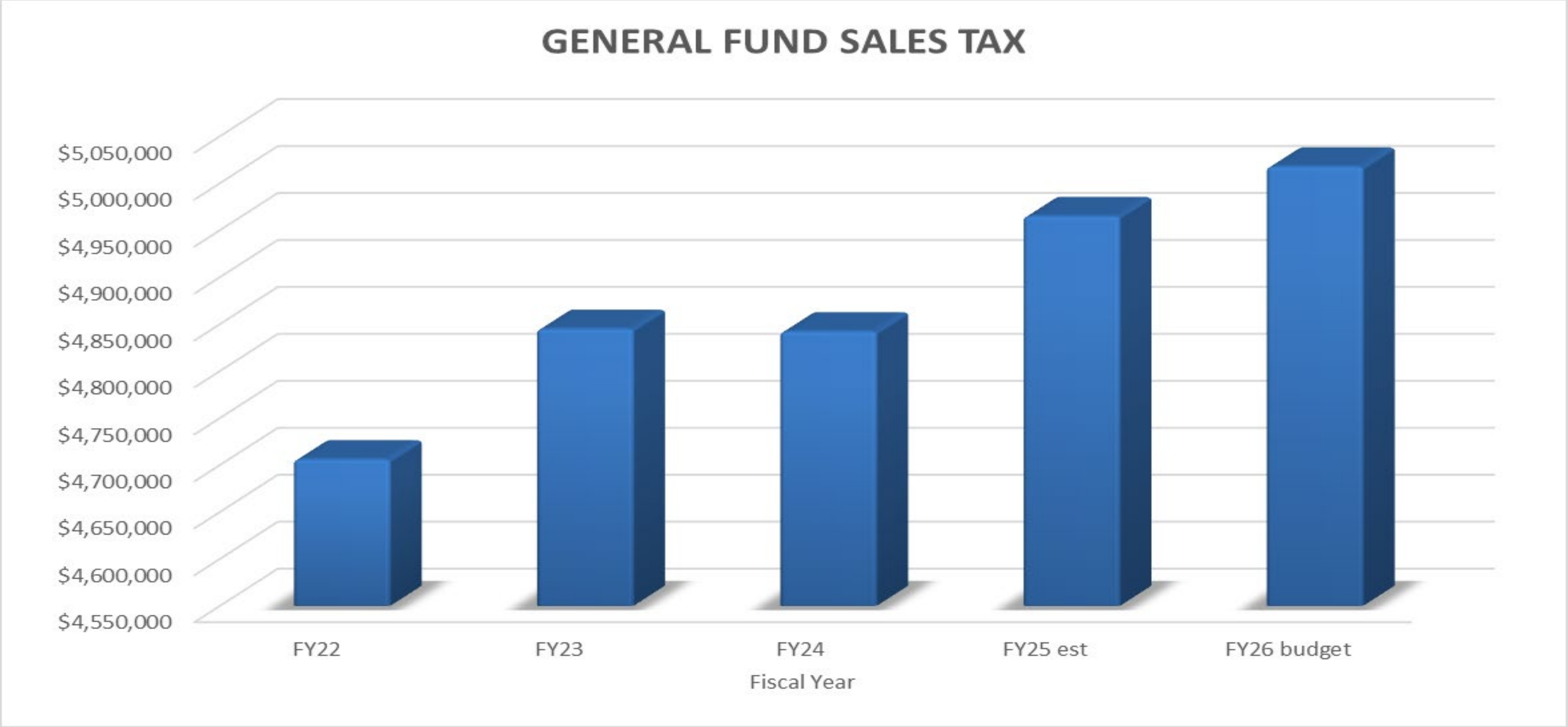
General Fund Revenues

Source	FY2025 (orig) Budget	FY2025 Projected	FY2025-26 Proposed	% Change 2025-26 Proposed vs. 2024-25
Property Taxes	$7,800,000	$7,740,000	$8,321,500	6.7%
Sales Tax	$4,964,980	$4,964,980	$5,017,715	1.1%
Permits & Licenses	$ 825,500	$ 993,000	$ 948,000	12.3%
Fines & Forfeitures	$ 590,500	$ 575,500	$ 621,425	6.4%
Charges for Services	$1,351,500	$1,405,500	$1,397,500	3.5%
Franchise Fees	$ 859,500	$ 815,533	$ 845,000	-1.8%
Intergovernmental	$ 562,000	$ 561,000	$ 561,000	-0.2%
Miscellaneous	$ 827,200	$ 786,200	$ 825,150	-0.2%
Transfers from Other Funds	$ 910,640	$ 954,110	$ 950,250	4.6%
TOTAL	**$18,691,820**	**$18,795,823**	**$19,487,540**	**4.4%**

KEY BUDGET DRIVERS - REVENUES

Sales Tax Revenues General Fund

	FY2024-2025 BUDGET	FY2024-2025 PROJECTED	FY2025-2026 BUDGET (PROPOSED)
	$4,964,980	$4,964,980	$5,017,715



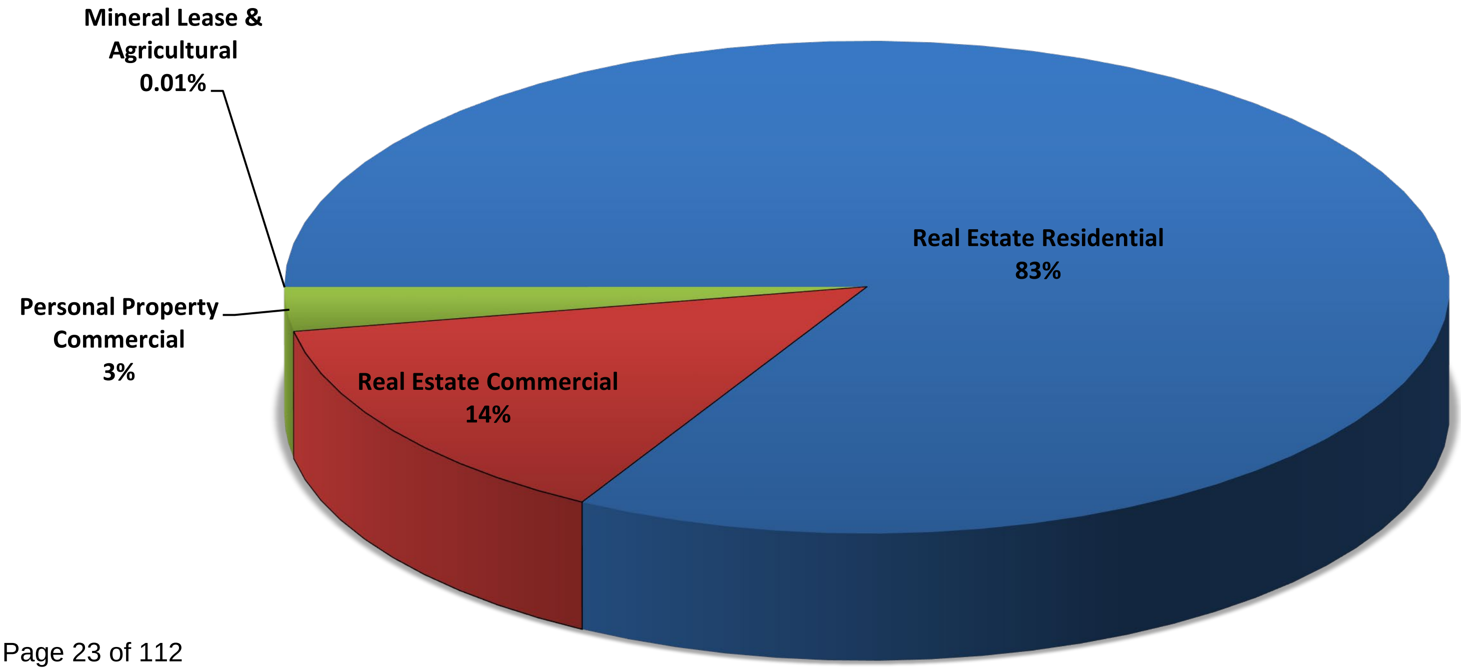
In FY2022, additional ¼ cent allocated to General Fund sales tax from Street Maintenance sales tax

Certified July 25, 2025

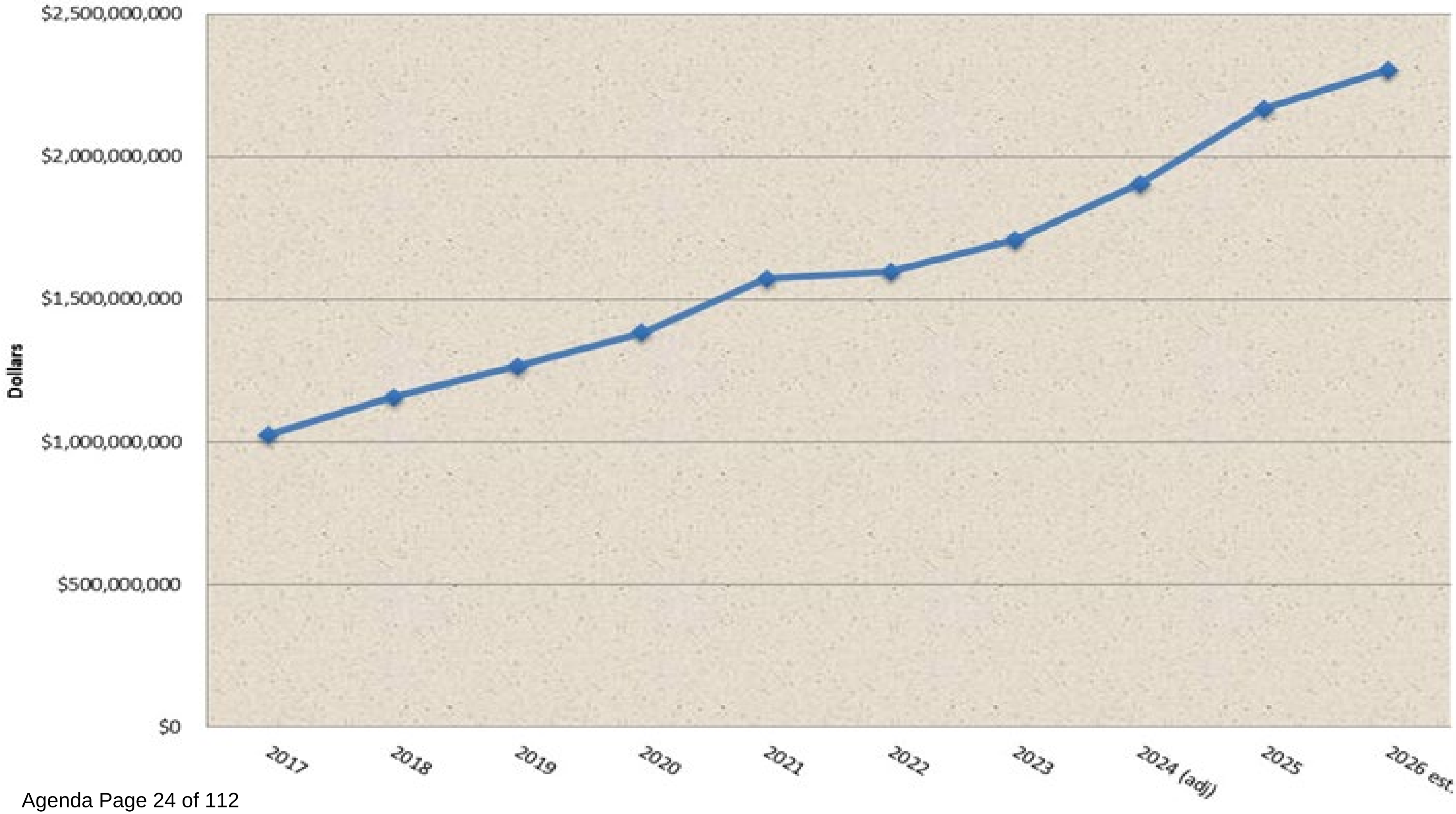
ESTIMATED NET TAXABLE VALUES JULY 2024*	*ESTIMATED NET TAXABLE VALUES JULY 2025	CHANGE IN TAXABLE VALUATION
$2.303 billion	$2.332 billion	1.3% increase

*INCLUDES % OF VALUES IN PROTEST

Source of Ad Valorem Taxes



Assessed Value of Taxable Property



Property Tax FY 2025-2026
Tax Year 2025

	FY2024-2025 (budget)	PROPOSED FY2025-2026
PROPERTY TAX RATE	$0.5702/$100	$0.5702/$100
DEBT RATE: OPERATIONS:	$ .209149/$100 $ .361051/$100	$ .178541/$100 $ .391659/$100
TOTAL TAX REVENUE	$12.23 million	$12.07 million
Average Taxable Home Value	$238,062	$237,352

General Fund

CHANGES IN BUDGETARY REVENUE - TAXES

Property Taxes

7.1%

- 1.3% increase in valuations
- Average home taxable value decreased by .30%
- Proposed tax rate of .5702:
  - same tax rate
  - additional revenue for General Fund & debt service(2025 COs
  - supports the City's 5-year CIP

Sales Tax

1.1%

- Forecasting a 1.5% increase from current fiscal year end estimates (trending 2% above 2024-2025 budget)

Franchise Fees

-1.8%

- Decrease in Cable TV
- Legislative changes in 2019 impacted this revenue category

General Fund

CHANGES IN BUDGETARY REVENUE

12.3%

Permits and Licenses

- Increase in building activity
- City does not include "one-time" permit fees in budget

-0.2%

Intergovernmental revenue

- Payment in lieu of taxes from enterprise funds (based on % of revenue)

6.4%

Fines and Forfeitures

- Citations are projected to increase based on staffing in Police Department

General Fund

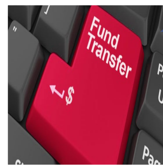
CHANGES IN BUDGETARY REVENUE

Charges for Services

3.5%

- Increases in activity usage and recreation programs revenue
- Increase in ambulance collections

Transfers from other Funds



4.6%

- EDC transfer increased due to Staffing Reimbursement Agreement and Water/Sewer Operating

Miscellaneous

-0.2%

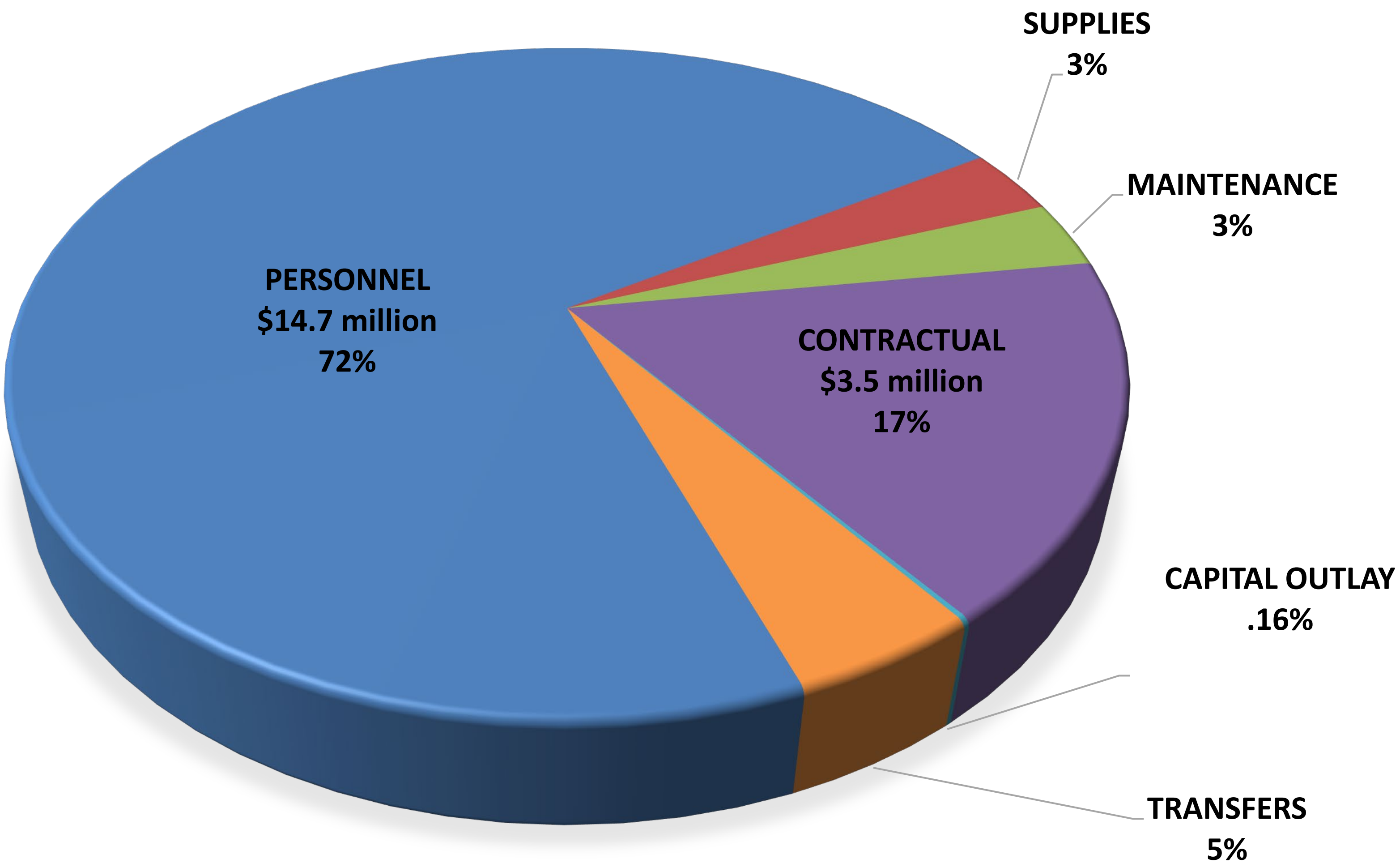
- Decrease in rental of recreation facilities and other revenue

Significant Budget Items FY2025-2026 Compared to FY2024-2025
General Fund Change in Expenditures by Category

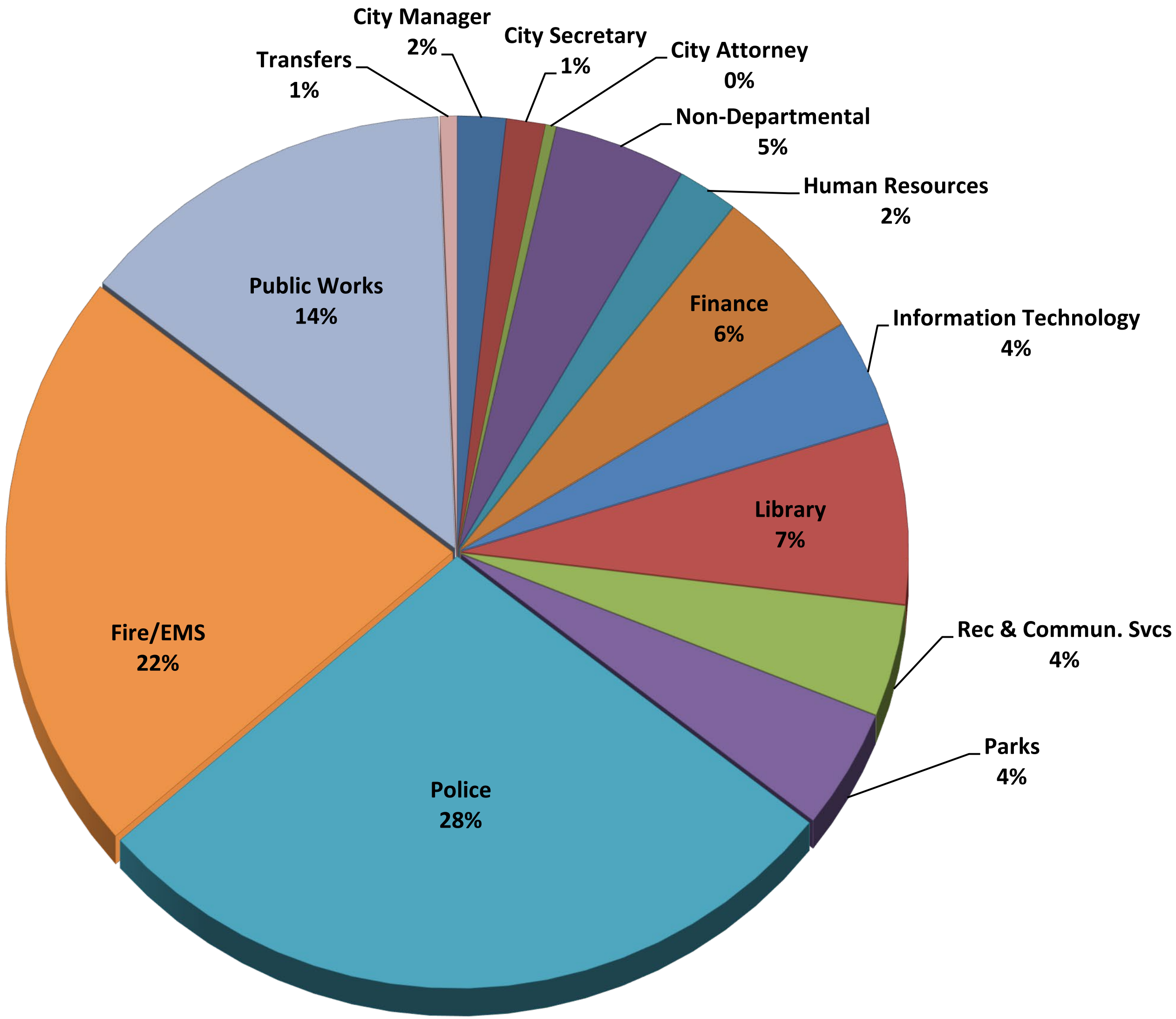
CATEGORY	ONE-TIME	ON-GOING
PERSONNEL COLA 3% Civil service step increases (3%) Merit Increase general employees New personnel funding (1.75FTE) and reclassifications		**$ 673,060**
SUPPLIES		**$ 35,800**
MAINTENANCE		**$ 50,380**
CONTRACTUAL New employee programs 30% increase in TML risk Insurance, Recreation programs enhancement (offset by revenue increases)		**$ 278,490**
TRANSFERS **Transfers for capital projects**	**$295,550**	
CAPITAL OUTLAY (increased from one-time purchases 2024-2025)	**$ 4,550**	
Totals	**$300,100**	**$1,037,730**

Total Change in Expenditure = increase of $1.037 million from FY2024-2025

Proposed General Fund Expenditures by Category $19,668,240



Proposed General Fund Expenditures by Department/Function



General Fund Summary

	HISTORY		PROJECTED YEAR		BUDGET	CHANGE	
	2022-2023 Actual	2023-2024 Actual	2024-2025 Budget	2024-2025 Projected	2025-2026 Budget	FY2024-2025 to 2025-2026 $	%
Fund Balance, October 1	**$ 8,276,216**	**$ 8,925,314**	**$ 8,729,777**	**$ 9,398,557**	**$ 9,230,290**	**$ 500,513**	
Revenues:							
Property Taxes	6,727,508	7,309,621	7,800,000	7,740,000	8,321,500	521,500	7.1%
Sales Taxes	4,844,990	4,842,205	4,964,980	4,964,980	5,017,715	52,735	1.1%
Permits and Licenses	783,980	999,714	825,500	993,000	948,000	122,500	12.3%
Fines & Forfeitures	470,674	484,616	590,500	575,500	621,425	30,925	6.4%
Charges for Services	1,156,157	1,322,130	1,351,500	1,405,500	1,397,500	46,000	3.5%
Franchise Fees	879,489	825,820	859,500	815,533	845,000	(14,500)	-1.8%
Intergovernmental Revenue	514,000	503,000	562,000	561,000	561,000	(1,000)	-0.2%
Miscellaneous	810,966	957,328	827,200	786,200	825,150	(2,050)	-0.2%
Operating Revenues	**$ 16,187,765**	**$ 17,244,433**	**$ 17,781,180**	**$ 17,841,713**	**$ 18,537,290**	**$ 756,110**	**4.4%**
Operating Transfers-In:							
Transfers from Other Funds	817,827	859,510	910,640	954,110	950,250	39,610	4.6%
Water/Sewer, Storm, EDC, Traffic Safety							
Total Operating Revenues and Transfers-in	**$ 17,005,592**	**$ 18,103,943**	**$ 18,691,820**	**$ 18,795,823**	**$ 19,487,540**	**$ 795,720**	4.4%
Total Available Resources	**$ 25,281,808**	**$ 27,029,257**	**$ 27,421,597**	**$ 28,194,380**	**$ 28,717,830**	**$ 1,296,233**	4.8%
Expenditures:							
City Manager	273,559	217,451	320,500	311,700	344,500	24,000	11.0%
City Secretary	182,698	225,354	260,000	241,260	277,000	17,000	7.5%
City Attorney*	49,314	39,733	65,000	55,000	55,000	(10,000)	-25.2%
City Attorney - Prosecutor*	15,525	17,236	25,000	21,000	20,000	(5,000)	-29.0%
Non-Departmental*	724,739	882,188	917,350	917,290	943,550	26,200	3.0%
Human Resources	207,594	243,239	339,850	335,760	432,580	92,730	38.1%
Development Services	206,394	263,248	369,040	366,350	380,960	11,920	4.5%
Finance - Municipal Court Division*	410,381	433,418	461,790	461,410	498,810	37,020	8.5%
Finance	539,349	572,759	650,660	642,410	641,800	(8,860)	-1.5%
Information Technology	576,931	627,258	703,850	679,460	785,850	82,000	13.1%
Library	1,002,312	1,116,534	1,244,700	1,240,300	1,333,000	88,300	7.9%
Recreation & Community Serv.	394,219	665,993	760,740	739,660	822,720	61,980	9.3%
Parks**	627,082	898,634	878,360	864,480	883,950	5,590	0.6%
Police Division	4,640,961	4,859,286	5,278,200	5,278,390	5,544,530	266,330	5.5%
Fire / EMS	3,735,025	4,070,004	4,129,640	3,965,190	4,343,320	213,680	5.3%
Public Works - Street Division	559,974	586,243	718,430	694,810	762,740	44,310	7.6%
Fleet Maintenance	238,205	245,348	461,250	460,940	513,170	51,920	21.2%
Building Maintenance	987,232	1,031,772	1,041,400	1,040,680	1,084,760	43,360	4.2%
Operating Expenditures	**15,371,495**	**16,995,700**	**18,625,760**	**18,316,090**	**19,668,240**	**1,042,480**	**6.1%**
Operating Surplus/(Deficit)	$ 1,634,097	$ 1,108,243	$ 66,060	$ 479,733	$ (180,700)		
Transfers to Other Funds							
To Capital Project Fund Projects	485,000	235,000	648,000	648,000		(648,000)	100.0%
To Equipment Repl. - Fund Year	500,000	400,000	0		120,000	120,000	0.0%
Total Transfers to Other Funds	**985,000**	**635,000**	**648,000**	**648,000**	**120,000**	**$ (528,000)**	
TOTAL OPERATING & TRANSFERS	**$ 16,356,495**	**$ 17,630,700**	**$ 19,273,760**	**$ 18,964,090**	**$ 19,788,240**	**$ 514,480**	**2.9%**
Fund Balance, September 30	**$ 8,925,314**	**$ 9,398,557**	**$ 8,147,837**	**$ 9,230,290**	**$ 8,929,590**		
STRATEGIC INITIATIVE							
CHANGE IN FUND BALANCE	**$ 649,097**	**473,243**	**(581,940)**	**(168,267)**	**(300,700)**		
% OF EXPENDITURES	58%	55%	42%	49%	45%		

****City Attorney and City Attorney budgeted in non-departmental and Court through FY2020-2021 and moved to City Attorney in FY2021-2022***

Water and Sewer Fund

Revenues and Expenditures

Water and Sewer Revenues

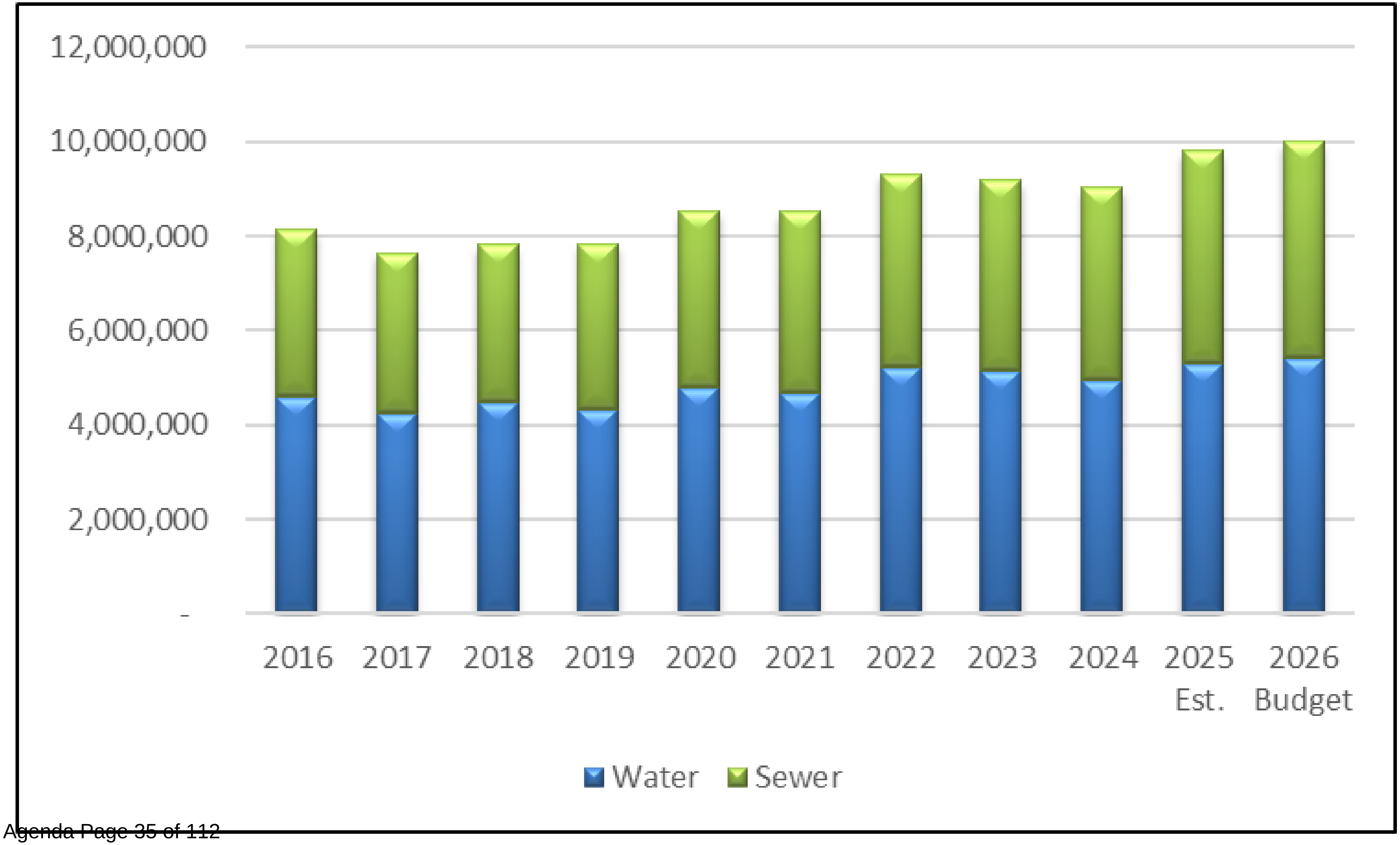
Goal of fund

- Goal to provide sufficient funds for operations and infrastructure improvements and maintain reserves

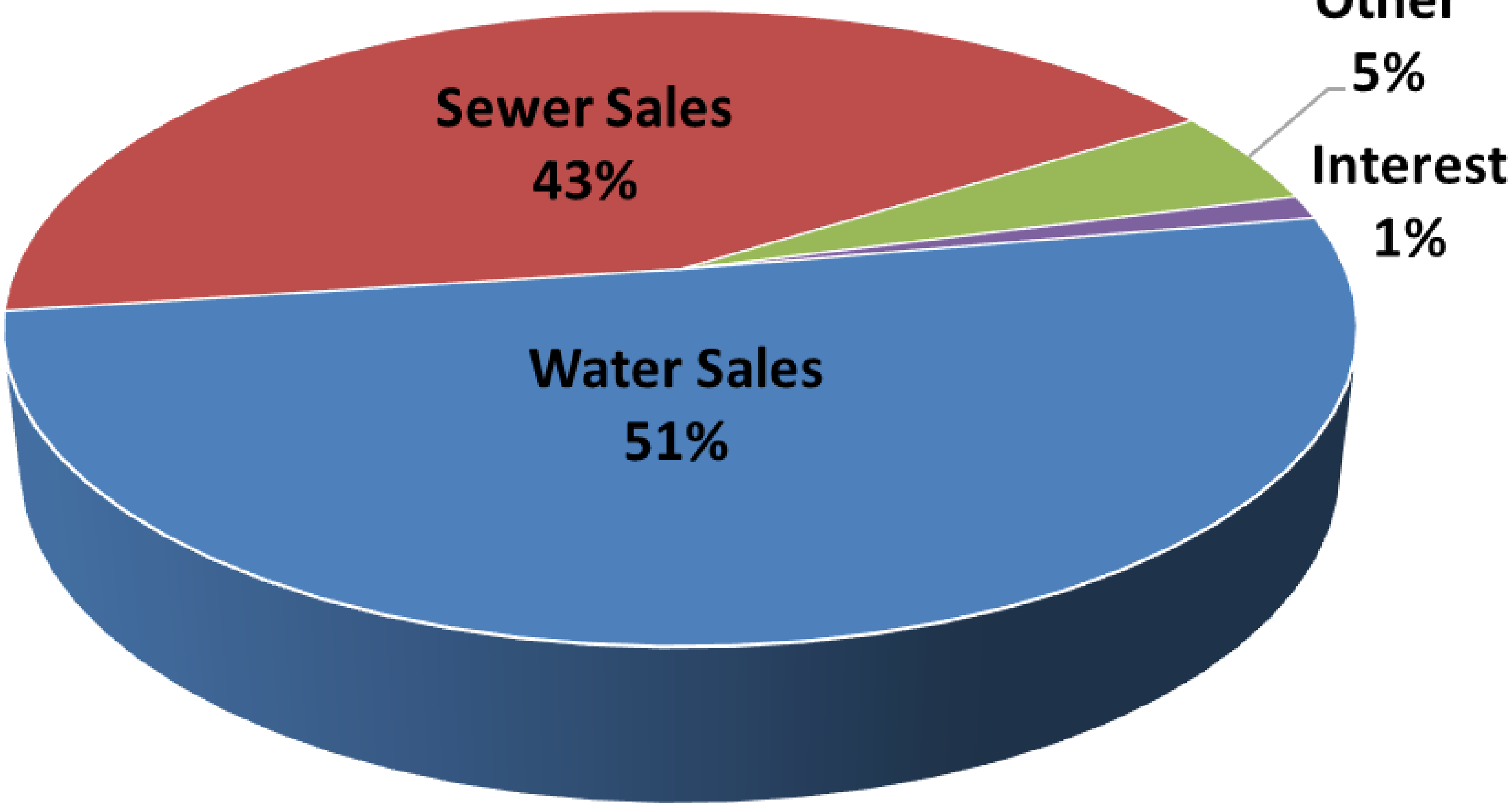
Rate Review

- Rates will be reviewed in late FY2025-2026 to ensure revenues cover cost increases of wastewater treatment and debt service.
  - No rate changes anticipated for FY2025-2026.

Historical Water and Sewer Revenues (not including misc. revenue)



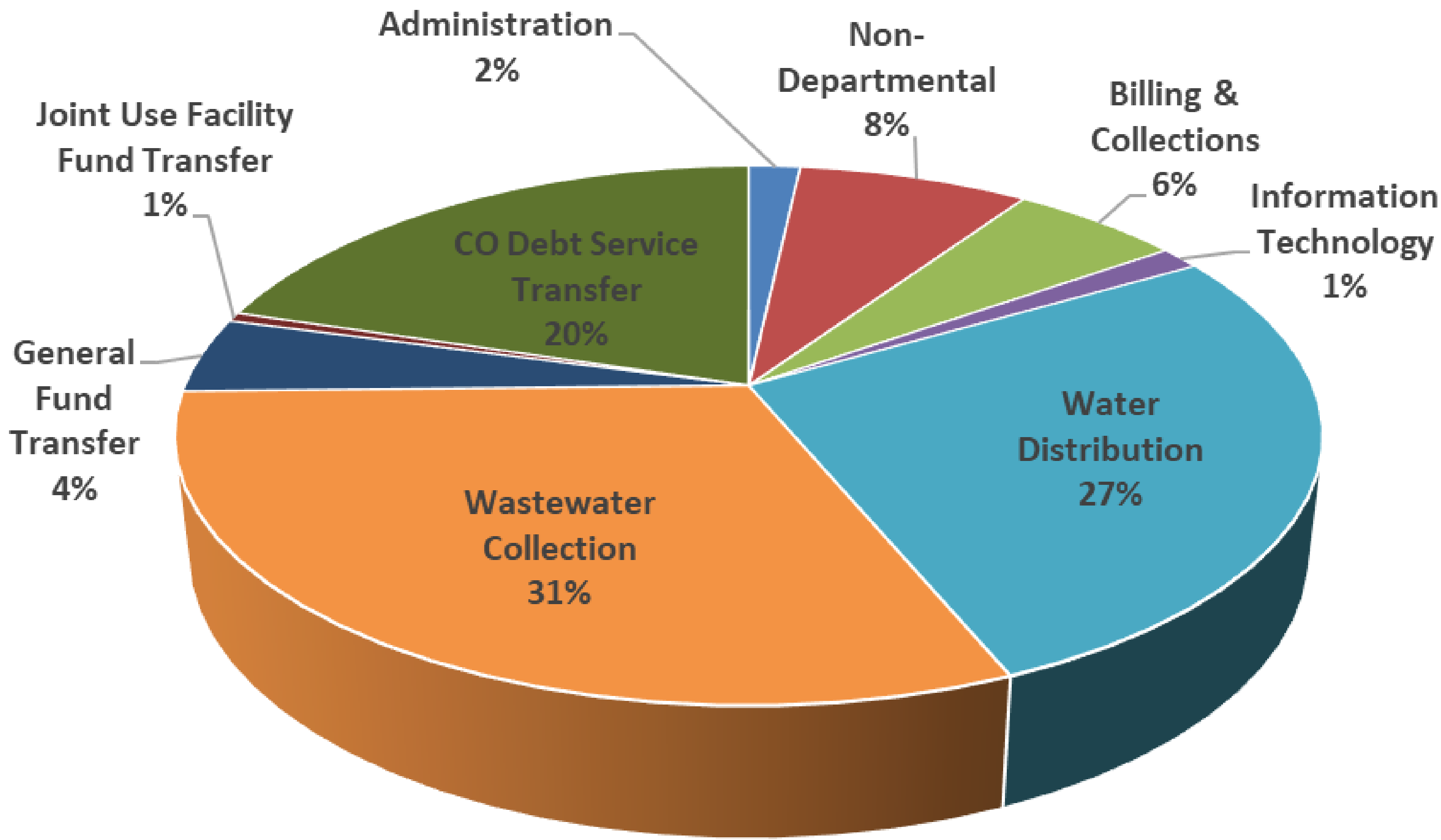
Water and Sewer Utility Revenue
$10,709,000



Water/Sewer Utility Fund Estimated Revenues

Source	FY2024-25 Budget	FY2025-26 Proposed	% Change FY2025 vs FY2026
Water Sales	$5,450,000	$5,400,000	-.92%
Sewer Sales	$4,600,000	$4,600,000	0.0%
Other Revenue	$ 667,000	$ 709,000	4.0%
TOTAL	**$10,725,000**	**$10,709,000**	**-0.15%**

Water and Sewer Proposed Expenses $11,037,280

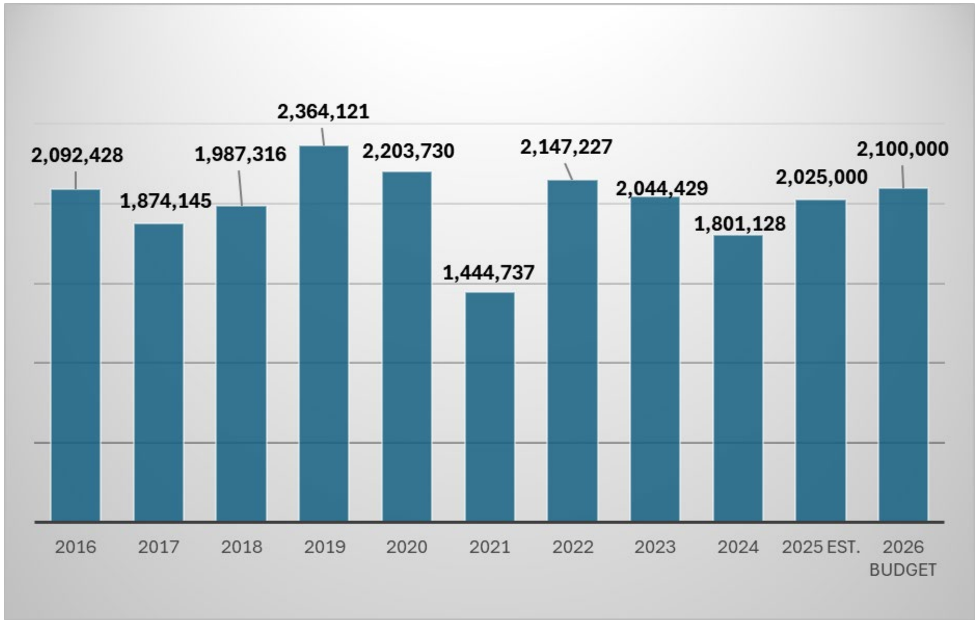


Water and Sewer Proposed Budget Summary

	HISTORY	CURRENT YEAR		
	2023-2024 Actual	2024-2025 Budget	2024-2025 Projected	2025-2026 Budget
Retained Earnings, October 1	**$ 2,813,192**	**$ 3,154,207**	**$ 2,799,841**	**$ 2,657,841**
Revenues:				
Water Sales	4,926,858	5,450,000	5,300,000	5,400,000
Sewer Sales	4,104,160	4,600,000	4,500,000	4,600,000
Other Revenue	519,739	500,000	504,000	529,000
Interest Income	165,214	125,000	135,000	130,000
Operating Revenues	**$ 9,715,971**	**$ 10,675,000**	**$ 10,439,000**	**$ 10,659,000**
Operating Transfers-In:				
Transfers In JUF - Other	60,389	50,000	50,000	50,000
Total Available Resources	**$ 12,589,552**	**$ 13,879,207**	**$ 13,288,841**	**$ 13,366,841**
Expenditures:				
Administration	186,097	198,200	178,900	188,600
Non-Departmental	793,331	832,480	842,080	850,280
Billing & Collections	598,459	610,030	599,800	628,700
Information Technology	119,298	142,990	141,750	150,420
Water Distribution	2,449,504	2,912,840	2,782,570	2,961,710
Wastewater Collection	3,306,481	3,676,050	3,248,900	3,380,020
Total Operating Expenditures	7,453,170	8,372,590	7,794,000	8,159,730
Operating Transfers-Out				
To General Fund	440,000	487,000	487,000	496,050
To Joint Use Facility Fund	51,541	60,000	60,000	60,000
To CO Debt Service	1,800,000	2,025,000	2,025,000	2,215,500
To Revenue Bond Debt Service	0	0	0	0
To Water/Wastewater Construction	0	0	0	0
Total Operating Transfers-Out	2,291,541	2,572,000	2,572,000	2,771,550
Operating Surplus/(Deficit)	$ 31,649	(219,590)	123,000	(222,280)
Transfers to Sustainability Funds				
To Equipment Repl. - Current Year	45,000	265,000	265,000	106,000
Total Transfers to Sustainability Funds	45,000	265,000	265,000	106,000
Net Income Before Transfers	2,323,190	2,352,410	2,695,000	2,549,270
TOTAL OPERATING & TRANSFERS	$ 9,789,711	$ 11,209,590	$ 10,631,000	$ 11,037,280
Retained Earnings, September 30	**$ 2,799,841**	**$2,669,617**	**$2,657,841**	**$ 2,329,561**
CHANGE IN NET ASSETS	($13,351)	($484,590)	($142,000)	($328,280)
% OF EXPENDITURES	29%	24%	25%	21%

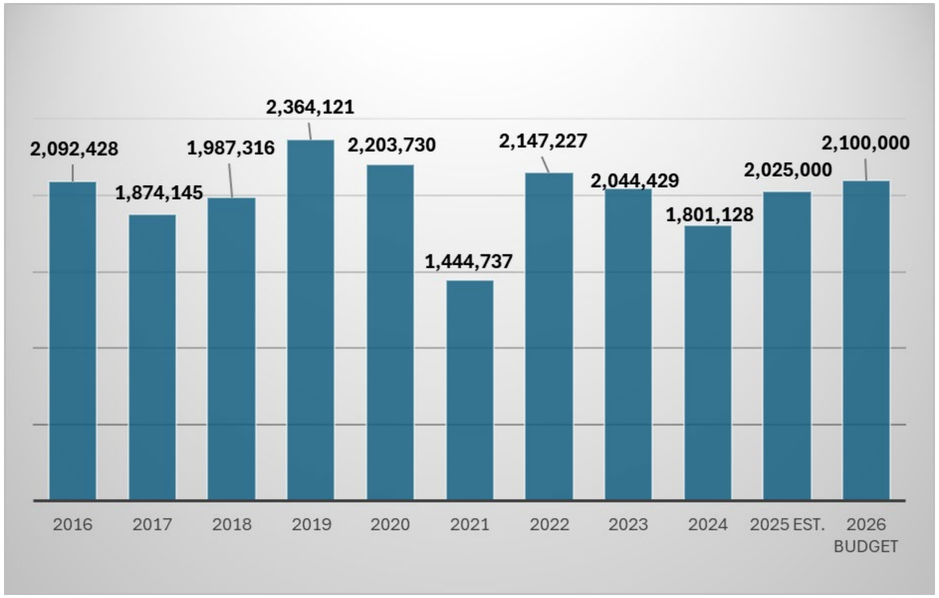
Wholesale Wastewater Treatment and Water Cost History

Wastewater Costs



FY2026 budgeted wastewater costs reduced by $$300k from FY2025 due to reduced costs from City of Fort Worth.

Water Costs



Other Funds – Special Revenue
Economic Development Fund

- In FY2025-2026 will continue economic development efforts to attract new businesses and redevelopment.

- WEDC Contracts with the City for administrative and financial services.
  - WEDC pays debt service for various projects – splash pad, branding signs, and Capp Smith Food Truck Park project

- Revenues = $1,075,500
- Expenditures = $654,900 (includes transfers of $491,200)

Other Funds – Special Revenue
Economic Development Fund

REWARDS

- NEW! Open Rewards Program

- WEDC to support Food Truck Park

Enterprise Funds – Drainage Utility Fund

- Funded by user fee charged to residential and commercial properties to provide for drainage services

- Capital drainage projects funded in this fund

- Revenues are projected at $1,655,000
- Operating Expenses are projected at $1,275,630
- Capital Projects budgeted at $3,296,200

Other Funds – Special Revenue
Crime Control and Prevention District Fund

- Special Purpose District to fund and enhance law enforcement in Watauga. Funded by voter approved one-half cent sales tax.

- Revenues = $2,192,000
- Expenditures = $2,690,050
  - Provides funding for 13 sworn officers
  - Provides funding for various programs and equipment

- Crisis Response Coordinator position added

Grant Funds ARPA

- The City received approximately $6.078 million in grant funds to provide for government services, capital infrastructure, and restoring City to pre-pandemic staffing levels.

- Grant Revenues = $542,709
- Expenditures = $542,709
- Remaining funding for infrastructure projects & equipment

- Multi-year funding source, to be fully expended by December 31, 2026 (obligated by December 31, 2024)

Other Funds – Special Revenue

- Municipal Court Funds
  - Revenues = $56,300
  - Expenses = $96,250

- Library Donation Fund
  - Revenues = $5,100
  - Expenses = $29,000

- Street Maintenance
  - Closed out FY2024

Other Funds - Fleet Inter-local Fund

- In 2019-2020, contracted with 3 cities to provide fleet services
- 6 additional cities have been added

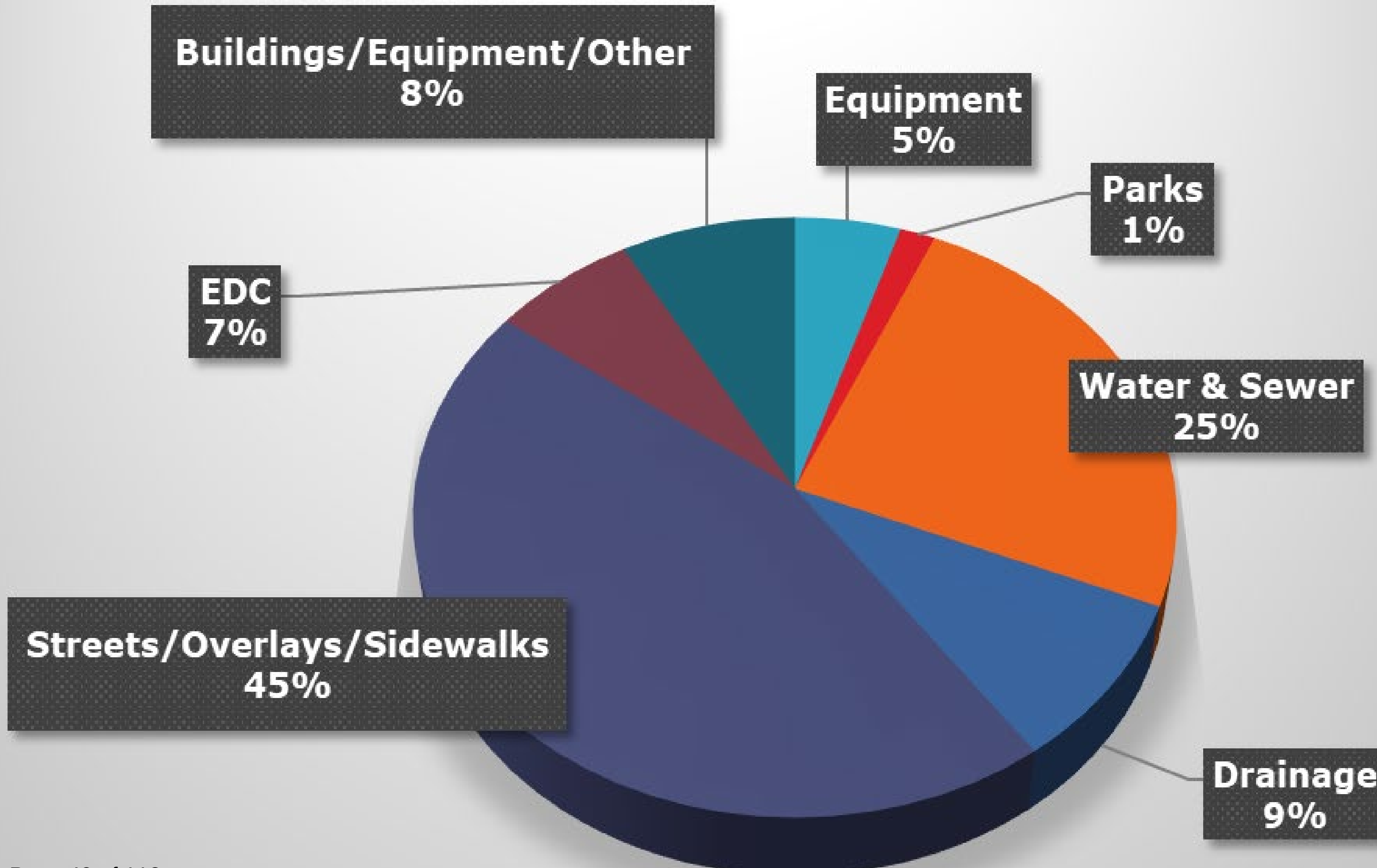
- Revenues projected at $235,000
- Expenses projected at $240,040 (includes $12,250 in capital equipment)

Capital Funds and Street Maintenance

- Capital Funds (General, Water and Sewer) primarily funded by bond proceeds
- Storm Drain capital projects budgeted in the Storm Drain Fund
- Capital Improvement Plan Discussion on June 9, 2025
- Capital Outlay Plan Discussion on June 9, 2025

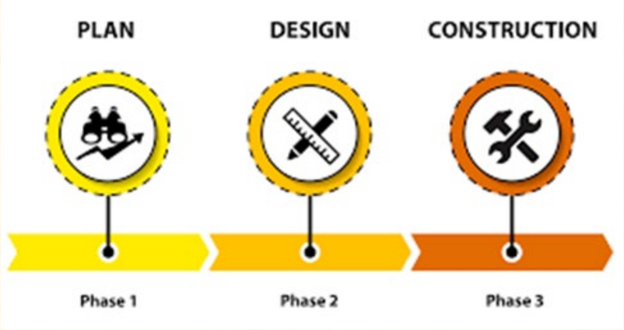
FY2025-26 CIP PROJECTS

$37.1 million



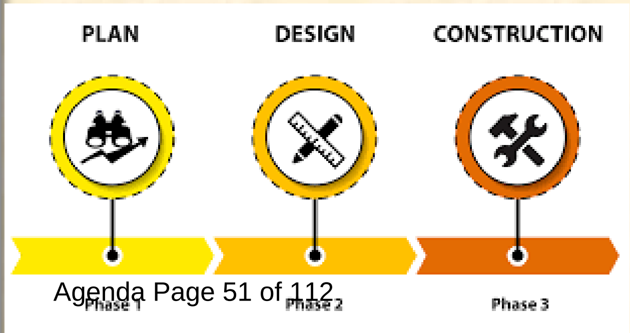
2025-26 CIP Projects Overview

Project Type	Description
PARKS	❖ Park Vista Park Phase 1 – Sidewalk/Fill – Playground Equipment ❖ Playground Equipment – Hillview, Hector Garcia, Capp Smith, and Virgil Anthony ❖ Foster Village Park Renovations ❖ Site Amenities Improvements (City Wide)
BUILDING IMPROVEMENTS	❖ Public Works Parking Lot ❖ Recreation Center HVAC & Room Rebuild ❖ Building Improvements – Library and City Hall
DRAINAGE	❖ Bunker Hill Storm System ❖ Echo Hills Bristol Square ❖ Whitley Road 5
Equipment	❖ Fire Truck and Ambulance ❖ Ballistics Vest ❖ Exercise Equipment ❖ Fire Dept. Radios



2024-25 CIP Projects Overview (continued)

Project Type	Description
STREETS/SIDEWALKS	❖ Whitley Road 4 ❖ Whitley Road 5 ❖ Quail Meadows Engineering ❖ Hightower Drive 1 ❖ Watauga Road 1 ❖ Green Ribbon Projects ❖ Sidewalk Program FY 2026 ❖ Overlay Program FY 2026
WATER & WASTEWATER	❖ CDBG-CV Wastewater Improvements ❖ Maurie Drive & Barry Drive Water Mains ❖ Various Water & Wastewater FY 2025 Projects ❖ AMI ❖ Lead Pipe Replacements
ECONOMIC DEVELOPMENT	❖ Food Truck Site – Capp Smith ❖ Comfort Station – Capp Smith



Fund Balance Overview

Combined Summary – Estimated Beginning and Ending Fund Balances for all Funds

- FY2025-2026 Ending Resources = $27,570,243

Fund Balances compared to 25% policy requirement

• General Fund	45%	of operating expenditures
• Water & Sewer Fund	21%	of operating expenditures

NEXT UP: DEPARTMENTAL BUDGET DISCUSSIONS

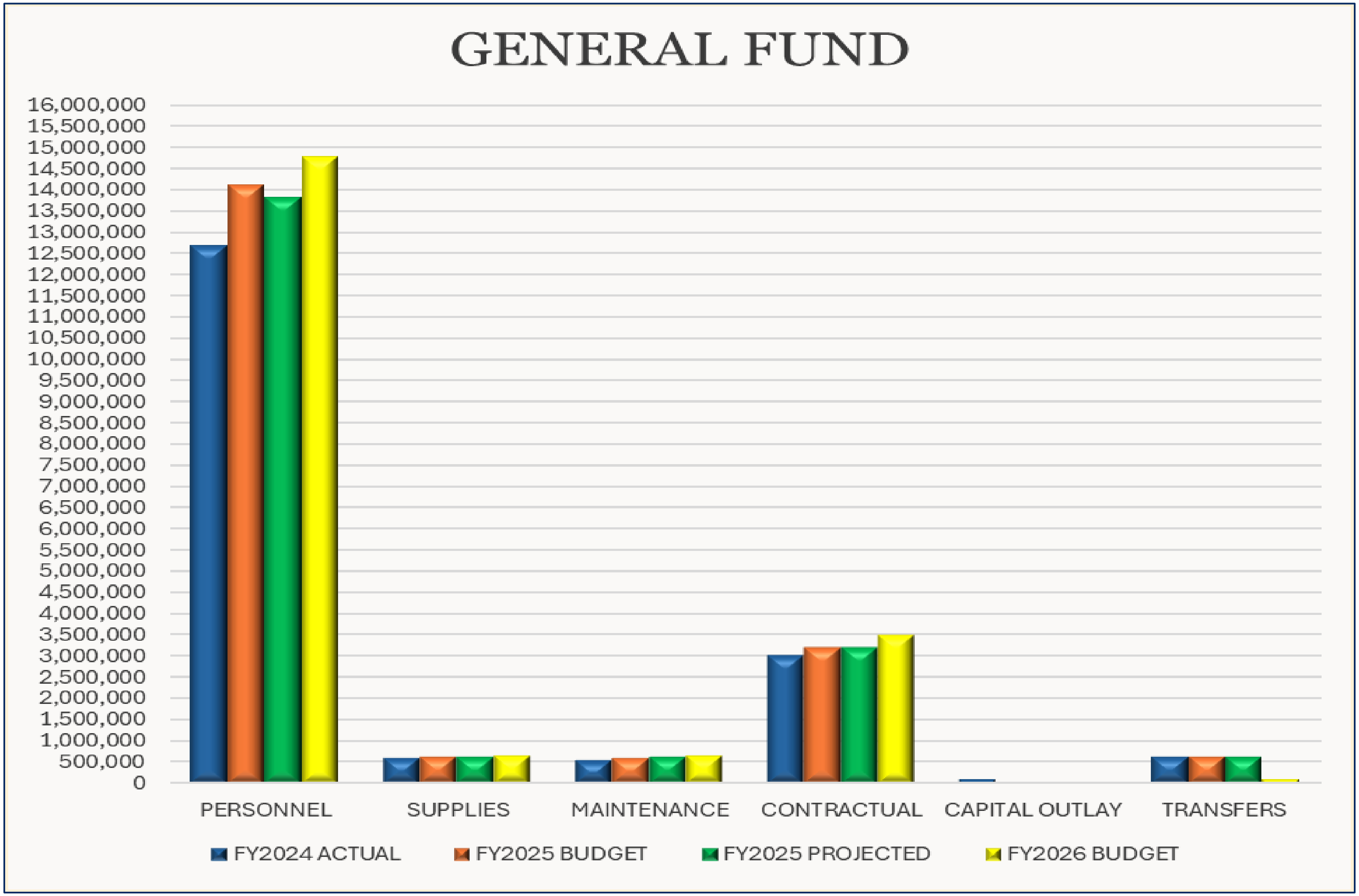
CITY OF WATAUGA PROPOSED ANNUAL BUDGET FY25-26

Personnel Enhancement Plan

25-26 Total Requests Approved						
Department	**Request**	**Total Cost**	**One Time**	**Ongoing**	**FTE**	**Approved**
CSO						
Assistant City Manager	2 ACM Promotions of Director to a dual role	$ 28,100	$ 8,000	$ 20,100	0	October 1
Finance						
Accounting Specialist	Reclassify position title from Fin Services Tech II	$ -	$ -	$ -	0	
HR						
HR Coordinator	Promotion to HR Generalist I Jan 2026	$ 5,700		$ 5,700	0	October 1
IT						
Assistant IT Director	Promotion of IT Manager to Assistant Director	$ 6,550	$ -	$ 6,550	0	October 1
Fire						
Executive Admin Asst.	Promotion and convert Admin Asst to FT	$ 34,700	$ 1,800	$ 32,900	0	Funded effective Jan. 1 2026
Police						
Code Enforcement Supv	Promote Senior Code Enforcement Officer	$ 13,250	$ -	$ 13,250	0	October 1
Kennel Tech FT	Convert PT Kennel Tech to FT	$ 25,700		$ 25,700	0.5	Funded effective Jan. 1 2026
Police Officer	New School Resource Officer - 35% cost only	$ 47,850	$ 12,750	$ 35,100	1	Funded in CCPD
Public Works						
Administrative Assistant	New Admin Assistant - Development Services	$ 71,800	$ 3,300	$ 68,500	1	Funded effective Jan. 1 2026
PW Maintenance Worker I	New Maintenance Worker I - Storm Drain	$ 54,700	$ 1,200	$ 53,500	1	Funded effective Jan. 1 2026
Totals		**$ 288,350**	**$ 27,050**	**$261,300**	**3.5**	

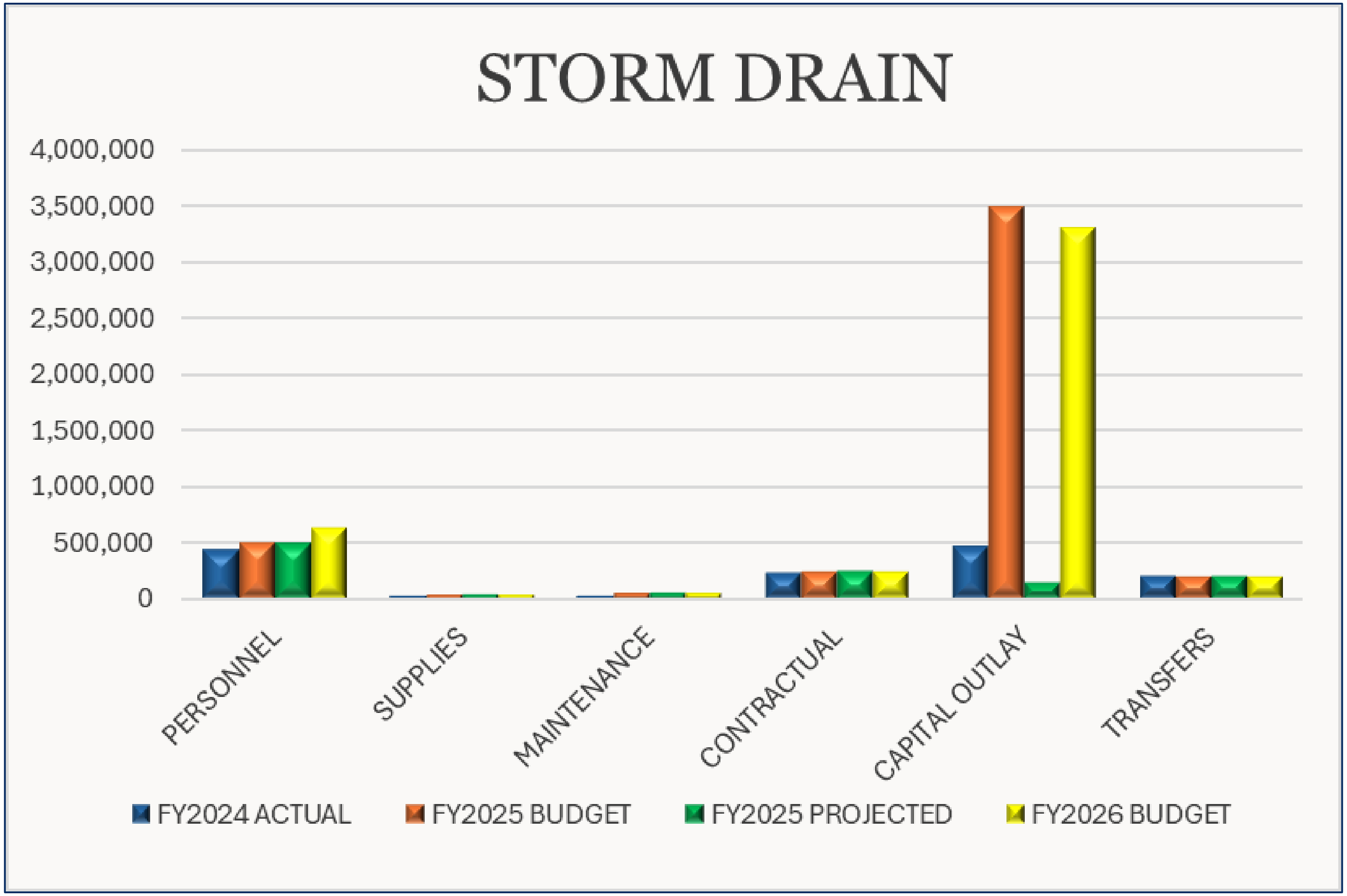
Categories Historical Comparison

Major Budgetary Impacts FY2026 from FY2025



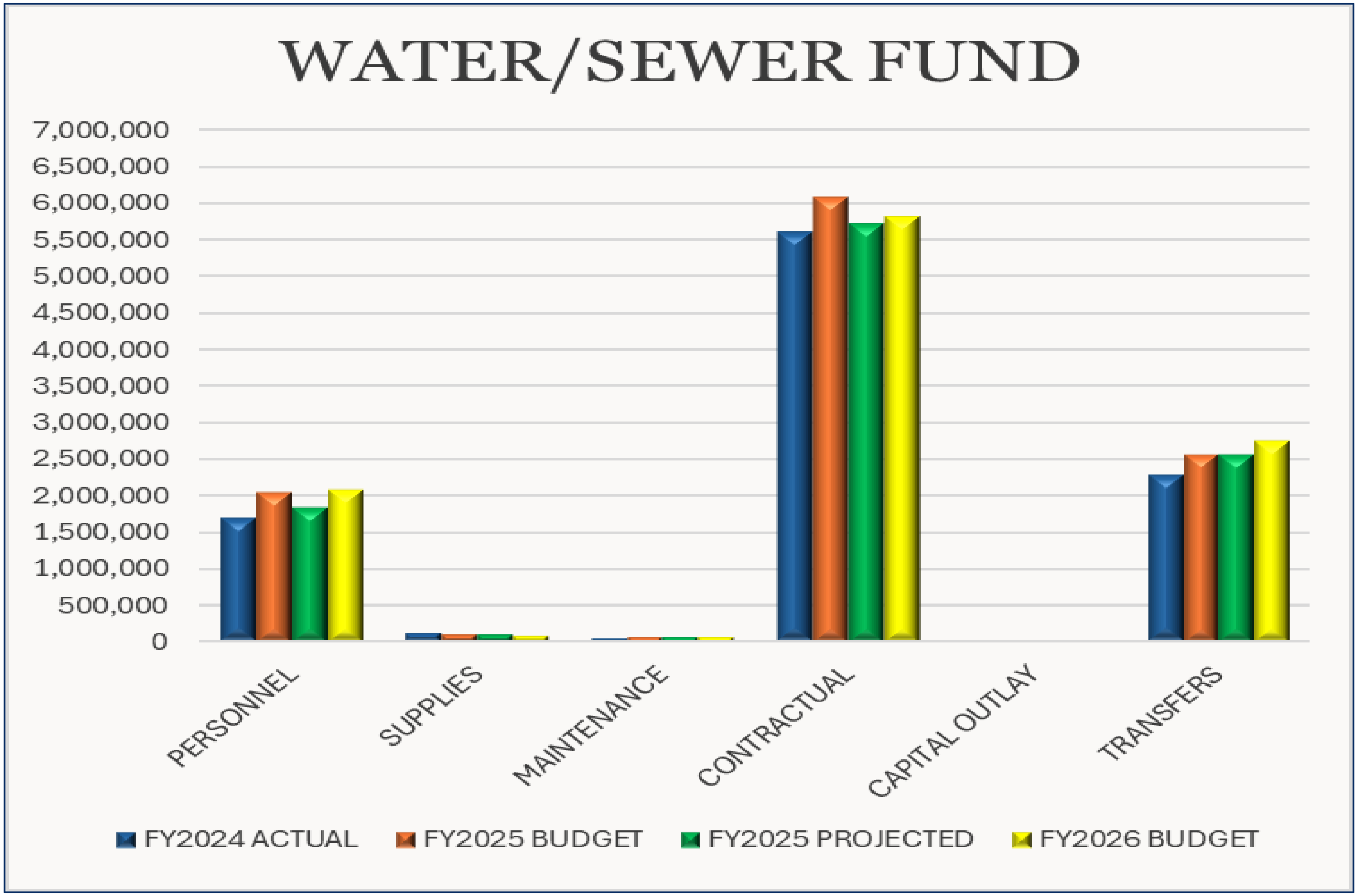
Categories Historical Comparison

Major Budgetary Impacts FY26 from FY25



Categories Historical Comparison

Major Budgetary Impacts FY26 from FY25



NEW REQUESTS FY 2025-2026

DEPARTMENT OR DIVISION		DESCRIPTION	ONE-TIME FY2025-2026	ON-GOING	TOTAL REQUESTED	AMOUNT APPROVED
GENERAL FUND						
Human Resources	*01-011*	*457b City Contribution*	*$20,000*		*$20,000*	
Human Resources	*01-011*	*TxDOT ADA Transition Plan*	*$61,000*		*$61,000*	
Human Resources	*01-011*	*Executive Recruitment*	*$30,000*		*$30,000*	
Human Resources	*01-011*	*2026 Compensation Study*	*$20,000*		*$20,000*	
Human Resources	*01-011*	*FinPath, Financial Wellness Plan*		*$3,000*	*$3,000*	
Human Resources	*01-011*	*NT Leadership Training*		*$2,700*	*$2,700*	
Human Resources	*01-011*	*Employee Christmas Party*	*$18,000*		*$18,000*	
Information Technology	*01-050*	*Adobe Acrobat Licenses*		*$9,796*	*$6,600*	
Information Technology	*01-050*	*Audio Eye (ADA Compliance)*		*$4,500*	*$4,500*	
Information Technology	*01-050*	*Update Meeting Room AV at PD, FD, City Hall*	*$12,500*		*$12,500*	
Library	*01-060*	*Exterior Library Seating*	*$10,600*		*$10,600*	
Library	*01-060*	*Kitchen & Kitchenette Improvements*	*$4,700*		*$4,700*	
Recreation Services	*01-070*	*Ford Explorer Vehicle Wrap*	*$7,000*		*$7,000*	
Recreation Services	*01-070*	*Community Center Window Tinting*	*$25,000*		*$25,000*	
Parks	*01-075*	*Perennial Beautification Program*		*$10,000*	*$10,000*	
Parks	*01-075*	*Outdoor Weather Warning System & Software*		*$6,400*	*$6,400*	
Parks	*01-075*	*MultiPro Turf Sprayer Vehicle*	*$29,400*	*$600*	*$30,000*	
Fire Department	*01-085*	*NFDA Membership Dues/Capital Contritbutions*		*$41,000*	*$41,000*	
Fire Department	*01-085*	*Software Change*		*$15,000*	*$15,000*	
Fire Department	*01-085*	*Awards and Recognition Banquet*		$4,500.00	*$4,500*	
Fire Department	*01-085*	*Retrofit '20 Dodge Ambulance Camera System*	$5,000.00		*$5,000*	
Public Works - Streets	*01-090*	*Speed Limit Reduction 5 Year Program*		*$12,000*	*$12,000*	
Public Works - Streets	*01-090*	*Western Center & Park Vista Striping*	*$50,000*		*$50,000*	
Public Works - Fleet Services	*01-097*	*Bucket Truck*	*$180,000*		*$180,000*	
Public Works - Fleet Services	*01-097*	*Access Control*	*$30,000*		*$30,000*	
Public Works - Fleet Services	*01-097*	*Tire machine & Wheel Balancer*	*$17,000*		*$17,000*	
Public Works - Fleet Services	*01-097*	*Bulk Oil Storage Tanks*	*$7,500*		*$7,500*	
TOTAL GENERAL FUND			**$527,700**	**$109,496**	**$634,000**	**$0**
SPECIAL REVENUE FUND						
Crime Control District	*18-080*	*Axon Live-View Respond Licenses*		*$11,100*	*$11,100*	
Crime Control District	*18-080*	*Flock LPR/PTS Cameras (5/5)*	*$39,500*	*$30,000*	*$69,500*	
Crime Control District	*18-080*	*Gym/Exercise Equipment Replacement*	*$15,000*		*$15,000*	
Crime Control District	*18-080*	*Portable Covert Surveillance Cameras*	*$10,000*		*$10,000*	
Crime Control District	*18-080*	*Defensive Tactics Training Mats*	*$3,500*		*$3,500*	
Crime Control District	*18-080*	*STEP Traffic Enforcement Program*		*$7,500*	*$7,500*	
TOTAL SPECIAL REVENUE FUND			**$68,000**	**$48,600**	**$116,600**	**$0**
PROPRIETARY FUND						
Public Works - Storm Drain	*15-090*	*MultiPro Turf Sprayer Vehicle*	*$68,600*	*$1,400*	*$70,000*	
Utility Billing & Collections	*40-045*	*Tyler Tech. UB ERP Pro 10 Conversion*	*$27,000*		*$27,000*	
TOTAL PROPRITARY FUND			**$95,600**	**$1,400**	**$97,000**	**$0**
TOTALS			**$691,300**	**$159,496**	**$847,600**	**$0**

DEPARTMENT REPORTS

Finance

General Fund/Utility Fund Finance Significant Impacts

- Benefits, Retention, Position Name, COLA/Merit/Comp & TMRS adjustments.
- Tarrant Appraisal District property appraisal fee increase.
- System Software conversion. (Utility Billing).
- Merchant Services.
- Postage Rate increase.

Finance - General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	454,150	438,200	431,300
Supplies	3,500	3,500	2,700
Maintenance	9,900	10,100	10,500
Contractual/Sundry	183,110	190,610	197,300
Capital Outlay	0	0	0
Total	**650,660**	**642,410**	**641,800**

Finance - Municipal Court General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	383,650	390,950	422,700
Supplies	2,900	1,700	4,400
Maintenance	2,850	2,050	1,200
Contractual/Sundry	72,390	66,710	70,510
Total	**461,790**	**461,410**	**498,810**

Finance - Municipal Court Special Revenue Funds Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	70,700	66,250	53,500
Supplies	0	0	0
Maintenance	0	0	1,200
Contractual/Sundry	20,550	20,850	22,700
Capital	24,100	24,100	18,800
Total	**115,350**	**111,200**	**96,200**

Finance - Utility Billing & Collections
Water/Sewer Fund
Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	509,650	494,000	504,000
Supplies	50,600	57,600	49,600
Maintenance	9,000	9,000	9,000
Contractual/Sundry	40,780	39,200	66,100
Capital Outlay	0	0	0
Total	**610,030**	**599,800**	**628,700**

NON-DEPARTMENTAL

Non-Departmental General Fund Significant Impacts

- TML Risk Insurance increases 30%.
- Vacation buyback program on hold.

TEXAS

Non-Departmental General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	120,000	146,775	53,000
Supplies	28,500	16,444	27,000
Maintenance	0	0	0
Contractual/Sundry	762,850	723,040	860,550
Capital Outlay	6,000	3,687	3,000
Total	**917,350**	**889,946**	**943,550**

CITY ATTORNEY (Contracted)

City Attorney Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Contractual Legal Services	65,000	55,000	55,000
Contractual Legal Services - EDC	25,000	21,000	20,000
Total	**90,000**	**76,000**	**75,000**

- The City attorney provides professional legal services and represents the City in all matters of litigation. The City Attorney also represents the City in municipal court prosecution.

- The City Attorney also represents the Economic Development Corporation in all matters of litigation.

WATAUGA POLICE DEPARTMENT

EST. 1962

LIBERTY COMMUNITY SERVICE

Police Department

Police Department Significant Impacts

- Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Crisis Response Coordinator position.
- Additional School Resource Officer (SRO).
- Kennel Tech to 1 FTE from .5.
- Code Enforcement Officer Promotion.
- Vehicles – Patrol & Property.
- Flock Safety expansion.
- Covert Surveillance Cameras.
- Fitness Equipment Replacement.

Police Department General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	4,514,500	4,517,600	4,754,530
Supplies	49,600	49,600	59,600
Maintenance	600	600	600
Contractual/Sundry	707,500	704,590	729,800
Capital Outlay	6,000	6,000	0
Total	**5,278,200**	**5,278,390**	**5,544,530**

Police – CCD Expenditures (funded by ½ cent sales tax)

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	1,382,100	1,167,300	1,689,300
Supplies	221,500	238,800	190,600
Maintenance	313,700	325,000	333,200
Contractual/Sundry	272,450	299,650	295,350
Capital Outlay	460,750	460,750	189,000
Transfers	38,000	38,000	38,000
Total	**2,688,500**	**2,529,500**	**2,735,450**

CCD Budget is adopted separately and has additional legal requirements for Public Hearing and adoption, per TLGC 363.

FIRE/EMS

Fire/EMS Significant Impacts

- Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Administration position to 1 FTE from .5 FTE.
- Fire House building additions.
- Permits/Inspections Software.
- Ambulance (CO funded).
- OPTICOM Radios Maintenance.
- Ambulance Camera System.
- NFDA Dues.
- Awards & Recognition Banquet.
- Various needs & increased costs adjustments.

Fire/EMS General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	3,671,400	3,503,750	3,838,080
Supplies	130,980	131,780	142,230
Maintenance	68,910	68,910	72,230
Contractual/Sundry	241,850	244,250	285,780
Capital Outlay	16,500	16,500	5,000
Total	**4,129,640**	**3,965,190**	**4,343,320**

Parks and Community Services

Parks & Community Services General Fund Significant Impacts

- Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Recreation Attendant position.
- Outdoor Weather Alert System at Capp Smith.
- Perennial beautification.
- Reallocation of Arts Works from Non-Departmental.
- Community Center Window Tinting.
- Continued events participation and expansion adjustments.
- Equipment replacements.

Parks General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	561,200	548,200	585,400
Supplies	53,200	54,070	51,600
Maintenance	72,700	72,100	53,600
Contractual/Sundry	191,260	190,110	193,350
Capital Outlay	0	0	0
Total	**878,360**	**864,480**	**883,950**

Community Services General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	548,500	518,400	581,600
Supplies	26,300	25,400	25,500
Maintenance	8,600	8,900	8,900
Contractual/Sundry	177,340	186,960	206,720
Capital Outlay	0	0	0
Total	**760,740**	**739,660**	**822,720**

Human Resources

Human Resources General Fund Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- HR Generalist promotion.
- One-time purchases adjustments.
- Holiday Party.
- Financial Education Program.
- ADA Transition Plan.
- 2026 Compensation Study.
- Various cost increases adjustments.

Human Resources General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	218,800	222,450	245,100
Supplies	7,600	7,600	8,000
Maintenance	300	300	0
Contractual/Sundry	113,150	105,410	179,480
Capital Outlay	0	0	0
Total	**339,850**	**335,760**	**432,580**

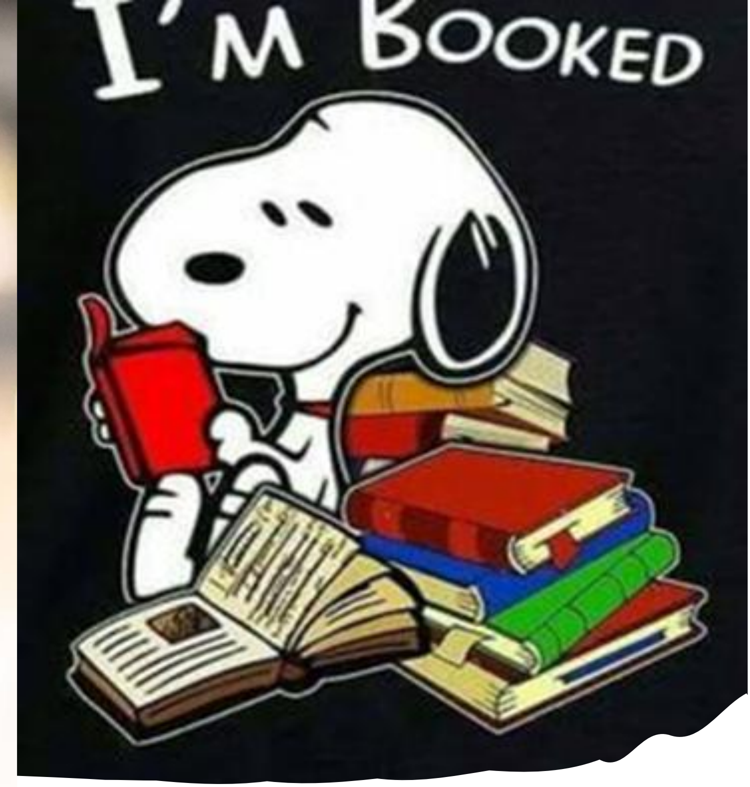
Information Technology

Information Technology General Fund Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Succession Planning Promotion – Assistant IT Director.
- Implementation of new computers throughout the City (funded by ERF).
- Server replacement.
- Door Access Control replacement.
- Various software maintenance adjustments.

Information Technology General Fund Expenditures

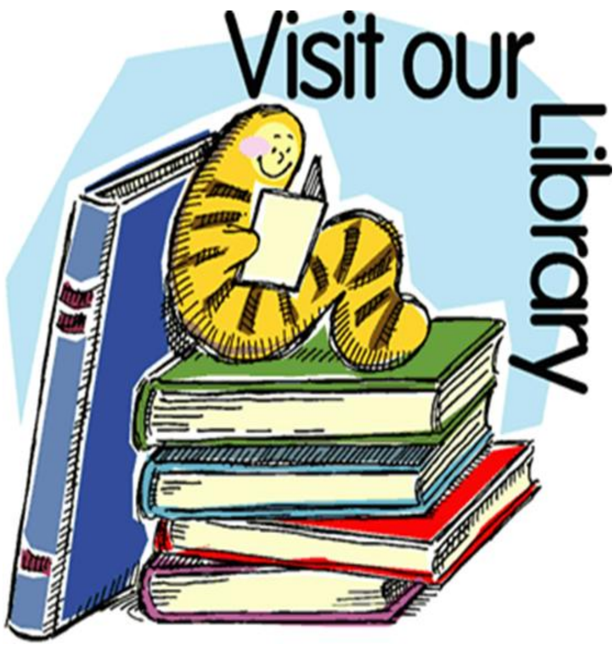
Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	382,800	380,600	416,650
Supplies	20,200	17,850	20,200
Maintenance	232,200	214,910	259,710
Contractual/Sundry	68,650	66,100	76,790
Capital Outlay	0	0	12,500
Total	**703,850**	**679,460**	**785,850**



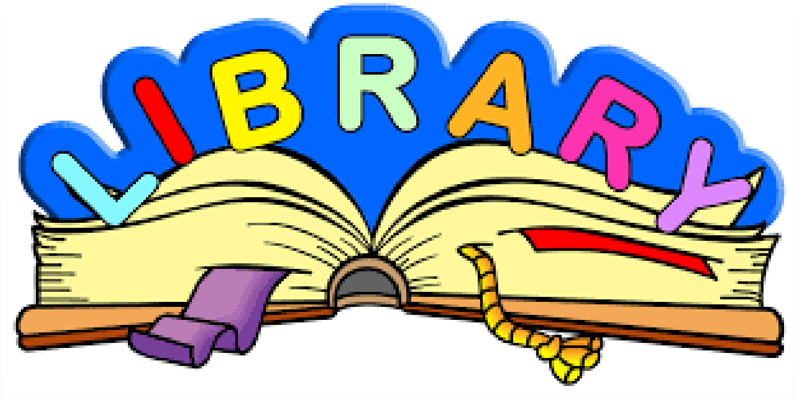
Library

Library
General Fund/Library Donation
Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Lockers addition.
- Kitchen improvements.
- Exterior Outdoor Seating & Beautification.
- Events expansion adjustments.
- Various dues & subscription cost adjustments.



Library General Fund Expenditures



Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	930,900	935,000	1,002,300
Supplies	172,200	16,940	172,600
Maintenance	39,100	38,700	43,800
Contractual/Sundry	102,500	97,200	114,300
Capital Outlay	0	0	0
Total	**1,244,700**	**1,087,840**	**1,333,000**

Public Works

Public Works
General Fund
Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- New Position – Administrative Assistant.
- ILA expansions.
- Street Equipment replacement.
- Speed Limit Reduction Program.
- New Request Items – FY2025-26.
- Capital Project (funded by CO).
- Various costs and needs adjustments.

Public Works – Development Services General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	304,300	301,500	317,070
Supplies	6,300	6,300	6,000
Maintenance	3,750	3,700	2,100
Contractual/Sundry	54,690	54,850	55,790
Capital Outlay	0	0	0
Total	**369,040**	**366,350**	**380,960**

Public Works - Streets General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	640,600	612,800	679,250
Supplies	9,400	9,400	9,700
Maintenance	29,700	39,900	31,400
Contractual/Sundry	38,730	32,710	42,390
Capital Outlay	0	0	0
Total	**718,430**	**694,810**	**762,740**

Public Works – Fleet Services General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	298,450	277,800	327,030
Supplies	97,900	97,940	111,400
Maintenance	43,500	68,500	48,500
Contractual/Sundry	19,900	16,000	13,990
Capital Outlay	1,500	700	12,250
Total	**461,250**	**460,940**	**513,170**

Public Works – Building Maintenance General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	534,900	548,630	541,200
Supplies	32,000	32,000	35,450
Maintenance	106,000	102,200	135,950
Contractual/Sundry	368,500	357,850	372,160
Capital Outlay	0	0	0
Total	**1,041,400**	**1,040,680**	**1,084,760**

Public Works Storm Drain Fund Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- New Position – Maintenance Worker I
- Channel tree removal program year 2 of 2 addition (New Request FY24-25) partial funding adjustment.
- MultiPro Turf Sprayer Vehicle.
- Ford F750 Dump Truck.
- Capital Projects adjustments.

Public Works – Storm Drain Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Non-Departmental	111,980	109,620	111,480
Salaries & Benefits	509,600	495,800	631,710
Supplies	37,400	36,900	38,900
Maintenance	52,000	59,500	59,500
Contractual/Sundry	249,660	242,000	239,040
Capital Outlay	3,495,200	140,000	3,296,200
Transfers	194,000	194,000	195,000
Total	**4,649,840**	**1,277,820**	**4,571,830**

Public Works - Wastewater Collection
Water/Sewer Fund
Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Testing costs increase.
- Water meter needs adjustment for new commercial construction, Hightower Estates & Capp Smith Townhomes.
- Ford F150 4x4 (2) & Trailer replacement.

Public Works –
Water Distribution Division
Water/Sewer Fund
Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	628,600	573,800	662,110
Supplies	15,900	15,400	16,100
Maintenance	11,400	11,400	17,100
Contractual/Sundry	2,231,580	2,156,580	2,231,400
Capital Outlay	25,360	25,390	35,000
Total	**2,912,840**	**2,782,570**	**2,961,710**

Public Works – Wastewater Collection Water/Sewer Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	618,700	501,200	631,570
Supplies	11,700	10,600	11,200
Maintenance	3,100	3,100	3,100
Contractual/Sundry	3,042,550	2,734,000	2,734,150
Capital Outlay	0	0	0
Total	**3,676,050**	**3,248,900**	**3,380,020**

WATAUGA
ECONOMIC DEVELOPMENT
CORPORATION

Economic Development Corporation

Economic Development Corporation
Significant Impacts

- Beautification Program continuation (WRAP).
- Support of Food Truck Park.
- Funding for Open Rewards.
- General fund transfer adjustment for Staffing reimbursement.

Economic Development Corporation Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Supplies	1,000	1,000	1,000
Maintenance	0	0	0
Contractual/Sundry	138,300	138,300	162,700
Capital Outlay	0	0	0
Transfers	561,640	561,640	491,200
Total	**700,940**	**700,940**	**654,900**

City Secretary

City Secretary Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Election expenses estimate adjustment.
- Boards & Commissions Banquet Event.

City Secretary General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	229,700	222,000	247,300
Supplies	1,450	1,510	1,450
Maintenance	0	0	0
Contractual/Sundry	26,150	16,050	28,050
Capital Outlay	2,700	1,700	200
Total	**260,000**	**241,260**	**277,000**

City Manager

City Manager Significant Impacts

- Benefits, Retention, Benefits, Retention, COLA/Merit/Comp & TMRS adjustments.
- Succession Plan - Assistant City Manager (2) & Training
- Citizen Engagement Programs.

City Manager General Fund Expenditures

Category	Adopted FY 2025	Projected FY 2025	Proposed FY 2026
Salaries & Benefits	308,700	263,400	333,100
Supplies	300	300	300
Maintenance	0	0	0
Contractual/Sundry	11,500	43,500	11,100
Capital Outlay	0	4,500	0
Total	**320,500**	**311,700**	**344,500**