

City of Waco

Budget-in-Brief

For the year beginning October 1, 2013



**2013-14
Annual Operating and
Capital Budget**

Elected Officials and Management Staff

Elected Officials

Malcolm P. Duncan, Jr.

Mayor

Mayor Pro Tem John Kinnaird

Council Member Wilbert Austin

Council Member Alice Rodriguez

Council Member Toni Herbert

Council Member Kyle Deaver

Management Staff

City Manager	Larry D. Groth, P.E.	Health Director	Sherry Williams
City Attorney	Jennifer Richie	Housing Director	Jeff Wall
City Secretary	Patricia W. Ervin	Human Resources Director	Gary Johnson
Municipal Court Judge	Chris Taylor	Information Technology Director	Ron Holland
Deputy City Manager	Dale Fisseler, P.E.	Library Director	James Karney
Assistant City Manager	George Johnson, Jr.	Municipal Information Director	Larry Holze
Assistant City Manager	Wiley Stem, III	Parks and Recreation Director	Rusty Black
Airport Director	Joel Martinez	Planning Director	Clint Peters
Budget Manager	June Skerik	Police Chief	Brent Stroman
Building Official	Randall Childers	Public Works Director	Mark Hines
Convention & Visitors' Director	Elizabeth Taylor	Ranger Hall of Fame Director	Byron Johnson
Finance Director	Janice Andrews	Transit Manager	John Hendrickson
Fire Chief	John Johnston	Utilities Director	Ricky Garrett
General Services Director	Gary Urban	Cameron Park Zoo Director	Jim Fleshman

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CITY OF WACO
Citizens

Mayor & City Council
Policy

Mayor Malcolm P. Duncan, Jr.
Mayor Pro Tem John Kinnaird
Wilbert Austin, Alice Rodriguez,
Toni Herbert, Kyle Deaver

City Attorney

Jennifer Richie

City Manager

Larry D. Groth, P.E.
City Manager
General Administration
Budget Internal Audit
Finance

City Secretary

Patricia W. Ervin

**Municipal
Court Judge**

Chris Taylor

Dale Fisseler, P.E.
Deputy City Manager

Municipal Information
Planning
Building Inspection/
Code Enforcement
Public Works
• Engineering/GIS
• Traffic
• Streets
Utilities
• Water
• Wastewater
• WMARSS

Wiley Stem, III
Assistant City Manager

General Services
• Fleet
• Purchasing
• Facilities
• Risk Management
Human Resources
Information Technology
Parks & Recreation/
Golf Course
Police
Fire
Solid Waste
Texas Ranger Museum

George Johnson, Jr.
Assistant City Manager

Waco Regional Airport
Cameron Park Zoo
Economic Development
Waco Transit
Library
Convention Center
& Visitor's Services
Health
Housing



October 1, 2013

To The Citizens of Waco:

It is my privilege as your City Manager to present a Budget-in-Brief of our recently adopted fiscal year 2013-14 Budget. Our budget is the product of a great deal of reflection, coordination, and discussion. The budget is the major annual planning effort because it funds the many excellent services that we provide.

The City of Waco is committed to the efficient delivery of quality products and services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensure constructive and well-formulated strategic plans for the growth of our city. This budget continues to focus on citizens' interests expressed through goals established by the Council.

Our objectives in preparing this budget were:

- Meet the Council's stated Goals
- Adequate funding to ensure quality customer service to our citizens at all levels of our organization
- Promote a safe and positive environment to improve the culture and quality of life for our citizens
- Maintain fund balances by the end of FY 2013-14 that meet our stated financial policies

Though we are faced with a number of challenges, the staff is committed to help make the City of Waco a wonderful place to live.

Sincerely,

Larry D. Groth, P.E.
City Manager

City of Waco Values and Goals

Values

Equal Access to All Services and Benefits

Customer/Regulation Friendly in all Actions and Interactions by the City of Waco

Think and Act Systemically to Build a Healthy Community

Goals

Strategic Intent I

High Quality Economical City Services and Facilities

Strategic Intent II

Aggressively Competitive Economic and Community Development

Strategic Intent III

Safe, Environmentally Sound, Pedestrian Friendly Community

Strategic Intent IV

Improved Housing Options, Opportunities, and Conditions

Strategic Intent V

Enviably Culture and Quality of Life

Strategic Intent VI

Effective Policy and Administration

Strategic Intent VII

Market Waco Internally and Externally

2013-14 Budget Highlights

Total Operating Budget

The adopted 2013-14 operating budget is \$202,877,913 an increase of 1.8% compared to the 2012-13 adopted operating budget of \$199,371,175. Major funding items include:

- A 2.0% salary increase for all regular full and part time employees
- \$1,250,000 for the Economic Incentive Fund
- \$19,988,136 for Fire Services
- \$31,845,692 for Police Services
- \$39,630,344 for Water Services
- \$21,187,076 for Wastewater Services
- \$16,099,834 for Solid Waste Services
- \$12,116,172 for Employee Health Insurance Services

The City of Waco is committed to the efficient delivery of quality services to its citizens. This commitment is the foundation behind policy decisions and priorities that ensures constructive and well-formulated plans for the growth of our City. We are committed to a balanced budget that provides the desired services our citizens expect while at the same time continuing our economic development efforts throughout the city. The state of the economy is always a driving force that dictates most of the challenges we face each year when starting the budget process. Our current fiscal condition is stable and improving in many areas which is encouraging. However, the uncertainty about funding levels for some of our existing federal and state grants; ever increasing expenses, especially fuel and health insurance; employee compensation; staffing needs due to expanded operations and departmental capital needs are some of the challenges.

One major challenge again this year was funding health insurance. Because of the changes made last year to premiums and plan design, claims were projected to be within budget for the current fiscal year. However, medical and prescription claims are projected to increase between 6% and 15% and we will be responsible for fees tied to the Affordable Care Act. To address this shortfall and protect the integrity of this fund, the city is increasing its contribution by 5%, changing our stop loss contract and the plan design will change. These steps and the continuation of our wellness program initiatives should stabilize the costs of this important employee benefit. The price of fuel and fuel related expenses was a key issue again this year. We have budgeted these expenses as rational as possible at the levels of pricing that we feel the trends are showing us. The emphasis on economic development is funded with the continued financial support of our current partnerships and with funding for marketing our city and its amenities. The Capital Improvements Program includes continued improvements for the airport, streets, sidewalks, building renovations, radio operations, water and wastewater as we provide for the future needs of our citizens. The initiative of funding capital programs in operations that are normally bonded is continued in General Government operations, Water and Wastewater with the long term goal of totally funding the CIP with cash.

2013-14 Budget Highlights

Salary and Wage Increases

For FY 2013-14, we are recommending a salary package with a 2% pay adjustment for all employees. Civil service employees will also receive a job class step increase, if eligible. Salary is only one aspect of compensation. Employee benefits include health insurance, longevity pay, disability coverage, life insurance and a 2-1 match for the Texas Municipal Retirement System (TMRS). The full TMRS contribution rate required for 2014 decreased slightly from the 2013 rate. Cost-of-living adjustments for retirees are considered on an ad hoc basis. Our funded ratio continues to increase and is currently 88.6% while the unfunded liability continues to decrease and is \$41.9 million.

Total Employee Positions

Departments continually evaluate their staffing needs as positions become vacant during the year, review positions that have been vacant for a considerable amount of time and assess operations for efficiencies in the workforce. As a result, positions have been eliminated during the year. This budget reflects a net increase of only 6.13 full time equivalent positions over last year's budget even though a total of 12 employees were added for the Animal Shelter division when the city took over operations of the facility from the Humane Society. We will continue to do the things that get the citizens better customer service and quality city services in a proactive manner.

General Fund

The General Fund revenue budget of \$103,356,932 is based on an increase in revenues of 4.4% over last year's adopted budget, due mainly to the increase from ad valorem taxes, sales taxes and court fines. A tax rate reduction of \$0.01 (one cent) was adopted for FY 2013-14. Most of the additional revenues provide for salary and benefit adjustments, significant increases in general liability insurance, workers compensation, health insurance and increased funding of capital projects with cash.

General Fund Revenues

The General Fund is balanced principally through the following factors:

Growth in net property tax assessments –New construction and increased valuations contributed to the proposed 1.91% growth in the property tax base. New construction assessments are proposed at a healthy increase of \$70 million for FY 2013-14, but is somewhat offset by a \$63 million increase in exemptions.

Sales Taxes – The volatility of retail sales makes it challenging to project this revenue with any certainty. In a normal year, sales tax revenues are expected to be at least slightly higher than the previous year and be a fundamental source for balancing the budget. We are expecting to end the current year significantly over budget. The trend for sales tax receipts has been steady for the last two years, which we believe is due to good employment numbers and new development in our city over the past few years. This revenue is extremely volatile and is effected by so many factors that we have no control over. Our preference is to be conservative in this area of the budget and use any excess receipts for one-time purchases towards the end of the fiscal year. In keeping with that philosophy and expectations of the current trend continuing, we are proposing sales tax to increase 6% over last year's adopted budget.

2013-14 Budget Highlights

General Fund Expenditures

The largest increase in General Fund expenditures is about \$1.3 million for the salary adjustment discussed earlier. Although there are few additions included for FY 2013-14, the major changes in the General Fund are:

Increased cash funding for capital projects in Streets, Facilities and other General Fund supported departments - \$630,000

Added funds for Capital Replacement Fund - \$100,000

Added funds to bring minimum salary to \$9.00 per hour - \$74,000

Added funds to replace loss of grant funding in Housing, Fire, and Health - \$358,000

Added replacement equipment for Police and Fire- \$194,000

Increased health insurance expense for General Fund departments – \$293,000

Increased workers compensation expense for General Fund departments – \$302,000

Increased general liability, property and auto insurance expense for General Fund departments – \$249,000

Fee Revenues

Due to the economy, most revenues have remained relatively flat for the last five years and resulted in slower growth than in previous years. This trend is changing and we are experiencing gradual growth in a number of areas. We are optimistic about the trend continuing and have reflected that in the proposed revenues. User fees were reviewed and subsequently revised, added or deleted for Cameron Park Zoo, Convention and Visitors' Services, Health, Inspection, Planning, Waco Regional Airport, Water, and Wastewater. All utility service rates and Solid Waste service rates will remain the same as the current year.

Utility Rates

No service rate increase is necessary for water or wastewater customers for FY 2013-14. Residential, commercial, and industrial water and wastewater customers have only had one rate increase in the last five years.

Solid Waste residential, commercial, roll-off and landfill rates will remain the same for FY 2013-14. No changes for any solid waste fees are included.

Capital Improvements Program

The adopted FY2013-14 C I P (Capital Improvements Program) is \$25,569,600 for General Government and Street/Sidewalk Improvements, Wastewater Improvements and Water Improvements.

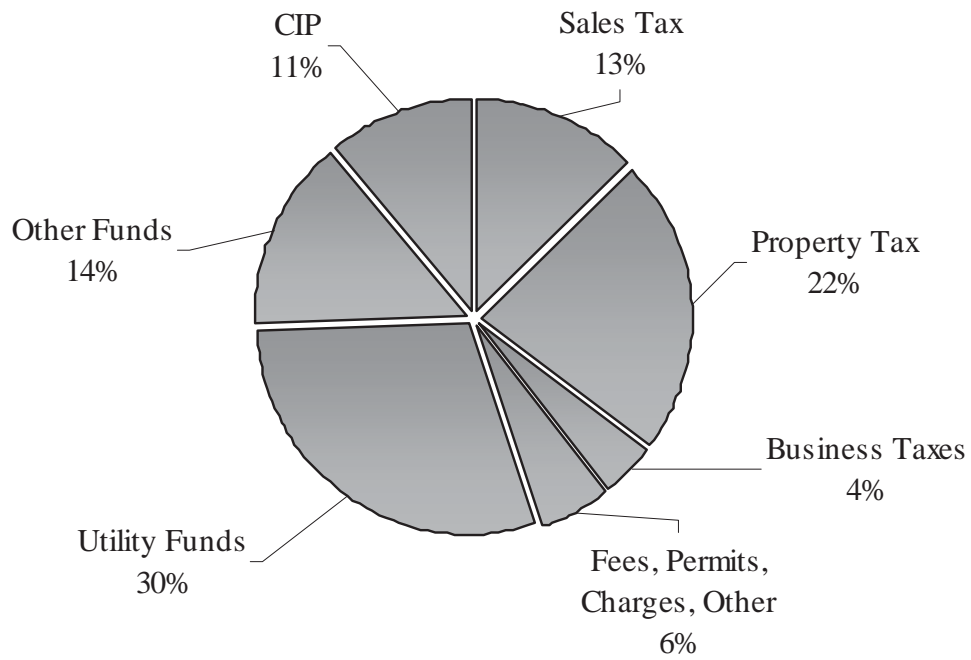
**Revenue Summary
2013-14**

	Adopted	Percent Total
Sales Tax	29,478,117	12.90%
Property Tax	51,072,569	22.36%
Business Taxes	9,768,560	4.28%
Permits, Fines & Charges	3,855,337	1.69%
Utility Funds	67,187,400	29.41%
Other Funds	32,652,200	14.29%
Interest on Investments	244,605	0.11%
Miscellaneous	2,833,681	1.24%
Intergovernmental	5,175,195	2.26%
Transfer from Surplus	610,249	0.27%
Total Operating Revenues	202,877,913	88.81%
Capital Improvements Program	25,569,600	11.19%
Total Revenues	228,447,513	100.00%

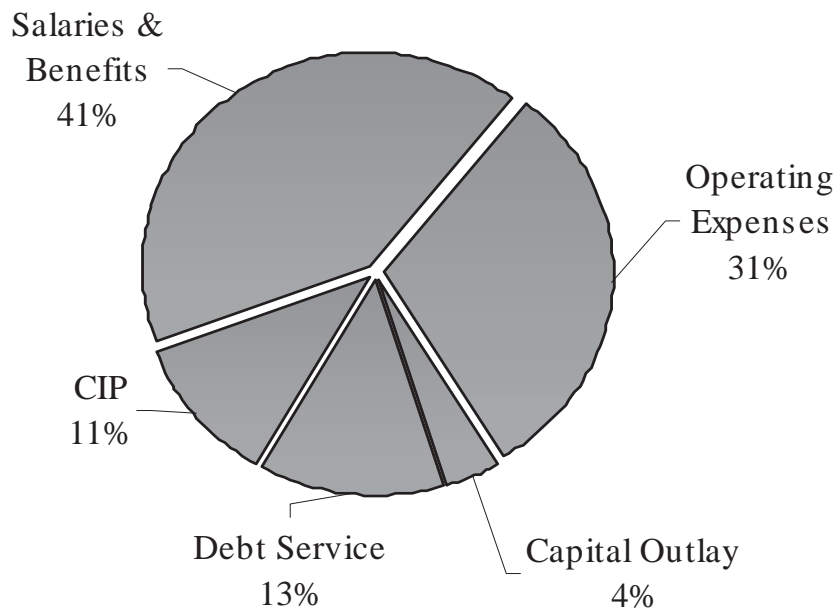
**Expenditure Summary
2013-14**

	Adopted	Percent Total
Salaries & Benefits	94,035,976	41.16%
Services & Supplies	49,372,109	21.61%
Other Expenses	16,013,160	7.01%
Contracts with Others/Contributions	3,267,050	1.43%
Transfers & Billings	1,553,172	0.68%
Capital Outlay	9,067,489	3.97%
Debt Service	29,568,957	12.95%
Total Operating Budget	202,877,913	88.81%
Capital Improvements Program	25,569,600	11.19%
Total Expenditures	228,447,513	100.00%

Revenue Summary



Expenditure Summary



General Fund

The General Fund is the largest of all City funds and the fund that attracts the most public attention and interest, because of its two major revenue sources – sales tax and property (ad valorem) tax. The following chart illustrates the value citizens get from the \$103+ million General Fund for their property tax dollars.

Cost of City Services
(\$0.776232/100 Valuation)

Based on an average home value of \$119,704 with a homestead exemption of \$14,068, a household pays \$819.98 in city taxes for the year, or \$68.33 per month, to support these city services:

- 24 hour Police Protection
- 24 hour Fire Protection
- Maintenance of 600 miles of paved and unpaved public streets
- Street signals and lighting
- Four library facilities and services which circulates books, video & audio tapes
- 1,500 acres of developed Parks
- Park facilities including softball fields
- Recreational facilities & activities including jogging tracks and skate parks
- Animal Control and Animal Shelter services
- Building Inspections & permitting services
- Code Enforcement Services
- Emergency & Disaster Management
- Municipal Court
- Economic Development
- Partial subsidies for:
 - Public Health Services
 - Cameron Park Zoo

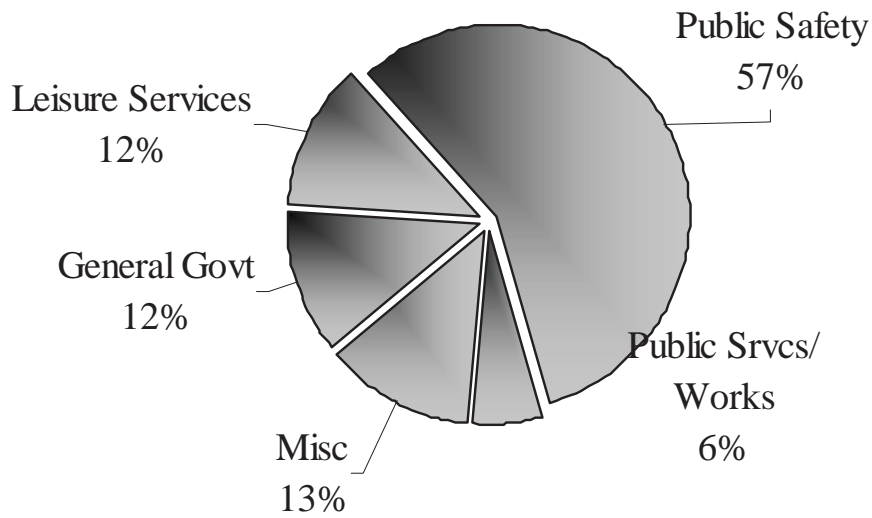
In comparison, the cost of:

- Preferred Cable TV is \$49.99 plus tax per month.
- The average cost for electricity is \$94.58 / 1000 kwh per month.
- An average Natural Gas bill was \$35.88 per month for the year ending July 2013.
- One night at the movies for a family of four with soft drinks and popcorn is \$40 - \$50.

Information provided by Grande Communications, powertochoose.org, Atmos Energy, Starplex Cinema and McLennan County Central Appraisal District.

General Fund by Function

General Govt	12,519,241
Leisure Services	12,761,048
Public Safety	59,133,215
Public Srvc/ Works	5,852,381
Misc	13,091,047
Total	<u>103,356,932</u>



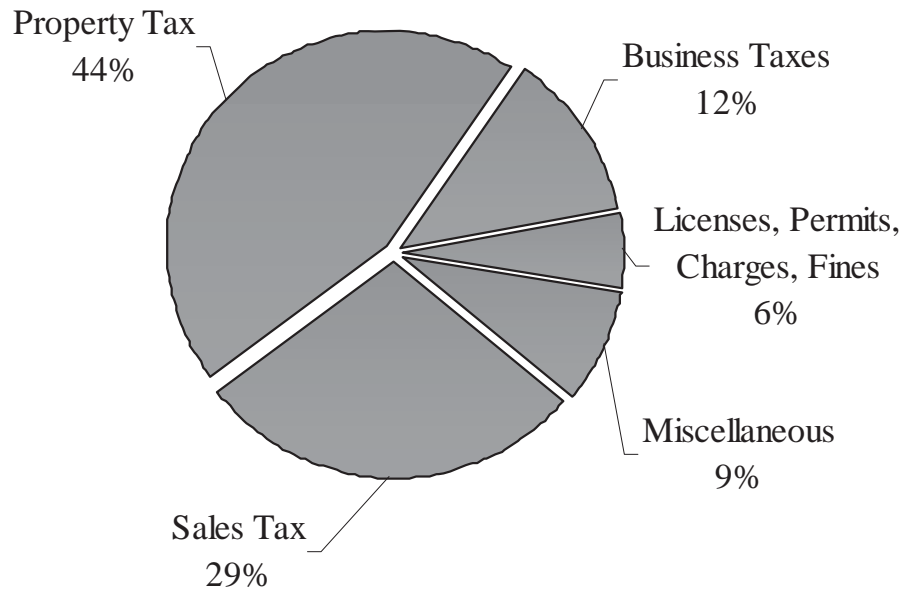
**General Fund Revenue Summary
2013-14**

	Adopted	Percent Total
Sales Tax	29,478,117	28.52%
Property Tax	46,392,823	44.89%
Business Taxes	12,784,942	12.37%
Licenses & Permits	849,396	0.82%
Intergovernmental	1,504,640	1.45%
Charges for Services	1,759,668	1.70%
Fines	1,681,097	1.63%
Interest on Investments	72,000	0.07%
Miscellaneous	8,784,249	8.50%
Other Financing Sources	50,000	0.05%
Total General Fund Revenues	103,356,932	100.00%

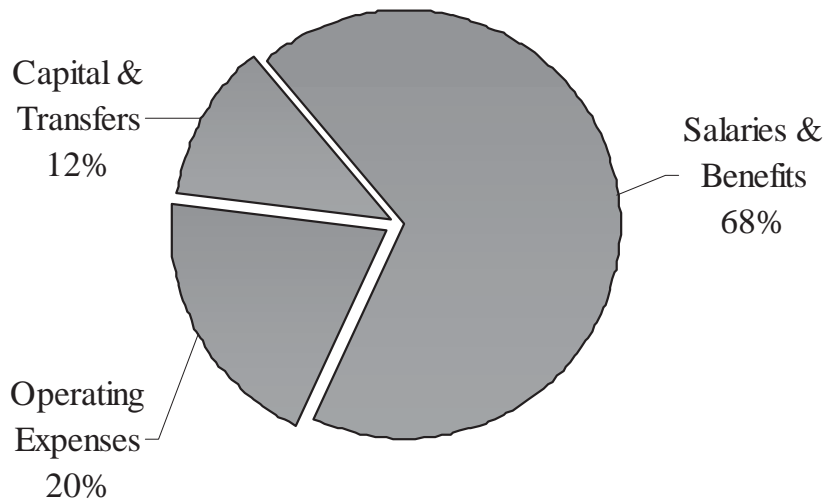
**General Fund Expenditure Summary
2013-14**

	Adopted	Percent Total
Salaries & Benefits	70,450,249	68.16%
Services & Supplies	17,766,681	17.19%
Other Expenses	701,830	0.68%
Contracts with Others/Contributions	2,104,474	2.04%
Transfers & Billings	10,510,584	10.17%
Capital Outlay	1,823,114	1.76%
Total General Fund Expenditures	103,356,932	100.00%

General Fund Revenues



General Fund Expenditures



**Funds Summary
2013-14**

General Fund	103,356,932
Special Revenue Funds	
Health Fund	4,054,205
Public Improvement District #1	911,449
Street Reconstruction Fund	3,886,972
Enterprise Funds	
Ranger Hall of Fame Fund	1,327,579
Waco Regional Airport Fund	1,617,991
Convention Center & Visitors' Fund	3,310,017
Cameron Park Zoo Fund	3,540,586
Cottonwood Creek Golf Course	1,909,400
Waco Transit Fund	7,265,673
Utility Funds	
Water Fund	39,630,344
Wastewater Fund	21,187,076
Solid Waste Fund	16,099,834
WMARRS Fund	6,502,393
Internal Service Funds	
Risk Management Fund	3,776,834
Engineering Fund	1,995,542
Fleet Services Fund	1,786,961
Health Insurance Fund	12,116,172
Capital Improvement Fund	25,569,600
Less Interfund Transfers	(31,398,047)
Total Fund Summary	\$228,447,513

Capital Improvements Program
Planned Expenditure Summary by Function
2013-14

Airport	3,014,000
City Manager's Office	17,000
Emergency Management	926,234
Facilities	555,366
Fleet Services	1,485,000
Total General Government	5,997,600
Street Improvements	2,200,000
Wastewater Improvements	11,110,000
Water Improvements	6,262,000
Total C I P	25,569,600

**Personnel Summary
By Department (Full Time Equivalents)**

	2012-13	2013-14		2012-13	2013-14
General Fund			Health Fund (cont)		
City Managers Office	13.00	13.00	Public Health Nursing	10.08	10.50
Animal Shelter	-	12.00	S T D Services	5.39	5.39
City Secretary	6.00	6.00	HIV/AIDS	2.25	2.25
Finance	15.50	15.50			
Purchasing	6.00	6.00	Enterprise Funds		
Information Technology	15.00	15.00	Street Reconstruct Fund	30.00	30.00
Legal Services	11.00	11.00	Ranger Hall of Fame Fund	15.50	15.50
Municipal Court	15.00	15.00	Airport Fund	13.77	13.77
Planning Services	6.05	6.95	Convention Fund	33.63	33.20
Human Resources	9.48	9.48	Cameron Park Zoo Fund	51.16	51.11
Inspection Services	21.05	20.52	Cottonwood Creek Golf	15.96	15.96
Streets & Drainage	29.00	29.00			
Traffic Services	22.00	22.00	Utilities		
Emergency Management	5.50	5.50	Water Office	24.25	24.25
Fire	199.00	202.00	Water Distribution	32.75	32.75
Police	338.35	338.45	Water Treatment	38.25	38.25
Library	44.45	44.45	Utilities Laboratory	13.00	13.00
Municipal Information	9.00	9.00	Meter Shop	18.00	18.00
Housing Services	1.36	1.91	Wastewater Collection	38.75	38.75
Facilities	35.80	35.80	Environmental Services	7.00	7.00
Parks and Recreation	141.00	141.00	WMARRS	26.00	26.00
			Solid Waste Services	102.00	99.00
Total General Fund	943.54	959.56			
			Internal Service Funds		
Health Fund			Risk Management	7.00	7.00
Health Administration	9.50	9.50	Engineering	24.00	24.00
Environmental Health	1.75	1.75	Fleet Services	25.00	25.00
OSSF	4.25	4.25	Health Insurance	1.00	1.00
			Grant Funds	76.63	69.81
			Total All Funds	1,570.41	1,576.55

Where to Go For Additional Information

This document, produced by the City of Waco Budget Office, is designed to provide summary information from the City's 2013-2014 adopted budget. More detailed information on the contents of this book can be found in the 2013-2014 Budget. The Budget, as well as additional information about the City of Waco, can be found on the City's Web Site, <http://www.waco-texas.com>.

To Find Information on These Topics	Look in the Budget Document or on The City's Web Site
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Financial Policies	Financial Management Policy Statements
Taxes, Revenues & Expenditures	City Manager's Letter Budget Message Tax Structure Budget Summaries
Program Changes Including New Programs, Additional Funding	City Manager's Letter Budget Message Individual Department Summaries
Staffing and Organizational Structure and Changes	Organization Chart Budget Message Personnel Summary Individual Department Summaries
Departmental Plans	Budget Message Individual Department Summaries
Debt Schedule	Debt Service Section
Capital Projects	Capital Improvements Program Section
Glossary of Terms	Appendix A
Fees	Appendix B - Fee Schedule

If you have any other questions about city services
Call Waco Central
(254) 299-CITY (2489)

Or contact the Budget Office at (254) 750-5694
City of Waco
Budget Office
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Waco, TX 76702-2570
<http://waco-texas.com>