



2014-2015 Budget Process Underway

The City of Heath Council and staff have been working hard to prepare a budget for the Fiscal Year 2014-2015. Budget discussions have been held in open City Council meetings, which residents are encouraged to attend. A final budget is currently scheduled to be adopted by the City Council at its meeting on September 23 to become effective October 1. You can view the proposed budget at www.heathtx.com under the Finance Department.

WHAT IS THE PURPOSE OF THE CITY'S BUDGET?

The City's budget is one of the most concrete expressions of public policy, as it sets forth the City's priorities for the upcoming year. The City Council makes decisions about the City's budget based on what it hopes to accomplish during a given fiscal year. After the budget has been adopted by the City Council, it serves as a road map for where funds are to be allocated and as a check and balance system to make sure City funds are spent as intended.

GENERAL FUND

Approximately 65% of the City's General Fund revenue comes from Ad Valorem Property taxes. Additional sources of General Fund revenue include sales taxes, franchise fees, building permits and interest on City funds.

The proposed budget includes an Ad Valorem Property tax rate increase of 8.33 cents:

- 1 cent is to fund maintenance and operations (M&O), which includes Public Safety.
- 7.33 cents will fund debt service (I&S). The proceeds from the debt are used to fund more than \$20 million in capital improvement projects that benefit the entire City including street, trail and park projects
- For the average taxable home value in Heath of \$406,450, the proposed tax rate will increase taxes \$338.57 annually. Of that increase, \$40.65 will go to M&O, and \$297.92 will fund the debt service.

You can view a map of the CIP projects at www.heathtx.com under the Government menu.

ENTERPRISE FUNDS

Additional funds include water and sewer fees and charges for trash collections that make up the largest portion of revenue in the Enterprise Funds.

More Great Ratings for Heath!

Fitch Ratings has affirmed the City of Heath's "AA" rating for General Obligation (GO) bonds and Certificates of Obligation (COs), noting the City's stable outlook with sound reserves, financial flexibility, and superior wealth levels.

In March, Standard and Poor's raised its long-term and underlying ratings on the City's existing GO debt and Cos to "AA+" from "AA".

The City's positive bond ratings ensure the lowest cost possible when bonds are issued to fund CIP projects to improve roads, trails, parks, public utilities and other infrastructure throughout the community.

The proposed budget includes a water rate increase (See Water FAQs on reverse side). The City is a water customer of the City of Rockwall, which is a customer of the NTMWD. The proposed budget for 2014-2015 includes an increase of 19 cents per 1,000 gallons at all water usage levels that is being passed on from the NTMWD to the City of Heath.

The remainder of the budgeted expenditures are distributed among the Debt Service Fund, which pays the debt issued to finance general government capital improvement projects such as street improvements, the Solid Waste Fund, and the

Economic Development Corporation and Municipal Benefits Corporation Funds.

The City of Heath will continue to have among the lowest Ad Valorem tax rates among cities in Rockwall County and the surrounding region with the approval of the proposed budget.



City of Heath Water Customers: Important Information about Your Service and Rates

WHO IS THE CITY OF HEATH'S WATER SUPPLIER?

The City of Heath's water supplier is the City of Rockwall, which is a member city of the North Texas Municipal Water District (NTMWD).

WHAT IS THE NTMWD?

The NTMWD is a conservation and reclamation district and political subdivision of the State of Texas. NTMWD's primary mission is to meet the needs of member and customer cities, whether that is the need for drinking water, solid waste disposal or wastewater treatment. NTMWD acts as a regional wholesaler of water to its member and customer cities.

HOW ARE WATER RATES SET?

NTMWD is responsible for setting the rates charged to their customers. Rates are calculated annually and are based on the projected cost of providing the service. Water rates are set per 1,000 gallons. As our provider, the City of Rockwall charges Heath an administration fee of 10 cents per 1,000 gallons in addition to the NTMWD's rate.

The rates charged to the City of Heath's customers are based on a rate study performed by Willis, Graves and Assoc., Inc. The study takes into account the City's cost of providing water, including debt service and administrative costs in addition to the actual cost of the water. The study also structured the rates to promote water conservation. Once water usage exceeds 10,000 gallons per month, the fee rises with the biggest spike occurring at 30,000 or more gallons used per month.

The City of Heath's proposed budget for 2014-2015 includes an increase of 19 cents per 1,000 gallons at all water usage levels that is being passed on from the NTMWD to the City of Heath.

All water revenue retained by the City of Heath goes into the City's Utilities Fund; none goes into the General Fund.

WHY ARE RATES HIGHER OR LOWER IN SOME COMMUNITIES?

In a community with a large population such as Plano, the cost of providing water is distributed over a greater number of customers, allowing for lower per-customer rates. In a low-density community such as Heath, a smaller number of customers share the cost of water delivery, resulting in higher per-customer rates.

WHAT ARE THE WATER SOURCES?

Lavon Lake serves as the NTMWD's main raw water supply source. The NTMWD also holds water rights for raw water supplies from Lake Texoma, Jim Chapman Lake and the wetland facility near Crandall. Additional supplies are available if needed through a water transfer to Lavon Lake from Lake Tawakoni. The raw water supply from Lake Texoma is currently unavailable due to efforts to prevent the spread of zebra mussels, which have invaded the lake.

Business Spotlight:

A SHOUT OUT TO A HOMETOWN BUSINESS!



KENDALL LAND ADVISORS

When Carter Kendall was searching for a new home for his family and his business, he wanted a community that still felt close to its roots. He wanted a family atmosphere. And he wanted a more slowly paced atmosphere. ***He found it all in Heath!***

"Heath and the Rockwall area are a perfect fit," said Carter, who relocated from Collin County. "This is a community where we can make a long-lasting home and career."

Kendall Land Advisors, LLC, specializes in single family and retail/commercial land brokerage in Rockwall, Collin, Kaufman and Hunt Counties. The company's focus is on helping clients buy and sell land investment tracts either before or after the value-add process is completed. Their secondary focus is assisting clients by selling the end user.

Carter and his wife are members of Lakepointe Church and look forward to volunteering in other areas of the community as they meet people in their new hometown.

You can welcome Carter by contacting him at 214-632-8238 or carter@kendalllandadvisors.com. Learn more about his company at www.kendalllandadvisors.com.



U.S. OPEN TRIATHLON

Heath and Rockwall Welcome the U.S. Open Triathlon October 12

Triathletes from all over the world will travel to Heath and Rockwall in October to race in the U.S. Open, the largest triathlon event in the D/FW area. They will swim 1500 meters in Lake Ray Hubbard, bike 24.8 miles and run 6.2 miles.

A segment of the bike route will come through Heath. Cyclists and runners will be given the right of way on the roads that are part of the course.

DATE/TIME

The race is October 12 from 7 a.m. to 12 noon. Streets will start to be affected as early as 4 a.m.

TRAFFIC DELAYS:

Certain roads in and around the bike and run route have closures or will be traffic controlled to ensure the athletes' safety. You can view the route map at www.heathtx.com under the News menu. Please allow an extra 20 to 30 minutes to get where you need to go between 6 a.m. and noon on October 12.

Want to volunteer or participate?

Find the details at: www.usopen-triathlon.com.



The City continues to trap and test mosquitoes for the West Nile Virus on a weekly basis. You can find the results at www.heathtx.com.



**WATER RESTRICTIONS REMAIN IN EFFECT. PLEASE CHECK
WWW.HEATHTX.COM FOR CURRENT WATERING SCHEDULES.**