PRELIMINARY

CITY OF HEATH, TEXAS

A Premier Outdoor Lifestyle Community

CITY OF HEATH

PRELIMINARY PROPOSED BUDGET AND PLAN OF MUNICIPAL SERVICES FISCAL YEAR 2026-27

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City of Heath
Preliminary Proposed Budget and Plan of Municipal Services

This budget will raise more revenue from property taxes than last year's budget by an amount of $938,998, which is a 13.4 percent increase from last year's budget. The property tax revenue raised from new property added to the tax roll this year is $358,105.

The members of the governing body voted on the budget as follows:

FOR:
AGAINST:
PRESENT and not voting:
ABSENT:

Tax Rate:	Proposed FY 2026-27*	Adopted FY 2025-26
Property Tax Rate:	$0.276980/100	$0.275650/100
No-New-Revenue Tax Rate:	$0.261060/100	$0.272010/100
No-New-Revenue Maintenance & Operations Tax Rate:	$0.183190/100	$0.179752/100
Voter-Approval Tax Rate:	$0.267470/100	$0.275650/100
Debt Rate:	$0.077870/100	$0.087014/100

Estimated and will change. Calculation made prior to the final tax calculation worksheet being completed by Rockwall Central Appraisal District (RCAD).

Total debt obligations for the City of Heath secured by taxes: $3,139,100.53.

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Future Budget Presentation Award

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Adopted Budget and Plan of Municipal Services

October 1, 2026, through September 30, 2027

Principal Officials

Mayor & City Council

Jeremiah McClure, Mayor

Scott Dodson, Mayor Pro Tem

Cindy Horne, Council Member – Place 1

Johnny Myers, Council Member – Place 2

Ryan Moorman, Council Member – Place 3

Michelle Thurgood, Council Member – Place 4

Mitch Ownby, Council Member – Place 6

City Staff

Steven Alexander, CPA, CGFO, City Manager

Chelsey Gordon, Assistant City Manager

Jay Ayers, CGFO, Director of Finance

Bryan Creed, Director of Public Works

Brandon Seery, Director of Public Safety

Zachary King, AICP, Director of Planning and Development

Norma Duncan, TRMC, City Secretary

Richard Dormier, P.E., City Engineer

Suzanne Brooke, Chief Communications Officer/Events Coordinator

Andy Messer, City Attorney

City of Heath, Texas
Fiscal Year 2026-27 Preliminary Proposed Budget
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CITY OF HEATH
200 Laurence Drive, Heath, Texas 75032 | Phone (972) 771-6228 | Fax (972) 961-4932

July 11, 2026

Honorable Mayor McClure, Members of the City Council, and Citizens of the City of Heath:

In accordance with the Texas Local Government Code and the City of Heath's Charter, it is our honor to present the Proposed Budget and Plan of Municipal Services ("Proposed Budget") for the fiscal year beginning October 1, 2026, and ending September 30, 2027 ("FY2027"). It is important to remember that this is a proposed budget and is subject to changes throughout the budgetary process. Changes may occur due to identified errors or additions and deletions made by City Staff or the City Council. Essential information remains to be received that will inform the final development of the budget. These items include, but are not limited to:

- Certified tax rolls from the Rockwall and Kaufman Central Appraisal Districts. These are expected to be received by July 25th. The Proposed Budget is developed using preliminary figures which will result in a revision in the tax rate calculations used herein.

- Updated information from the North Texas Municipal Water District (NTMWD) related to projected water rates and sewer charges for the Regional Waste Water System and Buffalo Creek Interceptor. This information is expected during the month of July.

- Proposed health, dental and life insurance premiums from Cigna for FY2027. This information should be available during the month of July.

Developed through collaborative efforts among City Staff and City Council, the FY2027 Proposed Budget reflects a thoughtful balance between maintaining essential services and making targeted investments to support long-term community goals. As part of this process, City Staff presented the City Council a strategic planning document setting out goals, objectives and strategic initiatives that have been used in the process of developing recommendations within the Proposed Budget.

The overarching goals laid out in the strategic planning document include the following:

- ***Ensure public safety excellence with a focus on being the safest city in Texas***
- ***Promote Sustainable and Managed Growth***
- ***Maintain Financial Strength and Stability***
- ***Improve Infrastructure and Mobility***
- ***Preserve Environmental Quality and Natural Resources***
- ***Enhance Community Engagement and Communication***
- ***Deliver High-Quality Municipal Services***
- ***Support Economic Vitality and Local Business***
- ***Invest in Workforce Excellence***
- ***Strengthen Quality of Life and Recreation***

More details on the strategic planning document can be found at the end of this transmittal letter.

Budget Brief

The annual budget is the City of Heath's primary fiscal and policy document. It reflects the culmination of a comprehensive financial planning process that integrates community priorities, staff expertise, and a commitment to long-term sustainability. The Proposed Budget embodies the City's fiduciary responsibility, strategic vision, and continued focus on delivering high-quality municipal services. Presentations that will be made to the City Council, as well as other budget-related information, can be found on the City's website at www.heathtx.com.

The Proposed Budget incorporates a property tax rate of $0.27698 per $100 of taxable assessed valuation, which is .48% higher when compared to the FY2026 adopted tax rate of $0.27565. This increase is, in part, due to the continued increase in values eligible for the senior tax ceiling and the application of the *de minimis rate.* The *de minimis* tax rate is the rate that generates an additional $500,000 in property taxes when applied to the current tax year's taxable values. Applying the *de minimis* rate is partially offset by a reduction in the debt portion of the overall property tax rate. It is important to note that the State continues to place limitations on a city's ability to raise property tax revenue which is the City of Heath's primary revenue source needed to fund critical services such as public safety, street maintenance, parks and recreation, etc.

The City continues to maintain strong reserves and a structurally balanced approach to operations, ensuring that financial stability remains a cornerstone of decision-making. Each allocation within the budget reflects a commitment to responsible stewardship and aligning resources with the community's shared vision for the future.

General highlights of allocations made within the Proposed Budget are as follows:

SUMMARY OF ALL FUNDS
FOR ALL FUNDS SUBJECT TO APPROPRIATION

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change FY2026 Budget to Proposed
EXPENDITURES/USES OF FUNDS					
Total Personnel	**$ 8,684,237**	**$ 10,383,280**	**$ 9,968,837**	**$ 11,702,995**	12.7%
Supplies & Equipment	4,561,597	4,840,251	4,852,121	5,351,910	10.6%
Services & Charges	10,285,231	10,687,212	12,083,030	10,784,006	0.9%
Capital Outlay	20,304,816	67,896,157	49,408,406	45,900,792	-32.4%
Total Expenditures	**$ 43,835,881**	**$ 93,806,900**	**$ 76,312,394**	**$ 73,739,703**	**-21.4%**
Other Uses:					
Debt Service	$ 6,730,779	$ 11,460,069	$ 10,458,688	$ 10,501,365	-8.4%
Grants	4,700	-	-	-	0.0%
Transfers to Other Funds	4,251,258	6,107,700	8,326,290	9,490,345	55.4%
Total Other Uses	**$ 10,986,737**	**$ 17,567,769**	**$ 18,784,978**	**$ 19,991,710**	**13.8%**
Total Expenditures/Uses	**$ 54,822,618**	**$ 111,374,669**	**$ 95,097,372**	**$ 93,731,413**	**-15.8%**

The overall change in personnel costs of 12.7% from FY2026 to FY2027 is a result of the addition of personnel needed to enhance resiliency in service delivery, provide staffing for the new public safety buildings, address pay adjustments, and fund anticipated growth in the cost of employee benefits.

The increase in Supplies & Equipment is primarily attributable to the rising cost of water purchased from the City of Rockwall. While declining, Capital expenditures remain relatively robust for FY2027. Projects include road and drainage improvements, components of the City's Water Plan, and parks and trails projects. The large increase in transfers between funds represents funding allocations for projects from operational funds to capital funds and reimbursements between funds.

Budgetary Process

Date	Topic
May 26	Discuss progress on the development of the Proposed Budget with City Council
May 29	Discuss progress on the development of the Proposed Budget with Finance Board
June 23	Discuss progress on the development of the Proposed Budget with City Council
June 24	Discuss progress on the development of the Proposed Budget with Finance Board
July 11	FY2027 Proposed Budget filed with City Secretary Proposed Budget for FY2027 delivered to City Council and Finance Board
July 14	Review and discuss the FY2027 Proposed Budget with City Council Call for a public hearing on the Proposed Budget
July 21	Review and discuss the FY2027 Proposed Budget with Finance Board
July 25	Receive the 2026 Certified Appraisal Roll from the Rockwall County Appraisal District
July 28	Record vote on the proposed tax rate Schedule public hearing on tax rate, fee, and rate schedule Schedule a public hearing on budget
August 11	Adoption of an ordinance approving the budget for FY2027 (record vote) Adoption of an ordinance authorizing the 2026 property tax rate Adoption of a resolution setting out the pay plan for FY2027 Adoption of the fee schedule for FY2027

Budget Revenue Components

The City of Heath's total revenues across all funds, excluding inter-fund transfers and proposed bond proceeds, are projected at $43.9 million for FY2027. The Proposed Budget continues to reflect the City's commitment to prudent financial planning and conservative revenue assumptions, ensuring fiscal stability while supporting core municipal services.

Consistent with its character as a residential community with limited commercial activity, the City of Heath does not rely on a highly diversified revenue portfolio. Instead, the budget is supported by stable and recurring revenue sources that are closely aligned with the City's long-term financial structure and service delivery framework.

Making up approximately 98% of total revenues (excluding inter-fund transfers and anticipated bond proceeds), the City's primary operating revenues are derived from the following sources:

- Ad Valorem (Property Taxes)
- Sales and Use Taxes
- Development-Related Fees and Permits
- Franchise and Right-of-Way Fees
- Utility Service Charges (Water, Sewer, and Solid Waste)
- Interest Earnings and Intergovernmental Revenue

➢ Water, Sewer & Roadway Impact Fees

These revenues provide funding for essential municipal operations, including public safety, infrastructure maintenance, community development, parks and trails, and general government administration.

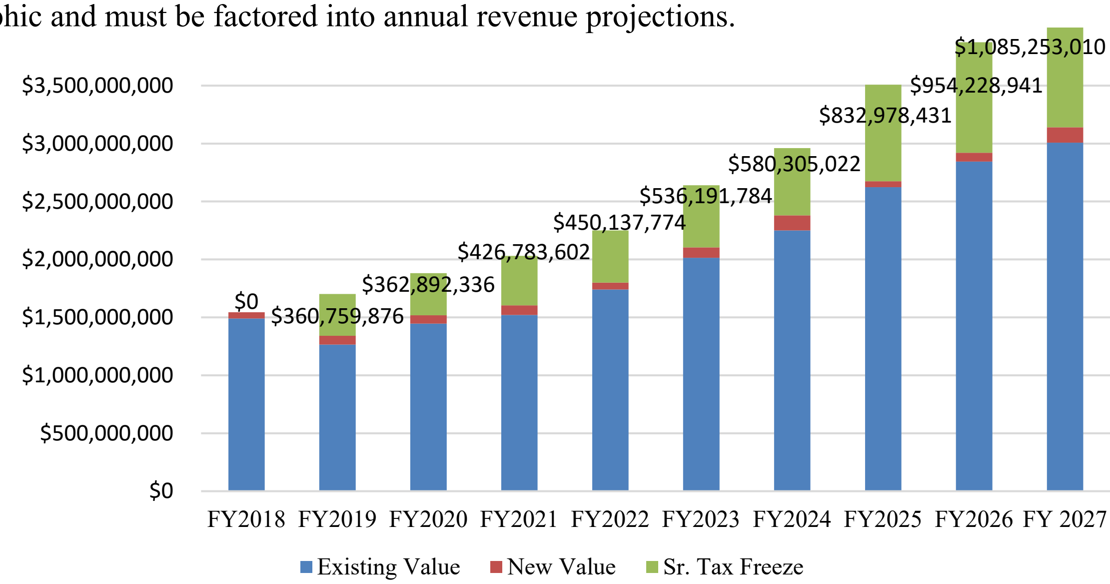
Property Taxes – In accordance with Texas law, the City of Heath's total ad valorem tax rate is composed of two components: the **Maintenance and Operation (M&O) rate** and the **Interest and Sinking (I&S) rate.** Each serves a distinct purpose and is governed by separate statutory provisions established by the Texas Legislature.

➢ The **M&O rate** funds the City's general governmental operations, including public safety (police and fire), public works, parks and trails, community development, and administrative functions. The City Council sets the M&O rate annually based on a detailed cost analysis of resources necessary to deliver the level of service expected by Heath residents.

➢ The **I&S rate** is used exclusively to pay debt service on the City's outstanding general obligation bonds and certificates of obligation. These debt instruments are typically issued to finance major capital investments, such as roadway reconstruction, public safety facilities, and other non-utility capital projects. The I&S rate is adjusted annually based on the required debt payments and changes in the City's certified taxable assessed value, as determined by the Rockwall Central Appraisal District (RCAD).

Growth in Taxable Assessed Value and Senior Tax Freeze Impact

As adopted by the City of Heath, the property tax ceiling "senior tax freeze" limits the amount of property taxes owed by residents aged 65 and older to the amount paid in the year their freeze was established. This protection reduces the City's ability to collect additional revenue from taxable value growth within this demographic and must be factored into annual revenue projections.



The chart above illustrates the growth in the City of Heath's taxable assessed value from FY2018 through the FY2027 Proposed Budget. Over this period, the City has seen consistent increases in existing property values, driven primarily by rising appraisal values and continued residential reinvestment.

While new value—representing new construction and additions to the tax roll—has contributed to overall growth, it remains a relatively modest portion of the City's total taxable base compared to appreciation in existing value.

The chart also highlights the growing impact of the Senior Tax Freeze, shown in green. Since the implementation of the over-65 tax freeze in FY2019, the frozen taxable value has increased significantly. For FY2027, the total frozen value is projected to exceed $1 billion, representing a meaningful portion of the City's tax base that does not generate additional revenue despite rising property values.

As the frozen portion of the tax roll continues to expand, the City must carefully balance service delivery and financial planning to ensure long-term sustainability without placing undue pressure on the remaining taxable base.

Proposed Tax Rate

At 25.5% of total revenues (exclusive of inter-fund transfers and anticipated bond proceeds), ad valorem tax is one of the largest and most stable revenue sources for the City of Heath. The City of Heath is proposing a total tax rate of $0.27698 per $100 of taxable assessed valuation, a rate similar to the FY2026 adopted rate of $0.27565. **It is important to note that the City has not yet received the certified tax rolls and this proposal is using the initial preliminary values from RCAD without any adjustments for protests. Once the certified tax rolls are received, these calculations will change.**

Taxable values (exclusive of values that have a tax ceiling) are currently projected to grow by approximately 7.5%, resulting in an increase of $220 million over the prior year's certified values. While new construction contributed to the overall increase, totaling $132,838,788, the majority of value growth continues to be driven by reappraisal of existing properties.

The proposed property tax rate for FY2027 is equal to the ***De Minimis*** rate of $0.27698 per $100 valuation, comprised of a Maintenance & Operations (M&O) rate of $0.19911 and an Interest & Sinking (I&S) rate of $0.07787.

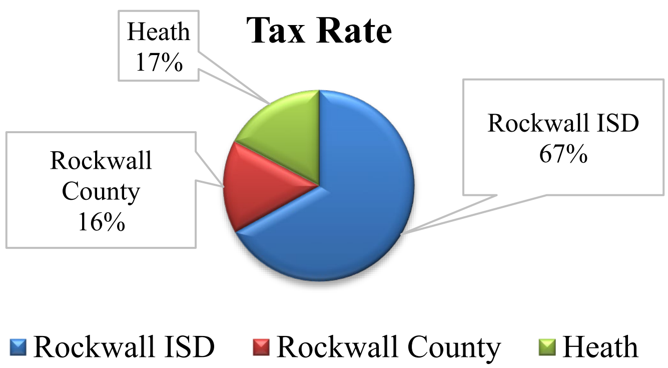
The *De Minimis* rate represents the maximum rate a city, with a population of less than 30,000, may adopt under the State's revenue limitations without triggering an automatic election. This framework, established by the Texas Legislature, is intended to control the growth of local property tax revenues while still allowing cities to fund debt service and essential municipal operations.

By adopting the *De Minimis* rate, the City of Heath is maintaining compliance with state law while also securing the revenues necessary to meet the City's goals of ***delivering high-quality services***, ***improving infrastructure, maintaining financial strength*** and ***investing in workforce excellence***.

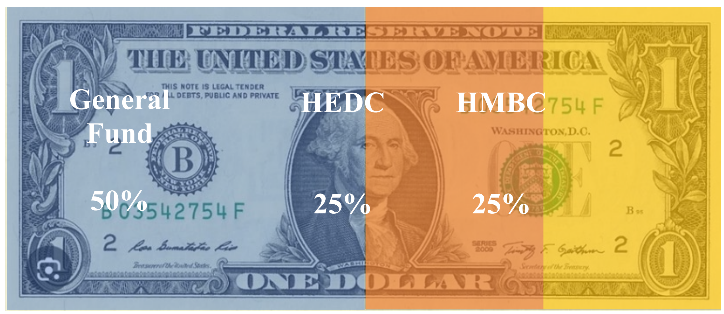
Impact of State-Imposed Revenue Caps

Revenue constraints imposed by changes to State law in past legislative sessions continue to limit the City's ability to respond to inflationary pressures, infrastructure needs, and service demands. Under pre-2019 rules, cities could adopt a rate up to 8% above the Effective Rate (now the No New Revenue (NNR) rate) without triggering an election. The limitation of 3.5%, imposed by the State, reduces local flexibility and may restrict future capital planning absent alternative funding mechanisms, such as debt or grants.

Tax Burden Distribution

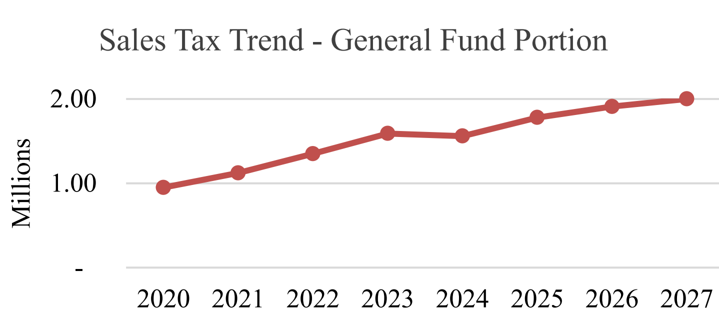


As is typical in Texas municipalities, the City of Heath receives only a portion of each property tax dollar paid by residents. The majority of the total tax bill is allocated to overlapping jurisdictions, including Rockwall ISD and Rockwall County. The City's share of the average residential bill remains comparatively low, at 17% of the aggregate tax rate, particularly in relation to the level of service provided.



Sales Taxes – Sales tax revenue represents a modest but consistent component of the City of Heath's revenue structure. The FY2027 total sales tax collections are projected at $4,030,856, with 50% allocated to the City's General Fund and the remaining 50% distributed equally between the Heath Economic Development Corporation (HEDC) and the Heath Municipal Benefits Corporation (HMBC), in accordance with state law and local ballot authorization. Revenues allocated to the HEDC and HMBC support initiatives that enhance quality of life, promote responsible economic development, and reduce reliance on the General Fund to support public services and infrastructure long-term.

Sales tax revenue accounts for approximately 9.3% of total operating revenues, excluding interfund transfers and bond proceeds. Given Heath's limited commercial development and its character as a residential community, sales tax revenues are not a major driver of the City's overall financial position. The current sales tax base is composed primarily of small-scale, neighborhood-serving businesses, with minimal regional activity.



The FY2027 projection assumes a conservative growth outlook based on recent trends and current development activity. While Heath continues to prioritize thoughtful and strategic economic development, near-term sales growth is expected to remain stable but modest.

Development & Building Permit Fees – Revenues from development activity and permit fees are closely tied to residential construction activity within the City. For FY2027, making up approximately 6% of total operating revenues, these revenues are projected at $2,527,341, based on recent trends in single-family home permitting and associated development.

The City of Heath continues to maintain its identity as a low-density, predominately residential community with limited commercial development. These development patterns align with the City's long-term vision and Comprehensive Plan and contribute to the unique character that distinguishes Heath from more urbanized neighboring jurisdictions. As such, the City's permit activity is driven almost entirely by single-family residential construction, accessory structures, and home improvement projects.

From FY2015 to FY2021, Heath experienced sustained growth in new residential construction, peaking at 235 single-family permits in FY2021. Since then, permitting volumes have moderated in response to broader market conditions; however, the City has issued 215 to this point in FY2026.

Development-related revenues include fees for plan reviews, building inspections, engineering services, erosion control, tree mitigation, contractor registration, development fees and impact fees. These revenues help offset the operational costs associated with administering and enforcing development regulations as well as meeting capital needs resulting from growth of the community.

Franchise Fees

Totaling $842,004, franchise fees make up approximately 2.0% of operating revenues, franchises fees are paid by publicly franchised utilities that operate in the City's right-of-way. Companies paying fees for the use of the City's public right-of-way include Atmos, Oncor, and AT&T to name a few. The methods of payment differ among the type of utility. For example, Oncor pays a per kilowatt hour fee based on the amount of kilowatt hours used within the community, while Atmos gas pays a percentage of gross receipts and telecommunication providers pay a per access line fee.

Water, Sewer, Solid Waste Fees

The City provides full-service utility operations, including water distribution, wastewater collection, and residential solid waste services. Utility Fund revenues and Solid Waste Fund revenues are generated from customer user charges and are dedicated to supporting operations, infrastructure investment, and contractual service obligations.

In FY 2026, the City engaged a water and wastewater rate consultant, Willdan, to develop a comprehensive utility rate model to ensure that future rate structures reflect these capital investments and long-term operating costs. This model guided rate making decisions for FY2026 and continues to inform rate recommendations for FY2027.

Water Revenues

Total revenues included in the Proposed Budget for FY2027 anticipated to be generated from water rates are $10,365,305, or 23.9%, of total operating revenues. Revenues proposed are 5.8% higher than revenues anticipated in the FY2026 Adopted Budget. The increase in revenues is primarily driven by a planned rate increase necessary to address growing costs charged by the North Texas Municipal Utility District and to continue supporting the debt issuance by the City of Heath to fund a significant portion of the Water Plan.

The rate study conducted by Wildan projected a rate increase of FY2027 of 24% for water. The Proposed Budget contemplates a lower rate increase for water rates being adjusted by 6.5%. The lower rate adjustment is attributed, in part, to the next phase of debt supporting the City's Water Plan being shifted to a future year and the use of excess fund balance to smooth future rate increases. To the extent the proposed rate is approved, the monthly financial impact to the average homeowner using 10,000 gallons of water per month is approximately $6.54 per month.

Wastewater Revenues

Wastewater revenues are generated from wastewater rates charged on utility bills and charges assessed to the Travis Ranch Municipal Utility District and total $9,716,364 in the Proposed Budget for FY2027 making up 22.4% of the total operating revenues. Total wastewater revenue collected from Heath residents proposed for FY2027 is $5,420,230, and is $201,480, or 3.9%, higher than those included in the FY 2026 Adopted Budget. The remainder of the wastewater revenue is collected from the Travis Ranch MUD and fluctuates annually based on flow volumes. Increases in these revenues are driven predominately by anticipated future increases in charges assessed by the NTMWD.

Wildan's rate analysis recommended an increase of 24% on the wastewater volumetric rate and 6% on the base rate for FY2027. With charges from the NTMWD not increasing as much as originally anticipated, and using excess fund balance to smooth out future rate increases, the Proposed Budget contemplates an increase of only 6.5% in wastewater rates. The City uses winter-average billing for residential customers, which calculates a ceiling in the volume of wastewater billed for each month. If the proposed rate adjustments are approved, the average residential customer with a wastewater ceiling of 10,000 gallons will see an increase in their monthly utility bill of approximately $9.28 per month.

Solid Waste Fees

The City of Heath contracts with Waste Connections to provide residential solid waste and recycling services. Monthly fees assessed to the customers are structured to fully recover the cost of service, including curbside, bulk waste pickup, and contract administration. Revenues generated by these fees total $1,413,996 and make up approximately 3.3% of the total operating revenues.

Revenues for FY2027 are anticipated to grow by $98,376 or 7.5%, predominately due to a rate adjustment needed to accommodate increased charges from Waste Connection. As such, it is anticipated that the average residential customer will see an increase of $0.75 per month on their utility bill in connection with solid waste services.

During the course of FY2027 the City will be rebidding solid waste services as the contract with Waste Connections is coming to an end. Rates for services will be adjusted as needed to support the new contract and related solid waste collection services.

Interest Revenue - Interest earnings remain an important source of non-recurring revenue for the City of Heath, contributing approximately 5.0% of total projected operating revenues in the FY2027 Proposed Budget. The future of interest rates remains uncertain; however, the City has engaged Valley View Consulting to serve as the City's investment advisor. Providing a more proactive approach to managing the City's investment portfolio will provide a higher level of stability in yields through laddering out investments rather than keeping all of the City's funds in daily investment pools that move up and down with interest rate changes.

In FY2025, the City realized $3.4 million in interest earnings—driven by elevated short-term interest rates and substantial investment balances, particularly from unspent proceeds related to the 2023 Certificates of Obligation. Interest revenue decreased to a projected $2.4 million in FY2026 and is expected to be approximately $2.4 million in FY2027. This revenue source is directly impacted by the pace at which projects are completed and, of course, the fluctuations of rates driven by the actions of the Federal Reserve.

Current projections suggest that average yields on short-duration investments may range between 3.0% and 3.5%, depending on Federal Reserve monetary policy adjustments and broader economic conditions.

The City continues to take a conservative approach to forecasting interest revenue, recognizing the volatility of this income stream. As earnings normalize, interest revenue will continue to supplement the General Fund and other major funds, but the City remains focused on sustaining core services through structurally recurring revenue sources.

Budget Expenditures

Overall, total operating expenditures for the City of Heath, exclusive of capital, inter-fund transfers and anticipated debt service, are projected to increase by $1,928,168 or 7.4%, compared to the FY2026 Adopted Budget. This year-over-year increase is primarily attributed to an increase in the cost of water, strategic personnel investments and increased costs associated with Towne Center Park and three new facilities coming on line.

For FY2027, approximately 97.3% of total expenditures, not including inter-fund transfers or debt service, are made up of compensation and benefits, water, wastewater and solid waste third-party contracts, new programs and services and capital expenditures.

Compensation and Benefits

Personnel costs account for approximately 13.9% of the total FY2027 Proposed Budget exclusive of interfund transfers. Removing capital expenditures from the equation, personnel costs make up 31% of proposed operating cost, underscoring the City of Heath's commitment to investing in its workforce as the foundation of municipal service delivery. The budget supports strategic adjustments to compensation and benefits that reflect both market conditions and the City's priorities in retaining qualified employees.

The FY2027 budget includes a 4% merit adjustment for all civilian employees. The merit adjustment furthers the City's retention and recruitment efforts and aims at rewarding employees for work performance rather than adjusting pay solely based on economic metrics. While there is no cost-of-living adjustment (COLA) incorporated into the Proposed Budget, it is important to note that the U.S. Bureau of Labor Statistics reported that for May of 2026, the Dallas-Fort Worth-Arlington area experienced a 2.6% increase in the Consumer Price Index (CPI).

The Proposed Budget continues the implementation of the City's Public Safety Step Pay Plan, which provides an average 5% step increase for sworn Police and Fire personnel each year. This structured pay progression rewards years of service, encourages retention, and ensures the City remains competitive in recruiting and retaining public safety professionals in a highly competitive North Texas labor market.

City Staff continue to review the pay plans for both the DPS and civilian personnel to assess whether market adjustments to specific positions are warranted. Once this review is complete, a recommendation will be made to the City Council.

Overall, the increase in salaries, (not inclusive of payroll taxes, TMRS, etc.) amounts to $312,875 in the FY2027 Proposed Budget.

Wellness benefits for employees make up $1,500,448, or 3.9% of the FY2027 Proposed Budget (exclusive of capital and inter-fund transfers). It is expected that the City will experience increases in the cost of dental and health insurance provided to employees as follows. The City's current loss ratio is approximately 98%

according to HUB, the City's benefits consultant. As such, the Proposed Budget includes an anticipated increase in these benefits of 10%.

These adjustments ensure the City's total compensation package remains competitive and sustainable, while supporting workforce stability and excellence in service delivery. A recap of changes to pay and benefits is provided in the following table.

FY2027 Compensation and Benefits Summary

Category	Change	Notes
Merit Adjustments for Civilians	+4%	Applied to general employee salaries where no structured progression exists
Public Safety Step Plan	+5%	Structured progression of sworn Public Safety personnel
Medical Insurance Premiums	+10%	Based on market projections and will depend on overall utilization of the current plan
Dental Insurance Premiums	+10%	Reflects updated provider costs

The City participates in the Texas Municipal Retirement System (TMRS). The City's pension liability represents the single largest liability, with the exception of outstanding debt, reflected in the City's annual financial statements amounting to $21,624,975. Fortunately, this liability is currently 92.5% funded as of December 31, 2026. The City's contribution rate for FY2027 is staying relatively constant at 12.45% of payroll expenses. The new contribution rate has been incorporated into the FY2027 Proposed Budget.

Water, Sewer & Solid Waste Charges

The cost of treated water makes up $4,574,855, or 12.0%, of the FY2027 Proposed Budget (exclusive of capital and inter-fund transfers). This cost is proposed to be $423,055, or 10.2%, higher than the amount included in the FY2026 Adopted Budget.

The City purchases treated water from the City of Rockwall at a member rate, plus an upcharge of $0.15 per 1,000 gallons. Rockwall's current member rate is $4.14 per 1,000 gallons, bringing effective costs to $4.29 per 1,000 gallons. The City's water contract includes a "take or pay" minimum of 945,804,000 gallons for FY2026, which requires the City to pay for that volume regardless of actual consumption.

Preliminary projections indicate a 8.7% increase in the City of Rockwall's member rate in FY2027, which would raise Heath's cost proportionally. The City intends to maintain the $0.15 upcharge, resulting in an expected cost of approximately $4.29 to $4.65 per 1,000 gallons in FY2027.

In parallel with rising wholesale costs, the City continues substantial investments related to the Water Plan – a long-term capital strategy to enhance water reliability through redundancy and operational flexibility, capacity to meet future demand, and sustainability.

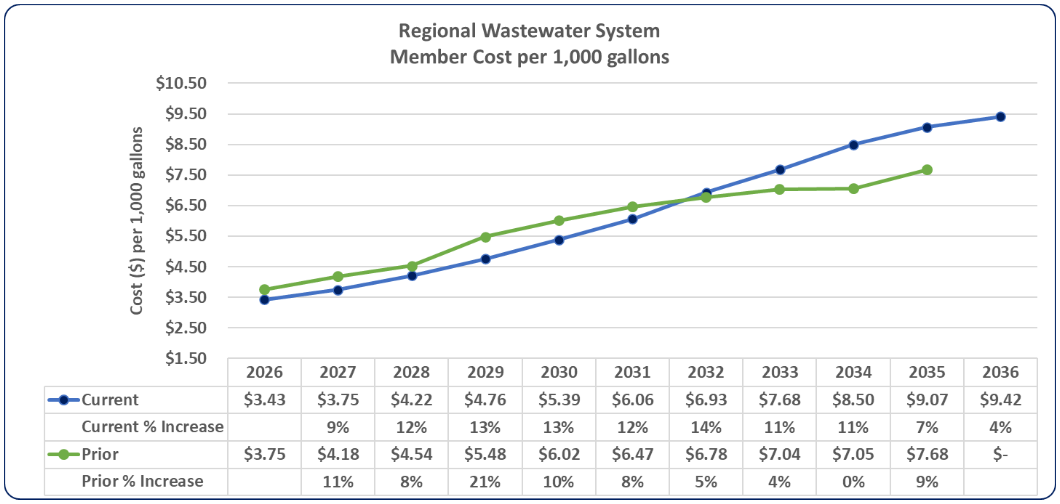
Major projects under the plan include:

- Six (6) new water wells
- 3.0 million-gallon (MG) Ground Storage Tank

- 1.5 MG Elevate Storage Tank
- Shared 3.0 MG Ground Storage Facility in partnership with the City of Rockwall

Many of these projects are either under design or being constructed and are currently being funded through proceeds received from the issuance of $41.5 million in certificates of obligation during FY2026. It is expected that projects remaining, which include two additional potable water wells, will be funded through a future debt issuance.

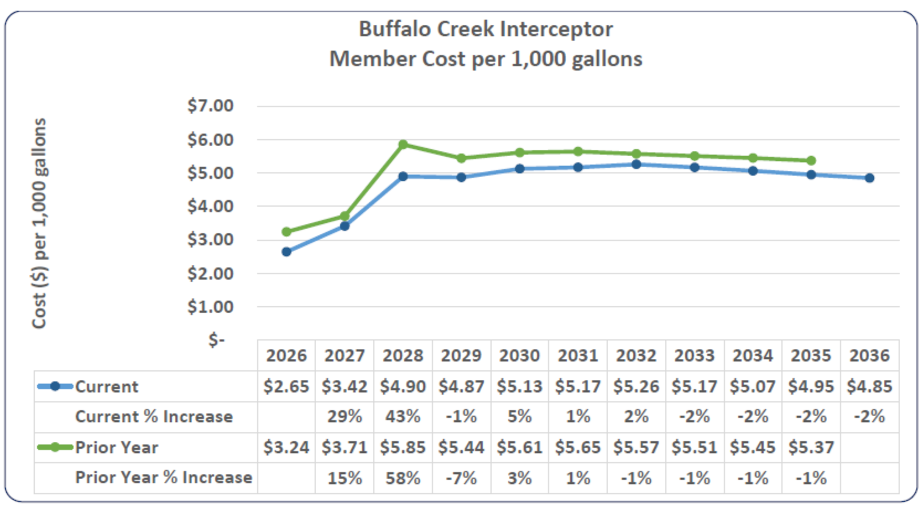
Costs charged by the NTMWD for the treatment of wastewater are proposed to be $3,556,623, or 9.35% of total operating expenditures for FY2027. Related to the City's participation in NTMWD's regional wastewater system, these charges are expected to be ($194,227), or (5.18%), lower than the amount included in the FY2026 Adopted Budget. This amount does not include rates charged by the NTMWD for debt service associated with the construction of the Buffalo Creek Interceptor. The City's costs for the Buffalo Creek Interceptor are anticipated to be $2,644,910 in FY2027, which is ($1,105,940), or (29.49%), less than the amount included in the FY2026 Adopted Budget. However, projections from the NTMWD indicate that these charges are expected to continue increasing in the future as depicted in the chart below.



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Current	$3.43	$3.75	$4.22	$4.76	$5.39	$6.06	$6.93	$7.68	$8.50	$9.07	$9.42
Current % Increase		9%	12%	13%	13%	12%	14%	11%	11%	7%	4%
Prior	$3.75	$4.18	$4.54	$5.48	$6.02	$6.47	$6.78	$7.04	$7.05	$7.68	$-
Prior % Increase		11%	8%	21%	10%	8%	5%	4%	0%	9%	

Wastewater treatment services are provided through the NTMWD, with two primary components:

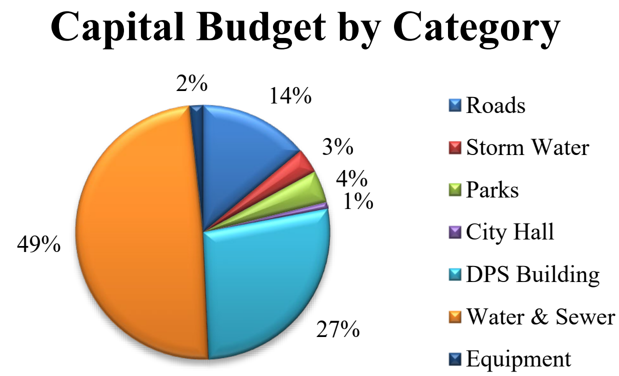
- Regional Wastewater Treatment is billed based on the City's use of the system. As a proportion to overall flows into the system, the NTMWD is projecting the City of Heath's flows as proportion to total flows to decline for FY2027. As such, the amount charged to the City is expected to decline.



	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Current	$2.65	$3.42	$4.90	$4.87	$5.13	$5.17	$5.26	$5.17	$5.07	$4.95	$4.85
Current % Increase		29%	43%	-1%	5%	1%	2%	-2%	-2%	-2%	-2%
Prior Year	$3.24	$3.71	$5.85	$5.44	$5.61	$5.65	$5.57	$5.51	$5.45	$5.37	
Prior Year % Increase		15%	58%	-7%	3%	1%	-1%	-1%	-1%	-1%	

- While the overall cost related to the Buffalo Creek Interceptor is expected to climb for FY2027, again, the proportional flows that the City of Heath contributes to the system is expected to decline, resulting in anticipated reduced costs for FY2027

Escalating treatment costs are driven by NTMWD's regional capital investments and increased operating expenses.



As for solid waste rates charged by Waste Connections as part of their contract with the City, the Proposed Budget for FY2027 anticipates total expenditures of $1,279,486, or 3.36%, of the City's total operating expenditures. Moreover, the amount proposed for FY2027 is $20,012, or 1.7%, higher than the amount included in the FY2026 Adopted Budget.

Under the terms of the City's agreement with Waste Connections, the service contract includes an annual price adjustment tied to the Consumer Price Index (CPI). For FY2027, a 2.6% CPI-based adjustment is anticipated to be applied, consistent with national inflation forecasts for the region and allowable under the contract.

This adjustment reflects rising industry costs associated with labor, fuel, equipment, and disposal services. Although the increase is modest, it ensures the City can maintain uninterrupted, high-quality service without mid-year contract negotiations.

The updated solid waste rate typically goes into effect between the 1st and 2nd quarter of the fiscal year and is reflected on utility statements after the effective date.

New Programs and Services

As the City continues to grow and adapt to evolving service demands, the FY2027 Proposed Budget introduces strategic additions and enhancements aimed at strengthening core municipal functions, modernizing organizational structure, and proactively addressing infrastructure needs. These changes reflect priorities identified during budget workshops and align with the Strategic Plan and Council direction.

The Proposed Budget continues to focus on increasing staffing in the department of public safety. This is necessary to not only staff the two new public safety facilities but is critically important to the safety of personnel while on duty. These staffing additions are in direct alignment with the City's goal to ***ensure public safety excellence with a focus on being the safest city in Texas.***

The FY2027 Proposed Budget also continues the City's internal street repair and maintenance program with a dedicated allocation, ensuring the City can proactively address roadway issues in parallel with its capital street improvement plan. Enhanced support for park maintenance and staffing, public safety staffing, and a continued focus on capital improvements further demonstrates the City's focus on sustaining high service levels as the community continues to grow.

Capital Improvements

The City maintains essentially five capital projects funds. Making up $46,609,032, or 56.89%, of the overall operating budget, these funds consist of the General Capital Projects Fund, the 2023 CO Series Capital Projects Fund, the 2026 C.O. Series Capital Projects Fund, and the Utility Reserve Fund. A new proposed 2027 C.O. Series Capital Projects Fund has been added for FY2027 to accommodate funding for Larry Drive and provide design funds for the future renovation of City Hall. Under the direction of the City Council, the City Staff worked to address several capital improvement items, including the rehabilitation of Larry Drive. To fulfill this plan and based on discussions held in a prior budget work session with the City Council, the FY2027 Proposed Budget includes the planned issuance of $2.8M in Certificates of Obligation. Each of these funds provides for various capital projects throughout the community.

The FY2027 Proposed Budget has the following projects anticipated for each of these funds.

Fund	Project		Amount
General Capital Projects Fund	Street Maintenance Program	$	900,000
	Terry Lane Sidewalk		1,300,000
	Key Drive Improvements		1,398,937
	Trail Improvements		383,625
	Veterans Memorial Design		60,000
	Sub-Total	**$**	**4,042,562**
Utility Capital Reserve Fund	Water Line Improvements	$	250,000
	Fire Flow Improvement Improvements		603,000
	Sub-Total	**$**	**853,000**
2023 CO Series Capital Projects Fund	Public Safety Facilities	$	12,710,474
	Sub-Total	**$**	**12,710,474**
2026 CO Series Utility Capital Projects Fund	Water Plan Infrastructure	$	21,994,000
	Sub-Total	**$**	**21,994,000**
2027 CO Series Capital Projects Fund	City Hall Renovation Design	$	400,000
	Larry Drive Rehabilitation		2,450,000
	Sub-Total	**$**	**2,850,000**
Other Funds	Equipment	$	271,121
	Vehicles		410,000
	Warning Sirens		104,000
	Marsha's Happy Haven		1,770,000
	City-Wide Park Improvements		77,625
	PATH		50,000
	Stormwater Improvements		1,476,250
	Sub-Total	**$**	**4,158,996**
Total Capital Improvements		**$**	**46,609,032**

Funding for these projects comes from a variety of sources including Rockwall County, impact fees, developer fees and proceeds from debt issuances.

Fund Balances

Each fund maintained by the City of Heath has a fund balance, which represents the net accumulation of revenues over expenditures from prior fiscal years. Fund balances serve as a key indicator of financial health and provide necessary reserves for cash flow, emergencies, and one-time funding needs.

The City's adopted financial policies require the General Fund and Utility Fund to maintain a minimum fund balance equal to 25% of annual operating expenditures; however, as a matter of practice, the City has maintained a fund balance equivalent to 35% of operating expenditures in these funds. The FY2027 Proposed Budget meets this requirement in both funds, ensuring continued fiscal stability and adherence to sound financial management practices.

The various capital projects funds are also projected to maintain a positive balance throughout the fiscal year, with funding aligned to planned construction schedules and long-term capital planning.

Overall, the City's total fund balance across all funds is projected to decrease by $37.5 million to a total of $43.2 million in FY 2027 primarily due to the applying existing funds towards planned capital projects.

Conclusion

In closing, it is important to express appreciation to the Mayor and City Council for their continued leadership, vision, and dedication to the City of Heath. Local governance succeeds when it is rooted in strong relationships, clear policy direction, and a shared commitment to the community's values. The FY2027 Proposed Budget reflects those values—emphasizing sound financial stewardship, sustained investment in infrastructure, premier service delivery, and long-term sustainability of City operations.

As Heath continues to evolve, it remains critical that we prepare for the challenges associated with growth, aging infrastructure, service demand, and talent retention. The City's commitment to maintaining a high quality of life for its residents depends on the dedication, professionalism, and compassion of its employees. We recognize that our most important asset is our people--those who operate and maintain critical infrastructure, ensure public safety, manage resources, and serve as stewards of our parks, neighborhoods, and shared spaces.

This budget was prepared collaboratively, and special thanks is extended to the department directors, managers, and support staff who contributed their time, expertise, and energy to its development. Their efforts ensure that this document is not just a financial plan, but a blueprint for responsible governance and service excellence.

To the City Council, thank you for your continued guidance and service to the residents of Heath. Your support empowers staff to deliver on the City's mission and vision. We are proud to serve this remarkable community and remain energized by the opportunity to protect and enhance the unique character that makes Heath a place to call home for a lifetime.

Respectfully Submitted

Steven Alexander
City Manager

Jay Ayers
Director of Finance

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Vision	Mission
A premiere outdoor lifestyle community of spacious, upscale neighborhoods, open spaces, parks and trails, cultural amenities, an exemplary educational system, and distinctive economic development to provide the highest level of public services and safety – a place to call home for a lifetime.	*To provide high-quality, customer focused, responsive municipal services while preserving Heath's community character, ensuring public safety, promoting sustainable growth, and maintaining financial integrity.*

Goals, Objectives & Strategic Initiatives

Goal 1: Ensure public safety excellence with a focus on being the safest city in Texas	
Objective 1.1: Maintain rapid emergency response times	• **Initiative:** Fund additional staffing or scheduling optimization for police/fire • **Initiative:** Invest in technology, where appropriate, to maximize public safety
Objective 1.2: Enhance community safety and crime prevention	• **Initiative:** Expand community policing and neighborhood engagement programs through the use of existing or volunteer resources • **Initiative:** Enhance communication to the public to encourage situational awareness and appropriate fire and safety measures at homes and businesses
Objective 1.3: Strengthen emergency preparedness	• **Initiative:** Participate in local and regional emergency preparedness exercises • **Initiative:** Maintain updated emergency management plans and disaster response protocols
Goal 2: Promote Sustainable and Managed Growth	
Objective 2.1: Ensure responsible land use and development	• **Initiative:** Update zoning and land use regulations to align with the City's 2025 Comprehensive Plan • **Initiative:** Enhance development review processes for efficiency and understandability • **Initiative:** Modernize the City's engineering design standards
Objective 2.2: Preserve community character and aesthetics	• **Initiative:** Clarify and promote architectural and landscaping standards • **Initiative:** Promote code compliance efforts through education and employ technology to assist with ensuring timely responses to code compliance issues
Goal 3: Maintain Financial Strength and Stability	
Objective 3.1: Preserve sound fiscal management	• **Initiative:** Maintain reserve fund targets • **Initiative:** Implement multi-year financial forecasting and financial planning
Objective 3.2: Enhance transparency in financial management	• **Initiative:** Ensure regular financial reporting to the governing body • **Initiative:** Secure additional financial reporting awards from the Government Finance Officers Association • **Initiative:** Pursue financial transparency awards through the state
Objective 3.3: Optimize revenue and cost efficiency	• **Initiative:** Conduct fee and cost recovery studies • **Initiative:** Identify operational efficiencies and resource sharing • **Initiative:** Pursue state and federal grant funding to assist with capital projects and operational initiatives

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Goals, Objectives & Strategic Initiatives

Goal 4: Improve Infrastructure and Mobility

Objective 4.1: Update the City's Capital Improvement Plan for transportation infrastructure	• **Initiative:** Prioritize road reconstruction and rehabilitation projects within a 10-year Capital Improvement Program with funding sources identified • **Initiative:** Continue partnership and collaboration with TXDOT as future state roads are planned and constructed • **Initiative:** Pursue improvements to bridges as identified • **Initiative:** Update impact fee studies
Objective 4.2: Update the City's Capital Improvement Plan for water, sewer, and drainage systems	• **Initiative:** Complete planned utility system upgrades and capacity expansions related to the Water Plan • **Initiative:** Implement drainage improvement projects in flood-prone areas • **Initiative:** Update impact fee studies
Objective 4.3: Maintain the City's critical public works infrastructure	• **Initiative:** Continue the City's street maintenance program inclusive of concrete panel replacements, asphalt overlay, crack sealing and other identified maintenance techniques • **Initiative:** Develop a program to maintain the City's drainage infrastructure • **Initiative:** Maintain an updated SCADA system to monitor the City's water and sewer system

Goal 5: Preserve Environmental Quality and Natural Resources

Objective 5.1: Promote water conservation efforts	• **Initiative:** Continue public engagement programs focused on water conservation • **Initiative:** Monitor water usage to assess the results of water conservation efforts
Objective 5.2: Pursue trail connector segments throughout the community to promote the outdoor lifestyle	• **Initiative:** Work with developers to finalize trail connectors • **Initiative:** Collaborate with the Parks Board and City Council to identify trail priorities and funding mechanisms • **Initiative:** Identify opportunities through the PATH Committee to secure private donations

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Goals, Objectives & Strategic Initiatives

Goal 6: Enhance Community Engagement and Communication	
Objective 6.1: Improve online accessibility to services	• **Initiative:** Ensure website and digital service platforms are creating a quality user experience • **Initiative:** Continue enhancing online permitting and service requests
Objective 6.2: Enhance access to public information	• **Initiative:** Focus on updating the City's geographical information system (GIS) • **Initiative:** Ensure the City's website meets ADA standards
Objective 6.3: Maximize use of digital communication platforms	• **Initiative:** Utilize citizen survey responses from GoGov "*My Heath*" CRM system as one tool in assessing customer satisfaction • **Initiative:** Develop policies and SOP's pertaining to Textmygov, social media, and artificial intelligence • **Initiative:** Promote the use of My Water Advisor and other digital tools available to the public
Goal 7: Deliver High-Quality Municipal Services	
Objective 7.1: Improve service delivery	• **Initiative:** Monitor performance metrics and service benchmarks • **Initiative:** Establish a list of benchmark communities to assess service levels **Initiative:** Identify process improvement and digitization initiatives • **Initiative:** Enhance customer service as it relates to areas such as solid waste collection, land development, and utility billing and collection
Objective 7.2: Maintain high customer satisfaction	• **Initiative:** Continue implementing *The Heath Way* • **Initiative:** Establish regular resident satisfaction surveys • **Initiative:** Improve response time tracking systems
Goal 8: Support Economic Vitality and Local Business	
Objective 8.1: Encourage thoughtful economic development	• **Initiative:** Work with the Economic Development Corporation to develop targeted business attraction strategies • **Initiative:** Streamline permitting and development approval timelines
Objective 8.2: Support local business growth	• **Initiative:** Develop a business retention program and promotion strategy • **Initiative:** Promote local events and retail initiatives
Objective 8.3 Enhance City-wide beautification efforts	• **Initiative:** Work with the HEDC/HMBC on the development of monument signage and community branding opportunities within the City • **Initiative:** Develop work plans for City Staff to maintain high-profile rights-of-way, City properties and open spaces within the City • **Initiative:** Ensure timely completion of code compliance issues

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Goals, Objectives & Strategic Initiatives

Goal 9: Invest in Workforce Excellence

Objective 9.1: Attract and retain high-quality employees	• **Initiative:** Conduct annual benchmark salary reviews to ensure a competitive pay and benefit structure for employees • **Initiative:** Encourage professional development opportunities for employees • **Initiative:** Support cross training efforts to establish succession planning and employee growth opportunities
Objective 9.2: Promote a positive organizational culture	• **Initiative:** Establish a welcoming workplace culture focused on *The Heath Way* of providing customer service • **Initiative:** Continue focusing on employee engagement initiatives such as milestone award ceremonies, employee appreciation events, and "On the Spot Awards" • **Initiative:** Reestablish annual employee evaluations that connect future pay raises with performance
Objective 9.3: Improve City Hall facilities for residents, visitors, and employees	• **Initiative:** Develop a space plan to guide future City Hall renovations that offers both functionality and a community focused experience for customers • **Initiative:** Establish a more welcoming customer lobby and City Council chambers with minor renovations and enhanced technology • **Initiative:** Create additional meeting spaces throughout City Hall

Goal 10: Strengthen Quality of Life and Recreation

Objective 10.1: Expand recreational opportunities	• **Initiative:** Identify opportunities for trail connections throughout the community • **Initiative:** Expand special events such as a farmers' market, Texas music friendly events, and fund-raising activities • **Initiative:** Create recreational activities such as a pickleball clinics and wellness classes through partnerships with the YMCA and other organizations
Objective 10.2: Ensure parks facilities are maintained at a high standard	• **Initiative:** Develop and employ a focused maintenance program for the City's parks, trails, and recreational spaces • **Initiative:** Identify opportunities to enhance park amenities and create a replacement schedule for park assets
Objective 10.3: Cultivate community partnerships	• **Initiative:** Engage local nonprofits to bring additional programming, services, and resources to residents • **Initiative:** Continue to collaborate with RISD on various outreach programs • **Initiative:** Partner with local recreational organizations to connect residents to outdoor lifestyle events and opportunities

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PRELIMINARY PROPOSED BUDGET AND PLAN OF MUNICIPAL SERVICES FOR FY 2026-2027
STATEMENT OF REVENUES & EXPENDITURES - ALL FUNDS

	General Fund	Utility Fund	Solid Waste Fund	Drainage Utility Fund	General Equipment Replacement Fund	Utility Equipment Replacement Fund	Parks CIP
BEGINNING FUND BALANCE	**$ 5,612,546**	**$ 14,770,545**	**$ 339,158**	**$ 561,709**	**$ 157,903**	**$ 721,685**	**$ 1,480,168**
REVENUES/SOURCES OF FUNDS							
Taxes	$ 10,144,245	$ -	$ -	$ -	$ -	$ -	$ -
Franchise Fees	842,004	-	-	-	-	-	-
Licenses & Permits	816,386	-	-	-	-	-	-
Charges for Services	87,104	20,299,052	1,413,996	-	-	-	-
Fines & Forfeits	125,010	67,292	8,640	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Miscellaneous	299,224	278,663	15,122	19,660	47,000	6,800	1,000
Total Revenues	**$ 12,313,973**	**20,645,007**	**$ 1,437,758**	**$ 19,660**	**$ 47,000**	**$ 6,800**	**$ 1,000**
Other Sources:							
Bond Proceeds	-	-	-	-	-	-	-
Transfers In	$ 1,057,010	$ 730,000	$ -	$ 1,300,000	$ 2,099,635	$ 215,700	$ -
Total Other Sources	**$ 1,057,010**	**$ 730,000**	**$ -**	**$ 1,300,000**	**$ 2,099,635**	**$ 215,700**	**$ -**
Total Revenues Sources	**$ 13,370,983**	**$ 21,375,007**	**$ 1,437,758**	**$ 1,319,660**	**$ 2,146,635**	**$ 222,500**	**$ 1,000**
EXPENDITURES/USES OF FUNDS							
Personnel Services							
Payroll	$ 6,747,916	$ 1,701,022	$ -	$ -	$ -	$ -	$ -
Payroll Taxes	516,182	122,631	-	-	-	-	-
Retirement	871,691	206,680	-	-	-	-	-
Insurance	1,290,812	246,061	-	-	-	-	-
Total Personnel	**$ 9,426,601**	**$ 2,276,394**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Supplies & Equipment	292,155	5,057,155	-	-	-	-	-
Services & Charges	2,632,384	4,595,992	1,339,486	-	-	-	-
Capital Outlay	81,621	2,000	-	1,476,250	553,000	150,000	77,625
Total Expenditures	**$ 12,432,761**	**$ 11,931,541**	**$ 1,339,486**	**$ 1,476,250**	**$ 553,000**	**$ 150,000**	**$ 77,625**
Other Uses:							
Debt Service	$ -	$ 6,684,601	$ -	$ -	$ -	$ -	$ -
Transfers to Other Funds	1,270,700	2,838,000	80,000	-	-	-	1,200,000
Total Other Uses	**$ 1,270,700**	**$ 9,522,601**	**$ 80,000**	**$ -**	**$ -**	**$ -**	**$ 1,200,000**
Total Expenditures/Uses	**$ 13,703,461**	**$ 21,454,142**	**$ 1,419,486**	**$ 1,476,250**	**$ 553,000**	**$ 150,000**	**$ 1,277,625**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ (332,478)**	**$ (79,135)**	**$ 18,272**	**$ (156,590)**	**$ 1,593,635**	**$ 72,500**	**$ (1,276,625)**
Fund Balance	**$ 5,280,068**	**$ 14,691,410**	**$ 357,430**	**$ 405,119**	**$ 1,751,538**	**$ 794,185**	**$ 203,543**
Target Fund Balance	**$ 4,796,211**	**$ 7,508,950**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance in Excess of Minimu	**$ 483,857**	**$ 7,182,460**	**$ 357,430**	**$ 405,119**	**$ 1,751,538**	**$ 794,185**	**$ 203,543**

(1) Minor Special Revenue Funds include the Municipal Court & DPS Fund, Marsha's Happy Haven Fund, Farmers' Market Fund, Parkland Dedication Fund, Street Escrow Fund, Roadway Impact Fee, Water Impact Fee, Sewer Impact Fee,

General CIP	2023 CO Series CIP	Utility Reserve Fund	2026 CO Series CIP	2027 CO Series CIP	Heath EDC	Heath MBC	Total
$ 7,146,161	**$ 12,752,655**	**$ 4,085,278**	**$ 23,159,077**	**$ -**	**$ 1,964,748**	**$ 2,087,561**	**$ 80,728,795**
$ -	$ -	$ -	$ -	$ -	$ 1,007,714	$ 1,007,714	$ 15,350,818
-	-	-	-	-	-	-	842,004
-	-	-	-	-	-	-	816,386
-	-	-	-	-	-	-	21,800,152
-		-	-	-	-	-	200,942
200,000		-	-	-	-	-	200,000
285,991	200,000	154,422	810,568	49,088	63,634	60,661	4,736,774
$ 485,991	**$ 200,000**	**$ 154,422**	**$ 810,568**	**$ 49,088**	**$ 1,071,348**	**$ 1,068,375**	**$ 43,947,076**
-	-	-	-	2,805,000	-	-	2,805,000
$ 1,925,000	$ -	$ 2,163,000	$ -	$ -	$ -	$ -	$ 9,490,345
$ 1,925,000	**$ -**	**$ 2,163,000**	**$ -**	**$ 2,805,000**	**$ -**	**$ -**	**$ 12,295,345**
$ 2,410,991	**$ 200,000**	**$ 2,317,422**	**$ 810,568**	**$ 2,854,088**	**$ 1,071,348**	**$ 1,068,375**	**$ 56,242,421**
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,448,938
-	-	-	-	-	-	-	638,813
-	-	-	-	-	-	-	1,078,371
-	-	-	-	-	-	-	1,536,873
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 11,702,995**
-	-	-	-	-	1,200	200	5,351,910
-	139,740	637,500	531,000	400,000	82,862	98,042	10,784,006
4,042,562	12,570,734	853,000	21,994,000	2,450,000	-	-	45,900,792
$ 4,042,562	**$ 12,710,474**	**$ 1,490,500**	**$ 22,525,000**	**$ 2,850,000**	**$ 84,062**	**$ 98,242**	**$ 73,739,703**
$ -	$ -	$ -	$ -	$ -	$ 189,796	$ 473,925	$ 10,501,365
1,125,000	-	425,000	-	-	153,855	153,855	9,490,345
$ 1,125,000	**$ -**	**$ 425,000**	**$ -**	**$ -**	**$ 343,651**	**$ 627,780**	**$ 19,991,710**
$ 5,167,562	**$ 12,710,474**	**$ 1,915,500**	**$ 22,525,000**	**$ 2,850,000**	**$ 427,713**	**$ 726,022**	**$ 93,731,413**
$ (2,756,571)	**$ (12,510,474)**	**$ 401,922**	**$ (21,714,432)**	**$ 4,088**	**$ 643,635**	**$ 342,353**	**$ (37,488,992)**
$ 4,389,590	**$ 242,181**	**$ 4,487,200**	**$ 1,444,645**	**$ 4,088**	**$ 2,608,383**	**$ 2,429,914**	**$ 43,239,803**
$ -	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	
$ 4,389,590	**$ 242,181**	**$ 4,487,200**	**$ 1,444,645**	**$ 4,088**	**$ 2,608,383**	**$ 2,429,914**	**$ 43,239,803**

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SUMMARY OF ALL FUNDS
STATEMENT OF REVENUES & EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 87,775,641**	**$ 80,607,092**	**$ 80,607,092**	**$ 80,728,795**
REVENUES/SOURCES OF FUNDS				
Taxes	$ 13,462,202	$ 14,058,557	$ 14,275,338	$ 15,350,818
Franchise Fees	841,193	745,482	823,821	842,004
Licenses & Permits	866,894	842,290	917,544	816,386
Charges for Services	19,969,675	24,658,199	21,144,921	21,800,152
Fines & Forfeits	268,946	238,882	167,293	200,942
Intergovernmental	-	2,000,000	2,000,000	200,000
Miscellaneous	4,743,902	2,740,478	6,063,868	4,736,774
Total Revenues	**$ 40,152,812**	**45,283,888**	**$ 45,392,785**	**$ 43,947,076**
Other Sources:				
Bond Proceeds	$ 3,250,000	$ 40,500,000	$ 41,500,000	$ 2,805,000
Transfers In	4,251,258	5,907,700	8,326,290	9,490,345
Total Other Sources	**$ 7,501,258**	**$ 46,407,700**	**$ 49,826,290**	**$ 12,295,345**
Total Revenues Sources	**$ 47,654,070**	**$ 91,691,588**	**$ 95,219,075**	**$ 56,242,421**
EXPENDITURES/USES OF FUNDS				
Personnel Services				
Payroll	$ 6,326,707	$ 7,505,653	$ 7,201,043	$ 8,448,938
Payroll Taxes	505,842	572,350	571,201	638,813
Retirement	854,528	979,250	966,044	1,078,371
Insurance	997,160	1,326,027	1,230,549	1,536,873
Total Personnel	**$ 8,684,237**	**$ 10,383,280**	**$ 9,968,837**	**$ 11,702,995**
Supplies & Equipment	4,561,597	4,840,251	4,852,121	5,351,910
Services & Charges	10,285,231	10,687,212	12,083,030	10,784,006
Capital Outlay	20,304,816	67,896,157	49,408,406	45,900,792
Total Expenditures	**$ 43,835,881**	**$ 93,806,900**	**$ 76,312,394**	**$ 73,739,703**
Other Uses:				
Debt Service	$ 6,730,779	$ 11,460,069	$ 10,458,688	$ 10,501,365
Grants	4,700	-	-	-
Transfers to Other Funds	4,251,258	6,107,700	8,326,290	9,490,345
Total Other Uses	**$ 10,986,737**	**$ 17,567,769**	**$ 18,784,978**	**$ 19,991,710**
Total Expenditures/Uses	**$ 54,822,618**	**$ 111,374,669**	**$ 95,097,372**	**$ 93,731,413**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ (7,168,549)**	**$ (19,683,081)**	**$ 121,703**	**$ (37,488,992)**
Fund Balance	**$ 80,607,092**	**$ 60,924,011**	**$ 80,728,795**	**$ 43,239,803**

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CITY OF HEATH, TEXAS

ORDINANCE NO. _______________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS APPROVING AND ADOPTING A BUDGET FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2026 AND ENDING SEPTEMBER 30, 2027, AND MAKING APPROPRIATIONS FOR EACH FUND AND DEPARTMENT; PROVIDING THAT EXPENDITURES FOR SAID FISCAL YEAR SHALL BE MADE IN ACCORDANCE WITH SAID BUDGET; REPEALING CONFLICTING ORDINANCES; PROVIDING A SAVINGS AND SEVERABILITY CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager of the City of Heath, Texas, has submitted to the City Council a proposed budget of the expenditures and revenues of all City Departments, Divisions and Offices ("City Government") for the Fiscal Year 2026-2027 and filed the same with the City Secretary for public review and more than thirty (30) days prior to the end of the fiscal year 2026, in accordance with provision of Section 8.04 of the City Charter, and not less than thirty (30) days prior to October 1, 2026, in accordance with Section 102.005 of the Local Government Code, Texas Code Annotated; and

WHEREAS, the Budget shows, as definitely as possible, each of the various projects for which appropriations are made in the Budget; and

WHEREAS, the Budget has been available for inspection by any and all taxpayers; and

WHEREAS, the City Manager, as budget officer, has caused to be prepared a proposed budget totaling $93,731,413, including $9,490,345 for inter-fund transfers, of the City of Heath, Texas, for the fiscal year beginning October 1, 2026 and ending September 30, 2027; and

WHEREAS, the City Council of the City of Heath, Texas ("City Council") provided the required public notice and held (1) public hearing, as required by Section 102.006 of the Texas Local Government Code, and the public was given an opportunity to speak at the public hearing on the Budget; and

WHEREAS, the City Council, after the public hearing and upon full consideration of the matter, is of the opinion that the budget hereinafter set forth is proper and should be adopted;

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

SECTION 1: That all of the above recitals are found to be true and correct and are incorporated into the body of this Ordinance as if copied in their entirety.

SECTION 2: The Budget for the fiscal year beginning October 1, 2026 and ending September 30, 2027, attached to this Ordinance and made a part hereof for all purposes and marked ***"Exhibit A"*** be and the same is hereby approved and adopted by the City Council as the official budget of the City of Heath, Texas.

SECTION 3: All expenditures during the fiscal year shall be made in accordance with the Budget approved by this Ordinance unless otherwise amended by a duly enacted ordinance of the City.

SECTION 4: That all appropriations shall lapse at the end of the fiscal year.

SECTION 5: That all capital project appropriation balances as of September 30, 2026, shall roll forward to October 1, 2027.

SECTION 6: That the necessity for making and approving a budget for the fiscal year, as required by the laws of the State of Texas, requires that this Ordinance shall take effect immediately from and after its passage, as the law in such cases provides.

SECTION 7: That after the adoption of this budget, the City Manager shall provide for the filing of a true copy of the approved budget in the City Secretary's Office in compliance with Section 102.009(d) of the Local Government Code.

SECTION 8: Any provision of any prior ordinance of the City, whether codified or uncodified, which in conflict with any provision of this Ordinance, is hereby repealed to the extent of conflict, but all other provisions of the ordinances of the City, whether codified or uncodified, which are not in conflict with provisions of this Ordinance shall remain in full force and effect.

SECTION 9: It is hereby declared to be the intention of the City Council that the words, phrases, clauses, sentences, paragraphs and sections of this Ordinance are severable, and if any word, phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining words, phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation of this Ordinance or any such unconstitutional word, phrase, clause, sentence, paragraph or section.

SECTION 10: This ordinance shall take effect immediately from and after its passage and approval, and it is so ordained.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS, on this the _________ day of August 2026.

ATTEST:

____
NORMA DUNCAN, CITY SECRETARY

APPROVED:

____
JEREMIAH MCCLURE, MAYOR

APPROVED TO FORM:

____
MARIE N. JOHNSON, ASSISTANT CITY ATTORNEY

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CITY OF HEATH, TEXAS

ORDINANCE NO. _______________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS, LEVYING AD VALOREM TAXES FOR THE USE AND SUPPORT OF THE MUNICIPAL GOVERNMENT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2026, AND ENDING SEPTEMBER 20, 2027; PROVIDING FOR THE APPORTIONING OF SAID LEVY AMOUNT, MAINTENANCE AND OPERATIONS, AND INTEREST AND SINKING FUND; PROVIDING A REPEALING CLAUSE AND AN EFFECTIVE DATE.

WHEREAS, the City of Heath, Texas (the "City"), is authorized by law to levy ad valorem taxes each year upon taxable property within the City's corporate limits in an amount not to exceed the limits established by the Texas Constitution and the Texas Tax Code; and

WHEREAS, the City Council has conducted a thorough and transparent budget development process for Fiscal Year 2027, including strategic planning, public work sessions, and detailed revenue and expenditure forecasting aligned with the City's long-term financial goals and capital planning initiatives; and

WHEREAS, the Proposed Budget for FY2026 was filed with the City Secretary on August 1, 2025, in accordance with Section 102.005 of the Texas Local Government Code and has been made available for public inspection, ensuring compliance with all legal notice requirements; and

WHEREAS, the City has conducted all required public hearings on the Proposed Budget and the Proposed Tax Rate, including public notices and Truth-in-Taxation compliance as required by Chapter 26 of the Texas Tax Code; and

WHEREAS, the Rockwall Central Appraisal District has provided the certified taxable assessed valuation for the City of Heath in accordance with statutory deadlines, and the City has calculated its No-New-Revenue Tax Rate and Voter-Approval Tax Rate as required by law; and

WHEREAS, the proposed ad valorem tax rate for FY2027 of $0.276980 per $100 of taxable assessed valuation includes a Maintenance and Operations (M&O) rate of $0.188636 and an Interest and Sinking (I&S) rate of $0.077837, which will generate revenue sufficient to fund municipal services and meet scheduled debt service obligations for outstanding bonds and certificates of obligation; and

WHEREAS, the City has adopted a senior tax freeze pursuant to Section 1-b(h) of Article VIII of the Texas Constitution and applicable provisions of the Tax Code, which limits ad valorem taxes for residents age 65 and older to the amount paid in the year their freeze was established, resulting in a significant portion of the City's tax base being exempt from annual valuation increases; and

WHEREAS, the City has carefully evaluated the financial impact of the proposed tax rate on the overall fund structure and has determined that the tax rate, as adopted, will maintain a structurally balanced budget, preserve the minimum required fund balances for the General and Utility Funds, and provide for sustainable service delivery to residents; and

WHEREAS, the adoption of the tax rate is necessary to provide for essential services including public safety, street maintenance, water and wastewater infrastructure, parks and recreation, community development, and administrative operations; and

WHEREAS, the City Council finds that the adoption of this ordinance is in the best interest of the residents of the City of Heath and is necessary to promote the public health, safety, and welfare;

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

SECTION 1: That there is hereby levied and shall be assessed and collected for the use and support of the municipal government of the City of Heath, Texas, and to provide for the payment of debt service for the fiscal year beginning October 1, 2026, and ending September 30, 2027, upon all taxable property, real and personal, within the corporate limits of said City on January 1, 2026, and not exempt by the Constitution of the State of Texas and duly enacted legislation, a total tax rate of **$0.27698 per $100.00 of taxable assessed valuation**, which rate is apportioned as follows:

- **$0.199110 per $100 of taxable valuation** for the **maintenance and operation** of the City government and support of its general fund services; and
- **$0.077870 per $100 of taxable valuation** for the **payment of principal and interest** on the City's outstanding general obligation bonds and certificates of obligation (the Interest & Sinking Fund).

SECTION 2: Taxes levied under this ordinance shall become due and payable on October 1, 2026. If not paid on or before January 31, 2027, such taxes shall become delinquent and shall incur all penalties and interest authorized by state law, including but not limited to those imposed by Sections 33.01 and 33.07 of the Texas Tax Code.

SECTION 3: All taxes levied by this ordinance shall become a lien upon the property against which assessed, and the City shall have all the rights and remedies provided by law to enforce the collection of such taxes, including the right to enforce the lien by foreclosure and to recover the interest and penalties authorized by law.

SECTION 4: If any section, paragraph, clause, or provision of this ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this ordinance, and it is hereby declared to be the intention of the City Council that the remainder of the ordinance shall be and remain in full force and effect.

SECTION 5: All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict. This repeal shall not be construed to revive any ordinance or part thereof that has been previously repealed.

SECTION 6: The City Secretary is hereby directed to publish the caption and effective date of this ordinance in the official newspaper of the City of Heath, as required by the City Charter and applicable state law.

SECTION 7: This ordinance shall become effective immediately upon its passage and publication as provided by law

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS, on this the _________ day of August 2026.

ATTEST:

____
NORMA DUNCAN, CITY SECRETARY

APPROVED:

____
JEREMIAH MCCLURE, MAYOR

APPROVED TO FORM:

____
ANDY MESSER, CITY ATTORNEY

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CITY OF HEATH, TEXAS

ORDINANCE NO. _______________

AN ORDINANCE OF THE CITY COUNCIL OF HEATH, TEXAS, ADOPTING A FEE SCHEDULE FOR THE CITY OF HEAT FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2026 AND ENDING ON SEPTEMBER 30, 2027, AND REPLACING ALL OTHER FEE SCHEDULES AND FEES APPROVED UNDER OTHER CITY ORDINANCES OR RESOLUTIONS IN CONFLICT WITH THIS ORDINANCE; PROVIDING AN EFFECTIVE DATE; PROVIDING FOR A SEVERABILITY CLAUSE.

WHEREAS, the City Council has the authority to establish fees relating to City applications, permits, and services; and

WHEREAS, the City Council finds it necessary to make changes to the fee schedule in order to better reflect the cost of certain services provided by the City; and

WHEREAS, such list is intended to repeal and replace all existing fees in conflict with the fee schedule listed on "Exhibit A" attached and incorporated as part of this Ordinance;

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

SECTION 1: That the findings above are found to be true and correct and are incorporated herein. The City Council further finds and determines that the rules, regulations, terms, conditions, provisions, and requirements of this ordinance are reasonable and necessary to protect the public health, safety, and quality of life in the City.

SECTION 2: The Fee Schedule for the fiscal year October 1, 2026, through September 30, 2027, is adopted, as shown in Exhibit A.

SECTION 3: This ordinance shall take effect on October 1, 2026.

SECTION 4: The City Council hereby repeals and replaces all fees levied by the City of Heath in conflict with the fee schedule attached and incorporated as "Exhibit A". Said repeal and replacement shall be effective as of the Effective Date under Section 3.

SECTION 5: It is the express intent of the City Council that the sections, paragraphs, clauses and phrases of this ordinance are severable and, if any phrase, sentence, paragraph or section should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentence, paragraphs and sections of this ordinance of any such invalid phrase, clause, sentence, paragraph or section. If any provision of this ordinance shall be adjudged by a court of competent jurisdiction to be invalid, the invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision, and to this end the provisions of this ordinance are hereby declared to be severable.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS, on this the _________ day of August 2026.

ATTEST:

APPROVED:

____

NORMA DUNCAN, CITY SECRETARY

____

JEREMIAH MCCLURE, MAYOR

APPROVED TO FORM:

____

ANDY MESSER, CITY ATTORNEY

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City of Heath, Texas Authorized Personnel

Funding by Division and Fund

(Expressed in Full-Time Equivalents)

	Budget FY2025		Budget FY2026		Preliminary Proposed Budget FY2027	
	Full-Time	**Part-Time**	**Full-Time**	**Part-Time**	**Full-Time**	**Part-Time**
General Fund						
City Manager	1.50	0.00	1.50	0.00	1.50	0.00
City Secretary	2.00	0.00	2.00	0.00	2.00	0.00
Planning and Development	5.50	0.00	5.00	0.00	5.00	0.00
Economic Development	0.00	0.00	1.00	0.00	1.00	0.00
Engineering	0.00	0.00	0.50	0.00	0.50	0.00
Facilities Maintenance	0.00	0.00	1.00	0.00	1.00	0.00
Finance	3.50	0.00	3.50	0.00	3.50	0.00
Information Technology	0.50	0.00	0.50	0.00	0.50	0.00
Municipal Court	1.00	0.00	1.00	0.00	1.00	0.00
Parks and Recreation	2.50	1.00	6.00	0.00	7.00	0.00
Public Safety	35.00	0.50	38.00	0.50	41.00	0.50
Public Works Administration	2.50	0.50	2.00	0.00	2.00	0.00
Streets	1.50	0.00	2.00	0.00	2.00	0.00
Sub-Total General Fund	55.50	2.00	64.00	0.50	68.00	0.50
Utility Fund						
Sewer Collections	4.50	0.00	4.50	0.00	4.50	0.00
Water Distribution	4.50	0.00	4.50	0.00	4.50	0.00
Utility Billing	3.00	0.00	3.00	0.00	3.00	0.00
Utility Administration	6.50	0.00	7.00	0.00	7.00	0.00
Sub-Total Utility Fund	18.50	0.00	19.00	0.00	19.00	0.00
Total	74.00	2.00	83.00	0.50	87.00	0.50

This chart presents Full-Time Equivalents (FTE) positions based on their funding source, categorized by fund and division. This layout demonstrates how personnel costs are allocated within the City's financial structure. To complement this financial perspective, a separate chart is provided that organizes FTEs by function. This functional view highlights how staffing aligns with service delivery areas and supports the City's operational goals.

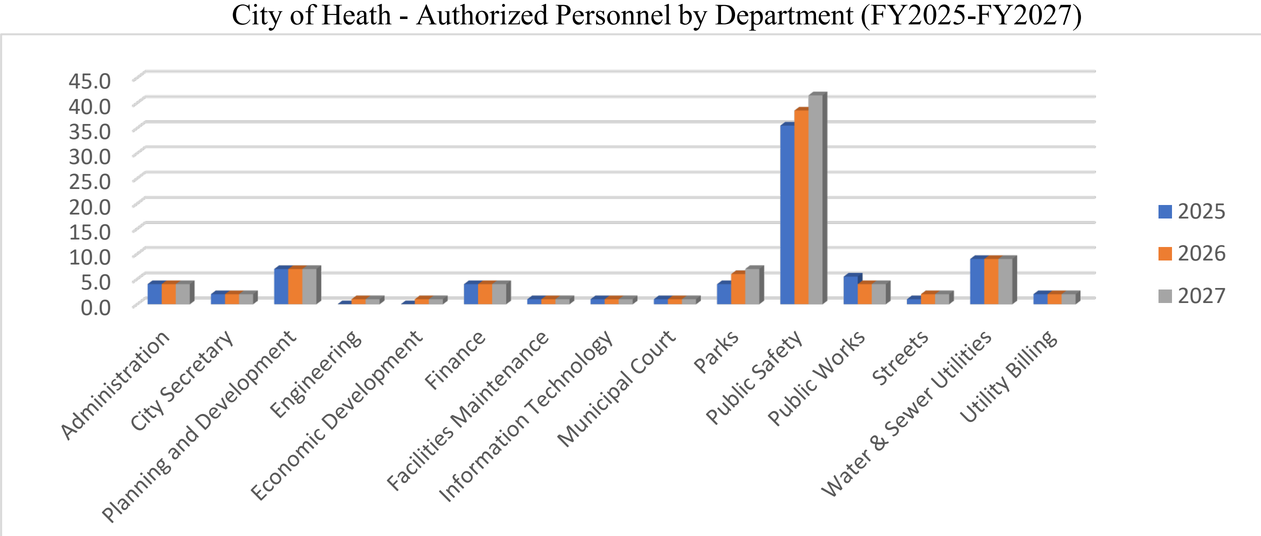
City of Heath, Texas Authorized Personnel

By Function and Fund

(Expressed in Full-Time Equivalents)

	Budget FY2025		Budget FY2026		Preliminary Proposed Budget FY2027	
	Full-Time	**Part-Time**	**Full-Time**	**Part-Time**	**Full-Time**	**Part-Time**
General Fund						
Administration	4.0	0.0	4.0	0.0	4.0	0.0
City Secretary	2.0	0.0	2.0	0.0	2.0	0.0
Planning and Development	7.0	0.0	7.0	0.0	7.0	0.0
Economic Development	0.0	0.0	1.0	0.0	1.0	0.0
Engineering	0.0	0.0	1.0	0.0	1.0	0.0
Facilities Maintenance	0.0	0.0	1.0	0.0	1.0	0.0
Finance	4.0	0.0	4.0	0.0	4.0	0.0
Information Technology	1.0	0.0	1.0	0.0	1.0	0.0
Municipal Court	1.0	0.0	1.0	0.0	1.0	0.0
Parks and Recreation	3.0	1.0	6.0	0.0	7.0	0.0
Public Safety	35.0	0.5	38.0	0.5	41.0	0.5
Public Works Administration	5.0	0.5	4.0	0.0	4.0	0.0
Streets	1.0	0.0	2.0	0.0	2.0	0.0
Sub-Total General Fund	63.0	2.0	72.0	0.5	76.0	0.5
Utility Fund						
Water & Sewer Utilities	9.0	0.0	9.0	0.0	9.0	0.0
Utility Billing	2.0	0.0	2.0	0.0	2.0	0.0
Sub-Total Utility Fund	11.0	0.0	11.0	0.0	11.0	0.0
Total	74.0	2.0	83.0	0.5	87.0	0.5

City of Heath - Authorized Personnel by Department (FY2025-FY2027)



GENERAL FUND

The General Fund serves as the City of Heath's primary operating fund and accounts for the collection and use of financial resources to support core governmental services. These services reflect the City's commitment to maintaining a safe, well-planned, and high-quality community, consistent with Heath's vision as a *premiere outdoor lifestyle community of spacious, upscale neighborhoods with open spaces, parks, and trails, cultural amenities, and exemplary public services.*

Functions supported by the General Fund include:

- **Public Safety** – Police, Fire, and Emergency Medical Services
- **Public Works** – Street Maintenance, Right-of-Way Management, Traffic Control, Drainage, Building Maintenance, and Engineering
- **Planning & Development** – Planning & Zoning, Building Permits & Inspections, and Code Compliance
- **Parks and Recreation** – Park Maintenance, facilities, and community programming
- **General Government** – Administrative Services, Finance, Human Resources, Information Technology, and Municipal Court Operations

These services are funded primarily through ad valorem taxes, sales tax, franchise fees, licenses and permits, fines, and intergovernmental revenue.

Basis of Accounting

The General Fund is reported and budgeted using the modified accrual basis of accounting, which recognizes revenues when they become both measurable and available, and expenditures when the related liabilities are incurred. This approach aligns with the City's financial reporting standards under generally accepted accounting principles (GAAP) for governmental entities.

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GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES BY DIVISON

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 5,199,844**	**$ 5,689,269**	**$ 5,689,269**	**$ 5,612,546**
REVENUES/SOURCES OF FUNDS				
Taxes	$ 8,327,669	$ 8,986,478	$ 9,106,302	$ 10,144,245
Franchise Fees	841,193	745,482	823,821	842,004
Licenses & Permits	866,894	842,290	917,544	816,386
Charges for Services	43,805	738,475	77,391	87,104
Fines & Forfeits	147,546	152,910	88,166	125,010
Miscellaneous	225,772	271,344	314,766	299,224
Total Revenues	**$ 10,452,879**	**11,736,979**	**$ 11,327,990**	**$ 12,313,973**
Other Sources:				
Transfers In	$ 524,358	$ 494,300	$ 564,300	$ 1,057,010
Total Other Sources	**$ 524,358**	**$ 494,300**	**$ 564,300**	**$ 1,057,010**
Total Revenues Sources	**$ 10,977,237**	**$ 12,231,279**	**$ 11,892,290**	**$ 13,370,983**
EXPENSES - BY DEPARMENT				
City Council	$ 45,643	$ 33,600	$ 32,515	$ 44,700
City Secretary	336,418	327,462	269,753	338,416
City Manager	218,014	394,733	360,368	382,815
City Attorney	332,233	275,000	193,879	250,000
Planning and Development	698,469	970,019	953,132	788,282
Economic Development	-	-	76,429	236,972
Engineering	-	176,071	55,345	162,287
Facilities Maintenance	-	-	-	228,887
Finance	353,420	592,563	577,431	604,243
Information Technology	299,662	307,686	267,007	297,749
Municipal Court	113,464	127,363	101,543	125,288
Parks and Recreation	410,616	631,786	617,743	1,013,249
Public Safety	5,466,498	6,053,617	5,995,508	6,990,090
Public Works	342,554	394,900	358,359	375,405
Streets	386,714	546,403	374,048	334,751
Non-Divisional	783,907	387,920	465,253	259,627
Total Expenses	**$ 9,787,612**	**$ 11,219,123**	**$ 10,698,313**	**$ 12,432,761**
Other Uses:				
Transfers to Other Funds	$ 700,200	$ 1,270,700	$ 1,270,700	$ 1,270,700
Total Other Uses	**$ 700,200**	**$ 1,270,700**	**$ 1,270,700**	**$ 1,270,700**
Total Expenditures/Uses	**$ 10,487,812**	**$ 12,489,823**	**$ 11,969,013**	**$ 13,703,461**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 489,425**	**$ (258,544)**	**$ (76,723)**	**$ (332,478)**
Fund Balance	**$ 5,689,269**	**$ 5,430,725**	**$ 5,612,546**	**$ 5,280,068**
Target Fund Balance	**$ 3,670,734**	**$ 4,371,438**	**$ 4,189,155**	**$ 4,796,211**
Fund Balance in Excess of Minimum	**$ 2,018,535**	**$ 1,059,287**	**$ 1,423,391**	**$ 483,857**

GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 5,199,844**	**$ 5,689,269**	**$ 5,689,269**	**$ 5,612,546**
REVENUES/SOURCES OF FUNDS				
Taxes	$ 8,327,669	$ 8,986,478	$ 9,106,302	$ 10,144,245
Franchise Fees	841,193	745,482	823,821	842,004
Licenses & Permits	866,894	842,290	917,544	816,386
Charges for Services	43,805	738,475	77,391	87,104
Fines & Forfeits	147,546	152,910	88,166	125,010
Miscellaneous	225,772	271,344	314,766	299,224
Total Revenues	**$ 10,452,879**	**11,736,979**	**$ 11,327,990**	**$ 12,313,973**
Other Sources:				
Transfers In	$ 524,358	$ 494,300	$ 564,300	$ 1,057,010
Total Other Sources	**$ 524,358**	**$ 494,300**	**$ 564,300**	**$ 1,057,010**
Total Revenues Sources	**$ 10,977,237**	**$ 12,231,279**	**$ 11,892,290**	**$ 13,370,983**
EXPENSES - BY TYPE				
Personnel Services				
Payroll	$ 4,917,014	$ 5,830,147	$ 5,612,687	$ 6,747,916
Payroll Taxes	405,598	454,084	452,158	516,182
Retirement	686,340	773,044	767,145	871,691
Insurance	818,793	1,079,872	1,014,193	1,290,812
Total Personnel	$ 6,827,745	$ 8,137,147	$ 7,846,183	$ 9,426,601
Supplies & Equipment	206,813	254,351	253,258	292,155
Services & Charges	2,659,786	2,770,325	2,544,585	2,632,384
Capital Outlay	93,268	57,300	54,287	81,621
Total Expenses	**$ 9,787,612**	**$ 11,219,123**	**$ 10,698,313**	**$ 12,432,761**
Other Uses:				
Transfers to Other Funds	$ 700,200	$ 1,270,700	$ 1,270,700	$ 1,270,700
Total Other Uses	**$ 700,200**	**$ 1,270,700**	**$ 1,270,700**	**$ 1,270,700**
Total Expenditures/Uses	**$ 10,487,812**	**$ 12,489,823**	**$ 11,969,013**	**$ 13,703,461**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 489,425**	**$ (258,544)**	**$ (76,723)**	**$ (332,478)**
Fund Balance	**$ 5,689,269**	**$ 5,430,725**	**$ 5,612,546**	**$ 5,280,068**
Target Fund Balance	**$ 3,670,734**	**$ 4,371,438**	**$ 4,189,155**	**$ 4,796,211**
Fund Balance in Excess of Minimum	**$ 2,018,535**	**$ 1,059,287**	**$ 1,423,391**	**$ 483,857**

GENERAL FUND
STATEMENT OF REVENUES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
Taxes				
Ad Valorem Taxes	$ 6,415,570	$ 6,997,114	$ 6,923,672	$ 7,936,112
Delinquent Ad Valorem Taxes	62,593	70,000	176,175	105,705
City Sales Tax	1,784,079	1,836,974	1,919,455	2,015,428
Mixed Beverage Tax	65,427	82,390	87,000	87,000
Subtotal	**$ 8,327,669**	**$ 8,986,478**	**$ 9,106,302**	**$ 10,144,245**
Franchise Fees				
Franchise Fee Agreements	$ 833,033	$ 740,310	$ 813,081	$ 833,412
CATV/PEG Franchise Fees	8,160	5,172	10,740	8,592
Subtotal	**$ 841,193**	**$ 745,482**	**$ 823,821**	**$ 842,004**
License & Permits				
Animal Licenses	$ 850	$ 1,037	$ 850	$ 850
Contractor Registration	45,925	38,300	52,200	$ 41,760
Alarm Permits	10,870	15,838	12,545	13,545
Building Permits	744,865	715,669	807,120	727,215
Zoning Permits	-	1,000	4,800	1,000
Rezoning Permits	-	-	-	-
Platting Permits	15,066	15,000	17,687	10,913
Solicitation Permits	195	250	520	250
OSSF Permits	9,500	14,000	-	-
Alcoholic Beverage Permit	30	50	50	50
Conditional Use Permit	-	1,000	1,200	1,200
Other Permits	39,593	40,146	20,572	19,603
Subtotal	**$ 866,894**	**$ 842,290**	**$ 917,544**	**$ 816,386**
Charges for Services				
False Alarm Service Charges	$ -	$ 500	$ -	$ 500
Rockwall County Fire Support Services	10,000	17,000	10,000	10,000
Accident Report Charges	42	500	54	100
Mowing	-	1,000	-	-
Park and Recreation Charges	1,500	2,000	2,100	10,000
Special Event Charges	15,593	40,000	15,601	15,000
Inspection Fees	-	1,000	10,100	5,050
Developer Plan Review	9,000	669,200	33,460	41,825
Board of Adjustments Appeal Review	-	200	2,100	1,700
Code Enforcement Interest	1,272	1,100	-	-
Administrative Fees	200	-	-	-
Collection Fees	603	-	110	110
Judicial System Efficiency Fees	5	100	3	5
Judicial Support Fees	4	100	1	1
TLFTA Fees - Omnibase	350	325	325	200
NSF Check Fees		-	-	-

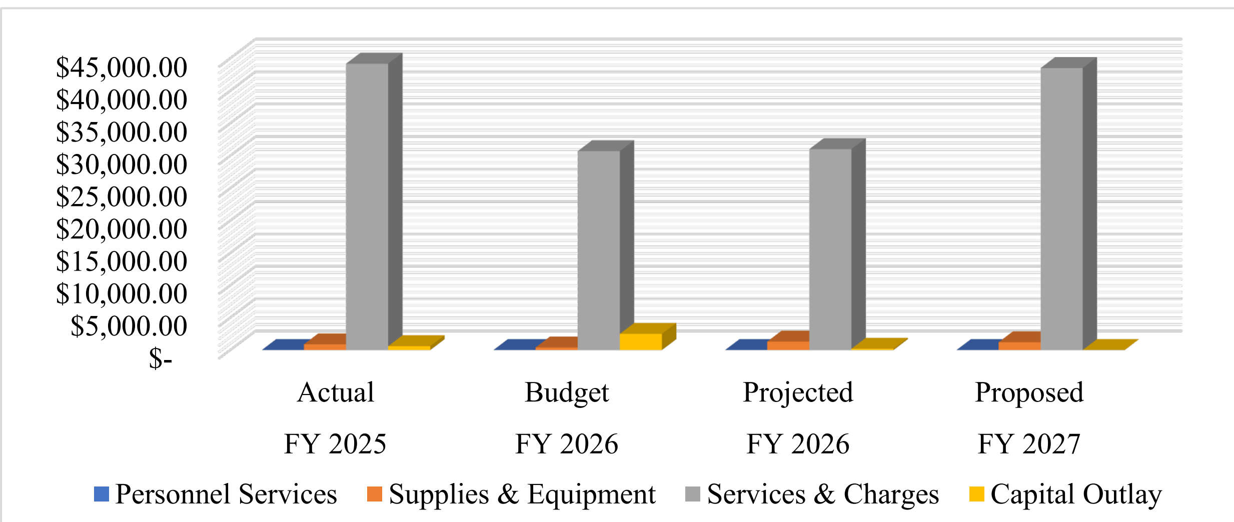
GENERAL FUND
STATEMENT OF REVENUES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
Time Payment Fees	35	100	10	10
Transaction Fees	5,201	5,350	3,527	2,603
Subtotal	**$ 43,805**	**$ 738,475**	**$ 77,391**	**$ 87,104**
Fines & Forfeits				
Court Fines and Costs	$ 147,516	$ 152,900	$ 88,091	$ 125,000
Other Court Fines and Costs	30	10	75	10
Subtotal	**$ 147,546**	**$ 152,910**	**$ 88,166**	**$ 125,010**
Miscellaneous				
Grant Funding	$ -	$ 12,000	$ -	$ -
Civic Center Rentals	2,250	2,200	1,430	2,000
Tower Leases	91,982	88,264	92,479	92,479
Takeline Leases	6,022	17,700	10,467	7,850
Sale of Assets	5,180	5,180	-	-
Interest Earnings	82,414	125,000	182,000	180,000
Rental Income	-	-	400	400
Miscellaneous	37,924	21,000	27,990	16,495
Subtotal	**$ 225,772**	**$ 271,344**	**$ 314,766**	**$ 299,224**
Total Revenues	**$ 10,452,879**	**$ 11,736,979**	**$ 11,327,990**	**$ 12,313,973**

City Council

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ -	$ -	$ -	0.00%
Supplies & Equipment	878	400	1,300	1,200	200.00%
Services & Charges	44,171	30,700	31,016	43,500	41.69%
Capital Outlay	594	2,500	199	-	-100.00%
Total	**$ 45,643**	**$ 33,600**	**$ 32,515**	**$ 44,700**	33.04%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

The City Council's FY2027 reflects a 98.76% increase over the prior fiscal year. This increase is primarily driven by the following key items:

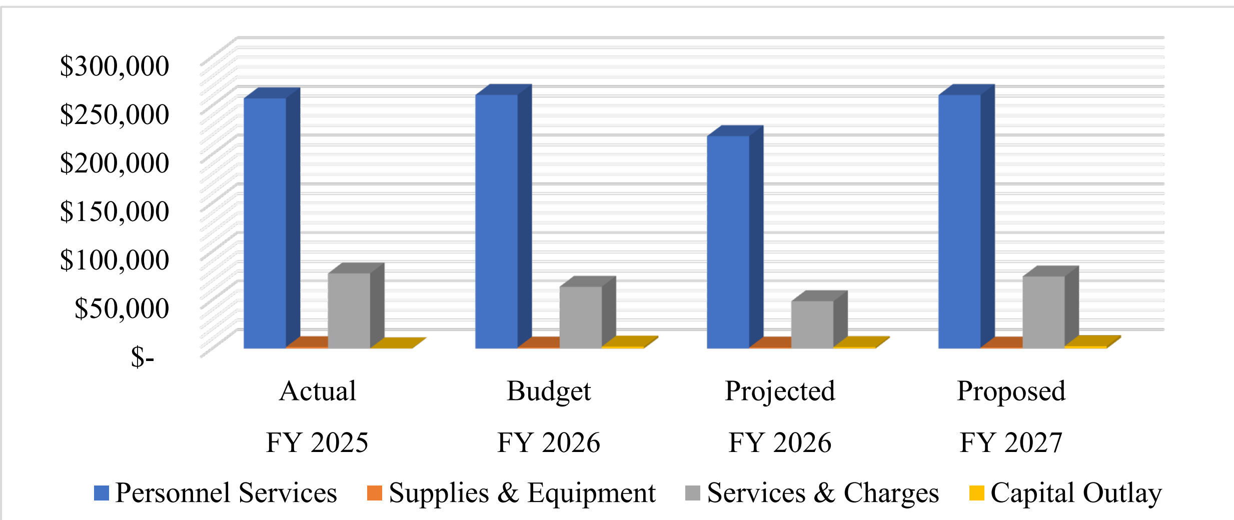
- **Supplies & Equipment:** Increase reflects funding for City Council meeting supplies, branded materials, accessories, and other operational items to support official meetings and public engagement.

- **Service & Charges:** A combined increase of $14,000 to support expanded participation in conferences, training sessions, and regional meetings, which align City Council's goals of professional development and legislative engagement.

City Secretary

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 257,348	$ 260,862	$ 218,553	$ 260,791	-0.03%
Supplies & Equipment	1,436	1,000	1,000	1,000	0.00%
Services & Charges	77,384	63,600	48,700	74,125	16.55%
Capital Outlay	250	2,000	1,500	2,500	25.00%
Total	**$ 336,418**	**$ 327,462**	**$ 269,753**	**$ 338,416**	3.35%



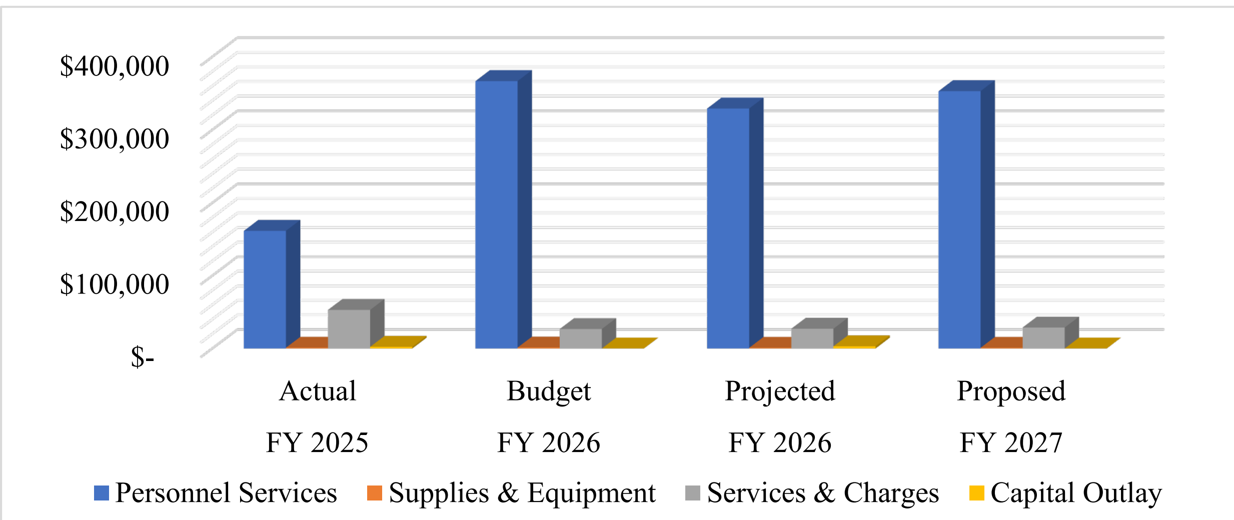
EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
City Secretary	P-13	1.0	1.0	1.0
Deputy City Secretary	P-09	1.0	1.0	0.0
Total Employees		**2.0**	**2.0**	**1.0**

City Manager

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 161,601	$ 366,733	$ 329,190	$ 353,002	-3.74%
Supplies & Equipment	1,076	1,300	1,000	1,000	-23.08%
Services & Charges	53,053	26,700	27,133	28,813	7.91%
Capital Outlay	2,284	-	3,045	-	0.00%
Total	**$ 218,014**	**$ 394,733**	**$ 360,368**	**$ 382,815**	-3.02%



EMPLOYEE CLASSIFICATION & PAY GRADE

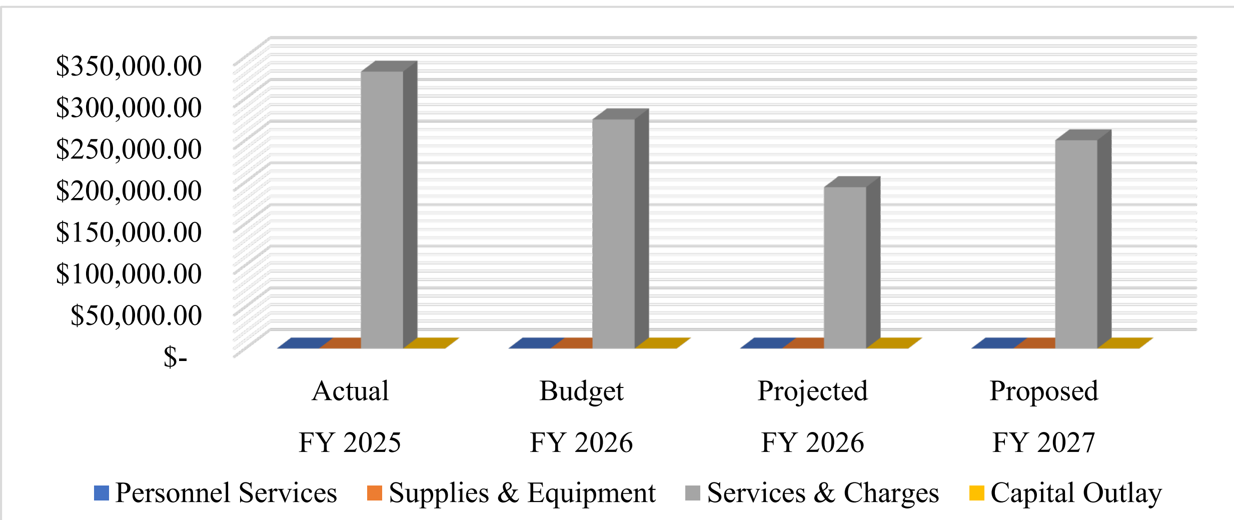
Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
City Manager	N/A	0.5	0.5	0.5
Assistant City Manager	N/A	0.5	0.5	0.5
HR Coordinator/Executive Assistant	P-10	0.5	0.5	0.5
Total Employees		**1.5**	**1.5**	**1.5**

Note: The costs of the full-time positions within this department are split equally between the General Fund and the Utility Fund.

City Attorney

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ -	$ -	$ -	0.00%
Supplies & Equipment	-	-	-	-	0.00%
Services & Charges	332,233	275,000	193,879	250,000	-9.09%
Capital Outlay	-	-	-	-	0.00%
Total	**$ 332,233**	**$ 275,000**	**$ 193,879**	**$ 250,000**	-9.09%



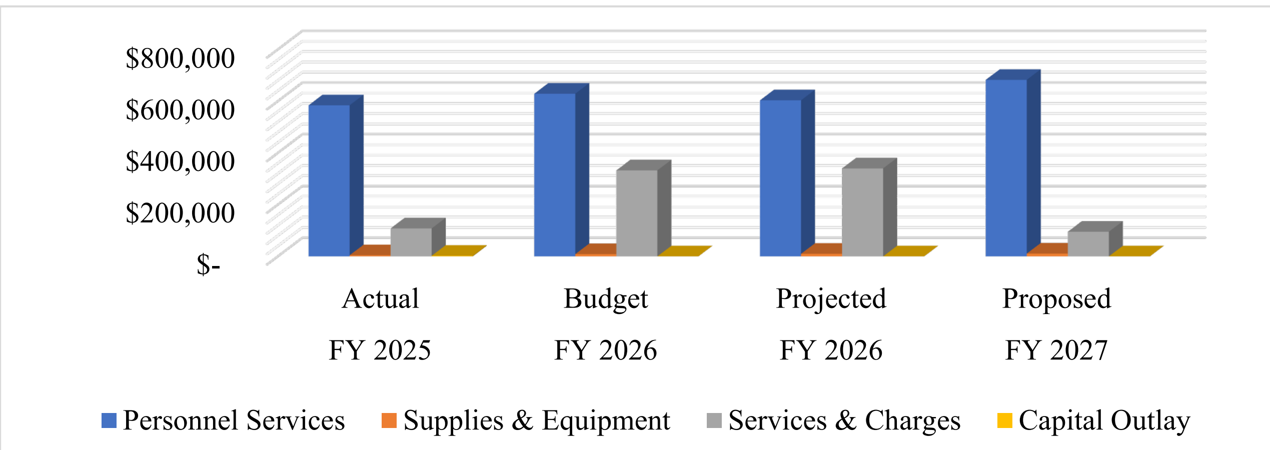
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 legal Services budget decreases by 9.1% from the FY2026 adopted budget, reflecting a continued normalization of legal expenditures. The proposed funding is expected to support the City's routnine legal needs while maintaining flexibility for unforeseen legal matters that may arise through the fiscal year.

Planning and Development

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 583,983	$ 628,769	$ 603,323	$ 682,332	8.52%
Supplies & Equipment	4,218	8,750	9,800	10,750	22.86%
Services & Charges	108,061	332,500	340,009	95,200	-71.37%
Capital Outlay	2,207	-	-	-	0.00%
Total	**$ 698,469**	**$ 970,019**	**$ 953,132**	**$ 788,282**	-18.74%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Director of Community Development	N/A	0.5	0.5	0.5
Chief Building Official	P-13	1.0	1.0	1.0
Building Inspector	P-09	1.0	1.0	1.0
Code Enforcement Officer	P-07	0.5	0.5	0.5
Permit Technician	P-05	0.5	0.5	0.5
Plans Examiner	P-09	0.0	1.0	1.0
Administrative Assistant	P-06	0.0	1.0	1.0
Total Employees		**3.5**	**5.5**	**5.5**

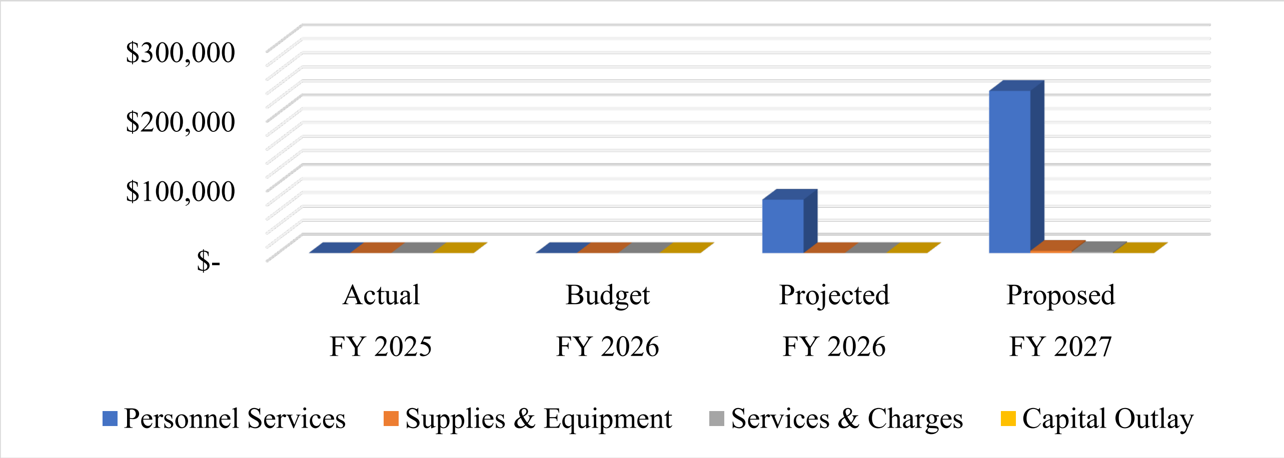
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Planning and Development budget totals 788,282, a decrease of 18.74% from the FY2026 adopted budget. The reduction is primarily attributtable to a 71.4% decrease in Services & Charges related to the one-time expenditure for the City's Ordinance Updates, undertaken to align development regulations with the recently adopted Comprehensive Plan. As the one-time intiative concludes, the need for professional services returned to more typical operating levels.

Economic Development

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ -	$ 76,429	$ 232,272	0.00%
Supplies & Equipment	-	-	-	3,200	0.00%
Services & Charges	-	-	-	1,500	0.00%
Capital Outlay	-	-	-	-	0.00%
Total	**$ -**	**$ -**	**$ 76,429**	**$ 236,972**	0.00%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Director of Economic Development	N/A	0.0	1.0	1.0
Total Employees		**0.0**	**1.0**	**1.0**

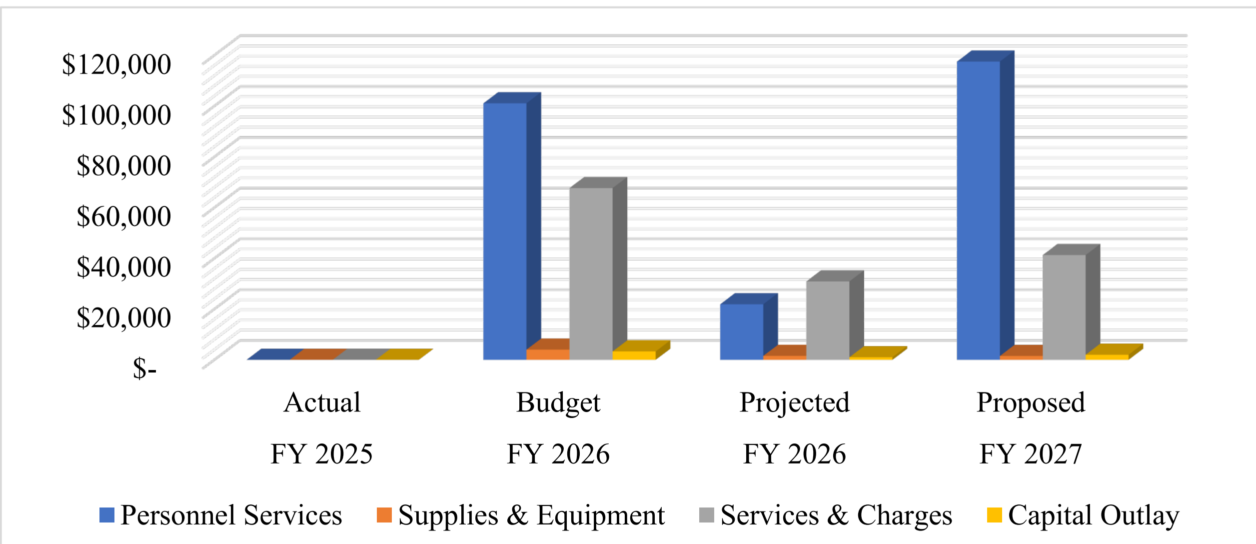
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The Economic Development Department will be funded through transfers from the Heath Municipal Benefits Corporation (HMBC) and Heath Economic Development Corporation (HEDC). This is a new division that was created in FY2026.

Engineering

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ 101,071	$ 21,900	$ 117,487	16.24%
Supplies & Equipment	-	4,000	1,545	1,500	-62.50%
Services & Charges	-	67,700	30,900	41,300	-39.00%
Capital Outlay	-	3,300	1,000	2,000	-39.39%
Total	**$ -**	**$ 176,071**	**$ 55,345**	**$ 162,287**	-7.83%



EMPLOYEE CLASSIFICATION & PAY GRADE

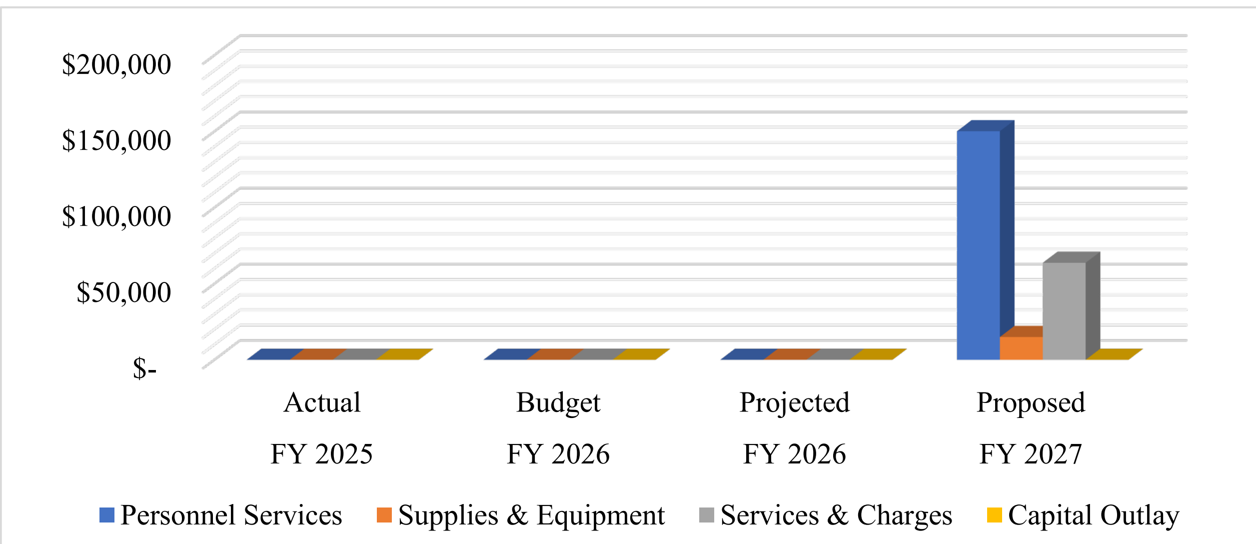
Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
City Engineer	N/A	0.0	0.5	0.5
Total Employees		**0.0**	**0.5**	**0.5**

Note: The Engineering Department was established in FY2026. Currently, the Engineering Department only consists of 1 FTE split between the General Fund and Utility Fund.

Facilities Maintenance

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ -	$ -	$ 150,137	0.00%
Supplies & Equipment	-	-	-	15,000	0.00%
Services & Charges	-	-	-	63,750	0.00%
Capital Outlay	-	-	-	-	0.00%
Total	**$ -**	**$ -**	**$ -**	**$ 228,887**	0.00%



EMPLOYEE CLASSIFICATION & PAY GRADE

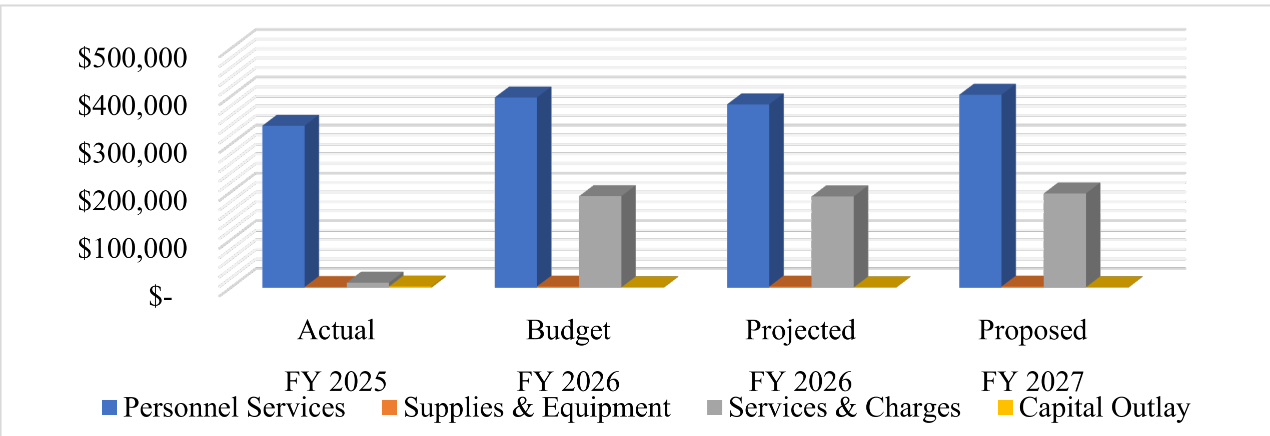
Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Facilities Manager	N/A	0.0	0.0	1.0
Total Employees		**0.0**	**0.0**	**1.0**

Note: The Facilities Maintenance Department is new for FY2027. Consisting of 1 FTE fully funded out of the General Fund.

Finance

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 338,700	$ 397,663	$ 383,384	$ 403,493	1.47%
Supplies & Equipment	1,497	2,500	2,500	2,500	0.00%
Services & Charges	10,658	191,400	190,797	197,250	3.06%
Capital Outlay	2,565	1,000	750	1,000	0.00%
Total	**$ 353,420**	**$ 592,563**	**$ 577,431**	**$ 604,243**	1.97%



EMPLOYEE CLASSIFICATION & PAY GRADE

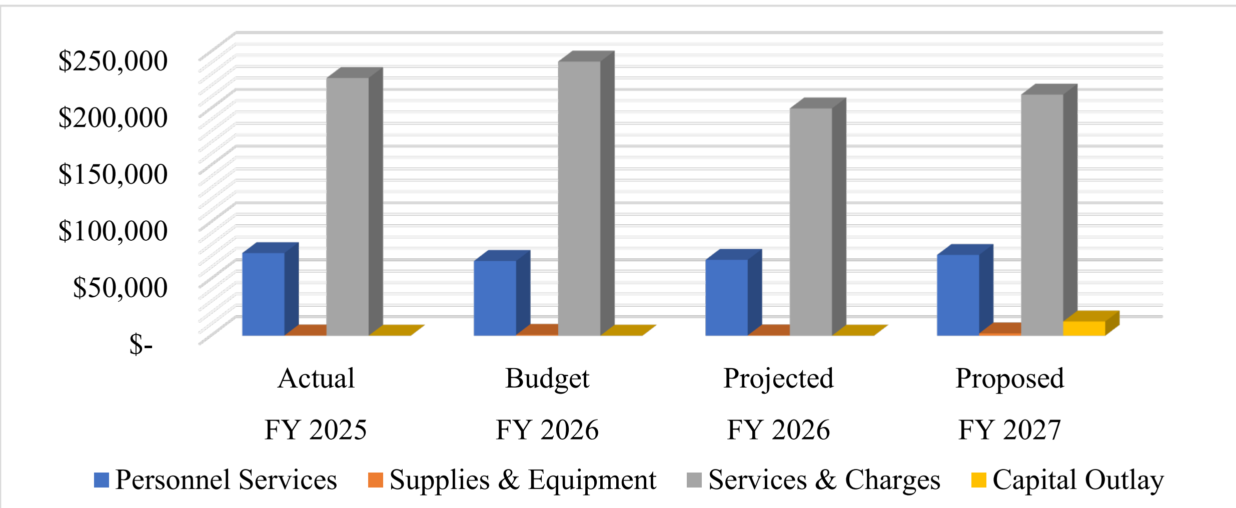
Classification	**Grade**	**FY2025 Budget**	**FY2026 Budget**	**FY2027 Proposed**
Director of Finance	N/A	0.5	0.5	0.5
Assistant Director of Finance	P-14	0.5	0.5	0.5
Purchasing Coordinator/AP & Payroll	P-09	0.5	0.5	0.5
Accounting Assistant/Court Clerk	P-05	0.125	0.25	0.25
Accounting Assistant/Utility Billing Lead	P-06	0.5	0.5	0.5
Accounting Assistant/Utility Billing Clerk	P-05	0.5	0.5	0.5
HR Assistant/Accounting Assistant	P-05	0.0	0.5	0.5
Court Supervisor	P-06	0.250	0.25	0.25
Total Employees		**2.875**	**3.5**	**3.5**

Note: All positions are full-time with their costs allocated among different departments.

Information Technology

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 72,697	$ 65,736	$ 66,757	$ 71,074	8.12%
Supplies & Equipment	170	700	250	2,000	185.71%
Services & Charges	226,795	241,250	200,000	212,175	-12.05%
Capital Outlay	-	-	-	12,500	0.00%
Total	**$ 299,662**	**$ 307,686**	**$ 267,007**	**$ 297,749**	-3.23%



EMPLOYEE CLASSIFICATION & PAY GRADE

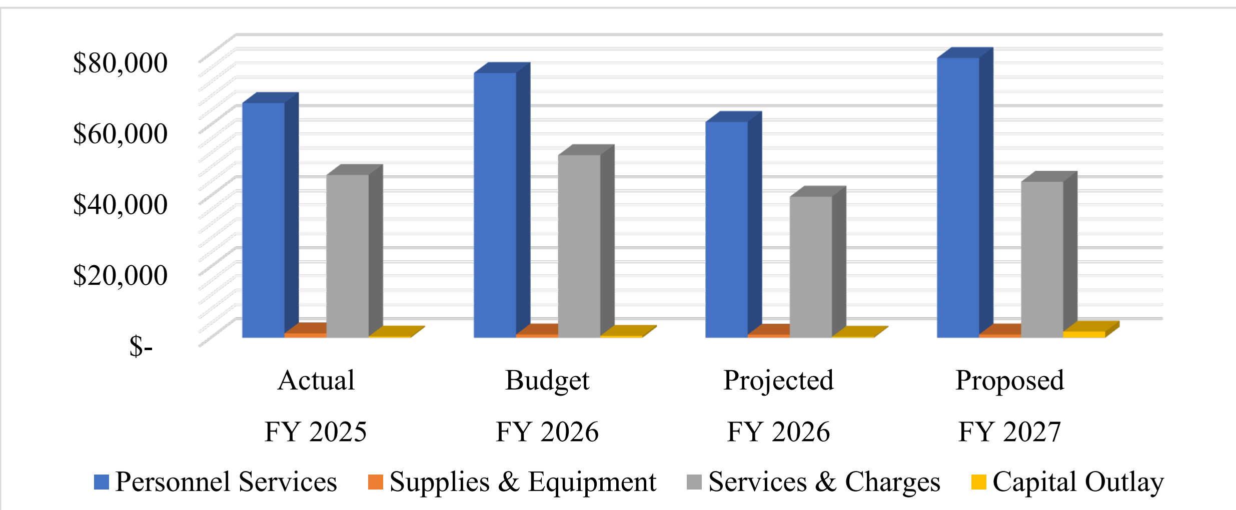
Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Director of Information Technology	N/A	0.5	0.5	0.5
Total Employees		**0.5**	**0.5**	**0.5**

Note: The cost of the full-time position within this department is split equally between the General Fund and the Utility Fund.

Municipal Court

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 66,102	$ 74,563	$ 60,752	$ 78,777	5.65%
Supplies & Equipment	1,198	900	851	900	0.00%
Services & Charges	45,834	51,400	39,690	43,911	-14.57%
Capital Outlay	330	500	250	1,700	240.00%
Total	**$ 113,464**	**$ 127,363**	**$ 101,543**	**$ 125,288**	-1.63%



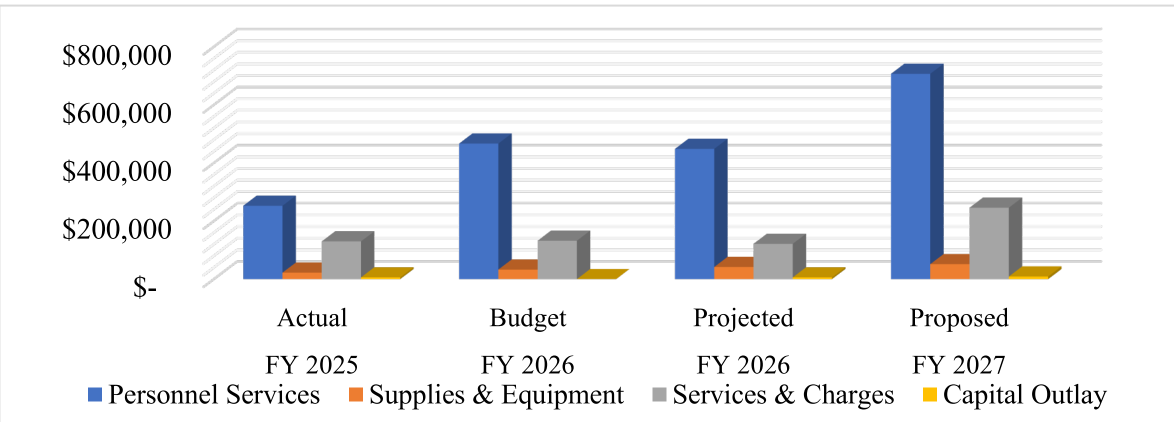
EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	**Grade**	**FY2025 Budget**	**FY2026 Budget**	**FY2027 Proposed**
Court Supervisor	P-06	0.5	0.5	0.5
Accounting Assistant/Court Clerk	P-05	0.25	0.5	0.5
Total Employees		**0.75**	**1.0**	**1.0**

Parks and Recreation

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 252,600	$ 466,736	$ 448,451	$ 706,901	51.46%
Supplies & Equipment	22,196	32,900	41,838	51,500	56.53%
Services & Charges	129,886	132,150	121,491	245,848	86.04%
Capital Outlay	5,934	-	5,963	9,000	0.00%
Total	**$ 410,616**	**$ 631,786**	**$ 617,743**	**$ 1,013,249**	60.38%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	**Grade**	**FY2025 Budget**	**FY2026 Budget**	**FY2027 Proposed**
Division Manager - Bldgs./Parks/Streets	P-11	0.5	0.0	0.0
Parks and Recreation Manager	N/A	0.0	1.0	1.0
Parks and Recreation Coordinator	N/A	0.0	0.0	1.0
Crew Leader - Parks	P-06	1.0	1.0	1.0
Maintenance Worker - Parks	P-04	1.0	4.0	4.0
Maintenance Worker (Seasonal)	P-04	0.0	0.0	0.0
Total Employees		**2.5**	**6.0**	**7.0**

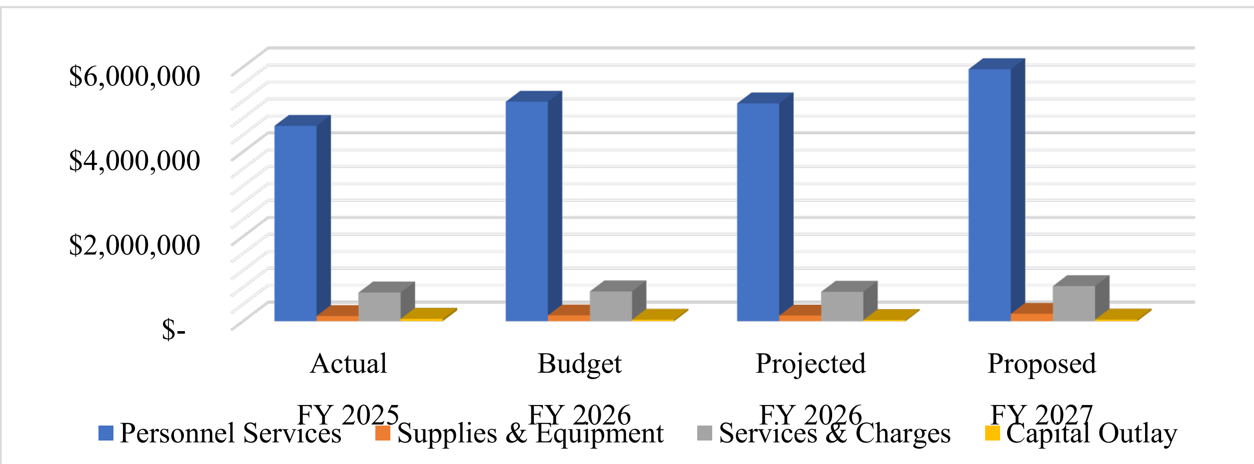
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Parks and Recreation budget increases by 60.4% over the FY2026 adopted budget, primarily due to the first full year of operations and maintenance for Towne Center Park, the addition of a Parks and Recreation Coordinator, and an additional Parks Maintenance Worker funded by HEDC and HMBC. These investments support the City's expanding park system and enhanced recreational programming.

Public Safety

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 4,611,574	$ 5,180,861	$ 5,141,818	$ 5,949,279	14.83%
Supplies & Equipment	122,141	136,101	132,299	174,505	28.22%
Services & Charges	676,170	702,655	694,391	829,385	18.04%
Capital Outlay	56,613	34,000	27,000	36,921	8.59%
Total	**$ 5,466,498**	**$ 6,053,617**	**$ 5,995,508**	**$ 6,990,090**	15.47%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Director of Public Safety	N/A	1.0	1.0	1.0
Police Captain	PR4	2.0	2.0	2.0
Police Lieutenant	PR3	4.0	4.0	4.0
Police Sergeant	PR2	4.0	4.0	4.0
Public Safety Officer	PS1	15.0	18.0	21.0
Fire Marshall	PR3	1.0	1.0	1.0
School Resource Officer	PR1	7.0	7.0	7.0
Administrative Assistant	P-06	1.0	1.0	1.0
Administrative Assistant (Part-Time)	P-06	0.5	0.5	0.5
Total Employees		**35.5**	**38.5**	**41.5**

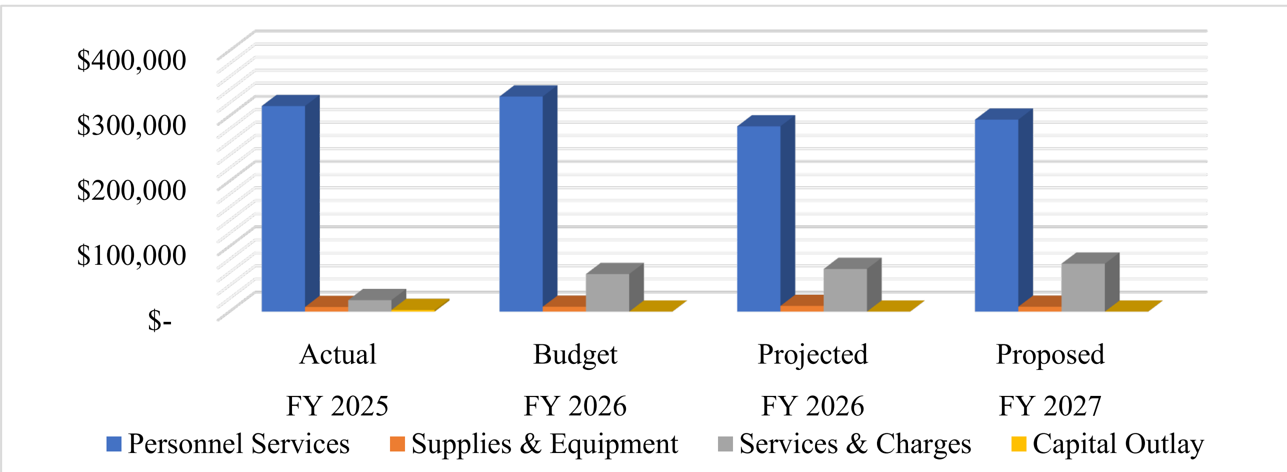
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Public Safety budget totals $6.99 million, a 15.47% increase over the FY2026 adopted budget. The increase primarily funds three additional Public Safety Officers for the City's new Public Safety facilities, along with personnel, training, technology, and operational costs needed to maintain high-quality public safety services as the City continues to grow.

Public Works Administration

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 315,221	$ 329,800	$ 284,119	$ 294,355	-10.75%
Supplies & Equipment	7,149	7,500	8,800	7,500	0.00%
Services & Charges	17,619	57,600	65,440	73,550	27.69%
Capital Outlay	2,565	-	-	-	0.00%
Total	**$ 342,554**	**$ 394,900**	**$ 358,359**	**$ 375,405**	-4.94%



EMPLOYEE CLASSIFICATION & PAY GRADE

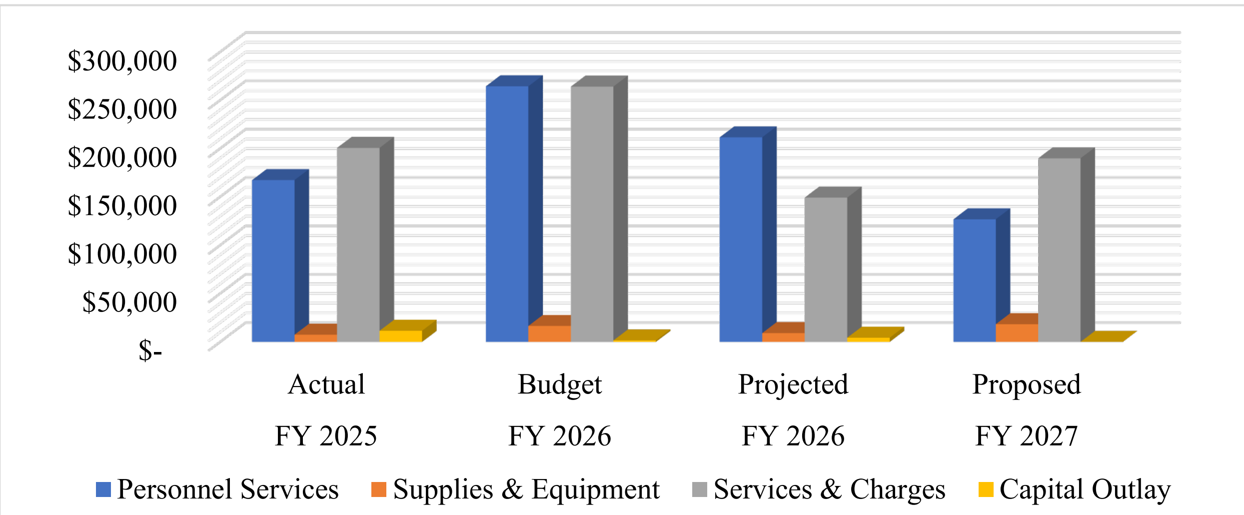
Classification	**Grade**	**FY2025 Budget**	**FY2026 Budget**	**FY2027 Proposed**
Director of Public Works	N/A	0.5	0.5	0.5
Assistant Director of Public Works	N/A	0.5	0.5	0.5
CIP Manager	N/A	0.0	0.0	0.0
Public Works Project Coordinator	P-09	0.5	0.0	0.0
Administrative Assistant	P-06	0.5	0.5	0.5
Construction Inspector	P-09	0.5	0.5	0.5
Part-Time Custodian	P-06	0.5	0.0	0.0
Total Employees		**3.0**	**2.0**	**2.0**

Note: The costs of the full-time positions within this department are split equally between the General Fund and the Utility Fund.

Streets

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 167,215	$ 264,353	$ 211,507	$ 126,701	-52.07%
Supplies & Equipment	7,423	16,500	9,080	18,300	10.91%
Services & Charges	200,563	264,050	149,131	189,750	-28.14%
Capital Outlay	11,513	1,500	4,330	-	-100.00%
Total	**$ 386,714**	**$ 546,403**	**$ 374,048**	**$ 334,751**	-38.74%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Division Manager - Bldgs./Parks/Streets	P-11	0.5	0	0
Maintenance Worker - Streets	P-04	1.0	2.0	2.0
Total Employees		**1.5**	**2.0**	**2.0**

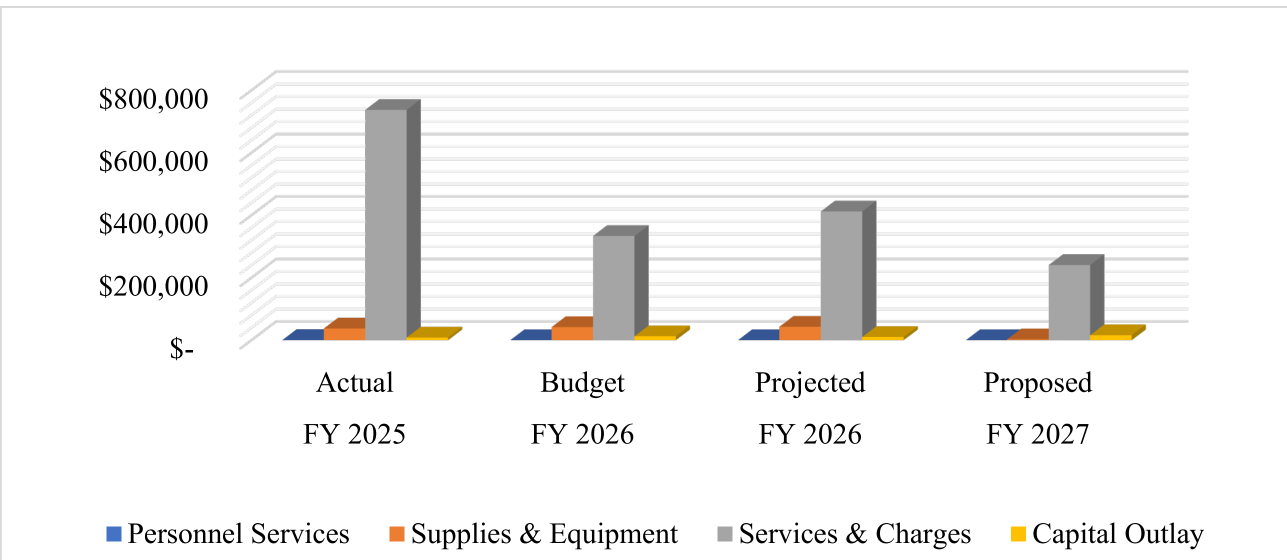
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Streets budget totals $334,751, reflecting a decrease due to the transfer of the Department Manager and related personnel costs to the Facilities Maintenance Department. The budget continues to support routine street maintenance and traffic control.

Non-Departmental

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 704	$ -	$ -	$ -	0.00%
Supplies & Equipment	37,431	41,800	42,995	3,000	-92.82%
Services & Charges	737,359	333,620	412,008	240,627	-27.87%
Capital Outlay	8,413	12,500	10,250	16,000	28.00%
Total	**$ 783,907**	**$ 387,920**	**$ 465,253**	**$ 259,627**	-33.07%



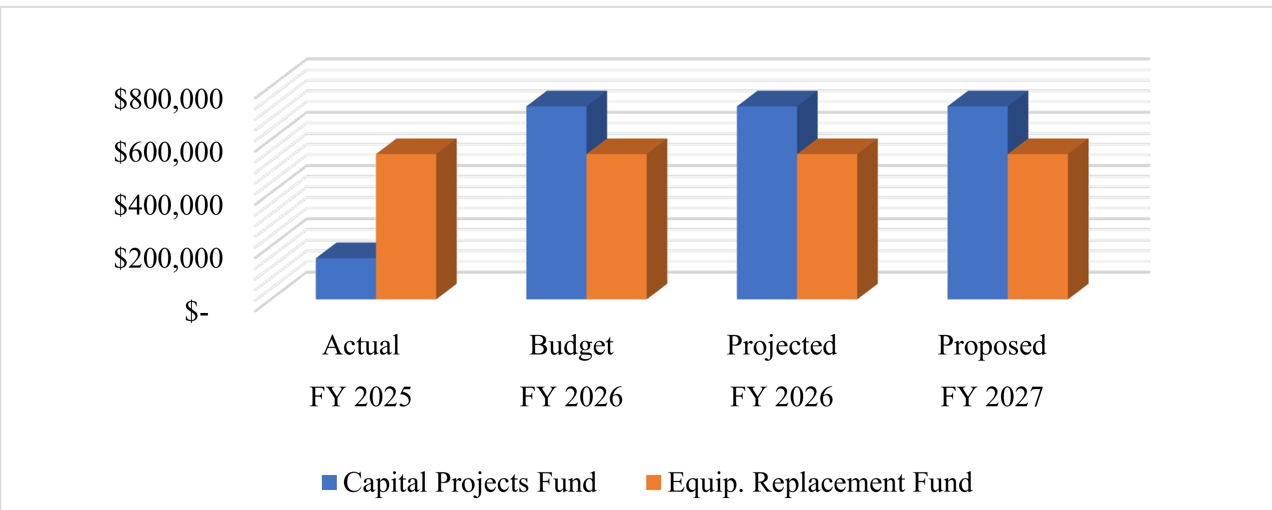
SIGNIFICANT BUDGET ITEMS/CHANGES

The FY 2026-2027 budget has reassigned a number of expenditure to departments where appropriate. For example Special Events funding of $105,000 has be moved to the Parks and Recreation Department. Tax Collection Fees of $148,500 has been moved to the Finance Department.

Transfers to Other Funds

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Capital Projects Fund	$ 154,500	$ 725,000	$ 725,000	$ 725,000	0.00%
Debt Service Fund	-	-	-	-	0.00%
Drainage Utility Fund	-	-	-	-	0.00%
Equip. Replacement Fund	545,700	545,700	545,700	545,700	0.00%
Total Department	**$ 700,200**	**$ 1,270,700**	**$ 1,270,700**	**$ 1,270,700**	0.00%



SIGNIFICANT BUDGET ITEMS/CHANGES

The FY2027 budget includes planned transfers to support long-term capital and equipment needs:

- $725,000 is transferred to the General Capital Projects Fund to fund current and upcoming infrastructure improvements and facility upgrades.
- $545,700 is transferred to the General Equipment Replacement Fund in alignment with the City's equipment replacement schedule. This ensures adequate funding for timely replacement of critical vehicles, machinery, and technology assets.

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UTILITY FUND

The Utility Fund is an enterprise fund that accounts for the operations, maintenance, and capital investment of the City of Heath's water and wastewater systems. This fund is operated in a business-like manner and is primarily supported by user fees rather than taxes. The purpose of the Utility Fund is to ensure the safe, reliable, and sustainable delivery of water and sanitary sewer services to residents, businesses, and institutions within the City.

Services supported by the Utility Fund include:

- **Water Distribution** – Maintenance and operation of the water distribution system, including pump stations, ground and elevated storage, meters, valves, and waterline infrastructure.
- **Wastewater Collections** – Operation of sewer lines, lift stations, and related infrastructure to ensure safe and efficient wastewater transport and treatment.
- **Utility Billing & Customer Service** – Meter reading, billing, account management, and customer service functions
- **Regulatory Compliance** – Ensuring adherence to federal, state, and local regulations and standards.
- **Capital Projects** – Investments in infrastructure upgrades, line extensions, storage capacity improvements, and long-range system planning

Basis of Accounting

The Utility Fund is reported on a full accrual accounting basis and budgeted on a modified accrual basis. Under the full accrual basis, revenues are recognized when earned, and expenses are recognized when incurred in accordance with generally accepted accounting principles (GAAP) for enterprise funds.

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UTILITY FUND
STATEMENT OF REVENUES AND EXPENDITURES BY DEPARTMENT

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 15,421,586**	**$ 15,432,630**	**$ 15,432,630**	**$ 14,770,545**
REVENUES/SOURCES OF FUNDS				
Charges for Services	$ 16,906,873	$ 21,755,720	$ 19,238,021	$ 20,299,052
Fines & Forfeits	111,764	77,722	70,573	67,292
Miscellaneous	241,869	192,594	264,441	278,663
Total Revenues	**$ 17,260,506**	**22,026,036**	**$ 19,573,035**	**$ 20,645,007**
Other Sources:				
Transfers In	$ 40,000	$ 40,000	$ 40,000	$ 730,000
Total Other Sources	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 730,000**
Total Revenues Sources	**$ 17,300,506**	**$ 22,066,036**	**$ 19,613,035**	**$ 21,375,007**
EXPENSES - BY DEPARTMENT				
Water Distribution	$ 5,070,198	$ 5,264,349	$ 5,122,216	$ 5,771,505
Sewer Collections	4,508,616	4,419,637	4,386,803	4,264,509
Utility Administration	1,017,853	1,258,790	1,176,263	1,435,141
Utility Billing/Customer Servi	258,380	308,107	302,377	311,193
Non-Departmental	725,088	700,000	551,659	149,193
Total Expenses	**$ 11,580,135**	**$ 11,950,883**	**$ 11,539,318**	**$ 11,931,541**
Other Uses:				
Debt Service	$ 3,025,327	$ 6,739,224	$ 5,879,802	$ 6,684,601
Transfers to Other Funds	2,684,000	2,856,000	2,856,000	2,838,000
Total Other Uses	**$ 5,709,327**	**$ 9,595,224**	**$ 8,735,802**	**$ 9,522,601**
Total Expenditures/Uses	**$ 17,289,462**	**$ 21,546,107**	**$ 20,275,120**	**$ 21,454,142**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 11,044**	**$ 519,929**	**$ (662,085)**	**$ (79,135)**
Fund Balance	**$ 15,432,630**	**$ 15,952,559**	**$ 14,770,545**	**$ 14,691,410**
Target Fund Balance	**$ 6,051,312**	**$ 7,541,137**	**$ 7,096,292**	**$ 7,508,950**
Fund Balance in Excess of Minimum	**$ 9,381,318**	**$ 8,411,422**	**$ 7,674,253**	**$ 7,182,460**

**Impact Fees are now being collected for in a separate fund

UTILITY FUND
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 15,421,586**	**$ 15,432,630**	**$ 15,432,630**	**$ 14,770,545**
REVENUES/SOURCES OF FUNDS				
Charges for Services	$ 16,906,873	$ 21,755,720	$ 19,238,021	$ 20,299,052
Fines & Forfeits	111,764	77,722	70,573	67,292
Miscellaneous	241,869	192,594	264,441	278,663
Total Revenues	**$ 17,260,506**	**22,026,036**	**$ 19,573,035**	**$ 20,645,007**
Other Sources:				
Transfers In	$ 40,000	$ 40,000	$ 40,000	$ 730,000
Total Other Sources	**$ 40,000**	**$ 40,000**	**$ 40,000**	**$ 730,000**
Total Revenues Sources	**$ 17,300,506**	**$ 22,066,036**	**$ 19,613,035**	**$ 21,375,007**
EXPENSES - BY TYPE				
Personnel Services				
Payroll	$ 1,409,693	$ 1,675,506	$ 1,588,356	$ 1,701,022
Payroll Taxes	100,244	118,266	119,043	122,631
Retirement	168,188	206,206	198,899	206,680
Insurance	178,367	246,155	216,356	246,061
Total Personnel	**$ 1,856,492**	**$ 2,246,133**	**$ 2,122,654**	**$ 2,276,394**
Supplies & Equipment	4,354,499	4,585,600	4,597,663	5,057,155
Services & Charges	5,356,082	5,100,650	4,809,671	4,595,992
Capital Outlay	13,062	18,500	9,330	2,000
Total Expenses	**$ 11,580,135**	**$ 11,950,883**	**$ 11,539,318**	**$ 11,931,541**
Other Uses:				
Debt Service	$ 3,025,327	$ 6,739,224	$ 5,879,802	$ 6,684,601
Transfers to Other Funds	2,684,000	2,856,000	2,856,000	2,838,000
Total Other Uses	**$ 5,709,327**	**$ 9,595,224**	**$ 8,735,802**	**$ 9,522,601**
Total Expenditures/Uses	**$ 17,289,462**	**$ 21,546,107**	**$ 20,275,120**	**$ 21,454,142**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 11,044**	**$ 519,929**	**$ (662,085)**	**$ (79,135)**
Fund Balance	**$ 15,432,630**	**$ 15,952,559**	**$ 14,770,545**	**$ 14,691,410**
Target Fund Balance	**$ 6,051,312**	**$ 7,541,137**	**$ 7,096,292**	**$ 7,508,950**
Fund Balance in Excess of Minimum	**$ 9,381,318**	**$ 8,411,422**	**$ 7,674,253**	**$ 7,182,460**

UTILITY FUND
STATEMENT OF REVENUES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
Charges for Services				
Water Sales	$ 7,375,502	$ 9,796,651	$ 9,732,680	$ 10,365,305
Meter Installation Charges	9,091	3,500	100,761	76,408
Sewer Charges	4,211,921	5,218,750	5,089,418	5,420,230
Interceptor Charges	3,371,422	4,754,321	4,052,677	4,296,134
Line Extension Charges	123,262	160,578	11,138	12,251
Impact Fees	1,509,592	1,505,091	-	-
Transaction Fees	142,450	130,402	54,633	-
Reconnect Fees	(500)	11,100	250	250
Tap Fees	162,663	174,327	195,344	126,974
NSF Check Fees	1,470	1,000	1,120	1,500
Subtotal	**$ 16,906,873**	**$ 21,755,720**	**$ 19,238,021**	**$ 20,299,052**
Fines & Forfeits				
Administrative Penalties	$ 34,353.00	$ -	$ -	$ -
Late Payment Penalties	77,411	77,722	70,573	67,292
Subtotal	**$ 77,411**	**$ 77,722**	**$ 70,573**	**$ 67,292**
Miscellaneous				
Interest Earnings	$ 226,775	$ 179,509	$ 253,136	$ 265,793
Miscellaneous	15,094	13,085	11,305	12,870
Subtotal	**$ 241,869**	**$ 192,594**	**$ 264,441**	**$ 278,663**
Total Revenues	**$ 17,226,153**	**$ 22,026,036**	**$ 19,573,035**	**$ 20,645,007**

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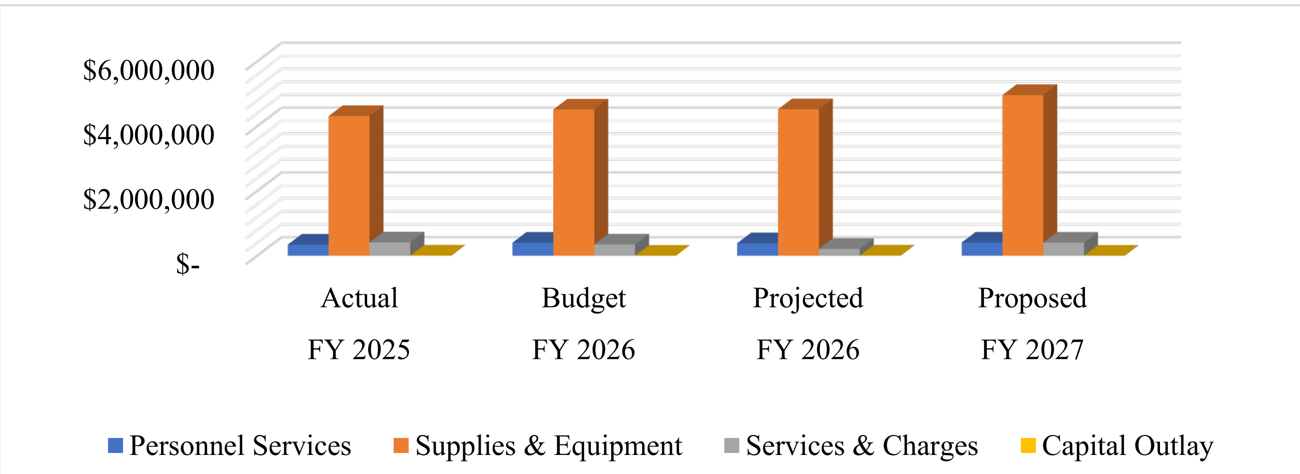
Water Distribution

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 343,562	$ 402,849	$ 385,916	$ 407,250	1.09%
Supplies & Equipment	4,310,716	4,513,600	4,520,280	4,960,055	9.89%
Services & Charges	409,966	347,900	211,520	402,700	15.75%
Capital Outlay	5,954	-	4,500	1,500	0.00%
Total	**$ 5,070,198**	**$ 5,264,349**	**$ 5,122,216**	**$ 5,771,505**	9.63%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Division Manager of Utilities	P-11	0.5	0.5	0.5
Crew Leader - Utilities	P-07	0.5	0.5	0.5
Maintenance Worker I - Utilities	P-04	2.0	2.0	2.0
Maintenance Worker II - Utilities	P-05	1.5	1.5	1.5
Total Employees		**4.5**	**4.5**	**4.5**

Note: Manager and Crew Leader are split between Water Distribution and Sewer Collection.

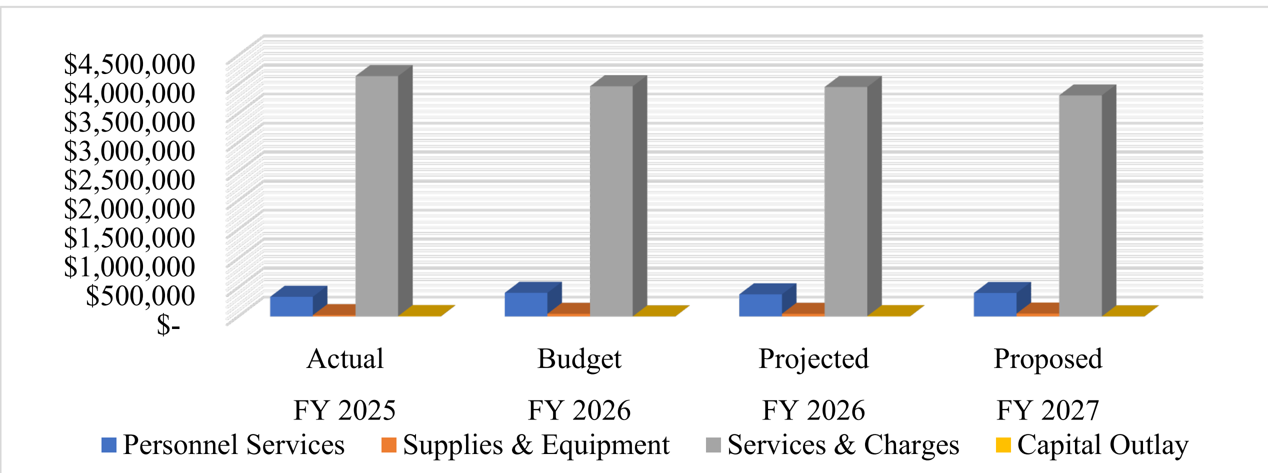
SIGNIFICANT BUDGETARY ITEMS/CHANGES

Services & Charges related to maintenance and repair of the motors and pumps at the Pump Station and water line distribution system.

Sewer Collections

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 338,480	$ 406,687	$ 380,857	$ 404,386	-0.57%
Supplies & Equipment	22,055	45,500	45,862	49,200	8.13%
Services & Charges	4,142,139	3,966,950	3,955,254	3,810,423	-3.95%
Capital Outlay	5,942	500	4,830	500	0.00%
Total	**$ 4,508,616**	**$ 4,419,637**	**$ 4,386,803**	**$ 4,264,509**	-3.51%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Division Manager of Utilities	P-11	0.5	0.5	0.5
Crew Leader - Utilities	P-07	0.5	0.5	0.5
Maintenance Worker I - Utilities	P-04	2.0	2.0	2.0
Maintenance Worker II - Utilities	P-05	1.5	1.5	1.5
Total Employees		**4.5**	**4.5**	**4.5**

Note: Manager and Crew Leader are split between Water Distribution and Sewer Collection.

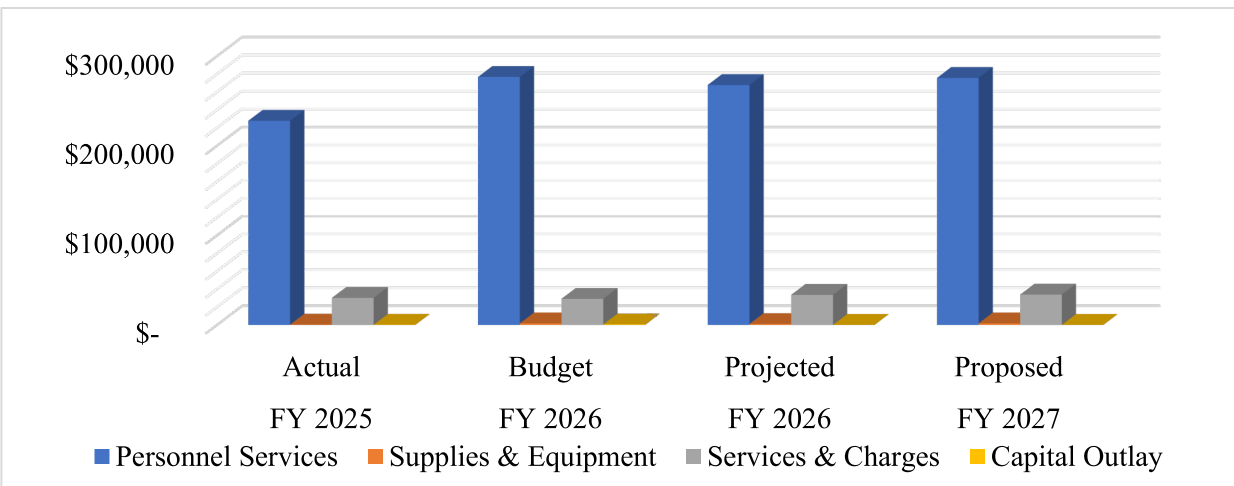
SIGNIFICANT BUDGETARY ITEMS/CHANGES

There's no significant budgetary items/changes in Sewer Collections in FY2027.

Utility Billing Customer Service

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 227,843	$ 276,707	$ 267,759	$ 275,669	-0.38%
Supplies & Equipment	278	1,700	1,000	1,700	0.00%
Services & Charges	30,139	29,200	33,618	33,824	15.84%
Capital Outlay	120	500	-	-	-100.00%
Total	**$ 258,380**	**$ 308,107**	**$ 302,377**	**$ 311,193**	1.00%



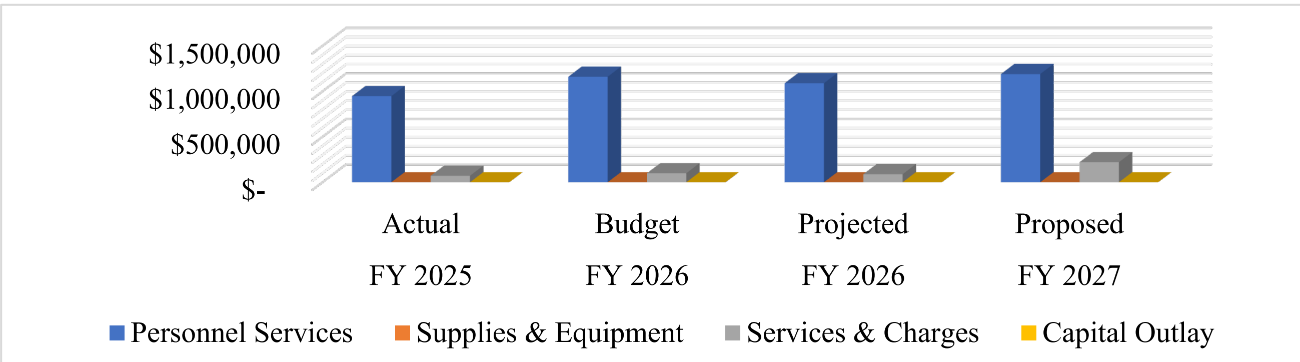
EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
Assistant Director of Finance	P-14	0.5	0.5	0.5
Purchasing Agent/Payroll Coordinator/AP Cler	P-09	0.5	0.5	0.5
Accounting Assistant/Utility Billing Lead	P-06	0.5	0.5	0.5
Accounting Assistant/Utility Billing Clerk	P-05	0.5	0.5	0.5
Accounting Assistant/Court Clerk	P-05	0.25	0.25	0.25
Accounting Assistant/Court Supervisor	P-06	0.25	0.25	0.25
Accounting Assistant/HR Coordinator	P-05	0.5	0.5	0.5
Total Employees		**3.0**	**3.0**	**3.0**

Utility Administration

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ 946,607	$ 1,159,890	$ 1,088,122	$ 1,189,089	2.52%
Supplies & Equipment	-	-	-	-	0.00%
Services & Charges	71,246	98,900	88,141	219,869	122.31%
Capital Outlay	-	-	-	-	0.00%
Total	**$ 1,017,853**	**$ 1,258,790**	**$ 1,176,263**	**$ 1,408,958**	11.93%



EMPLOYEE CLASSIFICATION & PAY GRADE

Classification	Grade	FY2025 Budget	FY2026 Budget	FY2027 Proposed
City Manager	N/A	0.5	0.5	0.5
Assistant City Manager	N/A	0.5	0.5	0.5
Executive Assistant/HR Coordinator	P-10	0.5	0.5	0.5
Director of Finance	N/A	0.5	0.5	0.5
City Engineer	N/A	0.0	0.5	0.5
Director of Public Works	N/A	0.5	0.5	0.5
Assistant Director of Public Works	N/A	0.5	0.5	0.5
Public Works Coordinator	P-09	0.5	0.0	0.0
Construction Inspector	P-09	0.5	0.5	0.5
Public Works - Administrative Assistant	P-06	0.5	0.5	0.5
Director of Community Development	N/A	0.5	0.5	0.5
Development - Administrative Assistant	P-06	0.0	0.5	0.5
Permit Technician	P-05	0.5	0.5	0.5
Code Enforcement Officer	P-07	0.5	0.5	0.5
Director of Information Technology	P-13	0.5	0.5	0.5
Total Employees		**6.5**	**7.0**	**7.0**

Note: Positions listed above are split between the Utility Fund and the General Fund.

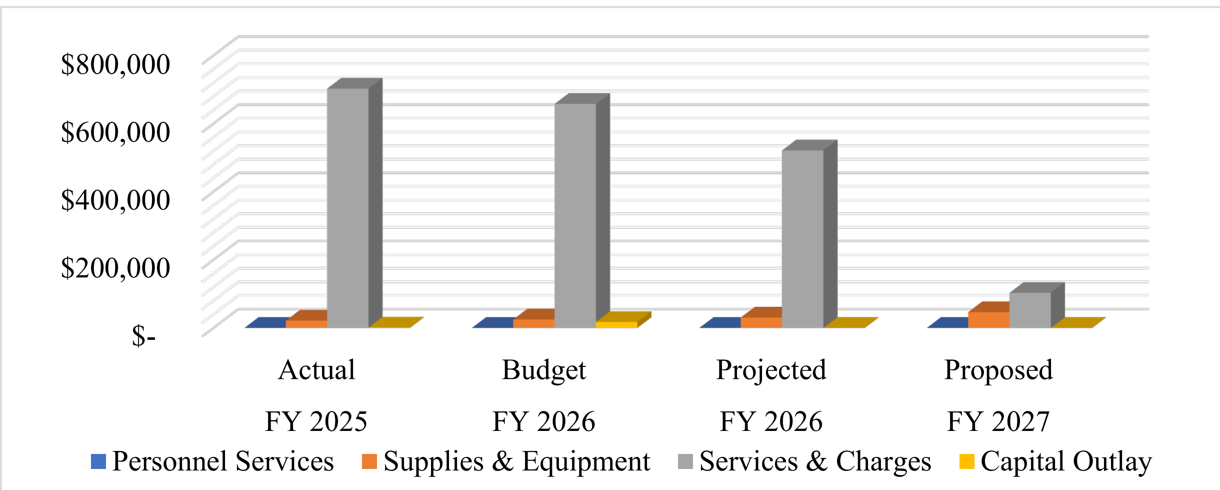
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Utility Administration budget totals $1.41 million, an increase of 11.93% from the FY2026 Adopted Budget, primarily due to reallocating Non-Departmental expenditures to this department.

Non-Departmental

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Personnel Services	$ -	$ -	$ -	$ -	0.00%
Supplies & Equipment	21,450	24,800	30,521	46,200	86.29%
Services & Charges	702,592	657,700	521,138	102,993	-84.34%
Capital Outlay	1,046	17,500	-	-	-100.00%
Total	**$ 725,088**	**$ 700,000**	**$ 551,659**	**$ 149,193**	-78.69%



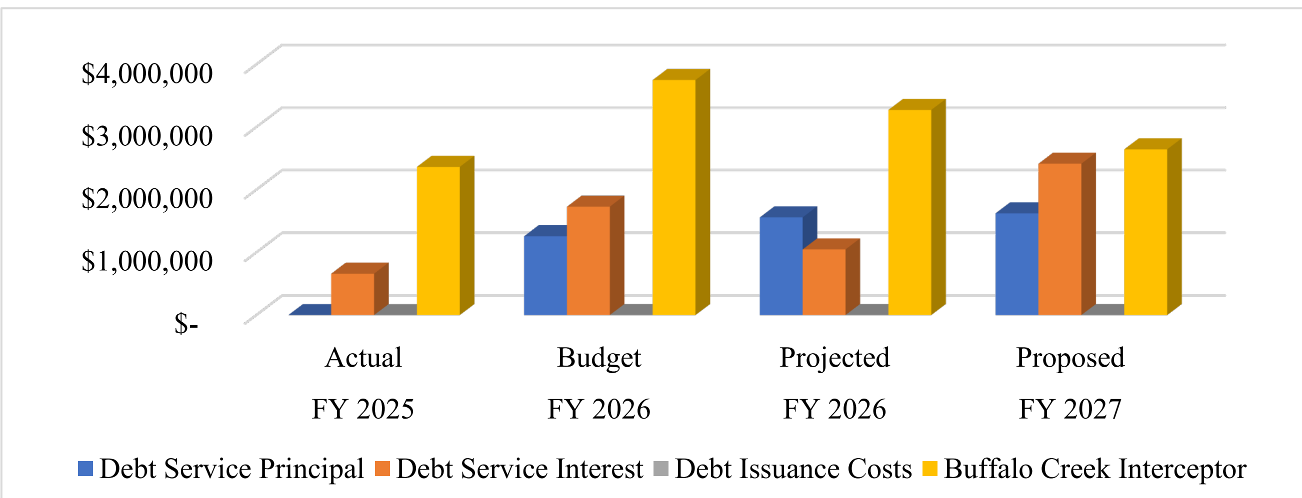
SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 Non-Departmental budget reflects a significant increase primarily due to the inclusion of facility-related operating costs associated with the new Public Works building. Key expenditures include $20,000 for janitorial services, $8,406 for utility services, $25,000 for building repairs and maintenance, and increased property and liability insurance costs. These expenditures support the operation and maintenance of City facilities while ensuring adequate funding for centralized, organization-wide services.

Debt Service

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
Debt Service Principal	$ -	$ 1,258,661	$ 1,558,661	$ 1,623,661	29.00%
Debt Service Interest	660,729	1,729,213	1,047,553	2,415,530	39.69%
Debt Issuance Costs	-	500	500	500	0.00%
Buffalo Creek Interceptor	2,364,598	3,750,850	3,273,088	2,644,910	-29.49%
Total Department	**$ 3,025,327**	**$ 6,739,224**	**$ 5,879,802**	**$ 6,684,601**	-0.81%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

Utility Debt Service	Principal	Interest	Total P & I
Combo Tax and Surplus Revenue , CO Series 2013	215,000.00	205,700.00	420,700.00
GO Refunding, Series 2015	400,000.00	4,060.00	404,060.00
Combo Tax and Surplus Revenue , CO Series 2017	670,000.00	344,400.00	1,014,400.00
Combo Tax and Surplus Revenue , CO Series 2019	2,453.80	1,371.92	3,825.72
Combo Tax and Surplus Revenue PID, CO Series 2019	6,206.27	3,660.00	9,866.27
CO Tax and Surplus Revenue, CO Series 2026	330,000.00	1,856,337.50	2,186,337.50

**Buffalo Creek Interceptor payments are calculated based on flow through the interceptor.

TOTAL DEBT SUPPORTED BY UTILITY FUND

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
9/30/2027	1,617,454	2,411,869	4,029,323	4,029,323
9/30/2028	1,687,772	2,342,469	4,030,241	4,030,241
9/30/2029	1,757,090	2,271,491	4,028,581	4,028,581
9/30/2030	1,827,090	2,200,114	4,027,204	4,027,204
9/30/2031	1,907,408	2,120,311	4,027,720	4,027,720
9/30/2032	1,997,408	2,031,447	4,028,856	4,028,856
9/30/2033	2,087,726	1,938,433	4,026,160	4,026,160
9/30/2034	2,193,045	1,836,082	4,029,127	4,029,127
9/30/2035	2,303,045	1,723,720	4,026,764	4,026,764
9/30/2036	2,423,363	1,605,607	4,028,970	4,028,970
9/30/2037	2,548,681	1,481,358	4,030,038	4,030,038
9/30/2038	2,678,999	1,350,721	4,029,720	4,029,720
9/30/2039	2,812,999	1,213,448	4,026,447	4,026,447
9/30/2040	2,960,000	1,069,088	4,029,088	4,029,088
9/30/2041	3,110,000	917,338	4,027,338	4,027,338
9/30/2042	3,270,000	757,838	4,027,838	4,027,838
9/30/2043	3,435,000	590,213	4,025,213	4,025,213
9/30/2044	3,615,000	413,963	4,028,963	4,028,963
9/30/2045	3,780,000	245,625	4,025,625	4,025,625
9/30/2046	3,945,000	83,831	4,028,831	4,028,831
	51,957,079	28,604,965	80,562,044	80,562,044

Bond Debt Service

City of Heath, Texas

Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013 (W&S Portion)

Callable on 2/15/2023 @ par

Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
9/30/2027	215,000	4.00%	205,700	420,700	420,700
9/30/2028	755,000	4.00%	186,300	941,300	941,300
9/30/2029	790,000	4.00%	155,400	945,400	945,400
9/30/2030	820,000	4.00%	123,200	943,200	943,200
9/30/2031	855,000	4.00%	89,700	944,700	944,700
9/30/2032	890,000	4.00%	54,800	944,800	944,800
9/30/2033	925,000	4.00%	18,500	943,500	943,500
	5,250,000		833,600	6,083,600	6,083,600

Bond Debt Service

City of Heath, Texas

General Obligation Refunding Bonds, Series 2015 (W&S Portion)

Callable Anytime @ Par

Paying Agent: Alliance Bank

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
9/30/2027	400,000	2.03%	4,060	404,060	404,060.00
	400,000		4,060.00	811,189.00	811,189.25

Bond Debt Service

City of Heath, Texas

Combination Tax & Surplus Revenue Certificates of Obligation, Series 2017 (W&S Portion)

Callable 2/15/2027 @ par

Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
9/30/2027	670,000	5.00%	344,400	1,014,400	1,014,400
9/30/2028	480,000	4.00%	318,050	798,050	798,050
9/30/2029	500,000	3.00%	300,950	800,950	800,950
9/30/2030	515,000	3.00%	285,725	800,725	800,725
9/30/2031	535,000	5.00%	264,625	799,625	799,625
9/30/2032	560,000	5.00%	237,250	797,250	797,250
9/30/2033	590,000	5.00%	208,500	798,500	798,500
9/30/2034	905,000	5.00%	171,125	1,076,125	1,076,125
9/30/2035	945,000	5.00%	124,875	1,069,875	1,069,875
9/30/2036	990,000	5.00%	76,500	1,066,500	1,066,500
9/30/2037	1,035,000	5.00%	25,875	1,060,875	1,060,875
	7,725,000		2,357,875	10,082,875	10,082,875

Bond Debt Service

City of Heath, Texas

Combination Tax & Revenue Certificates of Obligation, Series 2019 (W&S Portion)

Callable Anytime @ Par

Paying Agent: Alliance Bank

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
9/30/2027	2,453.80	3.70%	1,371.92	3,825.72	3,825.72
9/30/2028	2,772.00	3.70%	1,281.14	4,053.14	4,053.14
9/30/2029	2,090.10	3.70%	1,178.56	3,268.66	3,268.66
9/30/2030	2,090.10	3.70%	1,101.24	3,191.34	3,191.34
9/30/2031	2,408.20	3.70%	1,023.90	3,432.10	3,432.10
9/30/2032	2,408.20	3.70%	934.80	3,343.00	3,343.00
9/30/2033	2,726.40	3.70%	845.70	3,572.10	3,572.10
9/30/2034	3,044.50	3.70%	744.82	3,789.32	3,789.32
9/30/2035	3,044.50	3.70%	632.18	3,676.68	3,676.68
9/30/2036	3,362.60	3.70%	519.52	3,882.12	3,882.12
9/30/2037	3,680.80	3.70%	395.10	4,075.90	4,075.90
9/30/2038	3,998.90	3.70%	258.92	4,257.82	4,257.82
9/30/2039	2,998.90	3.70%	110.96	3,109.86	3,109.86
	37,079.00		10,398.76	47,477.76	47,477.76

Bond Debt Service

City of Heath, Texas

Combination Tax & Revenue Certificates of Obligation, Series 2026

Callable - 2/15/2036 @ Par

Paying Agent: Wells Fargo

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
9/30/2027	330,000	5.00%	1,856,338	2,186,338	2,186,338
9/30/2028	450,000	5.00%	1,836,838	2,286,838	2,286,838
9/30/2029	465,000	5.00%	1,813,963	2,278,963	2,278,963
9/30/2030	490,000	5.00%	1,790,088	2,280,088	2,280,088
9/30/2031	515,000	5.00%	1,764,963	2,279,963	2,279,963
9/30/2032	545,000	5.00%	1,738,463	2,283,463	2,283,463
9/30/2033	570,000	5.00%	1,710,588	2,280,588	2,280,588
9/30/2034	1,285,000	5.00%	1,664,213	2,949,213	2,949,213
9/30/2035	1,355,000	5.00%	1,598,213	2,953,213	2,953,213
9/30/2036	1,430,000	5.00%	1,528,588	2,958,588	2,958,588
9/30/2037	1,510,000	5.00%	1,455,088	2,965,088	2,965,088
9/30/2038	2,675,000	5.00%	1,350,463	4,025,463	4,025,463
9/30/2039	2,810,000	5.00%	1,213,338	4,023,338	4,023,338
9/30/2040	2,960,000	5.00%	1,069,088	4,029,088	4,029,088
9/30/2041	3,110,000	5.00%	917,338	4,027,338	4,027,338
9/30/2042	3,270,000	5.00%	757,838	4,027,838	4,027,838
9/30/2043	3,435,000	5.00%	590,213	4,025,213	4,025,213
9/30/2044	3,615,000	5.00%	413,963	4,028,963	4,028,963
9/30/2045	3,780,000	5.00%	245,625	4,025,625	4,025,625
9/30/2046	3,945,000	5.00%	83,831	4,028,831	4,028,831
	38,545,000		25,399,031	63,944,031	63,944,031

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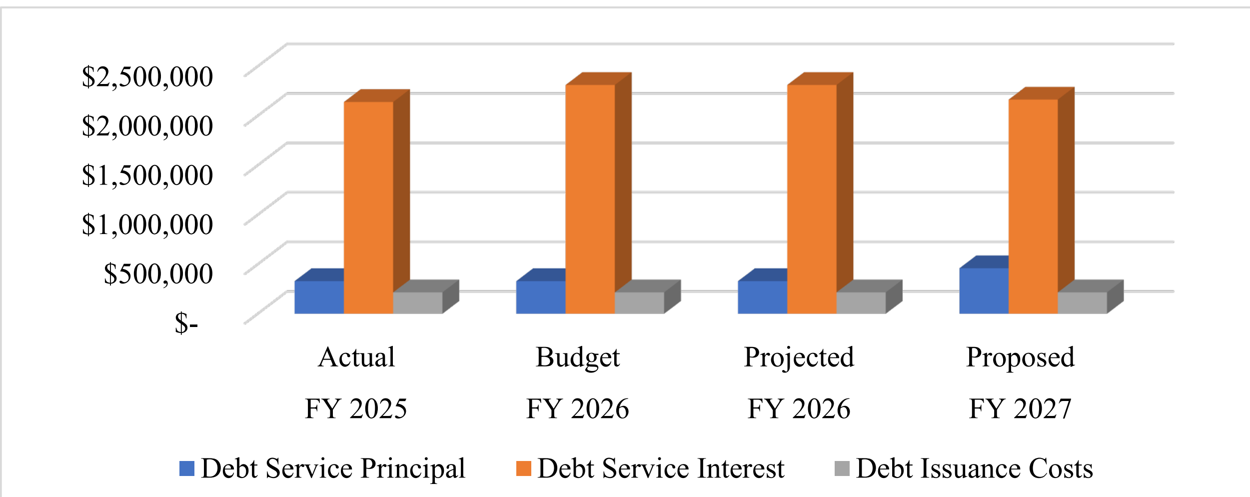
Transfers to Other Funds

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
General Fund	$ 329,300	$ 329,300	$ 329,300	$ 459,300	28.30%
Capital Projects	2,139,000	2,311,000	2,311,000	2,163,000	-6.84%
Equip. Replacement Fund	215,700	215,700	215,700	215,700	0.00%
Total	**$ 2,684,000**	**$ 2,856,000**	**$ 2,856,000**	**$ 2,838,000**	-0.63%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

The FY2027 budget includes the following transfers from the Utility Fund:

- $459,300 to the General Fund for administrative and support services.
- $2,163,000 to the Capital Projects Fund for water and wastewater infrastructure improvements.
- $215,700 to the Equipment Replacement for future replacement of utility related-assets.

These transfers ensure the Utility Fund supports citywide operations, capital needs, and long-term asset sustainability.

SOLID WASTE FUND

The Solid Waste Fund is an enterprise fund that accounts for the costs and revenues associated with providing residential garbage, recycling, and bulk waste collection services. Waste Connections, a third-party provider, fully contracts for these services, with the City of Heath responsible for contract oversight and customer service support.

The Solid Waste Fund is funded by monthly charges billed to customers. It is designed to be self-supporting, with revenues covering the cost of contracted services, administrative fees, and customer service functions.

Services Provided

- Weekly residential solid waste collection
- Curbside recycling services
- Bulk waste pickup
- Oversight of vendor performance and contract compliance
- Billing and customer service support through the City's Utility Billing function

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SOLID WASTE FUND
STATEMENT OF REVENUES & EXPENDITURES BY DEPARTMENT

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 141,671**	**$ 236,940**	**$ 236,940**	**$ 339,158**
REVENUES/SOURCES OF FUNDS				
Charges for Services	$ 1,377,364	$ 1,315,620	$ 1,379,509	$ 1,413,996
Fines & Forfeits	9,636	8,250	8,554	8,640
Miscellaneous	115,858	11,500	14,972	15,122
Total Revenues	**$ 1,502,858**	**1,335,370**	**$ 1,403,035**	**$ 1,437,758**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 1,502,858**	**$ 1,335,370**	**$ 1,403,035**	**$ 1,437,758**
EXPENSES - BY DEPARTMENT				
Sanitation Department	$ 1,327,589	$ 1,314,474	$ 1,220,817	$ 1,339,486
Total Expenses	**$ 1,327,589**	**$ 1,314,474**	**$ 1,220,817**	**$ 1,339,486**
Other Uses:				
Transfers to Other Funds	$ 80,000	$ 80,000	$ 80,000	$ 80,000
Total Other Uses	**$ 80,000**	**$ 80,000**	**$ 80,000**	**$ 80,000**
Total Expenditures/Uses	**$ 1,407,589**	**$ 1,394,474**	**$ 1,300,817**	**$ 1,419,486**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 95,269**	**$ (59,104)**	**$ 102,218**	**$ 18,272**
Fund Balance	**$ 236,940**	**$ 177,836**	**$ 339,158**	**$ 357,430**
Target Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance in Excess of Minimum	**$ 236,940**	**$ 177,836**	**$ 339,158**	**$ 357,430**

SOLID WASTE FUND
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 141,671**	**$ 236,940**	**$ 236,940**	**$ 339,158**
REVENUES/SOURCES OF FUNDS				
Charges for Services	$ 1,377,364	$ 1,315,620	$ 1,379,509	$ 1,413,996
Fines & Forfeits	9,636	8,250	8,554	8,640
Miscellaneous	115,858	11,500	14,972	15,122
Total Revenues	**$ 1,502,858**	**1,335,370**	**$ 1,403,035**	**$ 1,437,758**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 1,502,858**	**$ 1,335,370**	**$ 1,403,035**	**$ 1,437,758**
EXPENSES - BY TYPE				
Services & Charges	$ 1,327,589	$ 1,314,474	$ 1,220,817	$ 1,339,486
Total Expenditures	**$ 1,327,589**	**$ 1,314,474**	**$ 1,220,817**	**$ 1,339,486**
Other Uses:				
Transfers to Other Funds	$ 80,000	$ 80,000	$ 80,000	$ 80,000
Total Other Uses	**$ 80,000**	**$ 80,000**	**$ 80,000**	**$ 80,000**
Total Expenditures/Uses	**$ 1,407,589**	**$ 1,394,474**	**$ 1,300,817**	**$ 1,419,486**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 95,269**	**$ (59,104)**	**$ 102,218**	**$ 18,272**
Fund Balance	**$ 236,940**	**$ 177,836**	**$ 339,158**	**$ 357,430**
Target Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance in Excess of Minimum	**$ 236,940**	**$ 177,836**	**$ 339,158**	**$ 357,430**

SOLID WASTE FUND
STATEMENT OF REVENUES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
Charges For Services				
Sanitation Collection Charges	$ 1,377,364	$ 1,315,620	$ 1,379,509	$ 1,413,996
Subtotal	**$ 1,377,364**	**$ 1,315,620**	**$ 1,379,509**	**$ 1,413,996**
Fines & Forfeits				
Late Penalties	$ 9,636	$ 8,250	$ 8,554	$ 8,640
Subtotal	**$ 9,636**	**$ 8,250**	**$ 8,554**	**$ 8,640**
Miscellaneous				
Interest Earnings	$ 15,331	$ 11,500	$ 14,972	$ 15,122
Miscellaneous	100,527.00	-	-	-
Subtotal	**$ 115,858**	**$ 11,500**	**$ 14,972**	**$ 15,122**
Total Revenues	**$ 1,502,858**	**1,335,370**	**$ 1,403,035**	**$ 1,437,758**

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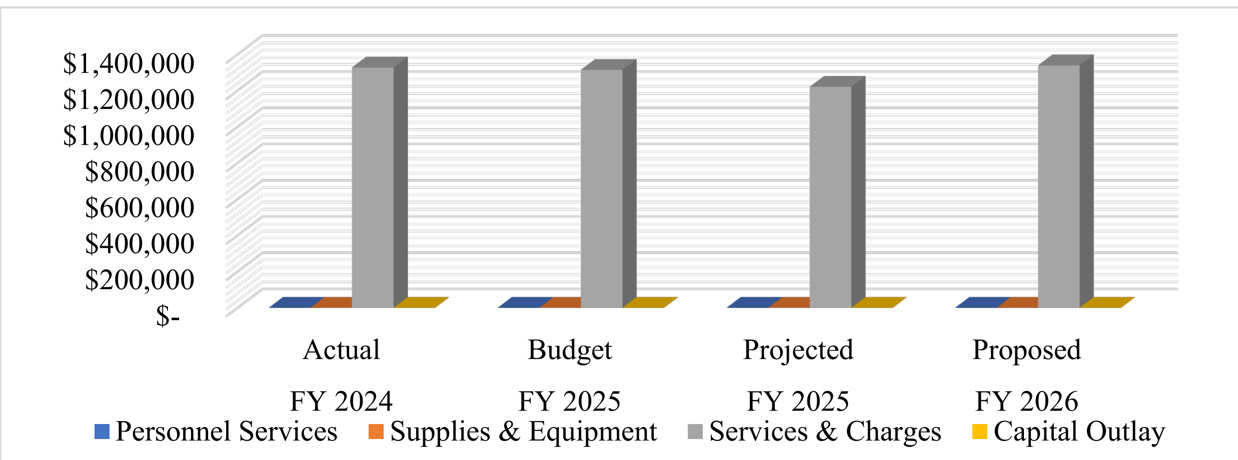
Sanitation

EXPENDITURE SUMMARY

	FY 2024 Actual	FY 2025 Budget	FY 2025 Projected	FY 2026 Proposed	% Change 2025 to 2026
Personnel Services	$ -	$ -	$ -	$ -	0.00%
Supplies & Equipment	-	-	-	-	0.00%
Services & Charges	1,327,589	1,314,474	1,220,817	1,339,486	1.87%
Capital Outlay	-	-	-	-	0.00%
Total Department	**$ 1,327,589**	**$ 1,314,474**	**$ 1,220,817**	**$ 1,339,486**	1.87%



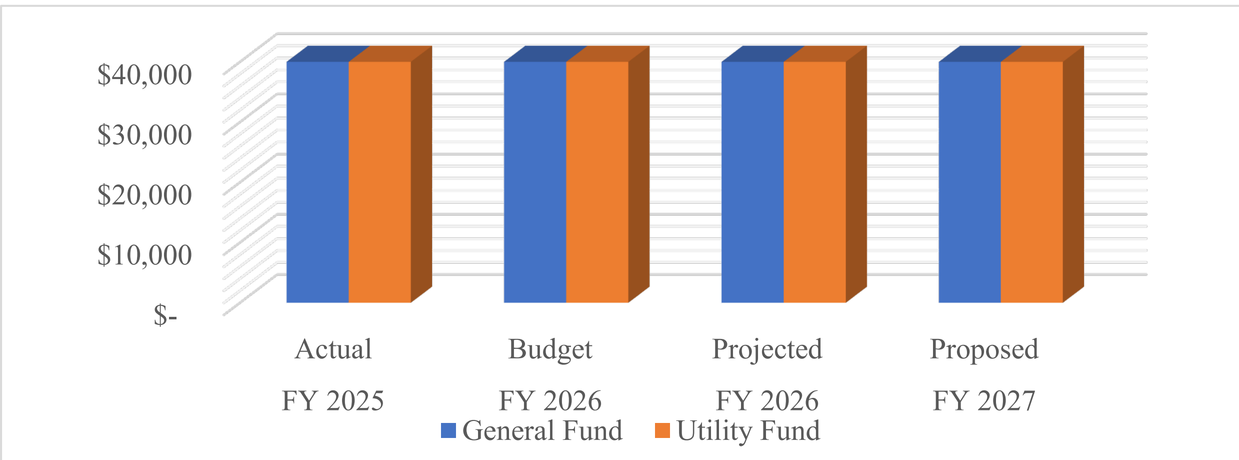
SIGNIFICANT BUDGETARY ITEMS/CHANGES

Consumer Price Index suggest an increase of 2%-3% in the next fiscal year. That has been incorporated into the cost of services and an uptick in brush collection services.

Transfer to Other Funds

EXPENDITURE SUMMARY

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed	% Change 2026 to 2027
General Fund	$ 40,000	$ 40,000	$ 40,000	$ 40,000	0.00%
Utility Fund	40,000	40,000	40,000	40,000	0.00%
Total Department	**$ 80,000**	**$ 80,000**	**$ 80,000**	**$ 80,000**	0.00%



SIGNIFICANT BUDGETARY ITEMS/CHANGES

Transfers of $40,000 to the Utility Fund and General Fund are for administrative and support service costs associated with management solid waste for the community. These are indirect costs associated with Solid Waste services.

GENERAL DEBT SERVICE FUND

The General Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The fund includes debt supported by property tax revenues and other pledged resources that are not associated with a specific proprietary activity.

For FY2027, the City of Heath continues to meet all debt obligations in a timely manner and in accordance with applicable bond covenants and the Texas Local Government Code. The fund is primarily supported by the Interest and Sinking (I&S) portion of the City's property tax rate.

Key Highlights:

- **Debt Rate**: The FY2027 proposed debt rate is $0.078130 per $100 of assessed valuation
- **Debt Payments**: Scheduled principal and interest payments for FY2027 from property taxes total $3,139,103.
- **Outstanding Debt**: As of October 1, 2026, the City's total outstanding debt supported by property taxes is $49.99 million. This amount does not include the proposed issuance of debt for FY2027.
- **Anticipated Debt Issuance**: The FY2027 Preliminary Proposed Budget anticipates the issuance of approximately $2.8 million in debt to the Larry Drive Drainage and Roadway Improvement Project and City Hall Design. The issuance is planned but has not been incorporated into the outstanding debt balance. Proposed debt schedule is included.

The City continues to meet all debt obligations in compliance with legal requirements and manages debt in accordance with its long-term Capital Improvement Plan and adopted tax rate policies.

Note: The fund also includes costs associated with bond administration, such as paying agent fees and disclosure compliance. In addition, it accounts for Public Improvement District (PID) debt, which is repaid through assessments levied on properties within the PID and is not supported by general tax revenues.

General Debt Service by Bond Series				
Bond Series		Prinicpal	Interest	Total
2013 Certificates of Obligation	Tax Supported	130,000	38,400	168,400
2014 Certificates of Obligation	Tax Supported	785,000	240,613	1,025,613
2015 General Obligation Refunding	Tax Supported	585,000	5,938	590,938
2017 Certificate of Obligation	Tax Supported	275,000	167,125	442,125
2019 Ceritificate of Obligation	Tax Supported	9,547	5,955	15,502
2023 Certificate of Obligation	Tax Supported	100,000	796,525	896,525
Total Tax Supported		**1,884,547**	**1,254,556**	**3,139,103**

Public Improvement District Assessment				
Bond Series		Prinicpal	Interest	Total
2019 Haciendas Del Lago PID	Special District Tax Assessment	8,794	5,146	13,940
Special District Tax Assessment		**8,794**	**5,146**	**13,940**

General Debt Service Totals		**1,893,341**	**1,259,702**	**3,153,043**

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GENERAL DEBT SERVICE FUND
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 668,543**	**$ 861,656**	**$ 861,656**	**$ 972,816**
REVENUES/SOURCES OF FUNDS				
Taxes	$ 3,348,109	$ 3,235,105	$ 3,249,580	$ 3,191,145
Miscellaneous	19,270	17,300	22,689	18,127
Total Revenues	**$ 3,367,379**	**3,252,405**	**$ 3,272,269**	**$ 3,209,272**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 3,367,379**	**$ 3,252,405**	**$ 3,272,269**	**$ 3,209,272**
EXPENDITURES/USES OF FUNDS				
Services & Charges	$ 7,825	$ 10,000	$ 5,000	$ 5,000
Debt Service Principal	1,792,340	1,837,341	1,837,341	1,893,341
Debt Service Interest	1,374,101	1,318,768	1,318,768	1,259,702
Total Expenditures/Uses	**$ 3,174,266**	**$ 3,166,109**	**$ 3,161,109**	**$ 3,158,043**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 193,113**	**$ 86,296**	**$ 111,160**	**$ 51,229**
Fund Balance	**$ 861,656**	**$ 947,952**	**$ 972,816**	**$ 1,024,045**
Target Fund Balance	**$ 264,522**	**$ 263,842**	**$ 263,426**	**$ 263,170**
Fund Balance in Excess of Minimum	**$ 597,133**	**$ 684,109**	**$ 709,390**	**$ 760,874**

General Debt Service by Bond Series				
Bond Series		Prinicpal	Interest	Total
2013 Certificates of Obligation	Tax Supported	130,000	38,400	168,400
2014 Certificates of Obligation	Tax Supported	785,000	240,613	1,025,613
2015 General Obligation Refunding	Tax Supported	585,000	5,938	590,938
2017 Certificate of Obligation	Tax Supported	275,000	167,125	442,125
2019 Ceritificate of Obligation	Tax Supported	9,547	5,955	15,502
2023 Certificate of Obligation	Tax Supported	100,000	796,525	896,525
Total Tax Supported		**1,884,547**	**1,254,556**	**3,139,103**

Public Improvement District Assessment				
Bond Series		Prinicpal	Interest	Total
2019 Haciendas Del Lago PID	Special District Tax Assessment	8,794	5,146	13,940
Special District Tax Assessment		**8,794**	**5,146**	**13,940**

General Debt Service Totals	**1,893,341**	**1,259,702**	**3,153,043**

TOTAL DEBT SUPPORTED BY PROPERTY TAXES

Date	Principal	Interest	Total Debt Service	(Less: Annual HMBC contribution)	Net Debt Service
9/30/2027	$ 1,884,546	$ 1,728,479	$ 3,613,025	$ (473,925)	$ 3,139,100
9/30/2028	$ 1,835,228	$ 1,779,076	$ 3,614,304	$ (473,925)	$ 3,140,379
9/30/2029	$ 1,900,910	$ 1,706,348	$ 3,607,258	$ (473,925)	$ 3,133,333
9/30/2030	$ 1,975,910	$ 1,631,062	$ 3,606,972	$ (473,925)	$ 3,133,047
9/30/2031	$ 2,061,592	$ 1,548,230	$ 3,609,822	$ (473,925)	$ 3,135,897
9/30/2032	$ 2,151,592	$ 1,457,389	$ 3,608,981	$ (473,925)	$ 3,135,056
9/30/2033	$ 2,247,274	$ 1,361,884	$ 3,609,157	$ (473,925)	$ 3,135,232
9/30/2034	$ 2,352,955	$ 1,259,807	$ 3,612,762	$ (473,925)	$ 3,138,837
9/30/2035	$ 2,462,955	$ 1,145,515	$ 3,608,470	$ (473,925)	$ 3,134,545
9/30/2036	$ 2,588,637	$ 1,020,364	$ 3,609,002	$ (473,925)	$ 3,135,077
9/30/2037	$ 2,719,319	$ 888,855	$ 3,608,174	$ (473,925)	$ 3,134,249
9/30/2038	$ 2,860,001	$ 750,613	$ 3,610,614	$ (473,925)	$ 3,136,689
9/30/2039	$ 2,985,001	$ 619,886	$ 3,604,887	$ (473,925)	$ 3,130,962
9/30/2040	$ 3,110,000	$ 497,376	$ 3,607,376	$ (473,925)	$ 3,133,451
9/30/2041	$ 3,235,000	$ 370,113	$ 3,605,113	$ (473,925)	$ 3,131,188
9/30/2042	$ 3,365,000	$ 237,741	$ 3,602,741	$ (473,925)	$ 3,128,816
9/30/2043	$ 3,505,000	$ 99,852	$ 3,604,852	$ (473,925)	$ 3,130,927
9/30/2044	$ 175,000	$ 25,854	$ 200,854	$ -	$ 200,854
9/30/2045	$ 185,000	$ 18,140	$ 203,140	$ -	$ 203,140
9/30/2046	$ 195,000	$ 10,008	$ 205,008	$ -	$ 205,008
9/30/2047	$ 200,000	$ 1,668	$ 201,668	$ -	$ 201,668
	$ 43,995,920	$ 18,158,258	$ 62,154,178	$ (8,056,725)	$ 54,097,453

City of Heath, Texas
Combination Tax and Surplus Revenue Certificates of Obligation, Series 2013 (I&S Tax Portion) Callable on 2/15/2023 @ par
Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Date	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
9/30/2027	$ 130,000	4.00%	$ 38,400	$ 168,400	$ 168,400
9/30/2028	$ 135,000	4.00%	$ 33,100	$ 168,100	$ 168,100
9/30/2029	$ 140,000	4.00%	$ 27,600	$ 167,600	$ 167,600
9/30/2030	$ 145,000	4.00%	$ 21,900	$ 166,900	$ 166,900
9/30/2031	$ 150,000	4.00%	$ 16,000	$ 166,000	$ 166,000
9/30/2032	$ 160,000	4.00%	$ 9,800	$ 169,800	$ 169,800
2/15/2033	$ 165,000	4.000%	$ 3,300	$ 168,300	$ 168,300
	$ 1,025,000		$ 150,100	$ 1,175,100	$ 1,175,100

Bond Issuance Date: August 8, 2013

Purpose: “Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, installing, acquiring, and equipping additions, extensions, and improvements to the City's waterworks and sanitary sewer system, and the acquisition of land and interests in land for such projects, (ii) constructing and improving streets and roads, including related drainage, utility relocation, signalization, landscaping, lighting, and signage; (iii) legal, fiscal, and engineering fees in connection with such projects; and (iv) paying costs of issuance of the Certificates”

City of Heath, Texas
Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2014 (I&S Tax) Callable on 2/15/2023 @ par
Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Date		Principal	Coupon		Interest		Total Debt Service		Net Debt Service
9/30/2027	$	785,000	3.00%	$	240,613	$	1,025,613	$	1,025,613
9/30/2028	$	810,000	3.25%	$	215,675	$	1,025,675	$	1,025,675
9/30/2029	$	840,000	3.38%	$	188,338	$	1,028,338	$	1,028,338
9/30/2030	$	865,000	3.50%	$	159,025	$	1,024,025	$	1,024,025
9/30/2031	$	900,000	3.63%	$	127,575	$	1,027,575	$	1,027,575
9/30/2032	$	930,000	3.75%	$	93,825	$	1,023,825	$	1,023,825
9/30/2033	$	965,000	3.75%	$	58,294	$	1,023,294	$	1,023,294
2/15/2034	$	1,005,000	4.000%	$	20,100	$	1,025,100	$	1,025,100
	$	7,100,000		$	1,103,444	$	8,203,444	$	8,203,444

Bond Issuance Date: April 24, 2014

Purpose: "Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing and improving streets and roads, (ii) constructing, installing, acquiring and equipping improvements to municipal parks and trails, (iii) constructing, acquiring, installing and equipping a public safety communications system (iv) legal, fiscal and engineering fees in connection with such projects; and (v) paying costs of issuance of the Certificates"

City of Heath, Texas
General Obligation Refunding Bonds, Series 2015 (I&S Tax Portion) Callable Anytime @ Par
Paying Agent: Alliance Bank

Date	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
9/30/2027	$ 585,000	2.03%	$ 5,938	$ 590,938	$ 590,938
	$ 585,000		$ 5,938	$ 590,938	$ 590,938

Bond Issuance Date: November 29, 2007

Purpose: "Proceeds from the sale of the Obligations will be used to pay contractual obligations incurred for street and road improvements, renovating and equipping City buildings, professional fees for preparing a comprehensive plan update and traffic study and waterworks and sanitary sewer system improvements, and to pay the costs of issuance of the Obligations."

Refunding Bond

Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2007

City of Heath, Texas

Combination Tax & Surplus Revenue Certificates of Obligation, Series 2017 (I&S Tax Portion) Callable 2/15/2027 @ par

Paying Agent: The Bank of New York Mellon Trust Company, N.A.

Date	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
9/30/2027	$ 275,000	5.00%	$ 167,125	$ 442,125	$ 442,125
9/30/2028	$ 290,000	4.00%	$ 154,450	$ 444,450	$ 444,450
9/30/2029	$ 300,000	3.00%	$ 144,150	$ 444,150	$ 444,150
9/30/2030	$ 305,000	3.00%	$ 135,075	$ 440,075	$ 440,075
9/30/2031	$ 320,000	5.00%	$ 122,500	$ 442,500	$ 442,500
9/30/2032	$ 335,000	5.00%	$ 106,125	$ 441,125	$ 441,125
9/30/2033	$ 355,000	5.00%	$ 88,875	$ 443,875	$ 443,875
9/30/2034	$ 370,000	5.00%	$ 70,750	$ 440,750	$ 440,750
9/30/2035	$ 390,000	5.00%	$ 51,750	$ 441,750	$ 441,750
9/30/2036	$ 410,000	5.00%	$ 31,750	$ 441,750	$ 441,750
9/30/2037	$ 430,000	5.00%	$ 10,750	$ 440,750	$ 440,750
	$ 3,780,000		$ 1,083,300	$ 4,863,300	$ 4,863,300

Bond Issuance Date: February 9, 2017

Purpose: “Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) constructing, reconstructing, and improving streets and roads, including related sidewalks, drainage, utility relocation, signalization, landscaping, lighting and signage; (ii) constructing, installing, acquiring and equipping improvements to municipal parks and trails, (iii) acquiring, constructing, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system, and the acquisition of land and interests in land necessary therefor; (iv) acquiring a firetruck; (v) constructing and equipping a public works facility, including related parking and infrastructure; (vi) legal, fiscal and engineering fees in connection with such projects; and (vii) paying costs of issuance of the Certificates.”

City of Heath, Texas
Combination Tax & Revenue Certificates of Obligation, Series 2019 (I&S Tax Portion) Callable Anytime @ Par
Paying Agent: Alliance Bank

Date	Principal	Coupon	Interest	Total Debt Service	Net Debt Service
9/30/2027	$ 9,546	3.70%	$ 5,954	$ 15,500	$ 15,500
9/30/2028	$ 10,228	3.70%	$ 5,601	$ 15,829	$ 15,829
9/30/2029	$ 10,910	3.70%	$ 5,222	$ 16,132	$ 16,132
9/30/2030	$ 10,910	3.70%	$ 4,819	$ 15,729	$ 15,729
9/30/2031	$ 11,592	3.70%	$ 4,415	$ 16,007	$ 16,007
9/30/2032	$ 11,592	3.70%	$ 3,986	$ 15,578	$ 15,578
9/30/2033	$ 12,274	3.70%	$ 3,557	$ 15,831	$ 15,831
9/30/2034	$ 12,955	3.70%	$ 3,103	$ 16,059	$ 16,059
9/30/2035	$ 12,955	3.70%	$ 2,624	$ 15,579	$ 15,579
9/30/2036	$ 13,637	3.70%	$ 2,144	$ 15,782	$ 15,782
9/30/2037	$ 14,319	3.70%	$ 1,640	$ 15,959	$ 15,959
9/30/2038	$ 15,001	3.70%	$ 1,110	$ 16,111	$ 16,111
9/30/2039	$ 15,001	3.70%	$ 555	$ 15,556	$ 15,556
	$ 160,920		$ 44,731	$ 205,651	$ 205,651

Bond Issuance Date: February 19, 2019

Purpose: "Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) reconstructing or improving streets and roads, including related drainage, utility relocation and signage; and acquiring (ii) acquiring, constructing, installing and equipping additions, extensions and improvements to the Issuer's waterworks and sewer system (the "Projects")"

City of Heath, Texas
Combination Tax & Limited Surplus Revenue Certificates of Obligation, Series 2023 (I&S Tax Portion) Callable on 2/15/2033 @ Par

Date		Principal	Coupon		Interest		Total Debt Service		(Less: Annual HMBC contribution)		Net Debt Service
9/30/2027	$	100,000	5.00%	$	1,270,450	$	1,370,450	$	(473,925)	$	896,525
9/30/2028	$	495,000	5.00%	$	1,255,575	$	1,750,575	$	(473,925)	$	1,276,650
9/30/2029	$	515,000	5.00%	$	1,230,325	$	1,745,325	$	(473,925)	$	1,271,400
9/30/2030	$	550,000	5.00%	$	1,203,700	$	1,753,700	$	(473,925)	$	1,279,775
9/30/2031	$	575,000	5.00%	$	1,175,575	$	1,750,575	$	(473,925)	$	1,276,650
9/30/2032	$	605,000	5.00%	$	1,146,075	$	1,751,075	$	(473,925)	$	1,277,150
9/30/2033	$	635,000	5.00%	$	1,115,075	$	1,750,075	$	(473,925)	$	1,276,150
9/30/2034	$	845,000	5.00%	$	1,078,075	$	1,923,075	$	(473,925)	$	1,449,150
9/30/2035	$	1,935,000	5.00%	$	1,008,575	$	2,943,575	$	(473,925)	$	2,469,650
9/30/2036	$	2,035,000	5.00%	$	909,325	$	2,944,325	$	(473,925)	$	2,470,400
9/30/2037	$	2,140,000	5.00%	$	804,950	$	2,944,950	$	(473,925)	$	2,471,025
9/30/2038	$	2,705,000	5.00%	$	683,825	$	3,388,825	$	(473,925)	$	2,914,900
9/30/2039	$	2,825,000	4.00%	$	559,700	$	3,384,700	$	(473,925)	$	2,910,775
9/30/2040	$	2,960,000	4.00%	$	444,000	$	3,404,000	$	(473,925)	$	2,930,075
9/30/2041	$	3,080,000	4.00%	$	323,200	$	3,403,200	$	(473,925)	$	2,929,275
9/30/2042	$	3,205,000	4.00%	$	197,500	$	3,402,500	$	(473,925)	$	2,928,575
9/30/2043	$	3,335,000	4.00%	$	66,700	$	3,401,700	$	(473,925)	$	2,927,775
	$	28,540,000		$	14,472,625	$	43,012,625	$	(8,056,725)	$	34,955,900

Bond Issuance Date: December 28, 2023

Purpose: " Proceeds from the sale of the Certificates will be used for paying all or a portion of the City's contractual obligations incurred in connection with (i) acquiring, constructing, installing, and equipping municipal park improvements, including renovations and improvements for Towne Center park; (ii) acquiring, constructing, installing and equipping a public works facility; (iii) acquiring, constructing, installing and equipping a public safety facility for the police and fire departments; (iv) acquisition of a fire truck; (v) acquiring, constructing, installing and equipping additions, extensions and improvements to the City's waterworks and sewer system; (vi) acquiring land and interests in land necessary for such projects; and (vii) paying legal, fiscal and engineering fees in connection with such projects.

City of Heath, Texas
Proposed Combination Tax & Limited Surplus Revenue Certificates of Obligation, Series 2027

Date	Principal	Coupon	Interest	Total Debt Service		Net Debt Service
9/30/2027	$ -	$ -	$ -	$ -	$ -	$ -
9/30/2028	$ 95,000	4.17%	$ 114,675	$ 209,675	$ -	$ 209,675
9/30/2029	$ 95,000	4.17%	$ 110,714	$ 205,714	$ -	$ 205,714
9/30/2030	$ 100,000	4.17%	$ 106,544	$ 206,544	$ -	$ 206,544
9/30/2031	$ 105,000	4.17%	$ 102,165	$ 207,165	$ -	$ 207,165
9/30/2032	$ 110,000	4.17%	$ 97,578	$ 207,578	$ -	$ 207,578
9/30/2033	$ 115,000	4.17%	$ 92,783	$ 207,783	$ -	$ 207,783
9/30/2034	$ 120,000	4.17%	$ 87,779	$ 207,779	$ -	$ 207,779
9/30/2035	$ 125,000	4.17%	$ 82,566	$ 207,566	$ -	$ 207,566
9/30/2036	$ 130,000	4.17%	$ 77,145	$ 207,145	$ -	$ 207,145
9/30/2037	$ 135,000	4.17%	$ 71,516	$ 206,516	$ -	$ 206,516
9/30/2038	$ 140,000	4.17%	$ 65,678	$ 205,678	$ -	$ 205,678
9/30/2039	$ 145,000	4.17%	$ 59,631	$ 204,631	$ -	$ 204,631
9/30/2040	$ 150,000	4.17%	$ 53,376	$ 203,376	$ -	$ 203,376
9/30/2041	$ 155,000	4.17%	$ 46,913	$ 201,913	$ -	$ 201,913
9/30/2042	$ 160,000	4.17%	$ 40,241	$ 200,241	$ -	$ 200,241
9/30/2043	$ 170,000	4.17%	$ 33,152	$ 203,152	$ -	$ 203,152
9/30/2044	$ 175,000	4.17%	$ 25,854	$ 200,854	$ -	$ 200,854
9/30/2045	$ 185,000	4.17%	$ 18,140	$ 203,140	$ -	$ 203,140
9/30/2046	$ 195,000	4.17%	$ 10,008	$ 205,008	$ -	$ 205,008
9/30/2047	$ 200,000	4.17%	$ 1,668	$ 201,668	$ -	$ 201,668
	$ 2,805,000		$ 1,298,121	$ 4,103,121		$ 4,103,121

Bond Issuance Date: To Be Determined

Purpose: “Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) reconstructing or improving streets and roads, including related drainage, utility relocation and signage; and acquiring (ii) acquiring, constructing, installing and equipping additions, extensions and improvements to the Issuer’s waterworks and sewer system (the “Projects”)”

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OTHER FUNDS

The City of Heath maintains several special-purpose funds outside of its primary operating funds to provide transparency, ensure legal compliance, and support long-term planning efforts. These Other Funds include capital project, replacement, donation, and restricted revenue funds, each designated for a specific purpose:

Opioid Settlement Fund - Accounts for revenues received through state and national opioid settlement agreements, which are restricted for eligible opioid abatement, prevention, treatment, and recovery efforts.

Municipal Court and Public Safety Fund – Accounts for restricted revenues primarily derived from court fines and state allocations. Includes: Leose Training Allocation, Court Security, Court Technology, Child Safety Allocations, Local Truancy Prevention, Municipal Jury Fund, and Police Donations.

Marsha's Happy Haven – Restricted donation fund for a memorial project or amenities honoring Marsha's legacy.

Farmers Market – Support operations and events associated with the City's Farmers' Market program

Parkland Dedication Fee – Collects fees from developers to fund acquisition and development of parkland in accordance with City Ordinances.

PATH Fund – Funded by community donations to enhance parks, trails, and beautification projects.

Drainage Fund – Supports the maintenance and improvement of the City's drainage infrastructure. Funded by transfers from the General Capital Projects Fund.

Fire Station Building – Previously funded by General Fund transfers (discontinued in FY2024); retains a balance of approximately $1.5 million for future purchase.

General Equipment Replacement Fund – Used to fund schedule replacement of equipment and vehicles for departments

Utility Equipment Replacement Fund – Funds the replacement of aging equipment used in water and wastewater operations to maintain reliable utility services.

Tree Mitigation – Used for planting and maintaining trees, funded by tree removal fees paid by developers

Park CIP Fund – Historically supported by 25% transfer of sales tax revenue from the HEDC and HMBC. Used to fund park maintenance and development. *No transfers scheduled for FY2026.*

Street Escrow Fund – Holds developer-paid fees in lieu of roadway construction. Funds are restricted for street improvements directly related to the developments that generated the fees and are released as projects proceed.

Roadway Impact Fee Fund - Accounts for roadway impact fees collected from new development. Revenues are legally restricted for growth-related roadway capital improvements.

Water Impact Fee Fund - Accounts for water impact fees collected from new development. Revenues are legally restricted for growth-related water system capital improvements.

Sewer Impact Fee Fund - Accounts for sewer impact fees collected from new development. Revenues are legally restricted for growth-related wastewater system capital improvements.

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OPIOID SETTLEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ 8,566**	**$ 8,566**	**$ 8,651**
REVENUES/SOURCES OF FUNDS				
Opioid Settlement Funds	$ 8,566	$ -	$ -	$ -
Interest Earnings	-	-	85	100
Miscellaneous	-	-	-	-
Total Revenues	**$ 8,566**	**-**	**$ 85**	**$ 100**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 8,566**	**$ -**	**$ 85**	**$ 100**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 8,566**	**$ -**	**$ 85**	**$ 100**
Fund Balance	**$ 8,566**	**$ 8,566**	**$ 8,651**	**$ 8,751**

MUNICIPAL COURT AND PUBLIC SAFETY FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 158,216**	**$ 163,260**	**$ 163,260**	**$ 166,930**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	2,996	-	4,491	600
Miscellaneous	15,272	18,349	13,019	13,660
Total Revenues	**$ 18,268**	**18,349**	**$ 17,510**	**$ 14,260**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 18,268**	**$ 18,349**	**$ 17,510**	**$ 14,260**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	13,224	-	13,840	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ 13,224**	**$ -**	**$ 13,840**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ 13,224**	**$ -**	**$ 13,840**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 5,044**	**$ 18,349**	**$ 3,670**	**$ 14,260**
Fund Balance	**$ 163,260**	**$ 181,609**	**$ 166,930**	**$ 181,190**

MARSHA'S HAPPY HAVEN FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 91,346**	**$ 92,876**	**$ 92,876**	**$ 1,192,876**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ 1,100,000	$ -
Grant Funding	-	-	-	550,000
Interest Earnings	1,530	1,384	-	20,875
Miscellaneous	-	-	-	-
Total Revenues	**$ 1,530**	**1,384**	**$ 1,100,000**	**$ 570,875**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 1,530**	**$ 1,384**	**$ 1,100,000**	**$ 570,875**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	170,000
Capital Outlay	-	-	-	1,600,000
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ 1,770,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ 1,770,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 1,530**	**$ 1,384**	**$ 1,100,000**	**$ (1,199,125)**
Fund Balance	**$ 92,876**	**$ 94,260**	**$ 1,192,876**	**$ (6,249)**

FARMERS' MARKET FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 139**	**$ 148**	**$ 148**	**$ 160**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	9	10	12	12
Miscellaneous	-	-	-	-
Total Revenues	**$ 9**	**10**	**$ 12**	**$ 12**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 9**	**$ 10**	**$ 12**	**$ 12**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 9**	**$ 10**	**$ 12**	**$ 12**
Fund Balance	**$ 148**	**$ 158**	**$ 160**	**$ 172**

PARKLAND DEDICATION FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 42,643**	**$ 43,357**	**$ 43,357**	**$ 44,522**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	714	650	1,165	1,200
Miscellaneous	-	-	-	-
Total Revenues	**$ 714**	**650**	**$ 1,165**	**$ 1,200**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 714**	**$ 650**	**$ 1,165**	**$ 1,200**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 714**	**$ 650**	**$ 1,165**	**$ 1,200**
Fund Balance	**$ 43,357**	**$ 44,007**	**$ 44,522**	**$ 45,722**

PATH FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 38,198**	**$ 252,757**	**$ 252,757**	**$ 120,764**
REVENUES/SOURCES OF FUNDS				
Donations	$ 241,459	$ 14,700	$ 16,649	$ 16,700
Interest Earnings	1,039	250	4,408	4,500
Miscellaneous	-	-	-	-
Total Revenues	**$ 242,498**	**14,950**	**$ 21,057**	**$ 21,200**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 242,498**	**$ 14,950**	**$ 21,057**	**$ 21,200**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ 1,200	$ 1,200
Services & Charges	-	1,000	1,850	2,000
Capital Outlay	27,939	200,000	150,000	50,000
Total Expenditures	**$ 27,939**	**$ 201,000**	**$ 153,050**	**$ 53,200**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ 27,939**	**$ 201,000**	**$ 153,050**	**$ 53,200**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 214,559**	**$ (186,050)**	**$ (131,993)**	**$ (32,000)**
Fund Balance	**$ 252,757**	**$ 66,707**	**$ 120,764**	**$ 88,764**

DRAINAGE UTILITY FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 250,848**	**$ 303,100**	**$ 303,100**	**$ 561,709**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	4,202	3,100	10,609	19,660
Miscellaneous	-	-	-	-
Total Revenues	**$ 4,202**	**3,100**	**$ 10,609**	**$ 19,660**
Other Sources:				
Transfers In	$ 236,000	$ 248,000	$ 248,000	$ 1,300,000
Total Other Sources	**$ 236,000**	**$ 248,000**	**$ 248,000**	**$ 1,300,000**
Total Revenues Sources	**$ 240,202**	**$ 251,100**	**$ 258,609**	**$ 1,319,660**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	187,950	125,000	-	1,476,250
Total Expenditures	**$ 187,950**	**$ 125,000**	**$ -**	**$ 1,476,250**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ 187,950**	**$ 125,000**	**$ -**	**$ 1,476,250**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 52,252**	**$ 126,100**	**$ 258,609**	**$ (156,590)**
Fund Balance	**$ 303,100**	**$ 429,200**	**$ 561,709**	**$ 405,119**

FIRE STATION BUILDING FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 1,551,951**	**$ 1,577,942**	**$ 1,577,942**	**$ 1,553,935**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ 50,000	$ -
Interest Earnings	25,991	25,000	27,363	-
Miscellaneous	-	-	-	-
Total Revenues	**$ 25,991**	**25,000**	**$ 77,363**	**$ -**
Other Sources:				
Transfers In	$ -	$ 128,000	$ -	$ -
Total Other Sources	**$ -**	**$ 128,000**	**$ -**	**$ -**
Total Revenues Sources	**$ 25,991**	**$ 153,000**	**$ 77,363**	**$ -**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	1,700,000	101,370	-
Total Expenditures	**$ -**	**$ 1,700,000**	**$ 101,370**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ 1,553,935
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ 1,553,935**
Total Expenditures/Uses	**$ -**	**$ 1,700,000**	**$ 101,370**	**$ 1,553,935**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 25,991**	**$ (1,547,000)**	**$ (24,007)**	**$ (1,553,935)**
Fund Balance	**$ 1,577,942**	**$ 30,942**	**$ 1,553,935**	**$ -**

EQUIPMENT REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 805,217**	**$ 822,371**	**$ 822,371**	**$ 157,903**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	14,384	6,050	20,550	22,000
Miscellaneous	6,161	5,000	138,172	25,000
Total Revenues	**$ 20,545**	**11,050**	**$ 158,722**	**$ 47,000**
Other Sources:				
Transfers In	$ 545,700	$ 545,700	$ 545,700	$ 2,099,635
Total Other Sources	**$ 545,700**	**$ 545,700**	**$ 545,700**	**$ 2,099,635**
Total Revenues Sources	**$ 566,245**	**$ 556,750**	**$ 704,422**	**$ 2,146,635**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	549,091	1,311,357	1,368,890	553,000
Total Expenditures	**$ 549,091**	**$ 1,311,357**	**$ 1,368,890**	**$ 553,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ 549,091**	**$ 1,311,357**	**$ 1,368,890**	**$ 553,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 17,154**	**$ (754,607)**	**$ (664,468)**	**$ 1,593,635**
Fund Balance	**$ 822,371**	**$ 67,764**	**$ 157,903**	**$ 1,751,538**

City of Heath
General Equipment Replacement Fund No. 700
FY2026-27 Proposed New Capital Purchases

Department	Description	Purpose	Total
DPS	Outdoor Warning System	New	104,000.00
DPS	Police Taser Equipment	Replacement	54,000.00
DPS	In-Car/Body Worn Cameras	Replacement	135,000.00
DPS	2020 Chevrolet Tahoe	Replacement	80,000.00
DPS	2021 Chevrolet Tahoe	Replacement	80,000.00
DPS	2021 Chevrolet Tahoe	Replacement	80,000.00
Public Works	2021 Hyundai Palisade	Replacement	20,000.00
		Total	**$ 553,000.00**

UTILITY EQUIPMENT REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 559,573**	**$ 689,276**	**$ 689,276**	**$ 721,685**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	-	-	6,709	6,800
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**-**	**$ 6,709**	**$ 6,800**
Other Sources:				
Transfers In	$ 215,700	$ 215,700	$ 215,700	$ 215,700
Total Other Sources	**$ 215,700**	**$ 215,700**	**$ 215,700**	**$ 215,700**
Total Revenues Sources	**$ 215,700**	**$ 215,700**	**$ 222,409**	**$ 222,500**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	85,997	190,000	190,000	150,000
Total Expenditures	**$ 85,997**	**$ 190,000**	**$ 190,000**	**$ 150,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ 85,997**	**$ 190,000**	**$ 190,000**	**$ 150,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 129,703**	**$ 25,700**	**$ 32,409**	**$ 72,500**
Fund Balance	**$ 689,276**	**$ 714,976**	**$ 721,685**	**$ 794,185**

City of Heath
Utility Equipment Replacement Fund No. 710
FY2026-27 Proposed Capital Purchases

Department	Description	Purpose	Total
Publc Works	2021 Hyundai Palisade	Replacement	$ 20,000.00
Public Works - Utilities	2017 3/4 Ton Ford F-250	Replacement	65,000.00
Public Works - Utilities	2019 1/2 Ton Ford F-150	Replacement	65,000.00
	Total		**$ 150,000.00**

TREE MITIGATION FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 114,403**	**$ 114,403**	**$ 114,403**	**$ 117,481**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	-	1,668	3,078	3,100
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**1,668**	**$ 3,078**	**$ 3,100**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ 1,668**	**$ 3,078**	**$ 3,100**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ -**	**$ 1,668**	**$ 3,078**	**$ 3,100**
Fund Balance	**$ 114,403**	**$ 116,071**	**$ 117,481**	**$ 120,581**

PARKS CIP
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 1,073,174**	**$ 1,469,174**	**$ 1,469,174**	**$ 1,480,168**
REVENUES/SOURCES OF FUNDS				
Donations	$ -	$ -	$ -	$ -
Interest Earnings	-	1,000	10,994	1,000
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**1,000**	**$ 10,994**	**$ 1,000**
Other Sources:				
Transfers In	$ 396,000	$ -	$ -	$ -
Total Other Sources	**$ 396,000**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 396,000**	**$ 1,000**	**$ 10,994**	**$ 1,000**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	75,000	-	77,625
Total Expenditures	**$ -**	**$ 75,000**	**$ -**	**$ 77,625**
Other Uses:				
Transfers to Other Funds	$ -	$ 1,200,000	$ -	$ 1,200,000
Total Other Uses	**$ -**	**$ 1,200,000**	**$ -**	**$ 1,200,000**
Total Expenditures/Uses	**$ -**	**$ 1,275,000**	**$ -**	**$ 1,277,625**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 396,000**	**$ (1,274,000)**	**$ 10,994**	**$ (1,276,625)**
Fund Balance	**$ 1,469,174**	**$ 195,174**	**$ 1,480,168**	**$ 203,543**

STREET ESCROW FUND
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 608,698**	**$ 883,722**	**$ 883,722**	**$ 903,731**
REVENUES/SOURCES OF FUNDS				
Donations/Capital Contributions	$ 264,078	$ -	$ -	$ -
Interest Earnings	10,945	3,000	20,009	20,000
Miscellaneous	-	-	-	-
Total Revenues	**$ 275,024**	**3,000**	**$ 20,009**	**$ 20,000**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 275,024**	**$ 3,000**	**$ 20,009**	**$ 20,000**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ -**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ -**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 275,024**	**$ 3,000**	**$ 20,009**	**$ 20,000**
Fund Balance	**$ 883,722**	**$ 886,722**	**$ 903,731**	**$ 923,731**

ROADWAY IMPACT FEE
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ 398,384**
REVENUES/SOURCES OF FUNDS				
Roadway Impact Fees	$ -	$ -	$ 398,384	$ 418,933
Interest Earnings	-	-	-	20,276
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**-**	**$ 398,384**	**$ 439,209**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ -**	**$ 398,384**	**$ 439,209**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	50,000
Capital Outlay	-	-	-	-
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ 50,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ 50,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ -**	**$ -**	**$ 398,384**	**$ 389,209**
Fund Balance	**$ -**	**$ -**	**$ 398,384**	**$ 787,593**

WATER IMPACT FEE
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ (343,478)**
REVENUES/SOURCES OF FUNDS				
Water Impact Fees	$ -	$ -	$ 556,522	$ 500,870
Interest Earnings	-	-	-	5,009
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**-**	**$ 556,522**	**$ 505,879**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ -**	**$ 556,522**	**$ 505,879**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	50,000
Capital Outlay	-	-	900,000	-
Total Expenditures	**$ -**	**$ -**	**$ 900,000**	**$ 50,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures/Uses	**$ -**	**$ -**	**$ 900,000**	**$ 50,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ -**	**$ -**	**$ (343,478)**	**$ 455,879**
Fund Balance	**$ -**	**$ -**	**$ (343,478)**	**$ 112,401**

SEWER IMPACT FEE
STATEMENT OF REVENUES AND EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ (265,088)**	**$ (265,088)**	**$ 752,829**
REVENUES/SOURCES OF FUNDS				
Sewer Impact Fees	$ -	$ -	$ 1,017,917	$ 814,334
Interest Earnings	-	-	-	36,645
Miscellaneous	-	-	-	-
Total Revenues	**$ -**	**-**	**$ 1,017,917**	**$ 850,979**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ -**	**$ 1,017,917**	**$ 850,979**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	-	-	50,000
Capital Outlay	265,088	-	-	-
Total Expenditures	**$ 265,088**	**$ -**	**$ -**	**$ 50,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ 690,000
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ 690,000**
Total Expenditures/Uses	**$ 265,088**	**$ -**	**$ -**	**$ 740,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ (265,088)**	**$ -**	**$ 1,017,917**	**$ 110,979**
Fund Balance	**$ (265,088)**	**$ (265,088)**	**$ 752,829**	**$ 863,808**

CAPITAL PROJECT FUNDS

The City of Heath utilizes several capital project funds to manage the financing and implementation of major infrastructure and facility improvements. These funds are essential to executing the City's long-term Capital Improvement Plan (CIP) and are used to track revenues and expenditures associated with the construction, expansion, and rehabilitation of public assets. Funding sources for these projects vary and may include bond proceeds, developer contributions/fees, grants, and impact fees. The funds below represent the City's primary capital project accounts that support both governmental and utility infrastructure.

Fund	Purpose	Funding Sources	Uses of Funds
General Capital Projects Fund	Supports the general government infrastructure, not tied to utility operations	Transfers from the General Fund, developer contributions/fees, and grants	Street and drainage improvements, facility upgrades, parks, and equipment
Utility Capital Projects Fund	Funds water and wastewater infrastructure improvements	Transfers from Utility Fund, developer contributions/fees, and grants	Water/sewer line rehab, storage tanks, pump/lift stations
CO Series 2023 Capital Bond	Tracks proceeds from the 2023 Certificates of Obligation for capital projects	Bond proceeds, investment earnings, and one-time transfers from Parks and HMBC	Public Safety Facility, Towne Center Park, and Public Works Facility
CO Series 2026 Capital Bond Fund	Will account for proceeds from the 2026 CO issuance	Anticipated CO proceeds, investment earnings	The Water Plan projects: Elevated and Ground Storage Tanks, Flow Restrictor and Water Wells #2-#4
CO Series 2027 Capital Bond Fund	Will account for proceeds from the 2027 CO issuance	Anticipated CO proceeds, investment earnings	Larry Drive Roadway and Drainage Project Improvements; Design of City Hall Improvements

GENERAL CAPITAL PROJECTS FUND
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 12,409,249**	**$ 13,467,000**	**$ 13,467,000**	**$ 7,146,161**
REVENUES/SOURCES OF FUNDS				
Roadway Impact Fees	$ 645,257	$ 398,384	$ -	$ -
Developer Fees	996,376	450,000	450,000	-
Grant Funding	-	-	-	-
Contributions and Donations	11,080	21,100	-	-
Bond Reimbursement Program	-	2,000,000	2,000,000	200,000
Miscellaneous	1,661	-	-	-
Interest Earnings	516,088	357,161	357,161	285,991
Total Revenues	**2,170,462**	**3,226,645**	**2,807,161**	**485,991**
Other Sources:				
Transfers In	$ 154,500	$ 725,000	$ 725,000	$ 1,925,000
Total Other Sources	**$ 154,500**	**$ 725,000**	**$ 725,000**	**$ 1,925,000**
Total Revenues Sources	**$ 2,324,962**	**$ 3,951,645**	**$ 3,532,161**	**$ 2,410,991**
EXPENDITURES/USES OF FUNDS				
Services & Charges	$ 221,007	$ 131,959	$ -	$ -
Capital Outlay	685,204	9,766,000	9,480,000	4,224,187
Total Expenditures	**$ 906,211**	**$ 9,897,959**	**$ 9,480,000**	**$ 4,224,187**
Other Uses:				
Transfers to Other Funds	$ 361,000	$ 373,000	$ 373,000	$ 1,125,000
Total Other Uses	**$ 361,000**	**$ 373,000**	**$ 373,000**	**$ 1,125,000**
Total Expenditures	**$ 1,267,211**	**$ 10,270,959**	**$ 9,853,000**	**$ 5,349,187**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 1,057,751**	**$ (6,319,314)**	**$ (6,320,839)**	**$ (2,938,196)**
Fund Balance	**$ 13,467,000**	**$ 7,147,686**	**$ 7,146,161**	**$ 4,207,965**

UTILITY CAPITAL PROJECTS FUND
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 9,026,095**	**$ 9,031,609**	**$ 9,031,609**	**$ 4,085,278**
REVENUES/SOURCES OF FUNDS				
Miscellaneous	$ 565,000	$ -	$ -	$ -
Interest Earnings	579,791	535,993	327,543	154,422
Total Revenues	1,144,791	535,993	327,543	154,422
Other Sources:				
Transfers In	$ 2,139,000	$ 2,311,000	$ 5,987,590	$ 2,163,000
Total Other Sources	**$ 2,139,000**	**$ 2,311,000**	**$ 5,987,590**	**$ 2,163,000**
Total Revenues Sources	**$ 3,283,791**	**$ 2,846,993**	**$ 6,315,133**	**$ 2,317,422**
EXPENDITURES/USES OF FUNDS				
Services & Charges	$ 586,035	$ 367,000	$ 2,856,275	$ 637,500
Capital Outlay	2,692,242	3,878,000	8,405,189	853,000
Total Expenditures	**$ 3,278,277**	**$ 4,245,000**	**$ 11,261,464**	**$ 1,490,500**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ 425,000
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ 425,000**
Total Expenditures	**$ 3,278,277**	**$ 4,245,000**	**$ 11,261,464**	**$ 1,915,500**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 5,514**	**$ (1,398,007)**	**$ (4,946,331)**	**$ 401,922**
Fund Balance	**$ 9,031,609**	**$ 7,633,602**	**$ 4,085,278**	**$ 4,487,200**

CO SERIES 2023 CAPITAL
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 33,734,713**	**$ 26,106,118**	**$ 26,106,118**	**$ 12,752,655**
REVENUES/SOURCES OF FUNDS				
Bond Proceeds	$ -	$ -	$ -	$ -
Interest Earnings	1,625,167	762,950	715,229	200,000
Total Revenues	1,625,167	762,950	715,229	200,000
Other Sources:				
Transfers In	$ -	$ 1,200,000	$ -	$ -
Total Other Sources	**$ -**	**$ 1,200,000**	**$ -**	**$ -**
Total Revenues Sources	**$ 1,625,167**	**$ 1,962,950**	**$ 715,229**	**$ 200,000**
EXPENDITURES/USES OF FUNDS				
Services & Charges	$ -	$ -	$ 509,352	$ 139,740
Capital Outlay	9,253,762	15,000,000	13,559,340	12,570,734
Total Expenditures	**$ 9,253,762**	**$ 15,000,000**	**$ 14,068,692**	**$ 12,710,474**
Other Uses:				
Transfers to Other Funds	$ -	$ 128,000	$ -	$ -
Total Other Uses	**$ -**	**$ 128,000**	**$ -**	**$ -**
Total Expenditures	**$ 9,253,762**	**$ 15,128,000**	**$ 14,068,692**	**$ 12,710,474**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ (7,628,595)**	**$ (13,165,050)**	**$ (13,353,463)**	**$ (12,510,474)**
Fund Balance	**$ 26,106,118**	**$ 12,941,068**	**$ 12,752,655**	**$ 242,181**

CO SERIES 2026 CAPITAL
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ 23,159,077**
REVENUES/SOURCES OF FUNDS				
Bond Proceeds	$ -	$ 40,500,000	$ 41,500,000	$ -
Interest Earnings	-	399,375	525,667	810,568
Total Revenues	-	40,899,375	42,025,667	810,568
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ 40,899,375**	**$ 42,025,667**	**$ 810,568**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	$ -	$ -	$ -	$ -
Services & Charges	-	807,120	-	531,000
Capital Outlay	-	35,500,000	15,190,000	21,994,000
Total Expenditures	**$ -**	**$ 36,307,120**	**$ 15,190,000**	**$ 22,525,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ 3,676,590	$ -
Total Other Uses	**$ -**	**$ -**	**$ 3,676,590**	**$ -**
Total Expenditures	**$ -**	**$ 36,307,120**	**$ 18,866,590**	**$ 22,525,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ -**	**$ 4,592,255**	**$ 23,159,077**	**$ (21,714,432)**
Fund Balance	**$ -**	**$ 4,592,255**	**$ 23,159,077**	**$ 1,444,645**

CO SERIES 2027 CAPITAL
STATEMENT OF REVENUES & EXPENDITURES BY TYPE

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ -**	**$ -**	**$ -**	**$ -**
REVENUES/SOURCES OF FUNDS				
Bond Proceeds	$ -	$ -	$ -	$ 2,805,000
Interest Earnings	-	-	-	49,088
Total Revenues	-	-	-	2,854,088
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ -**	**$ -**	**$ -**	**$ 2,854,088**
EXPENDITURES/USES OF FUNDS				
Supplies & Equipment	-	-	-	-
Services & Charges	$ -	$ -	$ -	$ 400,000
Capital Outlay	-	-	-	2,450,000
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ 2,850,000**
Other Uses:				
Transfers to Other Funds	$ -	$ -	$ -	$ -
Total Other Uses	**$ -**	**$ -**	**$ -**	**$ -**
Total Expenditures	**$ -**	**$ -**	**$ -**	**$ 2,850,000**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ -**	**$ -**	**$ -**	**$ 4,088**
Fund Balance	**$ -**	**$ -**	**$ -**	**$ 4,088**

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HEATH ECONOMIC DEVELOPMENT CORPORATION

&

HEATH MUNICIPAL BENEFITS CORPORATION

The Heath Economic Development Corporation (HEDC) and Heath Municipal Benefits Corporation are component units of the City of Heath; each funded by a one-half-cent sales and use tax. Together, these corporations are dedicated to advancing the City's economic and community development objectives by investing in infrastructure, public facilities, land acquisition, and quality-of-life initiatives that support Heath's long-term vision.

- **HEDC** focuses on commercial development, job creation, and infrastructure that supports economic growth and strategic land development.

- **HMBC** focuses on commercial development, job creation, and infrastructure that supports economic growth and strategic land development.

Key Revenue Source

- 0.5% Sales and Use Tax Allocation (each corporation)

Primary Uses of Funds

- **HEDC:**
  - Commercial land acquisition and development
  - Infrastructure improvements to support business growth
  - Economic development incentives and strategic partnerships
  - Studies and planning related to market expansion

- **HMBC**
  - Parks, trails, and beautification projects
  - Public facility enhancements
  - Infrastructure projects
  - Capital Investments aligned with public benefit goals

These corporations operate under the direction of their respective boards and in coordination with the City Council to ensure alignment with Heath's strategic priorities.

HEATH ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES & EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 4,466,346**	**$ 1,996,753**	**$ 1,996,753**	**$ 1,964,748**
REVENUES/SOURCES OF FUNDS				
Sales Tax	$ 893,212	$ 918,487	$ 959,728	$ 1,007,714
Interest Earnings	171,265	45,500	62,082	63,634
Total Revenues	**$ 1,064,477**	**963,987**	**$ 1,021,810**	**$ 1,071,348**
Other Sources:				
Note Proceeds	$ 3,250,000	$ -	$ -	$ -
Transfers In	-	-	-	-
Total Other Sources	**$ 3,250,000**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 4,314,477**	**$ 963,987**	**$ 1,021,810**	**$ 1,071,348**
EXPENSES - BY DEPARTMENT				
Supplies & Equipment	$ -	$ 100	$ -	$ 1,200
Charges & Services	50,042	86,642	69,963	82,862
Capital	6,451,213	-	-	-
Total Expenses	**$ 6,501,255**	**$ 86,742**	**$ 69,963**	**$ 84,062**
Other Uses:				
Debt Service	$ 65,086	$ 1,090,811	$ 948,852	$ 189,796
Grants	4,700	-	-	-
Transfers to Other Funds	213,029	100,000	35,000	153,855
Total Other Uses	**$ 282,815**	**$ 1,190,811**	**$ 983,852**	**$ 343,651**
Total Expenditures/Uses	**$ 6,784,070**	**$ 1,277,553**	**$ 1,053,815**	**$ 427,713**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ (2,469,593)**	**$ (313,566)**	**$ (32,005)**	**$ 643,635**
Fund Balance	**$ 1,996,753**	**$ 1,683,187**	**$ 1,964,748**	**$ 2,608,383**
Ideal Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance in Excess of Minimum	**$ 1,996,753**	**$ 1,683,187**	**$ 1,964,748**	**$ 2,608,383**

HEATH MUNICIPAL BENEFITS CORPORATION
STATEMENT OF REVENUES & EXPENDITURES

	FY 2025 Actual	FY 2026 Budget	FY 2026 Projected	FY 2027 Proposed
BEGINNING FUND BALANCE	**$ 1,413,188**	**$ 1,629,254**	**$ 1,629,254**	**$ 2,087,561**
REVENUES/SOURCES OF FUNDS				
Sales Tax	$ 893,212	$ 918,487	$ 959,728	$ 1,007,714
Interest Earnings	74,484	45,500	59,181	60,661
Total Revenues	**$ 967,696**	**963,987**	**$ 1,018,909**	**$ 1,068,375**
Other Sources:				
Transfers In	$ -	$ -	$ -	$ -
Total Other Sources	**$ -**	**$ -**	**$ -**	**$ -**
Total Revenues Sources	**$ 967,696**	**$ 963,987**	**$ 1,018,909**	**$ 1,068,375**
EXPENSES - BY DEPARTMENT				
Supplies & Equipment	$ 285	$ 200	$ -	$ 200
Charges & Services	63,641	98,042	51,677	98,042
Capital	-	75,000	-	-
Total Expenses	**$ 63,926**	**$ 173,242**	**$ 51,677**	**$ 98,242**
Other Uses:				
Debt Service	$ 473,925	$ 473,925	$ 473,925	$ 473,925
Grants	750	-	-	-
Transfers to Other Funds	213,029	100,000	35,000	153,855
Total Other Uses	**$ 687,704**	**$ 573,925**	**$ 508,925**	**$ 627,780**
Total Expenditures/Uses	**$ 751,630**	**$ 747,167**	**$ 560,602**	**$ 726,022**
Excess (Deficiency) of Revenues/Sources Over Expenditures/Uses	**$ 216,066**	**$ 216,820**	**$ 458,307**	**$ 342,353**
Fund Balance	**$ 1,629,254**	**$ 1,846,074**	**$ 2,087,561**	**$ 2,429,914**
Ideal Fund Balance	**$ -**	**$ -**	**$ -**	**$ -**
Fund Balance in Excess of Minimum	**$ 1,629,254**	**$ 1,846,074**	**$ 2,087,561**	**$ 2,429,914**

Appendices

Appendix A – Employee Compensation Plans

The City of Heath maintains separate pay plans for General Government and Public Safety positions. The pay plans establish the approved salary ranges and pay progression for each classification and serve as the foundation for employee compensation, budget development, and workforce planning. They are included as a reference to provide transparency and support a consistent understanding of the City's compensation structure.

City of Heath General Government
Pay Plan

Pay Group	Job Titles	Pay Frequency	Minimum	Midpoint	Maximum
1		Annual	$27,040.00	$33,800.00	$40,560.00
		Monthly	$2,253.33	$2,816.67	$3,380.00
		Bi-Weekly	$1,040.00	$1,300.00	$1,560.00
		Hourly	$13.000	$16.250	$19.500
2		Annual	$31,603.00	$37,180.00	$42,757.00
		Monthly	$2,633.58	$3,098.33	$3,563.08
		Bi-Weekly	$1,215.50	$1,430.00	$1,644.50
		Hourly	$15.194	$17.875	$20.556
3		Annual	$34,763.30	$40,898.00	$47,032.70
		Monthly	$2,896.94	$3,408.17	$3,919.39
		Bi-Weekly	$1,337.05	$1,573.00	$1,808.95
		Hourly	$16.713	$19.663	$22.612
4	Maint. Worker Parks	Annual	$38,239.63	$44,987.80	$51,735.97
	Maint. Worker Streets	Monthly	$3,186.64	$3,748.98	$4,311.33
	Maint. Worker Utilities I	Bi-Weekly	$1,470.76	$1,730.30	$1,989.85
		Hourly	$18.384	$21.629	$24.873
5	Maint. Worker Utilities II	Annual	$42,063.59	$49,486.58	$56,909.57
	Accounting Assistant	Monthly	$3,505.30	$4,123.88	$4,742.46
	Deputy Court Clerk/ Assistant Accountant	Bi-Weekly	$1,617.83	$1,903.33	$2,188.83
	Human Resource and Accounting Assistant Permit Tech	Hourly	$20.223	$23.792	$27.360
6	Administrative Asst. Public Works Administrative Asst. Public Safety*	Annual	$46,269.95	$54,435.24	$62,600.52
	Administrative Asst. Community Development	Monthly	$3,855.83	$4,536.27	$5,216.71
	Court Supervisor	Bi-Weekly	$1,779.61	$2,093.66	$2,407.71
	Crew Leader Park Maintenance	Hourly	$22.245	$26.171	$30.096
7	Code Enforcement	Annual	$50,896.95	$59,878.76	$68,860.58
	Crew Leader Utilities	Monthly	$4,241.41	$4,989.90	$5,738.38
	Meter Services Technician	Bi-Weekly	$1,957.57	$2,303.03	$2,648.48
		Hourly	$24.470	$28.788	$33.106
8		Annual	$55,986.64	$65,866.64	$75,746.63
		Monthly	$4,665.55	$5,488.89	$6,312.22
		Bi-Weekly	$2,153.33	$2,533.33	$2,913.33
		Hourly	$26.917	$31.667	$36.417
9	Combination Building Inspector	Annual	$61,585.31	$72,453.30	$83,321.30
	Public Works Construction Inspector	Monthly	$5,132.11	$6,037.78	$6,943.44
	Purchasing Agent/Payroll Clerk Community Development Plans Examiner	Bi-Weekly	$2,368.67	$2,786.67	$3,204.665
	Deputy City Secretary	Hourly	$29.608	$34.833	$40.058
10	Executive Assistant to City Manager/ HR Coordinator	Annual	$67,743.84	$79,698.63	$91,653.43
		Monthly	$5,645.32	$6,641.55	$7,637.79
		Bi-Weekly	$2,605.53	$3,065.33	$3,525.13
		Hourly	$32.569	$38.317	$44.064
11	Building Facilities Manager	Annual	$74,518.22	$87,668.50	$100,818.77
	Division Mgr Utilities	Monthly	$6,209.85	$7,305.71	$8,401.56
	Parks and Recreation Manager	Bi-Weekly	$2,866.09	$3,371.87	$3,877.645
		Hourly	$35.826	$42.148	$48.471
12		Annual	$81,970.04	$96,435.34	$110,900.65
		Monthly	$6,830.84	$8,036.28	$9,241.72
		Bi-Weekly	$3,152.69	$3,709.05	$4,265.41
		Hourly	$39.409	$46.363	$53.318
13	Chief Building Official	Annual Monthly	$90,167.05	$106,078.88	$121,990.71
	IT Director				
	City Secretary	Bi-Weekly	$7,513.92	$8,839.91	$10,165.89
			$3,467.96	$4,079.96	$4,691.950
		Hourly	$43.350	$50.999	$58.649
14	Assistant Finance Director	Annual	$99,183.75	$116,686.77	$134,189.78
		Monthly	$8,265.31	$9,723.90	$11,182.48
		Bi-Weekly	$3,814.76	$4,487.95	$5,161.15
		Hourly	$47.684	$56.099	$64.514

City of Heath General Government
Pay Plan

Pay Group	Job Titles	Pay Frequency	Minimum	Midpoint	Maximum
15		Annual	$109,102	$128,355	$147,609
		Monthly	$9,091.84	$10,696.29	$12,300.73
		Bi-Weekly	$4,196.24	$4,936.75	$5,677.26
		Hourly	$52.453	$61.709	$70.966
16		Annual	$120,012	$141,191	$162,370
		Monthly	$10,001.03	$11,765.92	$13,530.80
		Bi-Weekly	$4,615.86	$5,430.42	$6,244.99
		Hourly	$57.698	$67.880	$78.062
17	Director of Economic Development	Annual	$132,014	$155,310	$178,607
	Director of Community Development	Monthly	$11,001.13	$12,942.51	$14,883.88
		Bi-Weekly	$5,077.45	$5,973.46	$6,869.48
		Hourly	$63.468	$74.668	$85.869
18	Director of Public Safety	Annual	$145,215	$170,841	$196,467
	Director of Finance	Monthly	$12,101.24	$14,236.76	$16,372.27
	Director of Engineering	Bi-Weekly	$5,585.19	$6,570.81	$7,556.43
		Hourly	$69.815	$82.135	$94.455
19	Assistant City Manager	Annual	$159,736	$187,925	$216,114
		Monthly	$13,311.37	$15,660.43	$18,009.50
		Bi-Weekly	$6,143.71	$7,227.89	$8,312.08
		Hourly	$76.796	$90.349	$103.901
20		Annual	$175,710	$206,717.73	$237,725
		Monthly	$14,642.51	$17,226.48	$19,810.45
		Bi-Weekly	$6,758.08	$7,950.68	$9,143.28
		Hourly	$84.476	$99.384	$114.291

City of Heath
Public Safety Pay Schedule

2756 ANNUAL HOURS

Position	Grade		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Top out 4%
Public Safety Officer	**PS1**	annual	$79,090.33	$83,044.85	$87,197.09	$91,556.94	$96,134.79	$100,941.53	$104,979.20
		hourly	$28.698	$30.132	$31.639	$33.221	$34.882	$36.626	$38.091
		biweekly	$3,041.94	$3,194.03	$3,353.73	$3,521.42	$3,697.49	$3,882.37	$4,037.66
Public Safety Sergeant	**PS2**	annual	$91,237.45	$95,799.32	$100,589.29	$105,618.76	$110,899.70	$116,444.68	$121,102.47
		hourly	$33.105	$34.760	$36.498	$38.323	$40.239	$42.251	$43.940
		biweekly	$3,509.13	$3,684.59	$3,868.82	$4,062.26	$4,265.37	$4,478.64	$4,657.79
Lieutenant	**PS3**	annual	$97,652.72	$102,535.36	$107,662.12	$113,045.23	$118,697.49	$124,632.37	$129,617.66
		hourly	$35.433	$37.204	$39.065	$41.018	$43.069	$45.222	$47.040
		biweekly	$3,755.87	$3,943.67	$4,140.85	$4,347.89	$4,565.29	$4,793.55	$4,985.29

2080 ANNUAL HOURS

Position	Grade		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Top out 4%
PSO/School Resource Officer PSO/Detective	**PR1**	annual	$79,090.33	$83,044.85	$87,197.09	$91,556.94	$96,134.79	$100,941.53	$104,979.20
		hourly	$38.024	$39.925	$41.9217	$44.018	$46.219	$48.530	$50.480
		biweekly	$3,041.94	$3,194.03	$3,353.73	$3,521.42	$3,697.49	$3,882.37	$4,037.67
Public Safety Sergeant	**PR2**	annual	$91,237.45	$95,799.32	$100,589.29	$105,618.76	$110,899.70	$116,444.68	$121,102.47
		hourly	$43.864	$46.057	$48.360	$50.778	$53.317	$55.983	$58.220
		biweekly	$3,509.13	$3,684.59	$3,868.82	$4,062.26	$4,265.37	$4,478.64	$4,657.78
Lieutenant Fire Marshall	**PR3**	annual	$97,652.72	$102,535.36	$107,662.12	$113,045.23	$118,697.49	$124,632.37	$129,617.66
		hourly	$46.948	$49.296	$51.761	$54.349	$57.066	$59.919	$62.320
		biweekly	$3,755.87	$3,943.67	$4,140.85	$4,347.89	$4,565.29	$4,793.55	$4,985.30
Captain	**PR4**	annual	$103,242.99	$108,405.14	$113,825.40	$119,516.67	$125,492.50	$131,767.12	$137,037.81
		hourly	$49.636	$52.118	$54.724	$57.460	$60.333	$63.350	$65.890
		biweekly	$3,970.88	$4,169.43	$4,377.90	$4,596.79	$4,826.63	$5,067.97	$5,270.69

Appendix B – Budget Calendar

The Budget Calendar summarizes the major milestones, statutory requirements, and key activities that guide the City's Annual Budget Process, including development, public review, and adoption of the annual budget and property tax rate. It is included as a reference to illustrate the sequence of activities supporting each fiscal year's budget.

Preliminary Proposed Budget Calendar FY2027

(Fiscal Year: October 1, 2026 – September 30, 2027)

Date	Milestone	Responsibility
February 12 – May 12, 2026	Review forecasting (property values, sales tax, utilities)	Finance
March 29, 2026	Annual Financial Audit Must be Complete	Finance
Wednesday, April 22, 2026	Budget kickoff meeting; Budget instructions issued to the departments	City Manager/Finance
April 28, 2026 – May 12, 2026	Confirm goals, assumptions, timeline	City Manager/Finance
Friday, May 12, 2026	Department operating & CIP requests due	Departments
Tuesday, May 26, 2026	Discuss progress on the development of the Proposed Budget with City Council	Finance/City Manager
Thursday, May 29, 2026	Finance Board Budget Workshop to discuss progress on the development of the Proposed Budget	Finance/City Manager
June 1, 2026-June 15, 2026	Internal budget review meetings	City Manager with Departments
Tuesday, June 23, 2026	• Discuss progress on the development of the Proposed Budget with City Council • Discuss proposed Capital Improvement Plan with City Council	Finance/City Manager
Wednesday, June 24, 2026	• Finance Board Budget Workshop to discuss progress on the development of the Proposed Budget • Discuss proposed Capital Improvement Plan with Finance Board	Finance/City Manager

Date	Milestone	Responsibility
Tuesday, July 11, 2026	Preliminary Proposed Budget Submitted to the City Council & Filed with the City Secretary	Finance
Tuesday, July 14, 2026	• Presentation of Proposed Budget • City Council approves a proposed tax rate	Finance/City Manager
Wednesday, July 15, 2026	Notice of Public Hearing on the Proposed Budget	Finance
Saturday, July 18, 2026	Deadline to File Proposed Budget	Finance
Tuesday, July 21, 2026	Special Session with Finance Audit & Advisory Board to discuss Preliminary Proposed Budget	Finance/City Manager
Saturday, July 25, 2026	Tax Rolls Due from Rockwall Tax Assessor & Collector's Office	RCAD
Tuesday, July 28, 2026	• Hearing on Proposed Budget • Discuss Proposed Budget with the City Council	City Council
Monday, August 3, 2026	Notice of Public Hearing on the Proposed Tax Rate	Finance
Tuesday, August 4, 2026	Special Session opportunity to discuss the Proposed Budget with the City Council	
August 7, 2026	Submit Tax Rates to City Council	Finance
Tuesday, August 11, 2026*	• Adoption of the Proposed Budget. • Hearing and Adoption of the Proposed Tax Rate	City Council

*Date can be pushed out to not later than the 17th of August if tax rate adopted will exceed the greater of the Voter Approval Rate or the Di Minimis Rate. The adoption date can be pushed out to not later than August 24, if the adopted tax rate is greater than the Voter Approval Rate, but less than the Di Minimis Rate.

Appendix C – Home Rule Charter: Fiscal Administration

Chapter Eight of the City of Heath Home Rule Charter establishes the City's legal authority and requirements for fiscal administration, including the fiscal year, annual budget process, tax administration, and debt issuance. It is included as a reference to the Charter provisions governing the City's budget and financial operations.

CHAPTER EIGHT: CITY DEPARTMENTS/FISCAL ADMINISTRATION

SECTION 8.01 ADMINISTRATIVE DEPARTMENTS

There shall be such administrative departments as are established by this Charter and such other administrative departments as may be deemed necessary by the Council and as are established by ordinance, all of which shall be under the control and direction of the City Manager.

SECTION 8.02 TAX ADMINISTRATION

A. There shall be a Department of Taxation to assess and collect taxes, the Director of which shall be the City Tax Assessor and Collector who shall be appointed by the City Council. The Tax Assessor and Collector shall provide a bond with such sureties and in such amount as the City Council may require. The premiums on such bond shall be paid by the City. The City Council may provide for such services by contract.

B. The City Council shall have the power, and is hereby authorized, to levy, assess, and collect annual taxes not to exceed the maximum limit set by the Constitution and laws of the State of Texas, as they now exist or as they may be amended, on each one hundred dollars ($100.00) assessed valuation of all property having a location within the corporate limits of the City and not exempt from taxation by the Constitution and laws of the State of Texas.

C. All taxes due the City shall be payable at the office of the City Assessor and Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which completion and approval shall be not later than October 1st. Taxes shall be paid before February 1st of each year succeeding the year for which the taxes are levied. All such taxes not paid prior to such date shall be deemed delinquent and shall be subject to such penalty and interest as may be provided by law. Failure to levy and assess taxes through omission in preparation of the approved tax rolls shall not relieve the person, firm or corporation so omitted from the obligation to pay such current or past due taxes shown to be payable by recheck of the rolls and receipts for the years in question, unless otherwise provided by law.

D. All property having its location in the City on January 1st of each year shall stand charged with a lien in favor of the City from said date for the taxes due thereon. The lien provided hereby shall be superior to all other liens except other tax liens, regardless of when such other liens were created. All persons purchasing any of said property on or after January 1st in any year shall take the property subject to the lien herein provided. In addition to the lien herein provided on January 1st of any year, the owner of property subject to taxation by the City shall be personally liable for the taxes due thereon for such year. The City shall have the power to sue for and recover personal judgment for taxes without foreclosure, or to foreclose its lien or liens, or to recover both personal judgment and foreclosure. In such suit where it appears that the description of any property in the City assessment rolls is insufficient to identify such property, the City shall have the right to plead a good description of the property to be assessed, to prove the same, and to have its judgment foreclosing the tax lien and/or for personal judgment against the owner for such taxes as such ownership and property appears on the certified tax roll.

SECTION 8.03 FISCAL YEAR

The fiscal year of the City shall begin on October 1st and end on the following September 30th of each year, but the fiscal year may be changed by the Council by ordinance.

SECTION 8.04 ANNUAL BUDGET

It shall be the duty of the City Manager to submit an annual budget not later than thirty (30) days prior to the end of the current fiscal year to the Council for its review, consideration and revision. The Council shall call a public hearing or hearings on the budget. The Council may adopt a budget with or without amendments. The Council may increase or decrease amounts or programs and may delete any programs or amounts except expenditures required by law or for a debt service, provided that no amendment shall increase the authorized expenditures to an amount greater than the total of the estimated income for the current fiscal year plus funds available from prior years. At the close of each fiscal year, the unencumbered balance of each appropriation shall revert to the fund from which it was appropriated and shall be subject to future appropriations, but appropriations may be made in furtherance of improvements or other objects of work of the City that will not be completed within the current year.

SECTION 8.05 FAILURE TO ADOPT ANNUAL BUDGET

If the Council fails to adopt the budget by September 30th, the amounts appropriated for the current fiscal year shall be deemed adopted for the ensuing fiscal year on a month to month basis with all items in it prorated accordingly until such time as the Council adopts a budget for the ensuing fiscal year. The levy of property tax will be set to equal the total current fiscal year tax receipts, unless the ensuing fiscal year budget is approved by September 30th of the current fiscal year.

SECTION 8.06 BONDS AND OTHER EVIDENCES OF INDEBTEDNESS

The City shall have the power to borrow money on the credit of the City and to issue general obligation bonds and other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the State of Texas and to issue refunding bonds to refund outstanding bonds and other evidences of indebtedness of the City previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

The City shall further have the power to borrow money for the purpose of constructing, acquiring, improving, extending or repairing of public utilities, recreational facilities or any other self-liquidating municipal function not prohibited by the Constitution and laws of the State of Texas, and to issue revenue bonds to evidence the obligations created thereby. Such bonds shall be a charge upon and payable from the properties, or interest therein pledged, or the income there from, or both. The holders of the revenue bonds of the City shall not have the right to demand payment thereof out of monies raised or to be raised by taxation. All such bonds shall be issued in conformity with the laws of the State of Texas. The City shall have the power to borrow money for public improvements in any other manner provided by law, including certificates of obligation as authorized by Chapter 271 of the Texas Local Government Code. All bonds and evidences of indebtedness of the City having been approved by the Attorney General and registered by the Comptroller of Public Accounts shall thereafter be incontestable in any court or other forum for any reason, and shall be valid and binding obligations of the City in accordance with their terms for all purposes.

Appendix D – Financial Policies Heath

The City of Heath's adopted Financial Policies establish the framework for sound financial management, long-term fiscal sustainability, and consistent fiscal decision-making. They guide budgeting, accounting, investments, debt management, reserve management, and other key financial practices.

City of Heath, Texas
Financial Policies and Practices

PURPOSE

The purpose of the City of Heath Financial Policies and Practices is to:

1. Demonstrate to the citizens of Heath, the investment community, and the bond rating agencies that the City is committed to a strong fiscal operation.

2. Provide guidelines for future policy-makers and financial managers on common financial goals and strategies.

3. Fairly present and fully disclose the financial position of the City in conformity with Generally Accepted Accounting Principals (GAAP).

4. Demonstrate compliance with finance-related legal and contractual issues in accordance with the Texas Local Government Code and other legal mandates.

ANNUAL BUDGET

1. The budget shall provide a complete financial plan for all City funds and activities and, except as required by law or City Charter, shall be in such form as the City Manager deems desirable or the City Council may require.

2. A budget message explaining the budget both in fiscal terms and in terms of work programs shall be submitted with the budget. It shall outline the proposed financial policies of the City for the ensuing fiscal year, describe the important features of the budget, and indicate any major changes from the current year in financial policies, expenditures, and revenues with reason for such change. It shall also summarize the City's debt position and include such other material as the City Manager deems advisable.

3. The budget shall begin with a clear, general summary of its contents, shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures for the ensuing fiscal year.

4. Each Director will be responsible for the administration of his/her departmental budget.

5. The goal of the City is to balance the operating budget with current revenues.

6. The legal level of budgetary control is at the divisional (division: a specific functional area within a City department) level. At any time during the fiscal year, the Finance Director may transfer up to $5,000 of the unencumbered appropriated balance between classifications of expenditure within a division. Transfers exceeding $5,000 must be approved by the City Manager. A transfer may not be made from the unencumbered appropriated balance in the Personnel Services classification of expenditure. Any revision that alters total expenditures of any division must be approved by the City Council. All appropriations lapse at year-end, except those for the Capital Projects Fund. It is the intention of the City that appropriations for capital projects continue until completion of the project.

AMENDMENT BY CITY COUNCIL BEFORE ADOPTION

1. The City Council may adopt the budget with or without amendment. The Council may increase or decrease programs or amounts and may delete any programs or amounts except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment shall increase the authorized expenditures to an amount greater than the total of estimated

income for the current fiscal year plus funds available from prior years.

AMENDING THE BUDGET

Under conditions which may arise and which could not reasonably have been foreseen in the normal process of planning the budget, the Council may, by a majority vote of the full membership, amend or change the budget to provide for any additional expense in which the general welfare of the citizenry is involved. These amendments must be by ordinance, and must be an attachment to the original budget.**RESERVES AND FUND BALANCE**

1. The City will establish reserves for replacement of facilities and equipment.

2. The City will avoid utilizing fund balances for operational expenditures.

3. The City will strive to maintain fund balance as a percent of operating expenses in the General Fund and General Debt Service Fund and net assets as a percent of operating expenses in the Water/Wastewater Utility Fund and the Sanitation Fund in accordance with the following table:

Fund	Target	Minimum	Maximum
General	25%	20%	30%
Water/WasteWater	25%	20%	30%
Sanitation	25%	20%	30%
Gen Debt Service		1/12 of next years P & I	

In order to achieve the objectives of this policy, the following guidelines shall be adhered to:

- A designated fund balance shall be maintained as of October 1 of each year equal to 25% of that year's budgeted expenditures for both the General and Utility Funds.
- As part of the annual budget process, the Finance Director will estimate and prepare a projection of the year-end designated fund balances. Such projection will include an analysis of trends in fund balance levels on a historical and future projection basis. The Finance Director shall present the findings to the City Council as part of the budget review process for the ensuing fiscal year.
- Any anticipated balance in excess of the designated General and Utility Fund Balances may be budgeted to reduce the ensuing year's property tax levy and/or utility rates or may be allocated by the City Council during the course of the fiscal year for special projects.
- The City Council may declare a fiscal emergency and withdraw any amount of the designated General and Utility Fund Balances for purposes of addressing the fiscal emergency. Any such action must also provide for necessary appropriations to restore the designated fund balance to the required balance within a three-year period.

LONG-TERM FINANCIAL PLAN

1. The City will establish and maintain a long-term plan that considers future projects, new revenues, anticipated expenditures, and the City's goals.

2. The annual budget shall be prepared in conjunction with the long-term financial plan's goals and objectives.

3. The City will update replacement and maintenance plans annually and incorporate them into the long-term plan.

FINANCIAL REPORTING

1. The Finance Director shall submit to the City Council at its second formal meeting each month

the financial condition of the City by budget items, budget estimates versus actuals for the preceding month and for the fiscal year to date.

2. The Finance Director shall submit to the City Manager, Mayor, and City Council a quarterly investment report. The investment report will include summarized investment strategies employed in the most recent quarter and a description of the portfolio in terms of investment securities, maturities, and investment rate of return for the quarter.

3. A comprehensive Annual Financial Report (CAFR) shall be prepared at the end of each fiscal year. The report shall be prepared in accordance with generally accepted accounting principles (GAAP) and shall include an opinion from an independent certified public accountant designated by the City Council. The CAFR shall be made available for public inspection and shall become part of the records of the City. The results of the audit will be presented to the City Council no later than March 31 of the following year.

4. The City will strive to receive and retain the Certificate of Achievement for Excellence in Financial Reporting for its CAFR and the Distinguished Budget Presentation for its annual budget document which are awarded annually by the Government Finance Officers Association of the United States and Canada (GFOA).

5. Every five years, the City will issue requests for proposal to choose an auditor.

BASIS OF ACCOUNTING

1. The City will account for City finances in accordance with generally accepted accounting principles established by the Governmental Accounting Standards Board.

2. The City uses the modified accrual basis of accounting for the City's general government activities:

- Revenues under the modified accrual basis are recognized when they are measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

- Expenditures are recognized when the related fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and certain similar accrued obligations, which are recorded when due.

3. The City uses the accrual basis of accounting for the City's enterprise activities:

- Revenues and expenses are recognized when they occur regardless of the timing of related cash flows.

4. The City will implement and maintain encumbrance accounting whereby purchase orders are utilized to reserve a portion of the annual budgeted appropriations for future payment when due.

OPERATING POLICY

1. Assets will be safeguarded by properly classifying, recording, and tagging each asset. An inventory of assets will be maintained and include the description, cost, date of acquisition, department, location and asset identification number. Periodic inventory inspections of assets shall be conducted. Assets will be capitalized when they meet the dollar minimum of $10,000 and have a useful life of more than one year. For constructed assets the criteria apply to the completed project.

2. The City Manager is authorized to write off bad debt accounts which have been delinquent for more than 120 days. These accounts will be aggressively pursued for collection by any lawful and

available means.

3. Rates for water, sewer, and sanitation enterprise activities shall be maintained at levels sufficient to ensure that annual revenues will be available to pay all direct and indirect costs of the enterprise activities, including costs of operations, capital improvements, maintenance, and principal and interest requirements on outstanding debt.

4. In accordance with State law, all uncontested invoices will be paid within 30 days of proper receipt.

5. The City will use due caution in analyzing material incentives that are used to encourage development. A cost/benefit analysis will be performed as part of the evaluation. The City will periodically review the tax abatement policy and perform routine audits on companies receiving tax abatements.

REVENUES

1. The revenue projections will be made conservatively in order that actual revenues should meet or exceed the budgeted revenues for the year.

2. The City will aggressively pursue revenue collection to assure that collectible funds due the City are received in a timely manner.

3. The City will apply for Federal and State grants that meet City objectives and are cost beneficial. Departments will oversee daily operations of grant programs, monitor performance and compliance, and keep the Finance division informed of grant-related plans and activities. Grant funding must be authorized by City Council.

4. The City will investigate potential new revenue sources, including the capture of user fees.

5. The City will strive to obtain franchise agreements that incorporate a franchise or rental fee with all public utilities. The fee structure will be similar to other cities in the area and allowed by the Public Utility Commission.

6. Interest earned from investments will be distributed among the funds in accordance with the equity balance of the fund from which the money was provided to be invested.

7. Impact fees will be recorded as revenue at the time of assessment.

INVESTMENT POLICY

Investments made by the City will be made in compliance with the City of Heath Investment Policy. It is the policy of the City to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State of Texas statutes and City ordinances. The primary objectives, in priority order, of the City's investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

2. Liquidity: The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

3. Public Trust: All participants in the City's investment process shall seek to act responsibly as custodians of the public trust. Investment officers shall avoid any transaction that might impair

public confidence in the City's ability to govern effectively.

4. Yield: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The City's portfolio shall be designed with the objective of regularly meeting or exceeding the average rate of return on rolling three-month U. S. Treasury Bills at a maturity level comparable to the City's weighted average maturity in days. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

DEBT ISSUANCE POLICY

1. General Obligation Bonds: the City shall have the power to borrow money on the credit of the City and to issue general obligation bonds for permanent public improvements or for any other public purpose not prohibited by the Constitution and laws of the State of Texas, and to issue refunding bonds to refund outstanding bonds of the City previously issued. All such bonds shall be issued in conformity with the laws of the State of Texas.

2. Revenue Bonds: The City shall have the power to borrow money for the purpose of constructing, purchasing, improving, extending, or repairing public utilities, recreational facilities or any other self-liquidating function not prohibited by the State of Texas, and to issue revenue bonds to evidence the obligation created thereby. Such bonds shall be a charge upon and payable from properties, or interest therein pledged, or the income therefrom, or both. The holders of the revenue bonds shall never have the right to demand payment thereof out of monies raised or to be raised by taxation. All such bonds shall be issued in conformity with the laws of the State of Texas.

3. Bonds Incontestable: All bonds of the City having been issued and sold and having been delivered to the purchaser thereof shall thereafter be incontestable and all bonds issued to refund in exchange for outstanding bonds previously issued shall and after said exchange, be incontestable.

4. Use of Bond Funds: Any and all bond funds approved by a vote of the citizens of Heath will be expended only for the purposes stated in the bond issue.

5. Certificates of Obligation: All certificates of obligation issued by the City shall be approved by ordinance and issued in accordance with the laws of the State of Texas.

Appendix E – Glossary of Terms and Acronyms

This appendix provides definitions of commonly used budget, financial, and municipal government terms, along with acronyms referenced throughout this document. It is intended to help readers better understand the budget and promote consistent interpretation of technical terminology.

Abatement: A reduction or elimination of a real or personal property tax, motor vehicle excise, a fee, charge, or special assessment imposed by a governmental unit. Granted only on application of the person seeking the abatement and only by the committing governmental unit.

Accounting System: The total structure of records and procedures that identify record, classify, and report information on the financial position and operations of a governmental unit or any of its funds, account groups, and organizational components.

Accrued Interest: The amount of interest that has accumulated on the debt since the date of the last interest payment, and on the sale of a bond, the amount accrued up to but not including the date of delivery (settlement date). (See Interest)

ACFR: Annual Comprehensive Financial Report - A detailed report of an organization's financial activities and performance over the fiscal year.

Amortization: The gradual repayment of an obligation over time and in accordance with a predetermined payment schedule.

Appropriation: A legal authorization from the community's legislative body to expend money and incur obligations for specific public purposes. An appropriation is usually limited in amount and as to the time period within which it may be expended.

Arbitrage: As applied to municipal debt, the investment of tax-exempt bonds or note proceeds in higher yielding, taxable securities. Section 103 of the Internal Revenue Service (IRS) Code restricts this practice and requires (beyond certain limits) that earnings be rebated (paid) to the IRS.

Assessed Valuation: A value assigned to real estate or other property by a government as the basis for levying taxes.

Assets: Items owned by an organization that have economic value, such as cash, investments, property, and equipment.

Audit: An examination of a community's financial systems, procedures, and data by a certified public accountant (independent auditor), and a report on the fairness of financial statements and on local compliance with statutes and regulations. The audit serves as a valuable management tool in evaluating the fiscal performance of a community.

Audit Report: Prepared by an independent auditor, an audit report includes: (a) a statement of the scope of the audit; (b) explanatory comments as to application of auditing procedures; (c) findings and opinions.

It is almost always accompanied by a management letter which contains supplementary comments and recommendations.

Available Funds: Balances in the various fund types that represent non-recurring revenue sources. As a matter of sound practice, they are frequently appropriated to meet unforeseen expenses, for capital expenditures or other one-time costs.

Balance Sheet: A statement that discloses the assets, liabilities, reserves and equities of a fund or governmental unit at a specified date.

Betterments (Special Assessments): Whenever a specific area of a community receives benefit from a public improvement (e.g., water, sewer, sidewalk, etc.), special property taxes may be assessed to reimburse the governmental entity for all or part of the costs it incurred. Each parcel receiving benefit from the improvement is assessed for its proportionate share of the cost of such improvements. The proportionate share may be paid in full or the property owner may request that the assessors apportion the betterment over 20 years. Over the life of the betterment, one year's apportionment along with one year's committed interest computed from October 1 to October 1 is added to the tax bill until the betterment has been paid.

Bond: A means to raise money through the issuance of debt. A bond issuer/borrower promises in writing to repay a specified sum of money, alternately referred to as face value, par value or bond principal, to the buyer of the bond on a specified future date (maturity date), together with periodic interest at a specified rate. The term of a bond is always greater than one year. (See Note)

Bond and Interest Record: (Bond Register) – The permanent and complete record maintained by a treasurer for each bond issue. It shows the amount of interest and principal coming due each date and all other pertinent information concerning the bond issue.

Bond(s) Authorized and Unissued: Balance of a bond authorization not yet sold. Upon completion or abandonment of a project, any remaining balance of authorized and unissued bonds may not be used for other purposes, but must be rescinded by the community's legislative body to be removed from the community's books.

Bond Counsel: An attorney or law firm that provides a legal opinion confirming that a bond issuance complies with applicable laws and that the bonds are valid and binding obligations of the issuing government.

Bond Issue: Generally, the sale of a certain number of bonds at one time by a governmental unit.

Bond Rating (Municipal): A credit rating assigned to a municipality to help investors assess the future ability, legal obligation, and willingness of the municipality (bond issuer) to make timely debt service payments. Stated otherwise, a rating helps prospective investors determine the level of risk associated with a given fixed-income investment. Rating agencies, such as Moody's and Standard and Poors, use rating systems, which designate a letter or a combination of letters and numerals where AAA is the highest rating and C1 is a very low rating.

Budget: A plan for allocating resources to support particular services, purposes and functions over a specified period of time. (See Performance Budget, Program Budget)

Capital Assets: All real and tangible property used in the operation of government, which is not easily converted into cash, and has an initial useful live extending beyond a single financial reporting period. Capital assets include land and land improvements; infrastructure such as roads, bridges, water and sewer lines; easements; buildings and building improvements; vehicles, machinery and equipment. Communities typically define capital assets in terms of a minimum useful life and a minimum initial cost. (See Fixed Assets)

Capital Budget: An appropriation or spending plan that uses borrowing or direct outlay for capital or fixed asset improvements. Among other information, a capital budget should identify the method of financing each recommended expenditure, i.e., tax levy or rates, and identify those items that were not recommended. (See Capital Assets, Fixed Assets)

Capital Outlay: Expenditures for the purchase, construction, or improvement of long-term assets that provide value to the City over multiple years. This includes items such as land, buildings, infrastructure (for example, roads and utilities), major improvements, and equipment that meets the City's capitalization threshold.

Cash: Currency, coin, checks, postal and express money orders and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits.

Cash Flow: The movement of money into or out of an organization, showing its liquidity and ability to meet financial obligations.

Cash Management: The process of monitoring the ebb and flow of money in and out of municipal accounts to ensure cash availability to pay bills and to facilitate decisions on the need for short-term borrowing and investment of idle cash.

Certificate of Deposit (CD): A bank deposit evidenced by a negotiable or non-negotiable instrument, which provides on its face that the amount of such deposit plus a specified interest payable to a bearer or to any specified person on a certain specified date, at the expiration of a certain specified time, or upon notice in writing.

Certificate of Obligation: A debt obligation issued by a municipality for authorized public purposes that is payable from ad valorem taxes, revenues, or a combination of both. In Texas, Certificates of Obligation may be issued without voter approval, subject to statutory notice and petition requirements that allow voters to require an election.

Classification of Real Property: Assessors are required to classify all real property according to use into one of four classes: residential, open space, commercial, and industrial. Having classified its real properties, local officials are permitted to determine locally, within limitations established by statute and the Commissioner of Revenue, what percentage of the tax burden is to be borne by each class of real property and by personal property owners.

Compliance: Adherence to relevant laws, regulations, and internal policies governing financial reporting and operations.

Consumer Price Index: The statistical measure of changes, if any, in the overall price level of consumer goods and services. The index is often called the "cost-of-living index."

Cost-Benefit Analysis: A decision-making tool that allows a comparison of options based on the level of benefit derived and the cost to achieve the benefit from different alternatives.

Debt Burden: The amount of debt carried by an issuer usually expressed as a measure of value (i.e., debt as a percentage of assessed value, debt per capita, etc.). Sometimes debt burden refers to debt service costs as a percentage of the total annual budget.

Debt Service: The repayment cost, usually stated in annual terms and based on an amortization schedule, of the principal and interest on any particular bond issue.

Encumbrance: A reservation of funds to cover obligations arising from purchase orders, contracts, or salary commitments that are chargeable to, but not yet paid from, a specific appropriation account.

Enterprise Funds: An enterprise fund is a separate accounting and financial reporting mechanism for municipal services for which a fee is charged in exchange for goods or services. It allows a community to demonstrate to the public the portion of total costs of a service that is recovered through user charges and the portion that is subsidized by the tax levy, if any. Enterprise accounting also enables communities to reserve the "surplus" or net assets unrestricted generated by the operation of the enterprise rather than closing it out to the general fund at year-end. Services that may be treated as enterprises include, but are not limited to, water, sewer, hospital, and airport services.

Equalized Valuations (EQVs): The determination of the full and fair cash value of all property in the community that is subject to local taxation.

Equity: The residual interest in the assets of an organization after deducting liabilities, representing the owners' stake in the business.

Estimated Receipts: A term that typically refers to anticipated local revenues often based on the previous year's receipts and represent funding sources necessary to support a community's annual budget. (See Local Receipts)

ETJ (Extraterritorial Jurisdiction): The area outside a city's corporate limits where the city has limited regulatory authority, such as subdivision and development oversight, as provided by state law.

Exemptions: A discharge, established by statute, from the obligation to pay all or a portion of a property tax. The exemption is available to particular categories of property or persons upon the timely submission and approval of an application to the assessors. Properties exempt from taxation include hospitals, schools, houses of worship, and cultural institutions. Persons who may qualify for exemptions include disabled veterans, blind individuals, surviving spouses, and seniors.

Expenditure: An outlay of money made by municipalities to provide the programs and services within their approved budget.

Fiduciary Funds: Repository of money held by a municipality in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and other funds. These include pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

Financial Statements: Reports summarizing an organization's financial activities and position, including the balance sheet, income statement, and cash flow statement.

Fiscal Year: The 12-month period for which an organization plans the use of its funds, typically not the same as the calendar year. The City of Terrell begins its Fiscal Year each October 1 and closes its Fiscal Year September 30.

Fixed Assets: Long-lived, assets such as buildings, equipment and land obtained or controlled as a result of past transactions or circumstances.

Fixed Costs: Costs that are legally or contractually mandated such as retirement, FICA/Social Security, insurance, debt service costs or interest on loans.

Float: The difference between the bank balance for a local government's account and its book balance at the end of the day. The primary factor creating float is clearing time on checks and deposits. Delays in receiving deposit and withdrawal information also influence float.

Full Faith and Credit: A pledge of the general taxing powers for the payment of governmental obligations. Bonds carrying such pledges are usually referred to as general obligation or full faith and credit bonds.

Fund: An accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on identified activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations.

Fund Accounting: Organizing financial records into multiple, segregated locations for money. A fund is a distinct entity within the municipal government in which financial resources and activity (assets, liabilities, fund balances, revenues, and expenditures) are accounted for independently in accordance with specific regulations, restrictions or limitations. Examples of funds include the general fund and enterprise funds.

Fund Balance: The difference between a governmental fund's assets and liabilities, can be divided into 5 categories: 1) Non-spendable, 2) Restricted, 3) Committed, 4) Assigned, 5) Unassigned. Portions of the fund balance may be reserved for various purposes such as contingencies or encumbrances at the end of the fiscal year.

GAAP: Generally Accepted Accounting Principles - Standard accounting principles, standards, and procedures that companies use to compile their financial statements.

GASB Statement No. 34: A major pronouncement of the Governmental Accounting Standards Board that establishes new criteria on the form and content of governmental financial statements. GASB 34 requires a report on overall financial health, not just on individual funds. It requires more complete information on the cost of delivering value estimates on public infrastructure assets, such as bridges, road, sewers, etc. It also requires the presentation of a narrative statement the government's financial performance, trends and prospects for the future.

GASB Statement No. 45: This is another Governmental Accounting Standards Board major pronouncement that each public entity account for and report other postemployment benefits in its accounting statements. Through actuarial analysis, municipalities must identify the true costs of the OPEB earned by employees over their estimated years of actual service. Superseded by GASB 75.

GASB Statement No. 54: Establishes standards for classifying governmental fund balances into restricted, committed, assigned, and unassigned categories to improve clarity and consistency in reporting available financial resources.

GASB Statement No. 68: Establishes accounting and financial reporting requirements for pensions, including cost-sharing defined benefit plans such as the Texas Municipal Retirement System (TMRS), requiring governments to recognize their proportionate share of the net pension liability, related deferred outflows and inflows of resources, and pension expense based on actuarial valuations.

GASB Statement No. 75: Establishes accounting and financial reporting requirements for other postemployment benefits (OPEB), requiring governments to recognize the net OPEB liability and related expense based on actuarial valuations.

GASB Statement No. 84: Clarifies the criteria for identifying fiduciary activities and requires governments to report fiduciary funds only when they control assets that are held for the benefit of others and are not available to support the government's own programs.

GASB Statement No. 87: Establishes accounting and reporting standards for leases, requiring governments to recognize lease assets and lease liabilities for most lease arrangements previously classified as operating leases.

GASB Statement No. 88: Enhances debt disclosure requirements by clarifying the definition of debt, improving information about direct borrowings and direct placements, and requiring additional disclosures related to debt service requirements and pledged revenues.

GASB 96: Establishes accounting and reporting requirements for subscription-based information technology arrangements (SBITAs), requiring recognition of a subscription asset and related liability for qualifying software subscription contracts.

GASB 101: Establishes updated accounting and financial reporting requirements for compensated absences, clarifying when liabilities for leave such as vacation, sick leave, and other paid time off should be recognized based on whether the leave is attributable to services already rendered and is expected to be paid or settled.

GASB 103: Improves the governmental financial reporting model by refining management's discussion and analysis (MD&A), enhancing presentation of unusual or infrequent items, and clarifying budgetary comparison disclosures.

General Fund: The fund used to account for most financial resources and activities governed by the normal appropriation process.

General Obligation Bonds: Bonds issued by a municipality for purposes allowed by statute that are backed by the full faith and credit of its taxing authority.

Governing Body: A board, committee, commission, or other executive or policy-making body of a municipality or school district.

Governmental Funds: Funds used to account for core public services primarily financed by taxes and other nonexchange revenues; generally reported using the modified accrual basis.

Indirect Cost: Costs of a service not reflected in the operating budget of the entity providing the service. An example of an indirect cost of providing water service would be the value of time spent by non-water department employees processing water bills. A determination of these costs is necessary to analyze the total cost of service delivery. The matter of indirect costs arises most often in the context of enterprise funds.

Internal Controls: Policies and procedures implemented by an organization to ensure the reliability of financial reporting and compliance with laws and regulations, aiming to prevent fraud and errors.

Interest: Compensation paid or to be paid for the use of money, including amounts payable at periodic intervals or discounted at the time a loan is made. In the case of municipal bonds, interest payments accrue on a day-to-day basis, but are paid every six months.

Interest Rate: The interest payable, expressed as a percentage of the principal available for use during a specified period of time. It is always expressed in annual terms.

Intergenerational Equity: The principle that the cost of public services and long-term infrastructure should be shared fairly between current and future residents. In long-term debt decisions, this means using debt for assets that provide benefits over many years so that costs are distributed over time rather than borne entirely by current taxpayers.

Intergovernmental Revenues: Revenue received from other governments, such as federal, state, or county agencies. These funds are typically provided through grants, shared revenues, or reimbursements to support specific programs, services, or projects. Intergovernmental revenues are often restricted to particular uses and may vary from year to year based on funding availability and program requirements.

Investments: Securities and real estate held for the production of income in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

Liabilities: Debts or obligations owed by an organization, including loans, accounts payable, and accrued expenses.

Line Item Budget: A budget that separates spending into categories, or greater detail, such as supplies, equipment, maintenance, or salaries, as opposed to a program budget.

Maturity Date: The date that the principal of a bond becomes due and payable in full.

Municipal(s): As used in public finance, the term "municipal" refers to a state or political subdivision of a state, including cities, towns, counties, school districts, and special districts. The term is commonly used in reference to municipal securities, such as municipal bonds, issued by governmental entities to finance public purposes.

Net Income: The difference between an organization's revenues and expenses, representing its profit or loss for a specific period.

Note: A short-term loan, typically with a maturity date of a year or less.

Objects of Expenditures: A classification of expenditures that is used for coding any department disbursement, such as "personal services," "expenses," or "capital outlay."

Official Statement: A document prepared for potential investors that contains information about a prospective bond or note issue and the issuer. The official statement is typically published with the notice of sale. It is sometimes called an offering circular or prospectus.

Operating Budget: A plan of proposed expenditures for personnel, supplies, and other expenses for the coming fiscal year.

Opinion of Probable Construction Costs (OPCC): A professional estimate prepared by an engineer or design consultant to project anticipated construction costs based on current design, scope, and market conditions; the estimate is provided for planning and budgeting purposes and is subject to change.

Overlapping Debt: A community's proportionate share of the debt incurred by an overlapping government entity, such as a regional school district, regional transit authority, etc.

Performance Budget: A budget that stresses output both in terms of economy and efficiency.

PPP: See Public Private Partnership.

Principal: The face amount of a bond, exclusive of accrued interest.

Program: A combination of activities to accomplish an end.

Program Budget: A budget that relates expenditures to the programs they fund. The emphasis of a program budget is on output.

Proprietary Funds: Funds used to record the financial transactions of governmental entities when they engage in activities that are intended to recover the cost of providing goods or services to the general public on a user-fee basis.

Public Private Partnership: An agreement between a government and a private organization to jointly fund or deliver a project or service for public benefit, with responsibilities defined in a formal agreement.

Purchased Services: The cost of services that are provided by a vendor.

Refunding of Debt: Transaction where one bond issue is redeemed and replaced by a new bond issue under conditions generally more favorable to the issuer.

Reserve Fund: An amount set aside annually within the budget of a town to provide a funding source for extraordinary or unforeseen expenditures.

Revaluation: The assessors of each community are responsible for developing a reasonable and realistic program to achieve the fair cash valuation of property in accordance with constitutional and statutory requirements. The nature and extent of that program will depend on the assessors' analysis and consideration of many factors, including, but not limited to, the status of the existing valuation system, the results of an in-depth sales ratio study, and the accuracy of existing property record information.

Revenues: Inflows of resources or other enhancements of assets of an organization, usually from sales of goods or services.

Revenue Anticipation Note (RAN): A short-term loan issued to be paid off by revenues, such as tax collections and state aid. RANs are full faith and credit obligations.

Revenue Bond: A bond payable from and secured solely by specific revenues and thereby not a full faith and credit obligation.

Revolving Fund: Allows a community to raise revenues from a specific service and use those revenues without appropriation to support the service.

Sale of Real Estate Fund: A fund established to account for the proceeds of the sale of municipal real estate other than proceeds acquired through tax title foreclosure.

Stabilization Fund: A fund designed to accumulate amounts for capital and other future spending purposes, although it may be appropriated for any lawful purpose.

Surplus Revenue: The amount by which cash, accounts receivable, and other assets exceed liabilities and reserves.

Tax Increment Reinvestment Zone (TIRZ): TIRZs are governed by Chapter 311 of the Texas Tax Code. TIRZs are used as forms of tax increment financing, which is an economic development tool to incentivize both development and redevelopment.

Tax Rate: The amount of property tax stated in terms of a unit of the municipal tax base; for example, $14.80 per $1,000 of assessed valuation of taxable real and personal property.

Tax Title Foreclosure: The procedure initiated by a municipality to obtain legal title to real property already in tax title and on which property taxes are overdue.

Trust Fund: In general, a fund for money donated or transferred to a municipality with specific instructions on its use. As custodian of trust funds, the treasurer invests and expends such funds as stipulated by trust agreements, as directed by the commissioners of trust funds or by the community's legislative body. Both principal and interest may be used if the trust is established as an expendable trust. For nonexpendable trust funds, only interest (not principal) may be expended as directed.

Uncollected Funds: Recently deposited checks included in an account's balance but drawn on other banks and not yet credited by the Federal Reserve Bank or local clearinghouse to the bank cashing the checks. (These funds may not be loaned or used as part of the bank's reserves and they are not available for disbursement.)

Undesignated Fund Balance: Monies in the various government funds as of the end of the fiscal year that are neither encumbered nor reserved, and are therefore available for expenditure once certified as part of free cash.

Unreserved Fund Balance (Surplus Revenue Account): The amount by which cash, accounts receivable, and other assets exceed liabilities and restricted reserves. It is akin to a "stockholders' equity" account on a corporate balance sheet. It is not, however, available for appropriation in full because a portion of the assets listed as "accounts receivable" may be taxes receivable and uncollected. (See Free Cash)

Valuation (100 Percent): The legal requirement that a community's assessed value on property must reflect its market, or full and fair cash value.

Appendix F - Fee Schedule

Ordinance 260512A amended the fee schedule in the fiscal year FY2025-26. The amended rates included City Amenities and Park user fees.

CITY OF HEATH, TEXAS

ORDINANCE NO. 260512A

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEATH, TEXAS, AMENDING THE FEE SCHEDULE, ORIGINALLY ADOPTED FOR THE CURRENT FISCAL YEAR STARTING OCTOBER 1, 2025 AND ENDING SEPTEMBER 30, 2026; AND REPEALING ALL OTHER FEE SCHEDULES AND FEES APPROVED UNDER OTHER CITY ORDINANCES OR RESOLUTIONS IN CONFLICT WITH THIS ORDINANCE; ESTABLISHING NEW CATEGORIES OF FEES AND CHARGES; REVISE EXISTING RATES FOR PARK AND CITY AMENITIES; RECONFIRM EXISTING RATES; PROVIDING FOR A SEVERABILITY CLAUSE; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City Council has authority to establish fees relating to park and city amenities; and

WHEREAS, the City Council finds it necessary to make changes to the fee schedule relating to park and city amenities in order to better reflect the cost of certain services provided by the City; and

WHEREAS, fees relating to park and city amenities are the only fees being revised by this Ordinance, with all other fees remaining the same; and

WHEREAS, such list is intended to repeal and replace all existing fees in conflict with the fee schedule listed on "Exhibit A" attached and incorporated as part of this Ordinance.

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

SECTION 1. That the Fee Schedule for fiscal year October 1, 2025 through September 30, 2026 be amended, as shown in Exhibit A. Proposed changes to the fee schedule are highlighted in blue and shown as strikethroughs in red as shown in Exhibit A.

SECTION 2. This ordinance shall be in full force and effect upon its adoption by the City Council and signed by the Mayor and City Secretary.

SECTION 3. The above and foregoing recitals are hereby found to be true and correct are incorporated herein as findings of fact. The City Council further finds and determines the rules, regulations, terms, conditions, provisions and requirements of this ordinance or reasonable and necessary to protect the public health, safety, and quality of life in the City.

SECTION 4. The City Council hereby repeals and replaces all fees levied by the City of Heath in conflict with the fee schedule attached and incorporated as "Exhibit A". Said repeal and replacement shall be effective as of the Effective Date under Section 2.

SECTION 5. It is the express intent of the City Council that the sections, paragraphs, clauses and phrases of this ordinance are severable and, if any phrase, sentence, paragraph or section should be declared invalid by the final judgment or decree of any court of competent jurisdiction, such invalidity shall not affect any of the remaining phrases, clauses, sentence, paragraphs and sections of this ordinance of any such invalid phrase, clause, sentence, paragraph or section. If any provision of this ordinance shall be adjudged by a court of competent jurisdiction to be invalid, the invalidity shall not affect other provisions or applications of this ordinance which can be given effect without the invalid provision, and to this end the provision of this ordinance are hereby declared to be severable.

PASSED, APPROVED, AND ADOPTED on this the 12^{th} day of May 2026.

APPROVED:

Jeremiah McClure, Mayor

ATTEST:

Norma Duncan, City Secretary

APPROVED AS TO FORM:

Marie Johnson, Assistant City Attorney

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
COMMUNITY ROOM		
Small Room, resident	$50.00/per hour	
Entire Room, resident	$100.00/per hour	
After 5:00 pm or weekends	add on $50.00/per hour	
Lost Key Charge	$60.00	
Deposit - (Refundable based on Room Condition)	$200.00	
ADMINISTRATIVE - COPIES/FILING		
Copies (50 pages or less)	$0.10 per page	
Copies (for oversized copies)	$0.50 per page	
Copies (50 pages or more)	$15.00 per hour for labor	
County Filing	Actual Cost plus 20% admin	
Lien Filing Fee	Actual Cost plus 20% admin	
PUBLIC SAFETY		
Accident Report	$6.00	
Solicitation Permit Application Fee (Per Applicant/Non-Refundable)	$65.00	Ordinance 150526F
SECURITY SYSTEM/ALARMS		Ordinance 080916E
Annual Registration - Residential	$35.00	
Annual Registration - Commercial	$50.00	
Non-registration Penalty	$200.00	
False Alarm Penalty / Year - POLICE		
First - Third False Alarms	No Charge	
Fourth and Fifth False Alarms	$50.00	
Sixth and Each Subsequent False Alarm	$75.00	
Residential False Alarm Penalty / Year - FIRE		
First - Third False Alarms	No Charge	
Fourth False Alarm	$100.00	
Fifth False Alarm	$250.00	
Sixth and Each Subsequent False Alarm	$500.00	
Commercial False Alarm Penalty / Year - FIRE		
First - Third False Alarms	No Charge	
Fourth False Alarm	$250.00	
Fifth False Alarm	$500.00	
Sixth and Each Subsequent False Alarm	$750.00	
LAND USE APPLICATIONS		
Rough Proportionality Study Fee	Actual cost passed through w/o mark up	
Comprehensive Plan Amendment	$500.00	
Request For Zoning Change	$1,200.00	
Conditional Use Permit	$1,200.00	
Board of Adjustment Appeal/Variance/Special Exception	$850.00	
Concept Plan	$500.00	
Notice Publication Fee for 2nd and subsequent notices	$350.00	
Neighborhood Notices for 2nd and subsequent notices	$375.00	
Development Review Committee Pre-Application Meeting	First meeting is free. Each subsequent meeting is $300	
Photometric Plan Review by 3rd Party	Actual cost pass through w/o markup	
Flood Plain Study Review	$175.00/hour	
Extraordinary Review/Expert Consultation	Cost of Consultation	
Extraordinary Review/City Engineer	$175.00/hour	
Site Plan Review	$1,200.00	
Street Name Change Request	$150 + assoc. costs pass through	
Request to Abandon Right-of-Way or Easement	$300 + assoc. costs pass through	
Encroachment Agreement	$200.00	
Beer and Wine Permit Application (Off-premise Only) *Non-refundable, initial application fee*	$100.00	Ordinance 120605
Beer and Wine Variance Request	$100.00	
Beer and Wine Retailers (Off-Premise), *Permit valid for two years*	$60.00	
Preliminary Plat	$1,500.00 + $25.00/acre	
Short-Form Plat (less than 5 acres)	$750.00+$25.00/lot	
Final Plat	$1,500.00 + $25.00/acre	

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
Replat or Amending Plat	$750.00+$25.00/acre	
Vacating Plat if Not Filed with a Replat	$750.00 + $25.00/acre	
Official Filing Fees - plat and required documents	Fees set per County	
Public Improvements Plan Review and Inspections	A deposit of 4% of the improvement value or a minimum of $4,500 is due with the civil plan application. The actual staff cost of $185.00 per hour will be charged against the deposit with a refund of the unused deposit issued upon city Acceptance of Improvements. If actual staff costs exceed the deposit, an invoice will be issued for the excess expense due before Acceptance of Improvements.	
VARIANCE REQUESTS		
Variance (Fence, Parking, Lighting, Subdivision Regulations, Other)	$400.00	
TAKE AREA		
Annual Sublease Fee - First Year	$600.00	
Annual Sublease Fee - Subsequent Years	$350.00	
Application for Appeal - Appeals Panel	$100.00	
Application for Appeal - City Council	$100.00	
Annual Sublease Ownership Transfer	$200.00	
ANIMAL CONTROL		
Annual Dog Registration - Neutered	$5.00	
Annual Dog Registration - Non-Neutered	$10.00	
Impoundment - Initial Fee	$30.00	
Impoundment - 2nd incident	$50.00	
Impoundment - 3rd incident	$75.00	
Impoundment - 4th incident or more	$100.00	
Impoundment-Daily fee subsequent to Initial day	$10.00	
Permits (Non-transferable)		
Show or Exhibition	$10.00/occurrence, valid 30 days	
Grooming	$10.00/annually	
Dealer (retail and/or wholesale distributor)	$25.00/annually	
Commercial (not covered by "dealer")	$25.00/annually	
INSPECTIONS - OSSF		
After Hours/Weekends Inspections two hour minimum	$80.00/hour	
Extraordinary Inspections of Systems or Components applicable after 3rd inspection has failed	$100/inspection	
OSSF New or Replace. Sys. (payable at application)	$750.00	
OSSF - Existing System Modifications	$400.00	
INSPECTIONS - FOOD SERVICE		
Restaurant/Club (New or Renewal)	$250.00	
Convenience Store (New or Renewal)	$250.00	
Mobile Food Vendor/Commissary (New or Renewal)	$250.00	
Grocer per Department	$150.00	
Day Care Facility	$150.00	
Special Event Food Trucks - Annual Permit	$250.00	
Special Event/Food Trucks - Each Event	$100.00	
No Inspection	$0.00	
Additional Inspection	$100.00	
RISD	Exempt	
CODE ENFORCEMENT		
Administrative Fee	$200.00	
Non-Compliance Watering Penalty		
1st Notice	Warning No Penalty	Ordinance 250624B
2nd Notice	$150.00	Ordinance 250624B
3rd Notice	$200.00	Ordinance 250624B
4th Notice	$250.00	Ordinance 250624B
5th Notice	$300.00	Ordinance 250624B
6th Notice	$350.00	Ordinance 250624B

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
7th Notice	$400.00	Ordinance 250624B
8th Notice	$450.00	Ordinance 250624B
9th Notice	$500.00	Ordinance 250624B
REPLACE PERMIT		
Replace Permit Pack	$25.00	
BUILDING PERMITS		
New Single-family Dwelling fee per square foot (entire square feet of building, including non-heated/cooled areas)		
1,501 - 2,000	$1,050.00	
2,001 - 2,250	$1,050.00	
2,251 - 2,500	$1,050.00	
2,501 - 3,000	$1,050.00	
3,001 - 3,500	$1,150.00	
3,501 - 4,000	$1,250.00	
4,001 - 4,500	$1,500.00	
4,501 - 5,000	$2,500.00	
5,001 - 5,500	$3,500.00	
5,501 - 6,000	$4,500.00	
6,001 - 7,500	$6,000.00	
7,501 and over	$7,500.00	
Residential Permit Fees		
Approach/Flatwork	$100.00	
Demo	$100.00	
Electrical	$100.00	
Mechanical	$100.00	
Plumbing	$100.00	
Addition/Remodel (interior/exterior)		
400 sq ft or less	$250.00	
401 sq ft to 800 sq ft	$350.00	
801 sq ft to 1,500 sq ft	$450.00	
1,501 sq ft to 3,000 sq ft	$550.00	
3,001 sq ft to 4,500 sq ft	$650.00	
4,501 sq ft or larger	$1,000.00	

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
Auxiliary Building (Pool Houses, Cabanas, Out Buildings, etc.….)		
400 sq ft or less	$250.00	
401 sq ft to 800 sq ft	$350.00	
801 sq ft to 1,500 sq ft	$450.00	
1,501 sq ft to 3,000 sq ft	$550.00	
3,001 sq ft to 4,500 sq ft	$650.00	
4,501 sq ft or larger	$1,000.00	
Retaining Walls	$200.00	
Roofs	$100.00	
Windows	$100.00	
Grading	$200.00	
Foundation	$100.00	
Lake Structure	$350.00	
Pool	$400.00	
Commercial Minimum Fee	$100.00	
Commercial Permit Fee (minimum $100)	1/2 of 1% of value	
Temporary Sales/Construction Trailer Permit	$100.00	
Certificate of Occupancy	$100.00	
Re-inspection Fee for Buildings	$100.00	
Plan Check/Inspection Fees for Outside Consultants & Inspections	Actual cost passed through w/o mark up	
After Hours/Weekends Construction Inspections four hour minimum	$100.00/hour	
Sprinkler/Irrigation Permit	$100.00	
Fence Permit	$100.00	
Underground Fire Line Permit	$150.00	
Underground Gas and Diesel Storage Tank Permit	$150.00	
Residential/Commercial Fire Sprinkler Permit	$150.00	
Fire Alarm Permit	$150.00	
Residential/Commercial Generator Permit	$150.00	
Above Ground Fuel Storage Tank Permit	$150.00	
Type I Commercial Cooking Hoods Permit	$150.00	
Contractor Registration - Initial	$100.00	
Contractor Registration - Renewal	$75.00	
Penalty for Working without Registration	$500.00/occurrence	
Penalty for Working without Permit	$500.00/occurrence	
Note: per state law, plumbers and electricians do not pay registration fee; however, they will be subject to a penalty for failure to register prior to work.		
Temporary Utility Deposit	$500.00	
SIGN PERMITS		
Sign Permit	$100.00	
Temporary Banner Permit	$50.00	
IMPACT FEES		Ordinance 200310A
Meter Pass Through Fee	Cost of Meter, plus 20% markup, plus cost of meter can replacement if required	
Water - 3/4" meter	$2,087.00	Rate set by Impact Fee Study
Water - 1" meter	$3,478.00	Rate set by Impact Fee Study
Sewer - (3/4" water meter)	$3,940.00	Rate set by Impact Fee Study
Sewer - (1" water meter)	$6,567.00	Rate set by Impact Fee Study
Water and Sewer for meter sizes not listed		Rate set by Impact Fee Study
Roadway per residential unit	$2,419.07	Rate set by Impact Fee Study
Roadway non-residential		Rate set by Impact Fee Study
STORMWATER MANAGEMENT		
Stormwater Violation Fee Not to Exceed	$500.00 per offense	
Stormwater Reinspection Fee	$100.00	
Administration Fee	$200.00	

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
PARK DEVELOPMENT FEES		
Fee-In-Lieu of Land Dedication per Dwelling Unit	$2,246.94	Ordinance 180327B
Park Development Fees per Dwelling Unit	$1,293.19	Ordinance 180327B
Tree Mitigation Fee per Diameter Inch	$160.00	Ordinance 200825A
PARKS RENTALS		
Field Rental - Towne Center Park		
Practice Fields at City Hall - Resident		Ordinance 260512A
Practice Fields at City Hall - Non-Resident		Ordinance 260512A
Youth Teams May Reserve 1/2 Field - Resident		Ordinance 260512A
Youth Teams May Reserve 1/2 Field - Non-Resident		Ordinance 260512A
Adult Teams Must Reserve the Full Field - Resident		Ordinance 260512A
Adult Teams Must Reserve the Full Field - Non-Resident		Ordinance 260512A
Add lights to any of the above - Resident		Ordinance 260512A
Add lights to any of the above - Non-Resident		Ordinance 260512A
Ball Field Rental		
Ball Field, Resident	$30.00 per hour/field	Ordinance 260512A
Ball Field, Non-Resident	$60.00 per hour/field	Ordinance 260512A
Ball Field Deposit	$250.00 deposit	Ordinance 260512A
Add Lights, Resident	$20.00/per hour	Ordinance 260512A
Add Lights, Non-Resident	$50.00/per hour	Ordinance 260512A
Picnic Pavilions		
Towne Center Park - Resident		Ordinance 260512A
Towne Center Park - Non-Resident		Ordinance 260512A
Terry Park -- Heath or Dallas residents		Ordinance 260512A
Terry Park -- Non-Heath or Non-Dallas residents		Ordinance 260512A
Rectangular Sports Field Rental		
Rectangular Sports Field, Resident	$30.00 per hour/field	Ordinance 260512A
Rectangular Sports Field, Non-Resident	$60.00 per hour/field	Ordinance 260512A
Rectangular Sports Field, Deposits	$100.00	Ordinance 260512A
Field Preparation		
Field Preparation, Resident	$50.00 flat fee	Ordinance 260512A
Field Preparation, Non-Resident	$60.00 flat fee	Ordinance 260512A
Pickleball Courts		
Pickleball Court, Resident	$10.00 per hour/court	Ordinance 260512A
Pickleball Court Annual Permit, Resident	$50.00	Ordinance 260512A
Pickleball Court, Non-Resident	$40.00 per hour/court	Ordinance 260512A
Pickleball Special Event (4 Courts,4 hours), Resident	$250.00	Ordinance 260512A
Pickleball Special Event (8 Courts, 4 hours), Resident	$500.00	Ordinance 260512A
Pavilions		
Pavilion rental Terry Park, resident or city of Dallas resident	$100.00/per 3 hours	Ordinance 260512A
Pavilion rental Towne Center Park, Resident	$100.00/per 3 hours	Ordinance 260512A
Pavilion rental, Non-Resident	$250.00/per 3 hours	Ordinance 260512A
Pavilion Deposit	$250.00	Ordinance 260512A
Gazebos		
Gazebo rental, Resident	$30.00/per hour	Ordinance 260512A
Gazebo rental, Non-Resident	$60.00/per hour	Ordinance 260512A
Gazebo Deposit	$150.00	Ordinance 260512A
Amphitheater		
Amphitheater rental, Resident (event under 50 people)	$300.00/per hour	Ordinance 260512A
Amphitheater rental, Resident (event over 50 people)	$500.00/per hour	Ordinance 260512A
Amphitheater rental, Non-Resident (event under 50 people)	$450.00/per hour	Ordinance 260512A
Amphitheater rental, Non-Resident (event over 50 people	$700.00/per hour	Ordinance 260512A
Amphitheater deposit	$500.00	Ordinance 260512A

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
GARBAGE COLLECTION		
Residential Curbside w/ Recycling	$25.09	2.63% CPI Increase
Premium Service w/ Recycling (Residential Carry Out)	$44.05	2.63% CPI Increase
Commercial Collection	$29.46	2.63% CPI Increase
Commercial 2-Cart	$42.11	2.63% CPI Increase
Commercial Polycart Recycling	$1.66	2.63% CPI Increase
Additional Polycart	$12.36	2.63% CPI Increase
Brush exceeding three cubic yards	$12.58/cubic yard	2.63% CPI Increase
Billed by Waste Connections		
Commercial - 3 cubic yard container 1 x Week	$112.90	2.63% CPI Increase
Commercial - 4 cubic yard container 1 x Week	$132.62	2.63% CPI Increase
Commercial - 6 cubic yard container 1 x Week	$163.20	2.63% CPI Increase
Commercial - 8 cubic yard container 1 x Week	$211.48	2.63% CPI Increase
A complete list of services billed by Progressive Waste Solutions of Texas, Inc. will be provided upon request.		
Hazardous Waste Charge	$1.16	2.6% CPI Increase
SANITARY SEWER SERVICE		
Residential Winter Averaging Base Rate	$63.70	Willdan Rate Study
Volume Rate/1,000 Gallons - Winter Averaging	$7.91	Willdan Rate Study
Non-Residential Rate/1,000 Gallons	$13.45	Willdan Rate Study
Residential New Winter Averaging Base Rate - Less than 12 Months	$63.70	Willdan Rate Study
Residential New Volume Rate/1,000 Gallons Winter Averaging - Less than 12 Months Average of 7,000 Gallons	$7.91	Willdan Rate Study
WATER SERVICE		
Base Rates (includes 2,000 gallons)		
5/8" & 3/4" Meters	$41.53	Willdan Rate Study
1" Meters	$64.24	Willdan Rate Study
1 1/2" Meters	$102.10	Willdan Rate Study
2" Meters	$147.55	Willdan Rate Study
3" Meters	$291.44	Willdan Rate Study
4" Meters	$480.76	Willdan Rate Study
6" Meters		
Fire Protection Meter	Check detector is exempt	
Usage Rates	**per 1,000 gallons**	
2,001 - 10,000 gallons	$7.44	Willdan Rate Study
10,001 - 20,000 gallons	$7.63	Willdan Rate Study
20,001-30,000 gallons	$9.45	Willdan Rate Study
30,001-50,000 gallons	$11.30	Willdan Rate Study
50,001-100,000 gallons	$13.49	Willdan Rate Study
Greater than 100,000 gallons	$16.12	Willdan Rate Study
Hydrant Rate ($150.00 minimum)	$18.25	

FISCAL YEAR 2026-2027	**2026 AMENDED FEE SCHEDULE (May 12, 2026)**	**NOTES**
General		
Late Penalty on Delinquent Balance	10%	
Administration Fee	$200.00	
Reconnect Fee during business hours M-F, 8 am-5 pm	$50.00	
Reconnect Fee after business hours and weekends until 10 pm	$100.00	
(No reconnections after 10 pm)		
Water Meter Re-read (except initial request)	$25.00	
Water Meter Inaccessible Re-Read Fee	$60.00	
Water Meter Leak Check (except initial request)		
(fee waived if leak detected on subsequent checks)	$25.00	
Water Meter Consumption Report (except initial request)	$25.00	
Water Meter Testing	$150.00	
Unauthorized Use of Water/Jump Service/Removal of Meter Lock	$500.00	
Fire Hydrant Meter Refundable Deposit	$2,250.00	
Fire Hydrant Meter Water Consumption Refundable Deposit	$500.00	
Fire Hydrant Meter Installation Administration Fee	$50.00	
Installation & Accessory Fee for 3/4" meter	Actual cost plus 20% admin and stocking	
Installation & Accessory Fee for 1" meter	Actual cost plus 20% admin and stocking	
Utility Deposits / Refunded per Ordinance		Ordinance 090120
Water/Sewer/Garbage	$325.00	
Water/Garbage	$250.00	
Sewer/Garbage	$125.00	
Garbage Only	$50.00	
NSF Payment Fee	$35.00	
Address Labels from Utility System - electronic	$25.00	
Online Payment Credit Card Fee - Court Payments	Actual cost passed through w/o mark up	
Online Payment Credit Card Fee - Utility Payments	Actual cost passed through w/o mark up	
Credit Card Processing Fee	3% Convenience Fee	
Stipe Credit Card Processing Fee	$0.99	
Automated Phone Payment Fee	$1.75	
Unpaid debts and accounts receivable such as fines, fees, court costs, and restitution ordered paid by the Heath Municipal Court	30% fee	Resolution 231024B

Appendix G – Fund Matrix and Fund Structure Reference

This appendix provides a quick reference to the City's active funds for Fiscal Year 2026-2027. It identifies each fund by its fund code, fund name, governmental fund type, and primary purpose to assist readers in navigating the budget document and understanding how City resources are organized and accounted for. Detailed financial information is presented in the individual fund sections and adopted appropriations. This appendix is intended as a reference only.

Fund Matrix and Fund Structure Reference

Fund Code	Fund Name	Fund Category	Primary Purpose
100	General Fund	General Fund	Accounts for the City's primary governmental operations, including public safety, public works, community development, parks, municipal court, and general government services. Supported primarily by property taxes, sales taxes, franchise fees, permits, fines, and other general revenues.
208	Court Technology	Special Revenue	Accounts for restricted court technology revenues and expenditures as authorized by state law.
209	Court Security	Special Revenue	Accounts for restricted court security revenues and expenditures.
210	Police Donation	Special Revenue	Accounts for donated funds restricted for law enforcement purposes.
211	Asset Seizure Fund	Special Revenue	Accounts for forfeiture proceeds and expenditures restricted by applicable law.
213	Child Safety Fund	Special Revenue	Accounts for child safety fees and expenditures authorized by state law.
214	Opioid Settlement Fund	Special Revenue	Accounts for opioid settlement proceeds restricted to eligible uses under settlement agreements.
220	Roadway Impact Fee #A	Capital Projects / Restricted	Accounts for roadway impact fees restricted for eligible transportation capital improvements.
221	Special Revenue Streets	Special Revenue	Accounts for restricted revenues dedicated to street-related purposes.
225	Parkland Dedication Fee	Special Revenue	Accounts for parkland dedication fees restricted for park acquisition and development.
229	Tree Mitigation Fund	Special Revenue	Accounts for tree mitigation fees restricted for tree planting, replacement, and maintenance.
230	Marsha's Happy Haven	Special Revenue	Accounts for donated funds restricted for memorial improvements and amenities.
231	Farmers' Market	Special Revenue	Accounts for revenues and expenditures associated with the City's Farmers' Market program.

260	Special Revenue Fund	Special Revenue	Accounts for restricted revenues dedicated to specific purposes established by law, grant, or Council action. *(Recommend refining if this fund has a more specific purpose.)*
261	Water Impact Fee	Capital Projects / Restricted	Accounts for water impact fees restricted for water system capital improvements.
262	Sewer Impact Fee	Capital Projects / Restricted	Accounts for sewer impact fees restricted for wastewater system capital improvements.
625	Solid Waste Fund	Enterprise Fund	Accounts for residential solid waste, recycling, and bulk waste collection services funded through user charges.
300	General Debt Service Fund	Debt Service Fund	Accounts for property tax revenues and other pledged resources used to pay principal, interest, and related debt service costs.
400	General Capital Projects Fund	Capital Projects Fund	Accounts for governmental capital improvement projects including streets, facilities, drainage, parks, and equipment.
401	Fire Station Building	Capital Projects Fund	Accounts for resources reserved for future fire station or related public safety facility construction.
402	Drainage Fund	Capital Projects Fund	Accounts for drainage infrastructure improvements and related capital projects.
406	Parks Capital Projects Fund	Capital Projects Fund	Accounts for capital improvements to parks and recreational facilities.
407	P.A.T.H.	Capital Projects Fund	Accounts for donated funds dedicated to parks, trails, and beautification projects.
410	Utility Capital Projects Fund	Capital Projects Fund	Accounts for water and wastewater capital improvement projects.
480	CO Series 2023 General Capital	Capital Projects Fund	Accounts for proceeds and expenditures associated with the 2023 Certificates of Obligation capital projects.
481	CO Series 2026 Utility Capital	Capital Projects Fund	Accounts for proceeds and expenditures associated with the 2026 Certificates of Obligation utility capital projects.
980	Heath Economic Development Corporation	Component Unit	Accounts for the activities of the Heath Economic Development Corporation, a legally separate component unit.
985	Heath Municipal Benefits Corporation	Component Unit	Accounts for the activities of the Heath Municipal Benefits Corporation, a legally separate component unit.
610	Water & Sewer Utility Fund	Enterprise Fund	Accounts for the operation, maintenance, and capital investment of the City's water and wastewater utility systems.
700	General Equipment Replacement	Internal Service Fund	Accounts for replacement of governmental equipment and vehicles supporting City operations.
710	Utility Equipment Replacement	Internal Service Fund	Accounts for replacement of utility equipment supporting water and wastewater operations.
790	Employee Health Benefits Fund	Internal Service Fund	Accounts for the City's employee health benefit program and related costs.

Appendix H – Tax Rate Calculation Worksheet Form 50-856

This appendix contains the Texas Comptroller's Tax Rate Calculation Worksheet (Form 50-856), which is used to calculate the City's no-new-revenue tax rate, voter-approval tax rate, and other statutory tax rate information in accordance with the Texas Tax Code. The calculations are prepared by the Rockwall Central Appraisal District under contract with the City and are independently reviewed by City staff before the proposed tax rate is considered by the City Council.

2026 Tax Rate Calculation Worksheet
Taxing Units Other Than School Districts or Water Districts

Form 50-856

Taxing Unit Name

Phone *(area code and number)*

Taxing Unit's Address, City, State, ZIP Code

Taxing Unit's Website Address

GENERAL INFORMATION: Tax Code Section 26.04(c) requires an officer or employee designated by the governing body to calculate the no-new-revenue (NNR) tax rate and voter-approval tax rate for the taxing unit. These tax rates are expressed in dollars per $100 of taxable value calculated. The calculation process starts after the chief appraiser delivers to the taxing unit the certified appraisal roll and the estimated values of properties under protest. The designated officer or employee shall certify that the officer or employee has accurately calculated the tax rates and used values shown for the certified appraisal roll or certified estimate. The officer or employee submits the rates to the governing body by Aug. 7 or as soon thereafter as practicable.

School districts do not use this form, but instead use Comptroller Form 50-859 *Tax Rate Calculation Worksheet, School District without Chapter 313 and JETI Agreements* or Comptroller Form 50-884 *Tax Rate Calculation Worksheet, School District with Chapter 313 and JETI Agreements.*

Water districts as defined under Water Code Section 49.001(1) do not use this form, but instead use Comptroller Form 50-858 *Water District Voter-Approval Tax Rate Worksheet for Low Tax Rate and Developing Districts* or Comptroller Form 50-860 *Developed Water District Voter-Approval Tax Rate Worksheet.*

The Comptroller's office provides this worksheet to assist taxing units in determining tax rates. The information provided in this worksheet is offered as technical assistance and not legal advice. Taxing units should consult legal counsel for interpretations of law regarding tax rate preparation and adoption.

Taxing units must include a hyperlink to a document that evidences the accuracy of each entry in the worksheet other than an entry making a mathematical calculation.[1] Source materials must contain data for all worksheets used, including supplemental worksheets.

Insert hyperlink:

SECTION 1: No-New-Revenue Tax Rate

The NNR tax rate enables the public to evaluate the relationship between taxes for the prior year and for the current year based on a tax rate that would produce the same amount of taxes (no new taxes) if applied to the same properties that are taxed in both years. When appraisal values increase, the NNR tax rate should decrease.

The NNR tax rate for a county is the sum of the NNR tax rates calculated for each type of tax the county levies.

While uncommon, it is possible for a taxing unit to provide an exemption for only maintenance and operations taxes. In this case, the taxing unit will need to calculate the NNR tax rate separately for the maintenance and operations tax and the debt tax, then add the two components together.

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
1.	**Prior year total taxable value.** Enter the amount of the prior year taxable value on the prior year tax roll today. Include any adjustments since last year's certification; exclude Tax Code Section 25.25(d) one-fourth and one-third over-appraisal corrections from these adjustments. Exclude any property value subject to an appeal under Chapter 42 as of July 25 (will add undisputed value in Line 6). This total includes the taxable value of homesteads with tax ceilings (will deduct in Line 2) and the captured value for tax increment financing (adjustment is made by deducting TIF taxes, as reflected in Line 17).[2]	$ ________
2.	**Prior year tax ceilings.** Counties, cities and junior college districts. Enter the prior year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision last year or a prior year for homeowners age 65 or older or disabled, use this step.[3]	$ ________
3.	**Preliminary prior year adjusted taxable value.** Subtract Line 2 from Line 1.	$ ________
4.	**Prior year total adopted tax rate.**	$ ________/$100
5.	**Prior year taxable value lost because court appeals of ARB decisions reduced the prior year's appraised value.** A. **Original prior year ARB values:** .... $ ________ B. **Prior year values resulting from final court decisions:** .... - $ ________ C. **Prior year value loss.** Subtract B from A.[4]	$ ________

[1] Tex. Tax Code §§5.07(g)(4) and 26.04(d-1)
[2] Tex. Tax Code §26.012(14)
[3] Tex. Tax Code §26.012(14)
[4] Tex. Tax Code §26.012(13)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
6.	**Prior year taxable value subject to an appeal under Chapter 42, as of July 25.** **A. Prior year ARB certified value:** .... $ ________ **B. Prior year disputed value:** .... - $ ________ **C. Prior year undisputed value.** Subtract B from A. [5]	$ ________
7.	**Prior year Chapter 42 related adjusted values.** Add Line 5C and Line 6C.	$ ________
8.	**Prior year taxable value, adjusted for actual and potential court-ordered adjustments.** Add Line 3 and Line 7.	$ ________
9.	**Prior year taxable value of property in territory the taxing unit deannexed after Jan. 1 of the prior year.** Enter the prior year value of property in deannexed territory**.** [6]	$ ________
10.	**Prior year taxable value lost because property first qualified for an exemption in the current year.** If the taxing unit increased an original exemption, use the difference between the original exempted amount and the increased exempted amount. Do not include value lost due to freeport, goods-in-transit, temporary disaster exemptions. Note that lowering the amount or percentage of an existing exemption in the current year does not create a new exemption or reduce taxable value. **A. Absolute exemptions.** Use prior year market value: .... $ ________ **B. Partial exemptions.** Current year exemption amount or current year percentage exemption times prior year value: .... + $ ________ **C. Value loss.** Add A and B. [7]	$ ________
11.	**Prior year taxable value lost because property first qualified for agricultural appraisal (1-d or 1-d-1), timber appraisal, recreational/ scenic appraisal or public access airport special appraisal in the current year.** Use only properties that qualified for the first time in the current year; do not use properties that qualified in the prior year. **A. Prior year market value:** .... $ ________ **B. Current year productivity or special appraised value:** .... - $ ________ **C. Value loss.** Subtract B from A. [8]	$ ________
12.	**Total adjustments for lost value.** Add Lines 9, 10C and 11C.	$ ________
13.	**Prior year captured value of property in a TIF.** Enter the total value of the prior year captured appraised value of property taxable by a taxing unit in a tax increment financing zone for which the prior year taxes were deposited into the tax increment fund. [9] If the taxing unit has no captured appraised value in line 18D, enter 0.	$ ________
14.	**Prior year total value.** Subtract Line 12 and Line 13 from Line 8.	$ ________
15.	**Adjusted prior year total levy.** Multiply Line 4 by Line 14 and divide by $100.	$ ________
16.	**Taxes refunded for years preceding the prior tax year.** Enter the amount of taxes refunded by the taxing unit for tax years preceding the prior tax year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for the prior tax year. This line applies only to tax years preceding the prior tax year. [10]	$ ________
17.	**Adjusted prior year levy with refunds.** Add Lines 15 and 16. [11]	$ ________

[5] Tex. Tax Code §26.012(13)
[6] Tex. Tax Code §26.012(15)
[7] Tex. Tax Code §26.012(15)
[8] Tex. Tax Code §26.012(15)
[9] Tex. Tax Code §26.03(c)
[10] Tex. Tax Code §26.012(13)
[11] Tex. Tax Code §26.012(13) and (15)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
18.	**Total current year taxable value on the current year certified appraisal roll today.** This value includes only certified values or certified estimate of values and includes the total taxable value of homesteads with tax ceilings (will deduct in Line 20). These homesteads include homeowners age 65 or older or disabled. [12] **A. Certified values:** .... $ ________ **B. Counties:** Include railroad rolling stock values certified by the Comptroller's office: .... + $ ________ **C. Pollution control and energy storage system exemption:** Deduct the value of property exempted for the current tax year for the first time as pollution control or energy storage system property: .... - $ ________ **D. Tax increment financing:** Deduct the current year captured appraised value of property taxable by a taxing unit in a tax increment reinvestment zone for which the current year taxes will be deposited into the tax increment fund. Do not include any new property value that will be included in Line 24 below. [13] Adjustments to the taxable value must be calculated separately for each reinvestment zone using Form 50-110.[14] Enter the total from Form 50-110 .... - $ ________ **E. Total current year value.** Add A and B, then subtract C and D.	$ ________
19.	**Total value of properties under protest or not included on certified appraisal roll.** [15] **A. Current year taxable value of properties under protest.** The chief appraiser certifies a list of properties still under ARB protest. The list shows the appraisal district's value and the taxpayer's claimed value, if any, or an estimate of the value if the taxpayer wins. For each of the properties under protest, use the lowest of these values. Enter the total value under protest. [16] .... $ ________ **B. Current year value of properties not under protest or included on certified appraisal roll.** The chief appraiser gives taxing units a list of those taxable properties that the chief appraiser knows about but are not included in the appraisal roll certification. These properties also are not on the list of properties that are still under protest. On this list of properties, the chief appraiser includes the market value, appraised value and exemptions for the preceding year and a reasonable estimate of the market value, appraised value and exemptions for the current year. Use the lower market, appraised or taxable value (as appropriate). Enter the total value of property not on the certified roll. [17] .... + $ ________ **C. Total value under protest or not certified.** Add A and B.	$ ________
20.	**Current year tax ceilings.** Counties, cities and junior colleges enter current year total taxable value of homesteads with tax ceilings. These include the homesteads of homeowners age 65 or older or disabled. Other taxing units enter 0. If your taxing unit adopted the tax ceiling provision in the prior year or a previous year for homeowners age 65 or older or disabled, use this step.[18]	$ ________
21.	**Anticipated contested value.** Affected taxing units enter the contested taxable value for all property that is subject to anticipated substantial litigation. [19] An affected taxing unit is wholly or partly located in a county that has a population of less than 500,000 and is located on the Gulf of Mexico.[20] If completing this line, the taxing unit must include supporting documentation in Section 9.[21] Taxing units that are not affected, enter 0.	$ ________
22.	**Current year total taxable value.** Add Lines 18E and 19C, then subtract Lines 20 and 21.[22]	$ ________
23.	**Total current year taxable value of properties in territory annexed after Jan. 1, of the prior year.** Include both real and personal property. Enter the current year value of property in territory annexed. [23]	$ ________
24.	**Total current year taxable value of new improvements and new personal property located in new improvements.** New means the item was not on the appraisal roll in the prior year. An improvement is a building, structure, fixture or fence erected on or affixed to land. New additions to existing improvements may be included if the appraised value can be determined. New personal property in a new improvement must have been brought into the taxing unit after Jan. 1, of the prior year and be located in a new improvement. New improvements **do** include property on which a tax abatement agreement has expired for the current year. [24]	$ ________

[12] Tex. Tax Code §§26.012(6) and 26.04(c-2)
[13] Tex. Tax Code §26.03(c)
[14] Tex. Tax Code §26.03(e)
[15] Tex. Tax Code §26.01(c) and (d)
[16] Tex. Tax Code §26.01(c)
[17] Tex. Tax Code §26.01(d)
[18] Tex. Tax Code §26.012(6)(B)
[19] Tex. Tax Code §§26.012(6)(C) and 26.012(1-b)
[20] Tex. Tax Code §26.012(1-a)
[21] Tex. Tax Code §26.04(d-3)
[22] Tex. Tax Code §26.012(6)
[23] Tex. Tax Code §26.012(17)
[24] Tex. Tax Code §26.012(17)

Line	No-New-Revenue Tax Rate Worksheet	Amount/Rate
25.	**Total adjustments to the current year taxable value.** Add Lines 23 and 24.	$ ______________
26.	**Adjusted current year taxable value.** Subtract Line 25 from Line 22.	$ ______________
27.	**Current year NNR tax rate.** Divide Line 17 by Line 26 and multiply by $100. [25]	$ __________/$100
28.	**COUNTIES ONLY.** Add together the NNR tax rates for each type of tax the county levies. The total is the current year county NNR tax rate. [26]	$ __________/$100

Voter Approval Tax Rate

The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the tax rate. The type of taxing unit will determine the rate components that apply to a taxing units' overall voter-approval tax rate.

The voter-approval tax rate for a county is the sum of the voter-approval tax rates calculated for each type of tax the county levies. In most cases the voter-approval tax rate exceeds the no-new-revenue tax rate, but occasionally decreases in a taxing unit's debt service will cause the NNR tax rate to be higher than the voter-approval tax rate.

SECTION 2: Maintenance and Operations (M&O) and Debt Tax Rate Worksheet

This section calculates two components of the voter-approval tax rate:

1. **Maintenance and Operations (M&O) Tax Rate:** The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable percentage allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.
2. **Debt Rate:** The debt rate includes the minimum dollar amount required to be paid toward debt service for the current year.[27] This rate accounts for principal and interest on bonds and other debt secured by property tax revenue.

Line	M&O and Debt Tax Rate Worksheet	Amount/Rate
29.	**Prior year M&O tax rate.** Enter the prior year M&O tax rate.	$ __________/$100
30.	**Prior year taxable value, adjusted for actual and potential court-ordered adjustments.** Enter the amount in Line 8 of the *No-New-Revenue Tax Rate Worksheet.*	$ ______________
31.	**Total prior year M&O levy.** Multiply Line 29 by Line 30 and divide by $100.	$ ______________
32.	**Adjusted prior year levy for calculating NNR M&O rate.** **A. M&O taxes refunded for years preceding the prior tax year.** Enter the amount of M&O taxes refunded in the preceding year for taxes before that year. Types of refunds include court decisions, Tax Code Section 25.25(b) and (c) corrections and Tax Code Section 31.11 payment errors. Do not include refunds for tax year 2025. This line applies only to tax years preceding the prior tax year.......... + $ ______________ **B. Prior year taxes in TIF.** Enter the amount of taxes paid into the tax increment fund for a reinvestment zone as agreed by the taxing unit. If the taxing unit has no current year captured appraised value in Line 18D, enter 0.......... – $ ______________ **C. Prior year transferred function.** If discontinuing all of a department, function or activity and transferring it to another taxing unit by written contract, enter the amount spent by the taxing unit discontinuing the function in the 12 months preceding the month of this calculation. If the taxing unit did not operate this function for this 12-month period, use the amount spent in the last full fiscal year in which the taxing unit operated the function. The taxing unit discontinuing the function will subtract this amount in D below. The taxing unit receiving the function will add this amount in D below. Other taxing units enter 0.......... +/- $ ______________ **D. Prior year M&O levy adjustments.** Subtract B from A. For taxing unit with C, subtract if discontinuing function and add if receiving function.......... $ ______________ **E.** Add Line 31 to 32D.	$ ______________
33.	**Adjusted current year taxable value.** Enter the amount in Line 26 of the *No-New-Revenue Tax Rate Worksheet.*	$ ______________
34.	**Current year NNR M&O rate (unadjusted).** Divide Line 32E by Line 33 and multiply by $100.	$ __________/$100

[25] Tex. Tax Code §26.04(c)
[26] Tex. Tax Code §26.04(d)
[27] Tex. Tax Code §26.012(3)

Line	M&O and Debt Tax Rate Worksheet		Amount/Rate
35.	**Rate adjustment for state criminal justice mandate.** [28]		
	A. Current year state criminal justice mandate. Enter the amount spent by a county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose.	$ ________	
	B. Prior year state criminal justice mandate. Enter the amount spent by a county in the 12 months prior to the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced. Do not include any state reimbursement received by the county for the same purpose. Enter zero if this is the first time the mandate applies.	– $ ________	
	C. Subtract B from A and divide by Line 33 and multiply by $100.	$ ________/$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.		$ ________/$100
36.	**Rate adjustment for indigent health care expenditures.** [29]		
	A. Current year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year, less any state assistance received for the same purpose..	$ ________	
	B. Prior year indigent health care expenditures. Enter the amount paid by a taxing unit providing for the maintenance and operation cost of providing indigent health care for the period beginning on July 1, 2024 and ending on June 30, 2025, less any state assistance received for the same purpose..	– $ ________	
	C. Subtract B from A and divide by Line 33 and multiply by $100.	$ ________/$100	
	D. Enter the rate calculated in C. If not applicable, enter 0.		$ ________/$100
37.	**Rate adjustment for county indigent defense compensation.** [30]		
	A. Current year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, of the prior tax year and ending on June 30,of the current tax year, less any state grants received by the county for the same purpose..	$ ________	
	B. Prior year indigent defense compensation expenditures. Enter the amount paid by a county to provide appointed counsel for indigent individuals and fund the operations of a public defender's office under Article 26.044, Code of Criminal Procedure for the period beginning on July 1, 2024 and ending on June 30, 2025, less any state grants received by the county for the same purpose.	$ ________	
	C. Subtract B from A and divide by Line 33 and multiply by $100.	$ ________/$100	
	D. Multiply B by 0.05 and divide by Line 33 and multiply by $100..	$ ________/$100	
	E. Enter the lesser of C and D. If not applicable, enter 0.		$ ________/$100
38.	**Rate adjustment for county hospital expenditures.** [31]		
	A. Current year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, of the prior tax year and ending on June 30, of the current tax year.	$ ________	
	B. Prior year eligible county hospital expenditures. Enter the amount paid by the county or municipality to maintain and operate an eligible county hospital for the period beginning on July 1, 2024 and ending on June 30, 2025.	$ ________	
	C. Subtract B from A and divide by Line 33 and multiply by $100.	$ ________/$100	
	D. Multiply B by 0.08 and divide by Line 33 and multiply by $100..	$ ________/$100	
	E. Enter the lesser of C and D, if applicable. If not applicable, enter 0.		$ ________/$100

[28] Tex. Tax Code §26.044
[29] Tex. Tax Code §26.0441
[30] Tex. Tax Code §26.0442
[31] Tex. Tax Code §26.0443

Line	M&O and Debt Tax Rate Worksheet	Amount/Rate
39.	**Rate adjustment for defunding municipality.** This adjustment only applies to a municipality that is considered to be a defunding municipality for the current tax year under Chapter 109, Local Government Code. Chapter 109, Local Government Code only applies to municipalities with a population of more than 250,000 and includes a written determination by the Office of the Governor. See Tax Code Section 26.0444 for more information. **A. Amount appropriated for public safety in the prior year.** Enter the amount of money appropriated for public safety in the budget adopted by the municipality for the preceding fiscal year. . . . . . $ ______ **B. Expenditures for public safety in the prior year.** Enter the amount of money spent by the municipality for public safety during the preceding fiscal year . . . . . . $ ______ **C.** Subtract B from A and divide by Line 33 and multiply by $100 . . . . . . $ ______/$100 **D.** Enter the rate calculated in C. If not applicable, enter 0.	$ ______/$100
40.	**Adjusted current year NNR M&O rate.** Add Lines 34, 35D, 36D, 37E, and 38E. Subtract Line 39D.	$ ______/$100
41.	**Adjustment for prior year sales tax specifically to reduce property taxes.** Cities, counties and hospital districts that collected and spent additional sales tax on M&O expenses in the prior year should complete this line. These entities will deduct the sales tax gain rate for the current year in Section 3. Other taxing units, enter zero. **A.** Enter the amount of additional sales tax collected and spent on M&O expenses in the prior year, if any. Counties must exclude any amount that was spent for economic development grants from the amount of sales tax spent . . . . . . $ ______ **B.** Divide Line 41A by Line 33 and multiply by $100 . . . . . . $ ______/$100 **C.** Add Line 41B to Line 40.	$ ______/$100
42.	**Current year voter-approval M&O rate.** Enter the rate as calculated by the appropriate scenario below. **Special Taxing Unit.** If the taxing unit qualifies as a special taxing unit, multiply Line 41C by 1.08. **- or -** **Other Taxing Unit.** If the taxing unit does not qualify as a special taxing unit, multiply Line 41C by 1.035.	$ ______/$100
D42.	***Disaster Line 42 (D42):*** **Current year voter-approval M&O rate for taxing unit affected by disaster declaration.** [32] If the taxing unit is located in an area declared a disaster area and at least one person is granted an exemption under Tax Code Section 11.35 for property located in the taxing unit, the governing body may direct the person calculating the voter-approval tax rate to calculate a rate equal to the lesser of: **A.** The voter-approval tax rate calculated in the manner provided for a special taxing unit. Multiply line 41C by 1.08 [33] . . . . . . $ ______/$100 **- or -** **B.** The voter-approval M&O tax rate calculated in the manner provided for a taxing unit other than a special taxing unit plus the disaster relief rate. [34] Complete Section 5 through Line 68 to complete D42(B). a. Enter the **disaster relief cost.** . . . . . . $ ______ b. **Disaster relief rate**. Divide Line D42(B)(a) by Line 26 and multiply by 100 . . . . . . $ ______/$100 c. Add Line D42(B)(b) to Line 42. . . . . . . $ ______/$100 d. Enter the **current year unused increment rate** from Line 68 . . . . . . $ ______/$100 e Add Line D42(c) to Line D42(d). . . . . . . $ ______/$100 The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of: 1) the first year in which total taxable value on the certified appraisal roll exceeds the total taxable value of the tax year in which the disaster occurred; or 2) the third tax year after the tax year in which the disaster occurred. **C.** Enter Line D42(A) if less than Line D42(B)(e). If Line D42(B)(e) is less than line D42(A), enter Line D42(B)(c). [35] If the taxing unit does not qualify, do not complete Disaster Line 42 (Line D42).	$ ______/$100

[32] Tex. Tax Code §26.042
[33] Tex. Tax Code §26.042(a-2)(1)
[34] Tex. Tax Code §§26.042(a-1) and 26.042(a-2)(2)
[35] Tex. Tax Code §26.042(a-2)

Line	M&O and Debt Tax Rate Worksheet	Amount/Rate
43.	**Total current year debt to be paid with property taxes and additional sales tax revenue.** Debt means the interest and principal that will be paid on debts that: **(1)** are paid by property taxes; **(2)** are secured by property taxes; **(3)** are scheduled for payment over a period longer than one year; and **(4)** are not classified in the taxing unit's budget as M&O expenses. **A. Debt** also includes contractual payments to other taxing units that have incurred debts on behalf of this taxing unit, if those debts meet the four conditions above. Include only amounts that will be paid from property tax revenue. Do not include appraisal district budget payments. If the governing body of a taxing unit authorized or agreed to authorize a bond, warrant, certificate of obligation, or other evidence of indebtedness on or after Sept. 1, 2021, verify if it meets the amended definition of debt before including it here. [36] Enter debt amount . . . . $ ________ **B.** Subtract **unencumbered fund amount** used to reduce total debt. . . . . – $ ________ **C.** Subtract **certified amount spent from sales tax to reduce debt** (enter zero if none) . . . . . . – $ ________ **D.** Subtract **amount paid** from other resources . . . . – $ ________ **E. Adjusted debt.** Subtract B, C and D from A.	$ ________
44.	**Certified prior year excess debt collections.** Enter the amount certified by the collector. [37]	$ ________
45.	**Adjusted current year debt.** Subtract Line 44 from Line 43E.	$ ________
46.	**Current year anticipated collection rate.** **A.** Enter the current year anticipated collection rate certified by the collector. [38] . . . . . . ________% **B.** Enter the prior year actual collection rate. . . . . ________% **C.** Enter the 2024 actual collection rate. . . . . ________% **D.** Enter the 2023 actual collection rate. . . . . ________% **E.** If the anticipated collection rate in A is lower than actual collection rates in B, C and D, enter the lowest collection rate from B, C and D. If the anticipated rate in A is higher than at least one of the rates in the prior three years, enter the rate from A. Note that the rate can be greater than 100%. [39]	________%
47.	**Current year debt adjusted for collections.** Divide Line 45 by Line 46E.	$ ________
48.	**Current year total taxable value.** Enter the amount on Line 22 of the *No-New-Revenue Tax Rate Worksheet.*	$ ________
49.	**Current year debt rate.** Divide Line 47 by Line 48 and multiply by $100.	$ ________/$100
50.	**Current year voter-approval M&O rate plus current year debt rate.** Add Lines 42 and 49.	$ ________/$100
D50.	***Disaster Line 50 (D50):* Current year voter-approval M&O and debt tax rate for taxing unit affected by disaster declaration.** Complete this line if the taxing unit calculated the voter-approval M&O tax rate in the manner provided by Line D42. Add Line D42(C) and 49.	$ ________/$100
51.	**COUNTIES ONLY.** Add together the voter-approval M&O and debt tax rates for each type of tax the county levies. The total is the current year county voter-approval M&O and debt tax rate.	$ ________/$100

[36] Tex. Tax Code §26.012(7)
[37] Tex. Tax Code §§26.012(10) and 26.04(b)
[38] Tex. Tax Code §26.04(b))
[39] Tex. Tax Code §26.04(h), (h-1) and (h-2)

SECTION 3: Adjustments for Additional Sales Tax to Reduce Property Taxes

Cities, counties and hospital districts may levy a sales tax specifically to reduce property taxes. Local voters by election must approve imposing or abolishing the additional sales tax. If approved, the taxing unit must reduce its NNR and voter-approval tax rates to offset the expected sales tax revenue.

This section should only be completed by a county, city or hospital district that is required to adjust its NNR tax rate and/or voter-approval tax rate because it adopted the additional sales tax.

Line	Additional Sales and Use Tax Worksheet	Amount/Rate
52.	**Taxable Sales.** For taxing units that adopted the sales tax in November of the prior tax year or May of the current tax year, enter the Comptroller's estimate of taxable sales for the previous four quarters.[40] Estimates of taxable sales may be obtained through the Comptroller's Allocation Historical Summary webpage. Taxing units that adopted the sales tax before November of the prior year, enter 0.	$ ____________
53.	**Estimated sales tax revenue.** Counties exclude any amount that is or will be spent for economic development grants from the amount of estimated sales tax revenue. [41] **Taxing units that adopted the sales tax in November of the prior tax year or in May of the current tax year.** Multiply the amount on Line 52 by the sales tax rate (.01, .005 or .0025, as applicable) and multiply the result by .95. [42] **- or -** **Taxing units that adopted the sales tax before November of the prior year.** Enter the sales tax revenue for the previous four quarters. Do not multiply by .95.	$ ____________
54.	**Current year total taxable value.** Enter the amount from Line 22 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________
55.	**Sales tax adjustment rate.** Divide Line 53 by Line 54 and multiply by $100.	$ __________/$100
56.	**Current year NNR tax rate, unadjusted for sales tax.**[43] Enter the rate from Line 27 or 28, as applicable, on the *No-New-Revenue Tax Rate Worksheet*.	$ __________/$100
57.	**Current year NNR tax rate, adjusted for sales tax.** **Taxing units that adopted the sales tax in November the prior tax year or in May of the current tax year.** Subtract Line 55 from Line 56. Skip to Line 58 if you adopted the additional sales tax before November of the prior tax year.	$ __________/$100
58.	**Current year voter-approval tax rate, unadjusted for sales tax.**[44] Enter the rate from Line 50, Line D50 (disaster) or Line 51 (counties) as applicable, of the *M&O and Debt Tax Rate Worksheet*.	$ __________/$100
59.	**Current year voter-approval tax rate, adjusted for sales tax.** Subtract Line 55 from Line 58.	$ __________/$100

SECTION 4: Adjustment for Pollution Control

A taxing unit may raise its rate for M&O funds used to pay for a facility, device or method for the control of air, water or land pollution. This includes any land, structure, building, installation, excavation, machinery, equipment or device that is used, constructed, acquired or installed wholly or partly to meet or exceed pollution control requirements. The taxing unit's expenses are those necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality (TCEQ). The taxing unit must provide the tax assessor with a copy of the TCEQ letter of determination that states the portion of the cost of the installation for pollution control.

This section should only be completed by a taxing unit that uses M&O funds to pay for a facility, device or method for the control of air, water or land pollution.

Line	Adjustment for Pollution Control Requirements Worksheet	Amount/Rate
60.	**Certified expenses from the Texas Commission on Environmental Quality (TCEQ).** Enter the amount certified in the determination letter from TCEQ. [45] The taxing unit shall provide its tax assessor-collector with a copy of the letter. [46]	$ ____________
61.	**Current year total taxable value.** Enter the amount from Line 22 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________
62.	**Additional rate for pollution control.** Divide Line 60 by Line 61 and multiply by $100.	$ __________/$100
63.	**Current year voter-approval tax rate, adjusted for pollution control.** Add Line 62 to one of the following lines (as applicable): Line 50, Line D50 (disaster), Line 51 (counties) or Line 59 (taxing units with the additional sales tax).	$ __________/$100

[40] Tex. Tax Code §26.041(d)
[41] Tex. Tax Code §26.041(i)
[42] Tex. Tax Code §26.041(d)
[43] Tex. Tax Code §26.04(c)
[44] Tex. Tax Code §26.04(c)
[45] Tex. Tax Code §26.045(d)
[46] Tex. Tax Code §26.045(i)

SECTION 5: Unused Increment Rate

The unused increment rate is the rate equal to the sum of the prior 3 years Foregone Revenue Amounts divided by the current taxable value. [47] The Foregone Revenue Amount for each year is equal to that year's adopted tax rate subtracted from that year's voter-approval tax rate adjusted to remove the unused increment rate multiplied by that year's current total value. [48]

The difference between the adopted tax rate and adjusted voter-approval tax rate is considered zero in the following scenarios:

- a tax year in which a taxing unit affected by a disaster declaration calculates the tax rate under Tax Code Section 26.042; [49]
- a tax year in which the municipality is a defunding municipality, as defined by Tax Code Section 26.0501(a); [50] or
- after Jan. 1, 2022, a tax year in which the comptroller determines that the county implemented a budget reduction or reallocation described by Local Government Code Section 120.002(a) without the required voter approval. [51]

This section should only be completed by a taxing unit that does not meet the definition of a special taxing unit. [52]

Line	Unused Increment Rate Worksheet	Amount/Rate
64.	**Year 3 Foregone Revenue Amount. Subtract the 2025 unused increment rate and 2025 actual tax rate from the 2025 voter-approval tax rate. Multiply the result by the 2025 current total value**	
	A. Voter-approval tax rate (Line 69)	$ ______/$100
	B. Unused increment rate (Line 68)	$ ______/$100
	C. Subtract B from A	$ ______/$100
	D. Adopted Tax Rate	$ ______/$100
	E. Subtract D from C	$ ______/$100
	F. 2025 Total Taxable Value (Line 61)	$ ______
	G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero.	$ ______
65.	**Year 2 Foregone Revenue Amount. Subtract the 2024 unused increment rate and 2024 actual tax rate from the 2024 voter-approval tax rate. Multiply the result by the 2024 current total value**	
	A. Voter-approval tax rate (Line 68)	$ ______/$100
	B. Unused increment rate (Line 67)	$ ______/$100
	C. Subtract B from A	$ ______/$100
	D. Adopted Tax Rate	$ ______/$100
	E. Subtract D from C	$ ______/$100
	F. 2024 Total Taxable Value (Line 60)	$ ______
	G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero.	$ ______
66.	**Year 1 Foregone Revenue Amount. Subtract the 2023 unused increment rate and 2023 actual tax rate from the 2023 voter-approval tax rate. Multiply the result by the 2023 current total value**	
	A. Voter-approval tax rate (Line 67)	$ ______/$100
	B. Unused increment rate (Line 66)	$ ______/$100
	C. Subtract B from A	$ ______/$100
	D. Adopted Tax Rate	$ ______/$100
	E. Subtract D from C	$ ______/$100
	F. 2023 Total Taxable Value (Line 60)	$ ______
	G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero.	$ ______
67.	**Total Foregone Revenue Amount.** Add Lines 64G, 65G and 66G	$ ______
68.	**2026 Unused Increment Rate.** Divide Line 67 by Line 22 of the *No-New-Revenue Rate Worksheet*. Multiply the result by 100	$ ______/$100
69.	**Total 2026 voter-approval tax rate.** Add Line 68 to one of the following lines (as applicable): Line 50, Line D50 (only if Line D42(B) was used), Line 51 (counties), Line 59 (taxing units with additional sales tax) or Line 63 (taxing units with pollution)	$ ______/$100

[47] Tex. Tax Code §26.013(b)
[48] Tex. Tax Code §26.013(a)(1-a), (1-b), and (2)
[49] Tex. Tax Code §§26.04(c)(2)(A) and 26.042(a)
[50] Tex. Tax Code §26.0501(a) and (c)
[51] Tex. Local Gov't Code §120.007(d)
[52] Tex. Local Gov't Code §26.04(c)(2)(B)

SECTION 6: De Minimis Rate

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate, the rate that will raise $500,000, and the current debt rate for a taxing unit. [53]

This section should only be completed by a taxing unit that is a municipality of less than 30,000 or a taxing unit that does not meet the definition of a special taxing unit. [54]

Line	De Minimis Rate Worksheet	Amount/Rate
70.	**Adjusted current year NNR M&O tax rate.** Enter the rate from Line 40 of the *M&O and Debt Tax Rate Worksheet.*	$ ____________/$100
71.	**Current year total taxable value.** Enter the amount on Line 22 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________
72.	**Rate necessary to impose $500,000 in taxes.** Divide $500,000 by Line 71 and multiply by $100.	$ ____________/$100
73.	**Current year debt rate.** Enter the rate from Line 49 of the *M&O and Debt Tax Rate Worksheet.*	$ ____________/$100
74.	**De minimis rate.** Add Lines 70, 72 and 73.	$ ____________/$100

SECTION 7: Adjustment for Emergency Revenue Rate

In the tax year after the end of the disaster calculation time period detailed in Tax Code Section 26.042(a), a taxing unit that calculated its voter-approval tax rate in the manner provided for a special taxing unit due to a disaster must calculate its emergency revenue rate and reduce its voter-approval tax rate for that year. [55]

This section will apply to a taxing unit other than a special taxing unit that:

- directed the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit in the prior year; and
- the current year is the first tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred or the disaster occurred four years ago.

Note: This section does not apply if a taxing unit is continuing to calculate its voter-approval tax rate in the manner provided for a special taxing unit because it is still within the disaster calculation time period detailed in Tax Code Section 26.042(a) because it has not met the conditions in Tax Code Section 26.042(a)(1) or (2).

Line	Emergency Revenue Rate Worksheet	Amount/Rate
75.	**2025 adopted tax rate.** Enter the rate in Line 4 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________/$100
76.	**Adjusted 2025 voter-approval tax rate.** Use the taxing unit's Tax Rate Calculation Worksheets from the prior year(s) to complete this line. [56] If a disaster occurred in 2025 and the taxing unit calculated its 2025 voter-approval tax rate using a multiplier of 1.08 on Disaster Line 42 (D42) of the 2025 worksheet due to a disaster, complete the applicable sections or lines of *Form 50-856-a, Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet.* **- or -** If a disaster occurred prior to 2025 for which the taxing unit continued to calculate its voter-approval tax rate using a multiplier of 1.08 on Disaster Line 42 (D42) in 2025, complete form 50-856-a, *Adjusted Voter-Approval Tax Rate for Taxing Units in Disaster Area Calculation Worksheet* to recalculate the voter-approval tax rate the taxing unit would have calculated in 2025 if it had generated revenue based on an adopted tax rate using a multiplier of 1.035 in the years following the disaster. [57] Enter the final adjusted 2025 voter-approval tax rate from the worksheet.	$ ____________/$100
77.	**Increase in 2025 tax rate due to disaster.** Subtract Line 76 from Line 75.	$ ____________/$100
78.	**Adjusted 2025 taxable value.** Enter the amount in Line 14 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________
79.	**Emergency revenue.** Multiply Line 77 by Line 78 and divide by $100.	$ ____________
80.	**Adjusted current year taxable value.** Enter the amount in Line 26 of the *No-New-Revenue Tax Rate Worksheet.*	$ ____________
81.	**Emergency revenue rate.** Divide Line 79 by Line 80 and multiply by $100. [58]	$ ____________/$100
82.	**Current year voter-approval tax rate, adjusted for emergency revenue.** Subtract Line 81 from one of the following lines (as applicable): Line 50, Line D50 (disaster), Line 51 (counties), Line 59 (taxing units with the additional sales tax), Line 63 (taxing units with pollution control) or Line 69 (taxing units with the unused increment rate).	$ ____________/$100

[53] Tex. Tax Code §26.012(8-a)
[54] Tex. Tax Code §26.063(a)(1)
[55] Tex. Tax Code §26.042(b)
[56] Tex. Tax Code §26.042(c)
[57] Tex. Tax Code §26.042(b)
[58] Tex. Tax Code §26.042(b)

SECTION 8: Total Tax Rate

Indicate the applicable total tax rates as calculated above.

No-new-revenue tax rate. .... $ ____________/$100
As applicable, enter the current year NNR tax rate from: Line 27, Line 28 (counties), or Line 57 (adjusted for sales tax).

Indicate the line number used: ______

Voter-approval tax rate .... $ ____________/$100
As applicable, enter the current year voter-approval tax rate from: Line 50, Line D50 (disaster), Line 51 (counties), Line 59 (adjusted for sales tax), Line 63 (adjusted for pollution control), Line 69 (adjusted for unused increment), or Line 82 (adjusted for emergency revenue).

Indicate the line number used: ______

De minimis rate. .... $ ____________/$100
If applicable, enter the current year de minimis rate from Line 74.

SECTION 9: Addendum

An affected taxing unit that enters an amount described by Tax Code Section 26.012(6)(C) in line 21 must include the following as an addendum:

1. Documentation that supports the exclusion of value under Tax Code Section 26.012(6)(C); and
2. Each statement submitted to the designated officer or employee by the property owner or entity as required by Tax Code Section 41.48(c)(2) for that tax year.

Insert hyperlinks to supporting documentation:

SECTION 10: Taxing Unit Representative Name and Signature

Enter the name of the person preparing the tax rate as authorized by the governing body of the taxing unit. By signing below, you certify that you are the designated officer or employee of the taxing unit and have accurately calculated the tax rates using values that are the same as the values shown in the taxing unit's certified appraisal roll or certified estimate of taxable value, in accordance with requirements in the Tax Code. [59]

print here ________________________
Printed Name of Taxing Unit Representative

sign here ________________________ ________________
Taxing Unit Representative Date

Reset Print

[59] Tex. Tax Code §26.04(c-2) and (d-2)