City of
TERRELL HILLS
TEXAS



Operating Budget
FY 2027

City of Terrell Hills
Fiscal Year 2027

This budget will raise more total property taxes than last year's budget by $369,505 equal to a 5.43% increase, and of that amount $67,037.85 is tax revenue to be raised from new property added to the tax roll this year.

The members of the City Council voted on the tax rate as follows:

For: Council Person – Bill Mitchell
Council Person – Kate Lanfear
Council Person – Peter Mako
Council Person – Emmy Ballantyne
Mayor – John Low

Against: None
Absent: None

Property Tax Rate Comparison

	2025	2026
No New Revenue Tax Rate:	.349883	.363447
Property Tax Rate:	.357994	.378167
NNR Maintenance & Operations Tax Rate:	.313283	.326562
Voter Approval Tax Rate:	.361261	.378167
De Minimis Tax Rate	.373914	.387233
Debt Rate:	.037014	.036887

Total debt obligation for the City of Terrell Hills secured by property taxes: $3,905,462.50

Notice of Public Hearing on the 2027 Fiscal Year Budget for the City of Terrell Hills

The City of Terrell Hills City Council will hold a Public Hearing on the Proposed 2027 Fiscal Year Budget on December 14, 2026 at 4:00 p.m. at the Terrell Hills Municipal Complex, located at 5100 N. New Braunfels Ave. The Budget will be available at the City Hall and available on the City Website at www.terrell-hills.com. This budget will raise more total property taxes than last year's budget by $369,505 and of that amount, $67,037.85 is tax revenue to be raised from new property added to the tax roll this year.

City of Terrell Hills
Budget Calendar for FY 2027

August 10, 2026 2:30 PM	Pre-planning Budget Workshop
August 10, 2026 (CC Meeting 4:00 PM)	1. Vote to propose to reduce, maintain or increase the tax rate. 2. Set date & time for a public hearing & for adoption of tax rate.
September 14, 2026 (CC Meeting 4:00 PM)	Public hearing and adoption of tax rate
TUESDAY October 13, 2026 TUESDAY October 13, 2026 (CC Meeting 4:00 PM)	2:30 PM Budget Workshop
November 2, 2026 (11:30 AM)	Publish 1st draft of budget on City website
November 9, 2026 (11:30 AM)	Budget Workshop - Canceled
December 14, 2026 (CC Meeting 4:00 PM)	1. Public hearing on FY 2027 Budget 2. City Council action on FY 2027 Budget

Budget Overview

The City of Terrell Hills budget preliminary process starts in May. The City uses a modified accrual method of accounting, which is consistent with the method presented in the annual independent audit report. Revenues are estimated based on prior years' history, trend analysis, economic forecasting and any shifts in policy or strategic goals as laid out by Council. The City Council will adopt, at the end of each year, a balanced budget. This means that the proposed expenditures are equal to or less than the proposed resources. On occasion, additional resources may be required mid-year in order to provide services appropriately. In these cases, the department seeking additional funds, along with the City Manager, will make a formal request for a budget amendment to City Council. If the request is approved, the budget is amended accordingly.

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October 1, 2026

John Low,
City Council Members
Terrell Hills, Texas

To the Honorable Mayor and City Council:

We are pleased to present to the City Council and citizens of the City of Terrell Hills the 2027 Proposed Operating Budget. The proposed budget has been developed with the goal of providing quality services and maintaining the quality of life for the citizens of the city through efficient fiscal and personnel management, while utilizing the city's strategic goals to guide the overall development and support the mission statement of our community.

The proposed fund budget total General Fund revenue is $8,729,305.00 which represents an increase from the 2026 budget. The projected increase can be attributed to the continued new construction and remodeling of properties in the community as well as the Voter Approved Tax Rate increase. Please note, this year the Bexar County Taxing authority reduced the appraised the total value of property by $17,378,236, which was the driving force in adopting the Voter Approved Tax Rate.

The budget as presented is balanced while providing an estimated $1,200,000 transfer to the Capital Improvement Fund for future street projects. Additionally, the ¼ cent sales tax approved by voters for street maintenance will be transferred to the Capital Fund. Proposed expenditures reflect a competitive pay increase for city employees.

Overall, every effort has been made within the proposed budget to allocate resources in a sound manner that enables the effective delivery of municipal service for the safety, health, and welfare of the citizens of the City of Terrell Hills. These recommendations are forwarded to the Mayor and City Council for review and consideration.

Respectfully submitted,



William S. Foley
City Manager

Strategic Goals and Planning

Terrell Hills Vision Statement:

Terrell Hills is a premier neighborhood that is unique and multigenerational where neighbors know each other. We like our community and want to maintain its character.

Terrell Hills Mission Statement:

Terrell Hills is committed to preserving the character of our neighborhood and enhancing the quality of life for our citizens by providing excellent public safety, city services, infrastructure, and administration through sustainable and innovative processes as well as responsible fiscal management.

Terrell Hills Goals:

- Limit debt to 1% of valuations
- Continue to recruit, develop and retain an educated, well-trained, and highly qualified staff to serve our community
- Establish long-term plans for infrastructure maintenance with no significant capital investment
- Continuously evaluate efficiencies in providing services to our community
- Maintain a response time to emergencies not to exceed an average of four minutes
- Enhance and beautify common areas through landscaping, lighting, minor construction and signage
- Respond to resident concerns within one business day
- Investigate incentives and opportunities for economic development in current non-residential zones
- Coordinate with local area and regional governments to develop a community-wide drainage and flood protection plan
- Maintain minimum General Fund reserve equal to 180 days of operating revenue

City of Terrell Hills

2027 Fiscal Year

General Fund

Revenues

Estimated Tax Rate
Fiscal Year
2027

2025 Certified Ad Valorem Tax Rate

Debt rate	M&O rate	Total Rate
.037014	.320980	.357994

Certified Valuation $2,119,626,476

2026 Estimated Ad Valorem Tax Rate w/ $17,727,050 in new valuations

Debt rate	M&O rate	Total Rate
.036887	.341280	.378167

Estimated Valuation $2,102,248,240

Note: The rates calculated above are estimates only and may vary dependent upon actual valuations once certified by the Bexar County Appraisal District.

City of Terrell Hills
2027
General Fund Budget

	2025 Budget Actual	2026 Budget	2026 Budget Estimated Final	2027 Draft Budget
Estimated Fund Balance Dec. 31	$8,063,964	$8,630,120	$8,630,120	$8,955,245
Ordinary Revenues/Expenditures				
Revenues				
Ad Valorem Tax				
Delinquent Ad Valorem	43,151.29	40,000.00	40,000.00	40,000.00
Property Tax Revenue (FY Ad Valorem Receipts)	6,706,123.92	6,550,000.00	6,668,946.21	6,969,316.00
Bldg Permits (Including Registrations)	418,253.20	485,000.00	485,000.00	485,000.00
Court Fines	9,243.50	8,000.00	3,200.00	8,000.00
Court Technology	248.00	400.00	48.00	400.00
LMJF Jury Fund	7.10	9.00	3.20	9.00
LMCBSF Building Security	443.90	420.00	270.00	420.00
Franchise Tax - All	446,564.99	435,000.00	435,000.00	435,000.00
Miscellaneous				
Board Fees	3,000.00	2,400.00	3,300.00	2,400.00
Burglar Alarms	775.00	600.00	525.00	600.00
Crossing Guard	4,657.43	6,000.00	4,500.00	6,000.00
Dog Tags	20.00	40.00	40.00	40.00
Donations	325.00	0.00	0.00	0.00
Garage Sales	1,040.00	1,400.00	1,000.00	1,400.00
Receipt Book	10,159.54	4,500.00	42,000.00	4,500.00
Recycling Income	160.00	200.00	0.00	200.00
Parking Tickets	215.00	20.00	20.00	20.00
Opioid Abatement Trust Fund	2,937.06	0.00	761.46	0.00
Sales Taxes				
Sales Taxes - Other	545,713.44	470,000.00	480,000.00	470,000.00
Interest Income				
Interest Income Money Mkt/Lone Star Investment Pool	358,165.98	360,000.00	330,000.00	306,000.00
Total Revenues	8,551,204.35	8,363,989.00	8,494,613.87	8,729,305.00

CITY OF TERRELL HILLS TEXAS

City of Terrell Hills Fee Schedule

CATEGORY		**2027 FEE**
GENERAL FEES		
Pet Registration/Tag	***Valid for lifetime of pet***	$20.00
	Microchipped pets	Free
False Alarm Fee Schedule		(1-5) Free (6+) $25.00 per alarm
Solicitation Fee		$100.00 - per company
Solicitation Background Check		$25.00 – per solicitor
Garage Sale Permit (2 days)		$20.00
Estate Sale Permit (3 days)		$100.00
Food License (1-2 employees)		$125.00
Food License (3-6 employees)		$175.00
Food License (7-10 employees)		$250.00
Food License (11+ employees)		$500.00
Open Records (copy of Ordinance, Police/Fire Report, non-resident)		$0.10¢ per page
Open Records (Police/Fire Report, resident)		none
OVER 50 Pages		
Open Records (general)		$0.10¢ per page **PLUS**
	1 hr. minimum per request	$15.00 per hour **PLUS**
	Overhead Cost	20% personnel cost
All non-standard requests will be in accordance with Tex. Admin Code §§ 70.1-70.12		
Board of Adjustment Request		$150.00 plus $150.00 Admin fee
Planning & Zoning Request		$150.00 plus $150.00 Admin fee
Tree Trimming Permit (Annual)		$ 50.00

CITY OF TERRELL HILLS

CONSTRUCTION FEE SCHEDULE

All new Buildings, Additions, remodeling and renovations shall be based on the following Valuation Table.

GENERAL CONTRACTOR REGISTRATION FEE –

All Contractors engaged in projects requiring a permit shall be registered with the City. Certain registration types require a registration fee. There is no fee for Plumbing, Mechanical, Electrical, Backflow or Irrigator.

General Contractor Annual Fee Amount	$100.00

BUILDING PERMIT FEES - Fees are based on total Square Footage for the project (not the entire property)

Total Square Footage	Rate per Square Foot
0---750 Sq. Ft	$2.80
751 Sq. Ft ---1,000 Sq. Ft	$2.25
1,001 Sq. Ft---2,500 Sq. Ft	$2.00
2,501 Sq. Ft---3,000 Sq. Ft	$1.90
3,001 Sq. Ft or more	$1.80

GENERAL BUILDING PERMIT FEES

Curb Cut/Flat Work	$150.00
Irrigation/Back flow Device	$100.00
Roof Repair/Replacement	$100.00
Swimming Pool/Spa	$600.00
Swimming Pool Repair/Re-plaster	$250.00
Walls/Fences	$100.00
Patio/Patio Covers/Decks	$250.00
Window Replacement	$150.00
Foundation Repair	$250.00
Signs	$100.00
Tree Permit (per year)	$50.00

CITY OF TERRELL HILLS TEXAS

Occupancy Certificate	$100.00
Utility Permit (CPS/SAWS)	No Fee
Re-inspection Fee	$150.00
Additional Plan Review Fee	$60.00

ELECTRICAL PERMIT FEES

Repair and Minor Work to include 1 Inspection	$125.00
Renovations/ Remodels, Solar Systems Swimming Pools, no Service Upgrade Includes 2 inspections	$200.00
Renovations/ Remodels & Swimming Pools, with Service Upgrade Includes 3 inspections	$300.00
New Residence/ Includes 5 inspections	$500.00
Additional inspections above permitted (each)	$100.00
All other Electrical will be based on # of required Inspections (each)	$100.00

AIR CONDITIONING AND MECHANICAL PERMIT FEES

Change outs, replacements or warranty work includes 1 inspection. (per unit/system)	$100.00
All new Systems (first system) includes 2 inspections.	$200.00
Each additional new system	$100.00
Each Additional inspection	$100.00

PLUMBING PERMIT FEES

CITY OF TERRELL HILLS TEXAS

Repairs, includes 1 inspection	$100.00
Renovations and Remodels includes 2 inspections	$200.00
Additions, includes 3 inspections	$300.00
New construction, includes 7 inspections	$500.00
Sprinkler systems, Landscaping (new or repair)	$100.00
Fire Sprinkler Systems includes 2 inspections.	$200.00
Water catchment systems above or below ground	$200.00
Additional inspections above permitted (each)	$100.00

GAS PERMIT FEES

CPS lockout/gas test, includes 1 inspection	$150.00
Relocate gas meter, includes 1 inspection	$150.00
Minor repairs, includes 1 inspection	$150.00
Renovations/Remodels, includes 2 inspections	$200.00
New construction, includes 3 inspections	$300.00
Medical Gas	$200.00
Additional inspections above permitted (each)	$100.00
Underground storage tanks (removal or install)	$200.00

DEMOLITION OR MOVING PERMIT FEES

Demolition or removal of any structure – Complete Removal	$300.00
Partial Removal/Tear Out	$200.00

RE-INSPECTION FEES

In all cases where a responsible party requests a plan review or an inspection of any type as called for in the City Codes, and the Building Official finds the work incomplete, or finds the work does not meet Code, a Re-Inspection/Additional Plan Review Fee shall be charged.

CITY OF TERRELL HILLS TEXAS

Re-Inspection Fee	$150.00
Additional Plan Review	$60.00

City of Terrell Hills

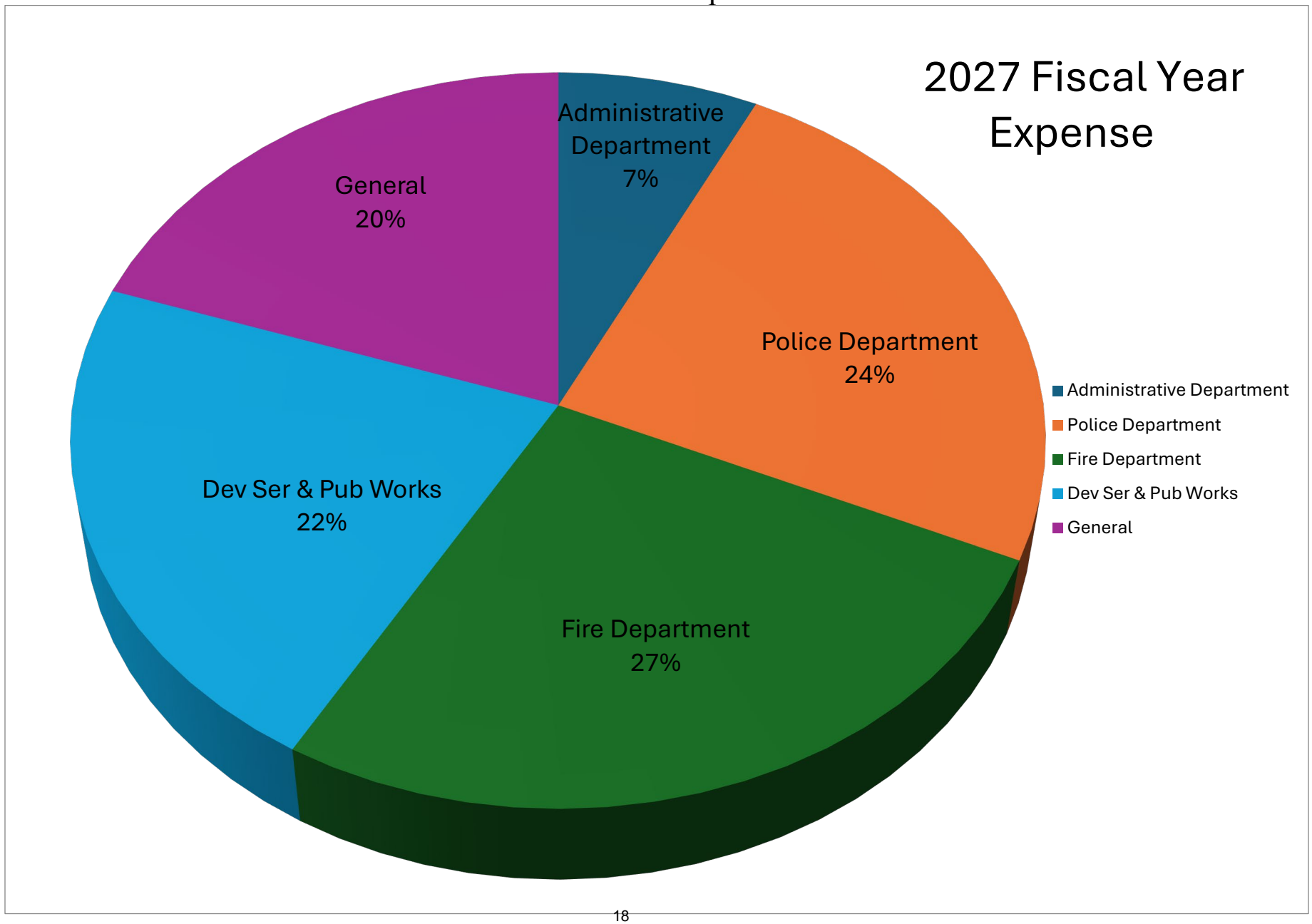
2027 Fiscal Year

General Fund

Expenditures

City of TERRELL HILLS TEXAS

2027 Fiscal Year Expense



City of Terrell Hills
2027
General Fund Budget

	2025 Budget Actual	2026 Budget	2026 Budget Estimated Final	2027 Draft Budget
Expenditures				
Administrative Expenses				
Salaries Administrative	361,142.07	387,414.52	387,414.52	425,440.21
TMRC	62,586.81	67,216.42	67,216.42	76,111.25
CNCAF Expenses	473.52	757.92	757.92	
Med 1	23,087.04	24,292.32	24,292.32	
Dental & Vision	1,419.84	1,349.76	1,349.76	
Insurance				28,800.00
Bank Charges	256.64	4,500.00	500.00	4,500.00
Admin Training	4,364.77	16,450.00	16,000.00	16,450.00
Miscellaneous	3,786.25	7,100.00	6,000.00	7,100.00
Meeting & Office Expense	8,789.84	10,000.00	11,000.00	10,000.00
Court Office Supplies	421.63	1,000.00	600.00	1,000.00
Total · Administrative Expenses	466,328.41	520,080.94	515,130.94	569,401.46
Police Department				
Salaries Police Department	1,134,725.38	1,285,847.15	1,180,000.00	1,330,625.92
Overtime Police Department	60,938.78	50,000.00	50,000.00	60,000.00
TMRC	207,460.19	231,769.48	200,671.44	248,782.98
CNCAF Expense	6,084.00	5,077.68	5,584.16	
Med 1	77,644.00	90,154.32	75,453.08	
Dental & Vision	5,164.08	3,768.00	5,104.92	
Insurance				108,000.00
Uniforms	9,844.28	11,200.00	11,200.00	12,750.00
Animal Control	4,608.04	10,000.00	10,000.00	10,000.00
CID	2,174.62	3,270.00	3,270.00	3,270.00
Gas & Oil	23,828.22	30,000.00	30,000.00	30,000.00
Radio Maintenance	845.00	2,000.00	2,000.00	2,000.00
Tire & Battery	1,450.29	4,360.00	4,360.00	4,360.00
Vehicle Repairs	8,167.46	10,000.00	10,000.00	10,000.00
Training	15,524.96	17,000.00	17,000.00	17,000.00
Miscellaneous	3,789.48	5,000.00	5,000.00	5,000.00
Office Expense	2,821.46	4,000.00	4,000.00	4,000.00
Vest	3,207.49	4,500.00	4,500.00	4,500.00
PD ERF Transfer Out	60,000.00	60,000.00	60,000.00	60,000.00
Total · Police Department	1,628,277.73	1,827,946.63	1,678,143.60	1,910,288.90

City of Terrell Hills
2027
General Fund Budget

	2025 Budget Actual	2026 Budget	2026 Budget Estimated Final	2027 Draft Budget
Fire Department				
Salaries Fire Department	1,325,305.53	1,394,602.79	1,325,244.70	1,437,805.38
Overtime Fire Department	55,399.72	60,000.00	60,000.00	60,000.00
TMRC	240,082.64	252,373.58	223,301.45	267,957.38
CNCAF - Fire Dept	5,428.56	3,434.16	5,428.56	
Med 1	93,361.44	95,812.08	93,361.44	
Dental & Vision	6,621.12	6,353.76	6,621.12	
Insurance				115,200.00
Uniforms	11,215.00	11,900.00	11,900.00	13,600.00
Fire Department Quarters	2,691.31	3,000.00	2,500.00	3,000.00
Equipment & Maintenance	47,696.84	50,000.00	50,000.00	50,000.00
Gas & Oil	8,002.06	15,000.00	10,000.00	15,000.00
Radio Maintenance	1,845.63	2,500.00	2,000.00	2,500.00
Tire & Battery	4,008.69	3,000.00	2,500.00	3,000.00
Truck Repairs	14,619.60	15,000.00	10,000.00	15,000.00
Training	13,570.37	17,000.00	12,000.00	17,000.00
Miscellaneous	962.48	3,000.00	2,500.00	3,000.00
Office Expense	2,795.28	3,000.00	2,500.00	3,000.00
ERF Transfer Out	80,000.00	80,000.00	80,000.00	80,000.00
Total · Fire Department	1,913,606.27	2,015,976.37	1,899,857.27	2,086,062.76
Dev Svcs & PW				
Salaries Streets & Sanitation	776,133.41	828,915.20	755,329.68	875,869.98
Overtime Streets & Sanitation	2,502.00	10,000.00	10,000.00	10,000.00
TMRC	132,047.65	145,551.79	123,371.14	158,482.14
CNCAF Expense	5,286.96	6,688.08	5,286.96	
Med 1	84,461.10	87,225.36	81,778.44	
Dental & Vision	5,238.04	5,086.56	5,124.80	
Insurance				108,000.00
Inspections	103,590.04	95,000.00	94,740.00	95,000.00
Uniforms	9,800.00	11,200.00	10,500.00	11,200.00
Waste Disposal	177,735.68	165,000.00	154,051.75	186,000.00
Gas & Oil	45,166.88	65,000.00	38,712.53	65,000.00
Sprinkler & Park Maintenance	21,640.33	61,410.00	45,000.00	45,000.00
Tire & Battery	6,298.47	9,810.00	9,810.00	9,810.00
Equip Maint	39,699.86	65,500.00	47,217.29	65,500.00
Training	2,351.75	4,500.00	4,500.00	4,500.00
Miscellaneous	1,979.45	3,000.00	3,000.00	3,000.00
Office Expense	500.38	3,000.00	3,000.00	3,000.00
Materials & Equipment	5,789.14	10,000.00	10,000.00	10,000.00
ERF Transfer Out	60,000.00	60,000.00	60,000.00	60,000.00
Total · Dev Svcs & PW	1,480,221.14	1,636,886.99	1,461,422.59	1,710,362.12

City of Terrell Hills
2027
General Fund Budget

	2025 Budget Actual	2026 Budget	2026 Budget Estimated Final	2027 Draft Budget
General				
Elections	-415.20	4,000.00	5,068.00	6,000.00
Appraisal District	42,226.00	32,000.00	42,000.00	42,000.00
Audit	17,070.00	17,500.00	17,470.00	17,645.00
Engineering Services	4,510.00	20,000.00	2,000.00	20,000.00
Prosecutor	2,700.00	3,900.00	2,700.00	3,900.00
Judge	2,000.00	2,400.00	2,400.00	2,400.00
City Attorney	16,300.77	50,000.00	20,000.00	50,000.00
Telephone	8,536.25	18,000.00	9,000.00	24,000.00
CPS	27,666.41	28,340.00	24,000.00	28,340.00
Street Lights CPS	20,465.30	21,909.00	18,000.00	21,909.00
Water	18,921.98	27,000.00	22,000.00	27,000.00
Dispatch	170,355.00	176,986.00	177,000.00	185,500.00
EMS Contract	117,995.50	140,000.00	156,000.00	125,000.00
Health Inspections	1,090.41	1,200.00	1,320.00	1,400.00
Insect control	2,230.00	2,000.00	1,000.00	2,000.00
Liability Insurance	61,194.28	62,000.00	63,603.90	64,000.00
Workers' Compensation Insurance	93,786.00	93,000.00	96,657.00	97,000.00
Stormwater Mgmt Program	18,270.58	20,000.00	13,000.00	20,000.00
Street & Alley Repairs	64,456.47	133,653.86	130,000.00	75,000.00
Community Events	48,734.78	50,000.00	49,000.00	50,000.00
Crossing Guard	-1,693.13	4,000.00	4,000.00	4,000.00
Contingencies	34,383.49	50,000.00	5,000.00	50,000.00
Dues & Subscriptions	9,127.00	10,000.00	10,000.00	10,000.00
Miscellaneous	6,351.91	5,000.00	5,000.00	5,000.00
Postage	1,129.03	2,500.00	1,000.00	2,500.00
Building Maintenance	60,064.70	80,000.00	80,000.00	99,000.00
Computers	148,990.99	150,000.00	150,000.00	160,000.00
Cancer Screenings - State Mandated				12,000.00
Next Level Prime Insurance				43,200.00
Court Technology	1,654.64	400.00	100.00	400.00
Payroll Taxes				
Payroll City Life	8,251.44	7,600.00	8,000.00	8,000.00
SS	228,738.86	249,040.34	233,615.31	260,383.97
SUI	8,026.29	10,000.00	10,000.00	10,000.00
Medicare	53,495.42	58,243.31	56,000.00	60,896.25
Total General	1,296,615.17	1,530,672.51	1,414,934.21	1,588,474.22
Total Expenditures	6,785,048.72	7,531,563.44	6,969,488.61	7,864,589.46
Net Ordinary Income	1,766,155.63	832,425.56	1,525,125.26	864,715.54
General Fund Transfer for ERF	0.00	0.00	0.00	0.00
General Fund Transfer for Capital Street	1,200,000.00	1,200,000.00	1,200,000.00	1,200,000.00

2027 City Council:

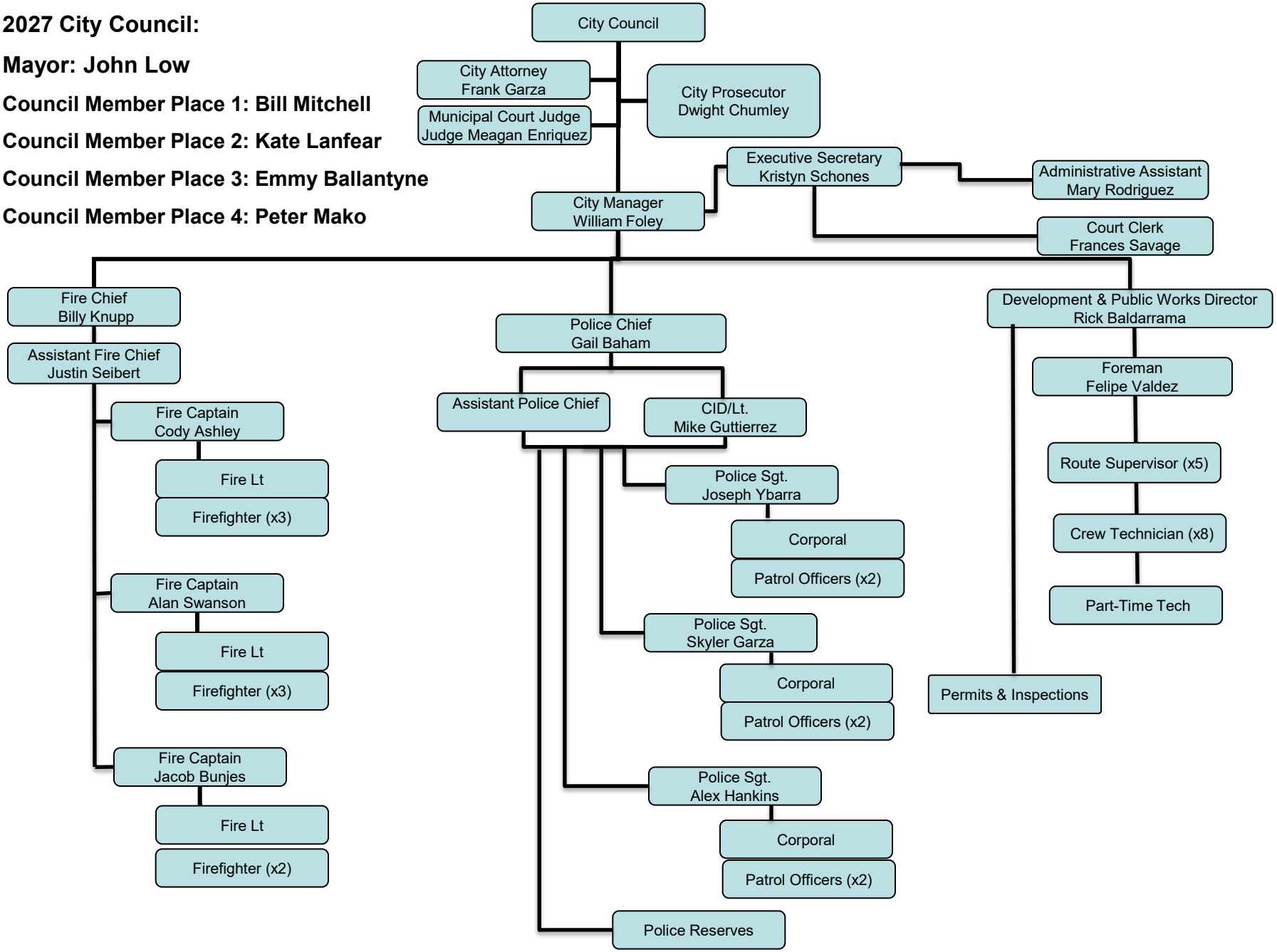
Mayor: John Low

Council Member Place 1: Bill Mitchell

Council Member Place 2: Kate Lanfear

Council Member Place 3: Emmy Ballantyne

Council Member Place 4: Peter Mako



Fiscal Year 2027 Pay and Benefits Plan

Base Pay

Administrative Department

Title	Authorized Positions 2026	2027	Base Rate/ Period
City Manager	1	1	$161,302.90/ Annual*
Executive Secretary	1	1	$8,093.39/ monthly*
Administrative Assistant	1	1	$5,008.32/ monthly
Court Clerk	1	1	$5,008.32/ monthly

* City Manager to receive $7,800 annual vehicle allowance and $6,000 annual 457b retirement contribution
* Executive Secretary to receive $200.00 per month vehicle allowance

Police Department

Chief	1	1	$9,193.37/ monthly*
Assistant Chief	1	1	$7,987.66/ monthly
Lieutenant	1	1	$7,242.63/ monthly
Sergeant	3	3	$6,649.74/ monthly
Corporal	3	3	$6,179.71/ monthly
Patrol Officer II	6	6	$5,877.21/ monthly

* Police Chief to receive $200 per month vehicle allowance

Fire Department

Chief	1	1	$9,193.37/ monthly*
Assistant Chief	1	1	$7,987.66/ monthly
Captain	3	3	$6,649.74/ monthly
Lieutenant	3	3	$6,179.71/ monthly
Firefighter II	8	8	$5,877.21/ monthly

* Fire Chief to receive $200 per month vehicle allowance

Development Services & Public Works

Director	1	1	$7,930.22/ monthly*
Assistant Director/Building Inspector	0	0	
Foreman	1	1	$30.66/ hourly
Route Supervisor	5	5	$25.88/ hourly
Crew Technician	8	8	$22.29/ hourly
Part-Time Tech	As Needed	As Needed	DOQ

* Director to receive $200 per month vehicle allowance
* Street Department personnel with a Texas Class B Commercial Driver's License will receive $100.00 per month

CITY OF TERRELL HILLS TEXAS

Benefits

1. That new administration and development services & public works employees will be furnished an in-kind initial issue and be provided an annual uniform allowance of $700 after completion of their training period. The new firefighters and police officers will be furnished an in-kind initial issue and be provided an annual uniform allowance of $850 after completion of their training period. Uniform allowances will be administered by department heads, whose approval will authorize City payments for uniform items.

2. That each full-time City employee shall receive longevity pay based on the salaries listed herein, such longevity pay to be based upon completed years of service to the City and computed as follows:

a. First through third years 2% of base pay per year

b. Fourth through seventh years 1% of base pay per year

c. Eighth year onward 1/2 of 1% of base pay per year

d. **Longevity Lateral Transfer for Experienced Employees** – For employees with confirmed previous experience in a comparable trade/field; after vetting and approval from both the Department Head and the City Manager, an experienced employee may be eligible to be paid at a higher rate up to 5 years of longevity.

3. That the fringe benefits of the employees be the same and hereby are as follows:

a. Holidays:

New Year's Day	Friday , January 1, 2027
Martin Luther King Day	Monday, January 18, 2027
President's Day	Monday, February 15, 2027
Good Friday	Friday, March 26, 2027
Memorial Day	Monday, May 31, 2027
Juneteenth	Friday, June 18, 2027
Independence Day	Monday, July 5, 2027
Labor Day	Monday, September 6, 2027
Columbus Day	Monday, October 11, 2027
Veterans Day	Thursday, November 11, 2027
Thanksgiving Day	Thursday, November 25, 2027
Day after Thanksgiving	Friday, November 26, 2027
Christmas Eve	Friday, December 24, 2027
Christmas Day	Monday, December 27, 2027

**** Fire & Police Shift Personnel will receive Holiday Time in the form of vacation days****

Holidays that fall on a Saturday will be observed on the preceding Friday, and holidays falling on a Sunday will be observed on the following Monday.

b. Sick Leave: Sick leave for full-time employees shall be earned at the rate of 8 hours per month (12 hours applies to fire department personnel on 24 hour shifts) with a maximum accumulation of sixty days. Any employee with more than 30 days accumulated sick leave may use

no more than 5 sick days as additional paid vacation annually. Any sick leave taken in excess of three consecutive days will require certification of a licensed physician. There will be no payment for unused sick leave upon an employee's termination.

c. Group Hospitalization Insurance: The City will provide group hospitalization and major medical insurance effective on the first day of the month following date of hire. Dependents' coverage and dental insurance shall be made available at the option of the individual employee. The City will contribute up to $600 monthly to the City provided group plan for the employee and dependent insurance, with the employee responsible for the balance through payroll deduction. The City will also afford each employee the opportunity to obtain disability income and/or indemnity insurance for non-work-related accidents and illnesses, to be paid for by the employee through payroll deduction.

d. Group Life Insurance: Each employee will be provided with group life insurance based on the terms of the major medical policy and shall not exceed a total of $50,000 in benefits. Dependents' coverage shall be made available at the option of the individual employee, the cost of which is to be paid by the employee.

e. Incentive Pay: Monthly pay to provide incentive for professional and educational accomplishment will be provided as shown below. Each employee is eligible for one incentive pay in each category related to their duty position. Certification of eligibility will be accomplished by the Department Head.

(1) Education

Master's Degree	$200.00
Bachelor's Degree	$150.00
Associate's Degree	$75.00

(2) Professional Certification

Master Peace Officer/Master Firefighter/Court Clerk III	$100.00
Advanced Peace Officer/Advanced Firefighter/Court Clerk II	$75.00
Intermediate Peace Officer/Intermediate Firefighter/Court Clerk I	$50.00
(3) Fire Instructor/Police FTO	$25.00
(4) EMS Instructor	$50.00
(5) Fire Inspector	$50.00

All fire personnel ranked lieutenant and below & police personnel ranked corporal and below will receive a monthly $10.00 cell phone allowance for emergency recall texting fees.

CITY OF TERRELL HILLS TEXAS

f. Vacation:

1. Full-time Regular Employees shall be eligible for paid vacation days based on the following schedule:

After 6 months	5 days = 40 hours
1 year thru 10 years	10 days = 80 hours
11 years and onward	15 days = 120 hours

2. Full-time Fire Department employees who work 48-hour shifts, 2,904 hours annually, shall be eligible for paid vacation days based on the following schedule.
(Note: Full time Fire Department employees receive paid holiday time as vacation.
Vacation and Holiday pay are earned at a ratio of 1 day = 12 hours)

After 6 months	5 days = 60 hours
1 year thru 10 years	10 days + holidays = 288 hours
11 years and onward	15 days + holidays = 348 hours

3. Full-time Police Department employees who work 8-hours shifts, 2,080 hours annually, shall be eligible for paid vacation days based on the following schedule.
(Note: Full time police department employees receive paid holiday time as vacation.
Vacation and Holiday pay are earned at a ratio of 1 day = 8 hours)

After 6 months	5 days = 40 hours
1 year thru 10 years	10 days + holidays = 192 hours
11 years and onward	15 days + holidays = 232 hours

CITY OF TERRELL HILLS TEXAS

Note: Variations and exceptions from this schedule may be found in the Personnel Policy Handbook with City Council approval.

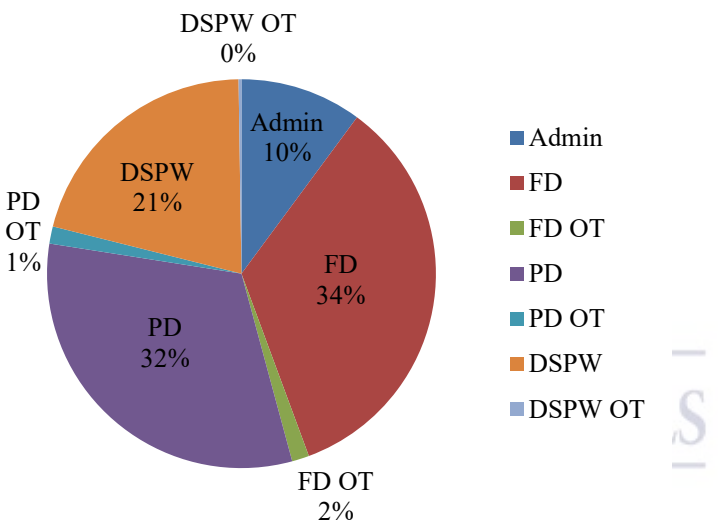
The Personnel Policy Handbook prescribes the use and accumulation of Vacation days.

Proposed Raise
3.50%

City of TERRELL HILLS TEXAS

Payroll Projections
Fiscal Year 2027

Department	Salary Projection	Social Security	Medicare	TMRS	Total
Admin	$425,440.21	$26,377.29	$6,168.88	$76,111.25	$534,097.64
FD	$1,437,805.38	$89,143.93	$20,848.18	$257,223.38	$1,805,020.87
FD OT	$60,000.00	$3,720.00	$870.00	$10,734.00	$75,324.00
PD	$1,330,625.92	$82,498.81	$19,294.08	$238,048.98	$1,670,467.78
PD OT	$60,000.00	$3,720.00	$870.00	$10,734.00	$75,324.00
DSPW	$875,869.98	$54,303.94	$12,700.11	$156,693.14	$1,099,567.18
DSPW OT	$10,000.00	$620.00	$145.00	$1,789.00	$12,554.00
Total	$4,199,741.50	$260,383.97	$60,896.25	$751,333.75	$5,272,355.48



2027 Equipment Replacement Fund

The purpose of the Equipment Replacement Fund (ERF) is to ensure that adequate funds are available to purchase vehicles and equipment as it becomes obsolete or worn out, and at the same time minimize the budgetary impact for major purchases. The goal is to provide sufficient cash flow for annual purchases. The ERF is not designed to equal the replacement value of the fleet.

An important advantage of the ERF is that it prevents wide fluctuations in departmental operating budgets. For example, if the Fire Department did not need to replace any units in a given year, the department would continue paying fees into the ERF during that year. The positive result is that funding would then be available the next year, when the Fire Department might have a unit to replace, and its operating budget would not be depleted by making the purchase.

The amount a department budgets as their transfer to the ERF is based on the equipment used by the department, the equipment's estimated cost and its estimated life cycle. For example, if a garbage truck was purchased by the Public Works Department in 2016 for $130,000 with an estimated life cycle of 15 years, the Public Works Department would transfer $8,667 ($130,000/15) into the ERF in each of the years 2016 through 2030.

Additionally, fee calculation and fund balances should be reviewed regularly to ensure that adequate funds are available and that the budget is stabilized for major purchases, with a goal of providing sufficient cash flow for annual purchases.

CITY OF TERRELL HILLS TEXAS

REVENUES	2025 Actual Budget	2026 Budget Estimate	2027 Budget Estimate
Fund Balance	$1,247,112	$971,431	$1,124,419
Transfer from Police	$60,000	$60,000	$60,000
Transfer from Fire	$80,000	$80,000	$80,000
Transfer from Public Works	$60,000	$60,000	$60,000
Transfer from General Fund	$0	$0	$0
Interest Income	$0	$0	$0
Sale of Disposed Equipment	$62,155	$11,520	
Total Available Resources	**$1,509,267**	**$1,182,951**	**$1,324,419**

EXPENDITURES	VIN#	2025 Budget	2026 Budget	2027 Budget
Police				
2025 Ford Explorer	70986	$ 55,315		
2022 Ford Explorer	9284			
2026 Ford Explorer	20506		$ 58,532	
2023 Ford Explorer	5729			$ 30,000
2023 Ford Explorer	5742			$ 30,000
2021 Ford Escape	1011			
Fire				
2025 Sutphen Fire Engine	3026	-670.59		
2014 Sutphen Fire Engine	3091			
2017 Chevrolet 2500 PU	743			
2021 Chevrolet 1500 PU	1838			
Public Works				
2025 25-2 Freightliner	4672	$ 241,596		
2025 25-3 Freightliner	4673	$ 241,596		
2018 International Packer	5876			
2024 International Packer	8474			
2013 Ford F150 Crew	8688			
2015 Ford F150 ExCab	2924			
2021 Chevrolet 3500 Crew	5290			
2023 Chevrolet 1500 Crew	281			
John Deere Back Hoe	4770			$140,000.00
John Deere Z Turn				
Total Expenditures		**$ 537,836**	**$ 58,532**	**$ 200,000**
Ending Fund Balance		$971,431	$1,124,419	$1,124,419

Debt Fund Budget

The Debt Fund Budget was established to ensure the quality of decisions in relation to the City's financing activities, provide a comprehensive view of the City's long-term debt picture and make it easier for decision-makers to understand issues concerning debt issuance and management.

Debt will be issued for the purpose of meeting the needs of the community through funding of capital projects and equipment but without constituting an unreasonable burden to taxpayers.

Long-term debt is only issued to finance the acquisition and/or construction of capital improvements with an economic or useful life greater than five years and the term of the debt. Additionally, only capital needs identified in the capital improvement program will be considered. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the outstanding par value of the refunded bonds.

City of TERRELL HILLS TEXAS

2027 Debt Fund Budget

	2025 Budget Actual	2026 Budget Estimated Final	2027 Draft Budget
Estimated Fund Balance Dec. 31	725,827.00	738,422.00	742,852.00
Income			
Ad Valorem Taxes	783,115.00	780,000.00	780,000.00
Total Income	783,115.00	780,000.00	780,000.00
Expense			
Bond Principal	650,000.00	680,000.00	705,000.00
Bond Interest	120,520.00	93,920.00	73,446.25
Service Fees	0.00	1,650.00	825.00
Total Expense	770,520.00	775,570.00	779,271.25
Net Income	12,595.00	4,430.00	728.75
Estimated Ending Fund Balance	$738,422.00	$742,852.00	$743,580.75

Debt Service Schedule

	Series 2011 GO Bonds			Series 2012 Refunding Bonds			Series 2016 Refunding Bonds			Total by Date	Annual Payment
Period End	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**		
02/01/2027							705,000.00	40,160.00	745,160.00	745,160.00	
08/01/2027							0.00	33,286.25	33,286.25	33,286.25	778,446.25
02/01/2028							720,000.00	33,286.25	753,286.25	753,286.25	
08/01/2028							0.00	25,546.25	25,546.25	25,546.25	778,832.50
02/01/2029							740,000.00	25,546.25	765,546.25	765,546.25	
08/01/2029							0.00	17,406.25	17,406.25	17,406.25	782,952.50
02/01/2030							755,000.00	17,406.25	772,406.25	772,406.25	
08/01/2030							0.00	8,912.50	8,912.50	8,912.50	781,318.75
02/01/2031							775,000.00	8,912.50	783,912.50	783,912.50	
											783,912.50

CITY OF TERRELL HILLS TEXAS

Capital Funds Budget

The Capital Fund Budget provides for the Future Street and Infrastructure maintenance and improvement. The 2027 Capital Fund Budget balance will continue to increase with the budgeted increase from the general fund and may receive an additional transfer from the undesignated reserve fund.

City of Terrell Hills
2027
Capital Projects Budget

	2025 Budget Actual	2026 Budget Estimated Final	2027 Draft Budget
Estimated Fund Balance Dec. 31	$2,745,879.00	$2,070,909.00	$3,290,775.50
Income			
Transfers In	1,200,000.00	1,200,000.00	1,200,000.00
SAWS Contributions	1,192,237.00		
Street Sales Tax 1/4%	136,429.00	140,000.00	140,000.00
Total Income	2,528,666.00	1,340,000.00	1,340,000.00
Gross Profit	2,528,666.00	1,340,000.00	1,340,000.00
Expense			
Capital Projects Expenditures	3,203,636.00	120,133.50	300,000.00
Total Expense	3,203,636.00	120,133.50	300,000.00
Net Income	-674,970.00	1,219,866.50	1,040,000.00
Undesignated Reserve Addition			
Estimated Ending Balance	$2,070,909.00	$3,290,775.50	$4,330,775.50

City of Terrell Hills

2027 Fiscal Year

Budget

Appendix

6-28 General Financial Policies

GENERAL STATEMENT

These financial policies have been developed and approved by City Council to ensure continuity and understanding about the City's financial decisions. The policies outline the steps the City of Terrell Hills will follow when making all necessary financial decisions. These policies are to be reviewed and updated on an annual basis. It is important that the policies provide continuity among leadership of the City in an effort to achieve long term goals and fulfill the City's mission.

Section 1: Budget Process

1.0. The budget year for the City of Terrell Hills is January 1 to December 31. The charter states that the "City Council shall on the 1st day of October of each year, or as soon after as practicable, prepare a budget to cover all proposed expenditures of the City for the succeeding year." In practical terms, the City staff will ensure the budget is prepared for City Council review at the October budget workshop and approval consideration in the December council meeting of each year.

1.1. Staff will use the following process to prepare the budget:

1.11. The effective tax rate is calculated in late July by Bexar County. That effective tax rate will be compared against the valuations and the current year's budget to determine the tax rate needed by the City to fund operations. The tax rate will be set at an amount sufficient to cover budgeted Maintenance and Operations (M&O) and Interest and Sinking (I&S)/Debt Obligations. The tax rate will normally be set at the September council meeting. Because the City's fiscal year begins January 1, the tax rate set by council at the September council meeting will cover expenditures in the current tax year, not the upcoming tax year. For example, the 2015 effective tax rate is calculated in July of 2015. The City will set its 2015 tax rate at the September council meeting and that rate goes into effect for taxes collected from October 1, 2015 to December 31, 2015. The tax rate set at the September 2015 council meeting must be sufficient to meet M&O and debt obligations for the 2015 tax year. In effect, City staff is collecting taxes starting October 1, 2015 for money that has been spent since January 1, 2015.

1.12. Staff begins the budget process in late July of each year. The City Manager and department heads meet, pass out the current year budget, and determine the appropriate budget for the upcoming budget year. This data, with supporting documentation for equipment and any new programs, is submitted in late August.

1.13. The City Manager receives all the budget data by late August and begins preparation for the first Council workshop. This workshop should introduce Council members to the new budget. The City Manager should have a "rough draft" of the budget with numbers in sufficient detail to brief Council on any major new acquisitions or proposed programs. The Manager may present multiple options in the event that Council decides to be more or less

conservative with the finances. The City Manager should review and incorporate data relating to the City's goals and mission statement, and answer any questions Council may raise. The desired outcome of the first budget workshop should be a mutual understanding of the major programs/financial direction of the city. The City Manager takes these results and incorporates them into the budget for the second workshop.

1.14. The City Manager conducts the second workshop with City Council in mid-October. The final budget data is presented to Council and any further questions answered. At this point Council will narrow the budget to a final option that can be fine-tuned in preparation for a budget hearing and final passage.

1.15. The City Manager finalizes the budget and prepares for its possible passage at the December Council meeting. Appropriate ads are placed in the newspaper in advance of the public hearing per State Law. The Council will hold a public hearing and take public input at the December meeting. If there is extensive input by the public, the Council should consider tabling the budget and sending it back to the City Manager for consideration in a Special City Council meeting. The budget must be passed prior to the new fiscal year beginning January 1.

1.16 The City Manager will prepare a budget document in sufficient detail to describe the programs funded. The document should include sections highlighting the programs in each department. A separate section of the budget document is devoted to personnel programs, capital improvement programs and the debt schedule. The final budget is prepared in accordance with best practices from Government Finance Officers' Association (GFOA).

CITY OF TERRELL HILLS TEXAS

Section 2: Long Term Debt

2.0 The City establishes the following policy concerning the issue and management of debt. This debt policy, as presented to City Council and the citizens, was established to ensure the quality of decisions in relation to the City's financing activities, provide a comprehensive view of the City's long-term debt picture and make it easier for decision-makers to understand issues concerning debt issuance and management.

2.1 Conditions of Debt Issuance

2.11 Debt should be issued for the purpose of meeting the needs of the community through funding of capital projects and equipment but without constituting an unreasonable burden to taxpayers.

2.12 Long-term debt is only issued to finance the acquisition and/or construction of capital improvements with an economic or useful life greater than five years and the term of the debt. Additionally, only capital needs identified in the capital improvement program will be considered. Refunding bonds will only be issued if the present value of debt service savings exceeds three percent of the outstanding par value of the refunded bonds. Debt for other purposes, such as acquisition of capital assets, is covered separately in this policy.

2.2 Types of Debt

2.21 General Obligation Bonds General Obligation Bonds may only be issued with a majority approval of a popular vote. The use of the proceeds from GO Bonds is limited to the acquisition or improvement of real property and other uses allowed by law and applicable bond ordinances. City facilities, parks and public safety facilities are examples of facilities that could be financed with GO Bonds. To the extent that property tax revenues are used to fund debt service, a separate property tax will be levied.

2.22 Refunding Obligations Pursuant to the Government Code and various other financing statutes applicable in particular situations, the City Council is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the City. Absent any significant non-economic factors, a refunding should produce minimum net debt service savings (net of reserve fund earnings and other offsets) of at least 3% of the then-outstanding par value of the refunded bonds, unless staff determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates.

2.23 Tax Anticipation Notes Proceeds from Tax Anticipation Notes are used to fund projects whose source of payment is future tax revenues. These instruments have a term of one to three years and are for a specific purpose such as temporary financing for capital improvements, cash flow needs and major equipment leasing.

2.24 Tax Increment Financing Bonds The City may use these bonds to finance capital improvements within the tax increment reinvestment zone. Repayment is from property taxes generated within the zone.

2.25 Leases Leases may be used to finance major capital purchases, other than infrastructure, including fleet, major system upgrades and large equipment purchases. The the term of the lease should not exceed the useful life of the asset.

2.26 Other Obligations There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to, limited tax notes, non-enterprise revenue bonds, bond anticipation notes, grant anticipation notes and judgment or settlement obligation bonds.

2.3 Restrictions on Debt Issuance

- The City will not use long-term debt to finance current operations or normal maintenance.
- General obligation debt will not be issued if other, more financially efficient financing sources are available such as certificates of obligation, limited tax notes, leases or revenue bonds.
- Short-term debt will not be used to refinance long-term debt.

- All debt issuances shall be approved by the City Council.

2.31 Before any debt may be issued, the City will perform an analysis of the requirements to determine the impact on future budgets, the sufficiency of revenues to fund the debt service requirements and additional operating costs of the capital asset acquired. The analysis will ensure that debt service payments funded by the General Fund shall be not greater than 1% of current property valuations.

2.4 Characteristics of Debt Issuance

2.41 When the City finances capital projects by issuing bonds, it will pay back the bonds in a period not exceeding the expected life of those projects. Other standard terms shall include the following:

- Term may be up to 30 years depending on cash flow assumptions, and useful life of asset being financed.
- Call provisions will be shortest possible optional call consistent with optimal pricing.
- The City will seek level or declining debt repayment schedules and will avoid issuing debt that provides for balloon principal payments reserved at the end of the term of the issue.
- The City will avoid variable-rate debt due to the potential volatility of such instruments.
- Debt service reserve will be in conformity with bond covenants.
- Commercial insurance or other credit enhancements to the bond rating shall be considered when cost-effective.

CITY OF TERRELL HILLS TEXAS

2.5 Debt Issuance Process

2.51 The City will maintain good communications with bond rating agencies about its financial condition and will follow a policy of full disclosure on every financial report and bond prospectus. The City will also comply with all federal tax law provisions, including arbitrage requirements.

2.52 The City shall utilize the services of independent financial advisor(s) on debt financing when deemed prudent. Although not required, the City may utilize an RFP-selected pool of such financial advisors to mitigate time constraints and reduce overhead costs of the City in procuring such services. Bond counsel will be used for each transaction.

2.53 City staff shall review each debt issuance transaction on a case-by-case basis to determine the most appropriate method of sale.

- **Competitive Sale** In a competitive sale, bids for the purchase of the bonds are opened at a specified place and time and are awarded to the underwriter (or syndicate) whose conforming bid represents the lowest true interest cost to the City (TIC). This method is most advantageous when the debt to be issued is less

complex, the municipal bond market for high-grade credits is stable, and the sale of the City's bonds is assured.

- ◊ Bond sales shall be cancelable at any time prior to the time bids are to be received.
- ◊ Upon award to the bidder whose conforming bid represents the lowest true interest cost, the City may restructure the bonds in accordance with the Official Notice of Sale. The City shall reserve the unfettered right to reject all bids or waive bid irregularities.

- **Negotiated Sale** In a negotiated sale, the City chooses the initial buyer of the bonds in advance of the sale date. The initial buyer is usually an investment banking firm, or a syndicate of investment banking firms interested in reoffering the bonds to investors through an underwriting process. This type of sale allows the City to discuss different financing techniques with the underwriter in advance of the sale date. This method is most advantageous when the debt issue is complex, debt structuring flexibility is required (as would be the case in a bond refunding) or the municipal bond market is unstable or uncertain.

- **Private Placement** In a private placement, the City may select a private purchaser willing to bid a below market rate. Such placements often allow debt to be issued more efficiently by eliminating the need for bond ratings and other associated issuance costs. Such financing will be analyzed on a case-by-case basis, depending primarily on rates prevailing in the placement market from time to time.

2.54 Professional services used in conjunction with a bond issuance may be obtained using a request for proposal (RFP). If an RFP is used, selection will be based on experience in the type of issuance and municipal bond activities, ability to perform needed services, conflicts of interest, fees and fee structure.

Section 3: Internal Controls for the City of Terrell Hills

3.1. The City will employ the following internal controls to make sure that all financial transactions are handled appropriately:

3.11. The Executive Secretary serves the accounts payable function for the City. He/she prepares all checks and deposits. The City Manager signs the checks and ensures that all expenditures are valid and legal. Additionally, check registers will be provided to City Council monthly for their review.

3.12. The Executive Secretary makes necessary journal entries, processes payroll and reconciles the bank statements on a monthly basis. The City maintains the following bank accounts: General Fund - Checking (for all non-payroll transactions), Money Market Fund (for all bank deposits, interest and sinking debt payments and for capital project deposits and expenditures) and the General Fund- Payroll (for all payroll transactions).

3.13. The Executive Secretary maintains the petty cash fund to ensure money is available for small expenditures. The City Manager reviews the expenditures of these funds on a monthly basis.

3.14. Every expenditure must be approved by a Department Head or the City Manager. This is indicated by initials and date on every invoice the City receives. The City Manager reviews these initials prior to approving checks for payment.

3.15. The Executive Secretary deposits money as quickly as possible and ensures that money received is secured to ensure safety. In no case will cash be left undeposited by the City for longer than five business days.

Section 4: Sales Tax Collections

4.1. The City receives payment monthly via the State Comptroller for sales tax revenues. One-fourth of one-percent of collections has been designated for Street Maintenance by the voters of the City of Terrell Hills. As such,

4.11. The appropriate amount is calculated monthly and moved via transfer to the City's Capital Fund to be allocated for street maintenance.

CITY OF
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