# PUBLIC NOTICE

THE CITY COUNCIL OF THE CITY OF FROST, TEXAS, WILL HOLD A **SPECIAL CALLED MEETING** AT 6:30 P.M. ON MONDAY, SEPTEMBER 21, 2026, AT CITY HALL, 100 N. GARITTY STREET, FROST, TEXAS 76641.

## SPECIAL CALLED MEETING AGENDA

1. Call to Order and Establish Quorum
2. Invocation and Pledge of Allegiance
   a. *I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.*
   b. *Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible.*
3. Public Comment

   Citizens wishing to address the City Council may do so during the Public Comment portion of the meeting. Comments are limited to four (4) minutes per speaker. In accordance with the Texas Open Meetings Act, the City Council may not discuss, deliberate, or take action on any matter not listed on the posted agenda. The Council may respond with a statement of specific factual information, recite existing policy, or direct staff to place a matter on a future agenda. Public comments on agenda and non-agenda items shall be made during the designated Public Comment portion of the meeting. Public comment will not be taken separately on individual agenda items unless otherwise required by law.
4. Conduct a public hearing to receive public comments regarding the City of Frost proposed FY 2026–2027 Municipal Budget.
5. Discuss, consider, and take possible action to adopt the City of Frost FY 2026–2027 Municipal Budget.
6. Discuss, consider, and take possible action to ratify the increase in property tax revenue reflected in the City of Frost FY 2026–2027 Municipal Budget, as required by Texas Local Government Code §102.007(c).
7. Discuss, consider, and take possible action to separately approve the maintenance and operations and debt components of the City of Frost 2026 ad valorem property tax rate and adopt Ordinance 339 establishing a total 2026 ad valorem property tax rate of $0.3429 per $100 of taxable valuation, equal to the City's calculated No-New-Revenue Tax Rate.

   The City's certified 2026 tax-rate calculation establishes the NNR rate at $0.3429, the voter-approval rate at $0.3552, and the debt rate at $0.0000.
8. Discuss and consider approval of Resolution 202 approving the negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2026 Rate Review Mechanism filing and adopting the resulting rate tariffs.
9. Adjourn

**TAXPAYER IMPACT STATEMENT**
**Texas Government Code §551.043(c)**

For the median-valued homestead property in the City of Frost:
**Median Homestead Net Taxable Value: $131,141**

| **Scenario** | **Tax Rate** | **Estimated City Property Tax Bill** |
|---|---|---|
| Current Fiscal Year | $0.3628 / $100 | $475.80 |
| FY 2026–2027 Proposed Budget | $0.3429 / $100 | $449.68 |
| FY 2026–2027 Balanced Budget Funded at the No-New-Revenue Tax Rate | $0.3429 / $100 | $449.68 |

The City's proposed FY 2026–2027 Budget is based on a proposed property tax rate of $0.3429 per $100 of taxable value, equal to the City's calculated 2026 No-New-Revenue Tax Rate.

The median homestead information is based on the 2026 certified values provided by the Navarro Central Appraisal District. The City's proposed and calculated tax rates are based on the City's 2026 Tax Rate Calculation Worksheet.

NOTICE OF POSSIBLE EXECUTIVE SESSION
The City Council may convene in Executive Session in accordance with Chapter 551, Texas Government Code, on any matter listed on this agenda for which Executive Session is authorized by law, including but not limited to Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, and other applicable provisions of Chapter 551.
Any final action, decision, or vote regarding a matter discussed in Executive Session shall be taken in Open Session as required by law.

CERTIFICATION
I, the undersigned authority, do hereby certify that the above Notice of Meeting of the City Council of the City of Frost, Texas, is a true and correct copy of said notice and that I posted a true and correct copy in a place readily accessible to the general public at all times.
Said notice was posted on _________***, 2026***, and remained continuously posted for at least three business days before the scheduled date of the meeting in accordance with Chapter 551, Texas Government Code.
DATED this _____ day of _________***, 2026***.

______________________________________________
City Secretary
City of Frost, Texas

**City of Frost**
P.O. Box X | 100 N. Garitty
Frost, Texas 76641
Phone: 903-682-3861
cityoffrost1930@cityoffrost.net
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# FY 2026–2027 PROPOSED BUDGET OVERVIEW

*September 21, 2026*

**Purpose and Budgeting Approach**

The FY 2026–2027 Proposed Budget continues the City's shift toward a more fund-based approach to financial management. Rather than evaluating the City's finances primarily as one overall pool of dollars, the proposed budget evaluates the General Fund, Water Fund, Sewer Fund, Museum Fund, and dedicated resources based on the revenues and costs attributable to each.

This approach is particularly important for utility operations. A healthy overall City cash position can mask a situation in which an individual operation's recurring revenues are not sufficient to support its recurring costs. The proposed budget is intended to make those conditions visible so they can be evaluated and addressed deliberately.

**Understanding Budgeted Amounts**

The proposed budget represents the City's best estimate of revenues and anticipated financial needs for the coming fiscal year. An expenditure included in the budget is an authorization and planning allowance; it does not mean the City is required or expected to spend the full amount. Actual expenditures remain subject to applicable purchasing requirements and Council authorization when required.

Likewise, identification of a project or equipment need in the preliminary Capital Improvement Plan does not commit the City to complete or purchase it during FY 2026–2027 unless funding is specifically included in the annual budget.

**FY 2026–2027 Fund Summary**

| Fund | Revenue | Expenditures | Projected Net |
|---|---|---|---|
| General Fund | $322,000 | $318,176 | $3,824 |
| Water Fund | $303,500 | $336,900 | ($33,400) |
| Sewer Fund | $65,000 | $111,100 | ($46,100) |
| Museum Fund | $1,500 | $800 | $700 |
| TOTAL | $692,000 | $766,976 | ($74,976) |

**General Fund**

The General Fund proposes $322,000 in revenue and $318,176 in expenditures, for a projected surplus of $3,824. The General Fund is therefore essentially balanced, with a limited operating margin. Continued monitoring of revenues and expenditures will be important throughout the fiscal year.

The proposed budget assumes $155,000 in property-tax revenue and is based on a proposed 2026 tax rate of $0.3429 per $100 of taxable value, equal to the City's calculated No-New-Revenue Rate. The budgeted property-tax revenue is $7,000, or 4.73%, above the FY 2025–2026 adopted budget amount of $148,000; approximately $5,961 is estimated to come from new property added to the tax roll.

**Personnel Cost Allocation**

The City operates with a small staff whose work benefits multiple City functions and funds. For FY 2026–2027, wages and associated employer costs—including payroll taxes, retirement, and health benefits—are allocated among the funds receiving those services. The City Secretary's personnel costs are allocated 45% to General Fund, 40% to Water Fund, and 15% to Sewer Fund. Public Works personnel costs are allocated approximately one-third each to General Fund, Water Fund, and Sewer Fund.

This does not represent additional employees or additional payroll expense. It changes where existing personnel costs are recognized and provides a more accurate picture of the cost of operating each fund.

### Water and Sewer Funds

The Water Fund proposes $303,500 in revenue and $336,900 in expenditures, for a projected deficit of $33,400. The Sewer Fund proposes $65,000 in revenue and $111,100 in expenditures, for a projected deficit of $46,100.

The proposed utility budgets more fully recognize the costs associated with operating the systems, including allocated personnel and benefits, contract operations, wholesale water purchases, treatment and operating expenses, technology, maintenance, compliance costs, emergency-repair allowances, and applicable debt obligations.

The projected deficits are intentionally shown rather than eliminated through unsupported revenue assumptions or by moving costs elsewhere. They establish a clearer baseline for the City's planned Water, Sewer, and Trash rate and cost-of-service review.

### Municipal Law Enforcement

The FY 2026–2027 Proposed Budget does not include funding for municipal police personnel or police department operations. The City Council has not determined the future structure of municipal law-enforcement services. If Council later elects to establish or fund municipal law-enforcement services during FY 2026–2027, the anticipated cost, available resources, and ongoing financial impact will need to be evaluated and may require a budget amendment.

### Capital Planning and Road Assessment

The proposed budget begins a more structured approach to long-term capital planning. The preliminary five-year Capital Improvement Plan identifies known or anticipated needs involving streets, major equipment, City facilities, the water system, and the wastewater system. Most items are planning items and do not themselves authorize a purchase or project.

The significant FY 2026–2027 funded planning item is a $7,500 citywide road assessment. The assessment is intended to provide a defensible evaluation of street conditions and establish a foundation for a longer-term street improvement plan and future grant or funding opportunities.

The preliminary CIP also establishes a framework for equipment-replacement and facilities-capital planning so the City can develop replacement schedules, project scopes, estimated costs, priorities, and potential funding strategies before needs become emergencies.

### Budget Monitoring and Continued Work

During FY 2026–2027, actual revenues and expenditures will be reviewed against the adopted budget. Significant variances, unexpected costs, or changes in operating conditions can be addressed through corrective action or budget amendments when necessary. The budget is intended to serve as an ongoing financial-management tool, not simply as an annual spending authorization.

Priority follow-up work includes utility rate and cost-of-service review; road improvement planning following the road assessment; equipment and facility planning; and continued improvement of fund accounting, payroll allocation, accounts payable, and chart-of-accounts organization.

The FY 2026–2027 Proposed Budget does not attempt to solve every long-term issue in a single fiscal year. It provides a clearer financial baseline, identifies known needs, and establishes a framework for more informed financial decisions during the year.

## MAYOR'S RECOMMENDATION

Adopt the City of Frost FY 2026–2027 Municipal Budget as presented. The proposed budget establishes a clearer fund-based financial baseline, recognizes the actual operating costs of City services, and provides a framework for addressing utility rates, infrastructure needs, and other financial priorities during FY 2026–2027.

## SUGGESTED MOTION LANGUAGE

*“I move to adopt the City of Frost FY 2026–2027 Municipal Budget as presented.”*

**Record Vote Required:** The vote to adopt the municipal budget must be recorded by name in accordance with Texas Local Government Code §102.007.

**Prepared by: Shannon Wayman, Mayor, City of Frost**

# CITY OF FROST, TEXAS

## FY 2026–2027 PROPOSED BUDGET

*Where Cotton is King and Friendliness is Queen!*

| Fund | FY27 Revenue | FY27 Expenditures | Projected Net Result |
|---|---|---|---|
| General Fund | $322,000 | $318,176 | **$3,824** |
| Water Fund | $303,500 | $336,900 | **($33,400)** |
| Sewer Fund | $65,000 | $111,100 | **($46,100)** |
| Museum Fund | $1,500 | $800 | **$700** |
| **TOTAL ALL FUNDS** | **$692,000** | **$766,976** | **($74,976)** |

## FY27 KEY PLANNING ITEMS

| | |
|---|---|
| **Road Assessment** | $7,500 funded in FY27 to develop a defensible citywide street improvement plan. |
| **Capital Planning** | First preliminary 5-year Capital Improvement Plan establishes a repeatable annual planning framework. |
| **Equipment Replacement Reserve** | Establish replacement schedule for major vehicles/equipment; consider future surplus allocations when financially feasible. |
| **Facilities Capital Reserve** | Assess, scope, estimate and prioritize City facility needs; consider future surplus allocations when financially feasible. |
| **Utility Review** | Water and Sewer budgets reflect fuller operating costs; rate/cost-of-service review will follow the proposed-budget process. |

# CITY OF FROST — FY 2026–2027 PROPOSED BUDGET

**This budget will raise more total property taxes than last year's budget by $7,000, a 4.73% increase, and of that amount approximately $5,961 is tax revenue to be raised from new property added to the tax roll this year.**

## 2026 PROPERTY TAX RATE INFORMATION

| Item | Rate / Amount | Source / Note |
|---|---|---|
| FY2025–26 Adopted Tax Rate | 0.3628 / $100 | Prior-year adopted rate |
| 2026 No-New-Revenue Rate (NNR) | 0.3429 / $100 | 2026 tax-rate calculation worksheet |
| 2026 Voter-Approval Rate (VAR) | 0.3552 / $100 | 2026 tax-rate calculation worksheet |
| 2026 Debt Rate | 0.0000 / $100 | 2026 tax-rate calculation worksheet |
| 2026 De Minimis Rate | 1.4242 / $100 | 2026 tax-rate calculation worksheet |
| **FY2026–27 PROPOSED TAX RATE: NNR** | **0.3429 / $100** | **Working proposal: adopt the NNR rate** |

| Budget / Tax Base Item | Amount | Basis |
|---|---|---|
| FY25–26 Adopted Property Tax Revenue | $148,000 | GF Comparison |
| FY26–27 Proposed Property Tax Revenue | $155,000 | GF FY27 |
| 2026 New Improvements / New Property Value | $1,738,448 | 2026 tax-rate calculation worksheet |
| Estimated Tax Revenue from New Property at Proposed Rate | $5,961 | $1,738,448 × $0.3429 / $100 |

**THE FY2026 -27 PROPOSED BUDGET IS BASED ON A PROPOSED PROPERTY TAX RATE OF $0.3429 PER $100 VALUATION, EQUAL TO THE NEW 2026 NO-NEW-REVENUE RATE (NNR).**

# CITY OF FROST — PRELIMINARY CAPITAL IMPROVEMENT PLAN

**FY 2026–2027 through FY 2030–2031**

Purpose: Identify significant long-term infrastructure, facility, and equipment needs and begin a repeatable capital-planning process. Inclusion in this CIP does not constitute an appropriation or commitment to complete a project in a particular year. Projects will be evaluated based on condition, priority, available funding, grant opportunities, and Council authorization.

| Capital Area | Project / Need | FY27 Action | Timing / Status | Future Funding Strategy |
|---|---|---|---|---|
| **Streets** | Citywide Street Improvement Program | $7,500 road assessment and planning | FY27 funded planning phase | Future budgets, grants, debt, or other eligible funding based on assessment |
| **Equipment** | Commercial mower replacement | Add to replacement schedule | Future | Equipment Replacement Reserve |
| **Equipment** | Backhoe replacement | Add to replacement schedule; monitor condition | Future | Equipment Replacement Reserve |
| **Equipment** | Public Works vehicles | Develop replacement schedule | Future | Equipment Replacement Reserve |
| **Equipment** | Sewer jetter | Evaluate specifications, need and timing | Future | Equipment Replacement Reserve / grants |
| **Equipment** | Other major equipment as identified | Add to replacement schedule | Ongoing | Equipment Replacement Reserve |
| **Facilities** | City Hall electrical | Assess condition; obtain scope and estimate | Near-term planning | Facilities Capital Reserve / grants |
| **Facilities** | City Hall HVAC | Assess condition; obtain scope and estimate | Near-term planning | Facilities Capital Reserve / grants |
| **Water** | Water system / plant capital needs | Identify needs through operations and future assessment | Planning category | Primarily grants, utility funds and other eligible financing |
| **Water** | Water tower | Monitor condition and identify future inspection / rehabilitation needs | Planning category | Primarily grants / utility funds |
| **Wastewater** | Sewer plant and collection-system capital needs | Identify and prioritize future capital needs | Planning category | Primarily grants, utility funds and other eligible financing |

## EQUIPMENT REPLACEMENT RESERVE

During FY27, the City will develop a replacement schedule for major vehicles and equipment, including the commercial mower, backhoe, Public Works vehicles, sewer jetter, and other major equipment. The City may allocate available year-end surplus or other eligible funds to an Equipment Replacement Reserve as financial conditions permit.

## FACILITIES CAPITAL RESERVE

During FY27, the City will assess, scope, estimate, and prioritize identified City facility needs. The City may allocate available year-end surplus or other eligible funds to a Facilities Capital Reserve as financial conditions permit.

# City of Frost — FY 2026–2027 General Fund Proposed Budget

*FY27-only working budget. Prior-year budget intentionally omitted to avoid influencing FY27 decisions.*

| Section | Line Item | FY26-27 Proposed | Basis / Note |
|---|---|---|---|
| Revenue | Property Taxes | $155,000 | Working NNR-based assumption; final tax calculation to verify. |
| Revenue | Sales Tax | $60,000 | Reflects FY27 local sales-tax rate change. |
| Revenue | Franchise Fees | $32,000 | Normalized recurring revenue. |
| Revenue | Trash Service Revenue | $60,000 | Normalized recurring collections; Pending Rate Review in FY 27 |
| Revenue | Permit & License Revenue | $5,000 | Separate from inspection revenue. |
| Revenue | Inspection Revenue | $5,000 | Provisional separate cost-recovery line. Pending Rate Review in FY 27 |
| Revenue | Municipal Court Fines & Fees | $3,000 | Conservative recurring estimate. |
| Revenue | Interest & Other Recurring Revenue | $2,000 | Excludes grants/one-time/interfund activity. |
| **TOTAL GF REVENUE** | | **$322,000** | |
| Personnel | Gross Wages — GF Allocation | $48,369 | Settled direct fund allocation. |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | $3,700 | Employer share only. |
| Personnel | TMRS — GF Share | $4,800 | Working estimate; exact rate to verify. |
| Personnel | Health Benefits — GF Share | $12,507 | Allocated employer health cost. |
| Insurance | TML Risk Pool Insurance | $15,000 | Approximate annual recurring cost. |
| Professional | Audit Services | $30,000 | Two audits at up to $15,000 each. |
| Professional | Appraisal District Fees | $2,000 | Normalized recurring cost. |
| Professional | City Attorney / Legal Services | $5,000 | Municipal legal allowance; Court separate. |
| Professional | Building Inspection Expense | $5,000 | Provisional normalized cost-recovery line. |
| Professional | Training, Dues & Professional Resources | $2,000 | 60310 normalized; (TML, professional resources, etc.) |
| Professional | Newspaper / Public Notices (required) | $2,000 | Recurring legal/publication allowance. |
| Technology | iWORQ | $8,000 | Annual contract for PW, permitting & inspection software system |
| Technology | Other Software & Technology | $5,000 | Recurring technology.(Microsoft, Quickbooks, Gmail, Website,etc.) |
| Technology | Web Platform Consolidation — One Time | $2,500 | FY27 implementation project. |
| Code Enforcement | Contract Labor | $14,400 | $1,200/month × 12. |
| Code Enforcement | Mileage Reimbursement | $750 | Dedicated CE line. |
| Code Enforcement | Postage / Certified Mail | $1,000 | Dedicated CE line. |
| Code Enforcement | Office / Field Supplies | $500 | Dedicated CE line. |
| Code Enforcement | Subscriptions & Services | $750 | Dedicated CE line. |
| Municipal Court | Municipal Judge Contract | $5,400 | $450/month × 12. |
| Municipal Court | Prosecutor Fees | $1,500 | Usage-based allowance. |
| Municipal Court | Merchant / Processing Fees | $1,000 | Fees for court software, CC transactions, etc.) |
| Elections | Election Expense — May 2027 | $1,000 | Municipal election allowance. |

| Section | Line Item | FY26–27 Proposed | Basis / Note |
|---|---|---|---|
| Utilities | Street Light Electricity | $25,000 | Settled electricity work; standalone significant line. |
| Utilities | Other General Fund Electricity | $3,000 | GF electricity allocation excluding streetlights. |
| Utilities | City Hall Gas | $1,500 | Recurring allowance. |
| Solid Waste | Republic Trash Service | $79,000 | Annualized recurring Republic cost. Pending Rate Review in FY 27 |
| Operations | Janitorial / Cleaning | $3,000 | Recurring service. |
| Operations | Telephone / Cellular | $2,000 | Recurring allowance. |
| Operations | Office / Postage / Administrative Supplies | $5,000 | General administrative allowance. |
| Operations | City Facilities — Repairs / Maintenance / Supplies | $3,000 | Recurring City Hall/facility repairs, pest control, routine blding supplies. |
| Operations | Public Works — Equipment Repairs / Maintenance / Supplies | $8,000 | Recurring mower, backhoe, utility-truck, and general Public Works equipment repairs/maintenance |
| Operations | Fuel / Vehicle Operations | $6,000 | GF/Public Works Vehicle & Fuel operating allowance. |
| Required Disclosure | Legislative & Administrative Advocacy (Lobbying) | 0 | Required separate line item; $0 pending review of Atmos/Oncor steering-committee treatment. |
| Operations | Operating Contingency | $3,000 | Small operating cushion. |
| **FY27 Initiative** | | **$7,500** | **Planning/assessment initiative.** |
| **TOTAL GF EXPENDITURES** | | $ 318,176 | |
| **PROJECTED GF SURPLUS** | | **$ 3,824** | **PROJECTED GF SURPLUS** |

# City of Frost — FY 2026–2027 Water Fund Proposed Budget

*FY27-only working budget. Built from settled decisions + current operating information; prior-year budget intentionally omitted.*

| Section | Line Item | FY26–27 Proposed | Basis / Note |
|---|---|---|---|
| Revenue | Water Fund recurring receipts | $303,500 | Existing developed FY27 projection; |
| **TOTAL WATER REVENUE** | | **$303,500** | |
| Personnel | Gross Wages — Water Allocation | $50,000 | Secretary 40% Water; each PW employee 1/3 Water. |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | $3,800 | Employer share only. |
| Personnel | TMRS — Water Share | $4,800 | Working estimate; exact rate to verify. |
| Personnel | Health Benefits — Water Share | $12,600 | Employer health allocation. |
| Contract Operations | Biochem — Water Operator | $24,000 | FY27 allowance based on review of Oct. 2025–July 2026 Bio Chem invoices; approximately 40% of recurring Bio Chem costs attributable to Water. |
| Water Operations | Wholesale Water — Corsicana | $120,000 | Updated expected FY27 run rate ≈ $10,000/month. balance/current bills remain FY26 obligations. |
| Water Operations | Contract Labor | $3,000 | Recurring utility labor not including Biochem. |
| Water Operations | Outside Contract / Emergency Utility Work | $20,000 | Normalized non-Biochem utility/emergency contract allowance |
| Water Operations | Parts & Supplies for Water System | $45,000 | Consolidates Water-system parts and supplies previously split between Shop/Repair Supplies and Parts & Maintenance. (Materials for repairs) |
| Water Operations | Water Treatment Chemicals | $8,500 | Recurring chemical cost; |
| Water Operations | Water Equipment / Meters | $5,000 | Recurring meter/equipment allowance. |
| Compliance | TCEQ / State Fees | $3,000 | Annual regulatory costs. |
| Compliance | Water Testing | $3,500 | Recurring testing allowance. |
| Technology | Water System Technology / Meter Service | $5,000 | Quick Data/Kamstrup and related service. |
| Technology | RVS Utility Billing Software | $1,500 | Updated known FY27 cost. |
| Technology | Paystar Payment Processing | $600 | Updated known FY27 cost. |
| Customer Service | Postage / Billing | $1,500 | Recurring utility billing cost. |
| Customer Service | Office Supplies | $500 | Water-specific allowance. |
| Debt / Restricted | USDA / Water Bond | $18,600 | Approximate annual obligation. (2036 maturity) |
| Utilities | Water Electricity Allocation | $6,000 | Working settled allocation; final meter allocation can refine. |
| **TOTAL WATER EXPENDITURES / TRANSFERS** | | **$336,900** | |
| | | | |
| **PROJECTED WATER SURPLUS / (DEFICIT)** | | **($33,400)** | |

# City of Frost — FY 2026–2027 Sewer Fund Proposed Budget

*FY27-only working budget. Built from settled decisions + current operating information; prior-year budget intentionally omitted.*

| Section | Line Item | FY26–27 Proposed | Basis / Note |
|---|---|---|---|
| Revenue | Sewer Service Revenue | $65,000 | LOCKED working FY27 revenue. Current $53,885 posted is incomplete for August/September; $65,000 is the rounded reconciled estimate. |
| Revenue | Sewer Tap Fees | - | $3,500 FY26 tap fee is not assumed recurring. |
| Revenue | Interest | - | Immaterial for operating budget; current FY26 posted interest is about $106. |
| **TOTAL SEWER REVENUE** | | **$65,000** | |
| Personnel | Gross Wages — Sewer Allocation | $35,000 | Working direct-cost allocation: Public Works 1/3 Sewer; City Secretary 15%. Replaces old reimbursement-style payroll presentation. |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | $2,700 | Employer share allocated with Sewer payroll. |
| Personnel | TMRS — Sewer Share | $3,400 | Working allocation; exact employer rate to verify. |
| Personnel | Health Benefits — Sewer Share | $9,000 | Working employer-health allocation following Sewer payroll. |
| Contract Operations | Biochem — Sewer Operator | $36,000 | FY27 allowance based on review of Oct. 2025–July 2026 Bio Chem invoices; approximately 60% of recurring Bio Chem costs attributable to Sewer. |
| Sewer Operations | Line Camera / Contract Maintenance | $5,000 | CCTV/line work. $5,000 provides room above current identified activity |
| Sewer Operations | Sewer Plant Operations / Emergency Repairs | $10,000 | normal/emergency allowance |
| Sewer Operations | Parts & Supplies for Sewer System | $3,000 | Ordinary Sewer-system parts/supplies allowance |
| Utilities | Sewer Plant Electricity | $6,000 | Current P&L $3,605 through June; later bills still need posting. Rounded full-year operating allowance. |
| Other | Other Sewer Costs | $1,000 | |
| **TOTAL SEWER EXPENDITURES** | | **$111,100** | |
| | | | |
| **PROJECTED SEWER SURPLUS / (DEFICIT)** | | **($46,100)** | |

# City of Frost — FY 2026–2027 Museum Fund Proposed Budget

| Section | Line Item | FY26–27 Proposed |
|---|---|---|
| Revenue | Donations / Contributions | $1,500 |
| | **TOTAL MUSEUM REVENUE** | **$1,500** |
| Expense | Electricity | $300 |
| Expense | Other Operating / Miscellaneous | $500 |
| | **TOTAL MUSEUM EXPENDITURES** | **$800** |
| | **PROJECTED MUSEUM SURPLUS** | **$700** |

Museum funds are dedicated to Museum purposes. FY27 assumes $1,500 in donations, $300 for electricity, and $500 for other operating/miscellaneous needs. The prior $5,000 transfer to the Museum CD is a balance-sheet transfer, not an operating expense.

# General Fund — Budget Comparison

| Section | Line Item | FY25–26 Adopted Budget | FY25–26 Actual / thru 8/14/26 YTD | FY26–27 Proposed |
|---|---|---|---|---|
| Revenue | Property Taxes | $148,000 | $140,473 | $155,000 |
| Revenue | Sales Tax | $55,000 | $28,217 | $60,000 |
| Revenue | Franchise Fees | $25,900 | $31,112 | $32,000 |
| Revenue | Trash Service Revenue | $55,000 | $53,667 | $60,000 |
| Revenue | Permit & License Revenue | $3,000 | $15,485 | $5,000 |
| Revenue | Inspection Revenue | | | $5,000 |
| Revenue | Municipal Court Fines & Fees | $10,000 | $577 | $3,000 |
| Revenue | Interest & Other Recurring Revenue | $2,500 | $911 | $2,000 |
| Personnel | Gross Wages — GF Allocation | $93,681 | $93,747 | $48,369 |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | $40,000 | | $3,700 |
| Personnel | TMRS — GF Share | $21,000 | | $4,800 |
| Personnel | Health Benefits — GF Share | $40,000 | $24,940 | $12,507 |
| Insurance | TML Risk Pool Insurance | $15,000 | $13,991 | $15,000 |
| Professional | Audit Services | $15,000 | $24,000 | $30,000 |
| Professional | Appraisal District Fees | $3,000 | $1,527 | $2,000 |
| Professional | City Attorney / Legal Services | $500 | $938 | $5,000 |
| Professional | Building Inspection Expense | | $14,798 | $5,000 |
| Professional | Training, Dues & Professional Resources | | $5,060 | $2,000 |
| Professional | Newspaper / Public Notices | $2,000 | $1,575 | $2,000 |
| Technology | iWORQ | | $8,000 | $8,000 |
| Technology | Other Software & Technology | | $8,154 | $5,000 |
| Technology | Web Platform Consolidation — One Time | | | $2,500 |
| Code Enforcement | Contract Labor | | $4,558 | $14,400 |
| Code Enforcement | Mileage Reimbursement | | $302 | $750 |
| Code Enforcement | Postage / Certified Mail | | $331 | $1,000 |
| Code Enforcement | Office / Field Supplies | | $295 | $500 |
| Code Enforcement | Subscriptions & Services | | $225 | $750 |

| Section | Line Item | FY25–26 Adopted Budget | FY25–26 Actual / YTD | FY26–27 Proposed |
|---|---|---|---|---|
| Municipal Court | Municipal Judge Contract | $7,500 | $4,500 | $5,400 |
| Municipal Court | Prosecutor Fees | $2,400 | $4,500 | $1,500 |
| Municipal Court | Other Fees (software, etc) | $7,500 | $649 | $1,000 |
| Elections | Election Expense — May 2027 | | $1,443 | $1,000 |
| Utilities | Street Light Electricity | | $22,858 | $25,000 |
| Utilities | Other General Fund Electricity | $40,000 | $5,749 | $3,000 |
| Utilities | City Hall Gas | | | $1,500 |
| Solid Waste | Republic Trash Service | $78,000 | $59,702 | $79,000 |
| Operations | Janitorial / Cleaning | | $2,450 | $3,000 |
| Operations | Telephone / Cellular | | $1,521 | $2,000 |
| Operations | Office / Postage / Administrative Supplies | $12,000 | $6,095 | $5,000 |
| FY26 Historical | Routine Repairs / Maintenance / Supplies — Combined | 5,000 | | |
| Operations | City Facilities — Repairs / Maintenance / Supplies | | 1,078 | 3,000 |
| Operations | Public Works — Equipment Repairs / Maintenance / Supplies | | 4,328 | 8,000 |
| Operations | Fuel / Vehicle Operations | 15,000 | 2,725 | 6,000 |
| Required Disclosure | Legislative & Administrative Advocacy | | | 0 |
| Operations | Operating Contingency | 1,000 | | 3,000 |
| FY27 Initiative | Road Assessment | | | 7,500 |
| | | | | |
| FY26 Capital Purchase | Mini-Excavator | 12,500 | 9,500 | |
| Utilities | Street & Road Maintenance | 25,000 | 228 | |
| FY26 Police | Police Equipment | 7,500 | 5,472 | |
| FY26 Ordinance | Ordinance Recodification | 2,500 | | |
| FY26 Historical | Training, Dues & Subscriptions | 8,500 | | |

*FY27 Proposed does not include municipal police department personnel or operating expenditures pending future determination by the City Council*

# Water Fund — Budget Comparison

| Section | Line Item | FY25–26 Adopted Budget | FY25–26 Actual / YTD | FY26–27 Proposed |
|---|---|---|---|---|
| Revenue | Water Fund recurring receipts | $213,000 | $244,971 | $303,500 |
| Personnel | Gross Wages — Water Allocation | $43,680 | $35,796 | $50,000 |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | | | $3,800 |
| Personnel | TMRS — Water Share | | | $4,800 |
| Personnel | Health Benefits — Water Share | | | $12,600 |
| Contract Operations | Biochem — Water Operator | | | $24,000 |
| Water Operations | Wholesale Water — Corsicana | $130,000 | $84,298 | $120,000 |
| Water Operations | Contract Labor | | $2,700 | $3,000 |
| Water Operations | Outside Contract / Emergency Utility Work | $15,000 | $38,673 | $20,000 |
| Water Operations | Parts & Supplies for Water System | $100,000 | $43,376 | $45,000 |
| Water Operations | Water Treatment Chemicals | | $7,348 | $8,500 |
| Water Operations | Water Equipment / Meters | | $4,858 | $5,000 |
| Compliance | TCEQ / State Fees | $15,000 | $2,702 | $3,000 |
| Compliance | Water Testing | | $2,990 | $3,500 |
| Technology | Water System Technology / Meter Service | | $4,477 | $5,000 |
| Technology | RVS Utility Billing Software | | $1,238 | $1,500 |
| Technology | Paystar Payment Processing | | | $600 |
| Customer Service | Postage / Billing | | $1,158 | $1,500 |
| Customer Service | Office Supplies | | $118 | $500 |
| Debt / Restricted | USDA / Water Bond | $17,500 | $13,950 | $18,000 |
| Utilities | Water Electricity Allocation | | | $6,000 |
| Expense | Water Deposit Refunds | $3,000 | $2,232 | |

# Sewer Fund — Budget Comparison

| Section | Line Item | FY25–26 Adopted Budget | FY25–26 Actual / YTD | FY26–27 Proposed |
|---|---|---|---|---|
| Revenue | Sewer Service Revenue | $77,000 | $53,885 | $65,000 |
| Revenue | Sewer Tap Fees | $1,500 | $3,500 | - |
| Revenue | Interest | | $106 | - |
| Personnel | Gross Wages — Sewer Allocation | $46,380 | $21,156 | $35,000 |
| Personnel | Employer Payroll Taxes (FICA/Medicare) | | | $2,700 |
| Personnel | TMRS — Sewer Share | | | $3,400 |
| Personnel | Health Benefits — Sewer Share | | | $9,000 |
| Contract Operations | Biochem — Sewer Operator | | | $36,000 |
| Sewer Operations | Line Camera / Contract Maintenance | | $2,809 | $5,000 |
| Sewer Operations | Sewer Plant Operations / Emergency Repairs | $28,500 | $11,392 | $10,000 |
| Sewer Operations | Parts & Supplies for Sewer System | | $1,250 | $3,000 |
| Utilities | Sewer Plant Electricity | | $3,605 | $6,000 |
| Other | Other Sewer Costs | | $750 | $1,000 |

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# COUNCIL ACTION SUMMARY

**September 21, 2026 Special Called Meeting**

**AGENDA ITEM 6**

Discuss, consider, and take possible action to ratify the increase in property tax revenue reflected in the City of Frost FY 2026–2027 Municipal Budget, as required by Texas Local Government Code §102.007(c).

**PURPOSE**

Texas Local Government Code §102.007(c) requires a municipality whose adopted budget will raise more revenue from property taxes than the previous year's budget to take a separate vote to ratify the property tax revenue increase reflected in the budget.

**BUDGET IMPACT**

| Item | Amount |
|---|---|
| FY 2025–2026 Adopted Property Tax Revenue | $148,000 |
| FY 2026–2027 Proposed Property Tax Revenue | $155,000 |
| Increase | $7,000 |
| Percentage Increase | 4.73% |
| Approx. Revenue from New Property | $5,961 |

## BACKGROUND

The FY 2026–2027 Proposed Budget is based on a proposed property tax rate of **$0.3429 per $100 of taxable value**, equal to the City's calculated 2026 No-New-Revenue Rate. Although the proposed rate is lower than the prior year's adopted rate of **$0.3628**, the proposed budget includes **$155,000 in property tax revenue**, compared with **$148,000 in the FY 2025–2026 adopted budget**.

Approximately **$5,961** of the FY 2026–2027 property tax revenue is estimated to be generated from new property added to the tax roll.

## COUNCIL ACTION REQUIRED

If the City Council adopts the FY 2026–2027 Municipal Budget as presented, the budget will reflect an increase in property tax revenue of **$7,000, or 4.73%,** compared with the FY 2025–2026 adopted budget.

Texas Local Government Code §102.007(c) requires the City Council to take a **separate vote to ratify the property tax revenue increase reflected in the adopted budget**.

This vote is separate from both the vote to adopt the FY 2026–2027 Municipal Budget and the vote to adopt the 2026 property tax rate.

## SUGGESTED MOTION LANGUAGE

"I move to ratify the increase in property tax revenue reflected in the adopted FY 2026–2027 Municipal Budget, as required by Texas Local Government Code §102.007(c)."

**Prepared By:** Shannon Wayman, Mayor, City of Frost

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# COUNCIL ACTION SUMMARY

September 21, 2026 Special Called Meeting

**AGENDA ITEM 7**
Discuss, consider, and take possible action to separately approve the maintenance and operations and debt components of the City of Frost 2026 ad valorem property tax rate and adopt a total 2026 ad valorem property tax rate of $0.3429 per $100 of taxable valuation, equal to the City's calculated No-New-Revenue Tax Rate.

**PURPOSE**
To establish the City of Frost 2026 ad valorem property tax rate for maintenance and operations and debt service and adopt the total annual tax rate by the required ordinance, resolution, or order.

**CERTIFIED 2026 TAX-RATE INFORMATION**

| Rate / Component | Amount per $100 Valuation |
|---|---|
| 2025 Adopted Tax Rate | $0.3628 |
| 2026 No-New-Revenue Rate (NNR) | $0.3429 |
| 2026 Voter-Approval Rate (VAR) | $0.3552 |
| 2026 Debt Rate | $0.0000 |
| 2026 Proposed M&O Rate | $0.3429 |
| 2026 Proposed Total Rate | $0.3429 |
| 2026 De Minimis Rate | $1.4242 |

**BACKGROUND**
The City's certified 2026 tax-rate calculation establishes a No-New-Revenue Rate of $0.3429 per $100 of taxable value and a Voter-Approval Rate of $0.3552 per $100. The calculated debt rate is $0.0000. The FY 2026–2027 Proposed Budget is based on a total property tax rate of $0.3429 per $100, equal to the City's No-New-Revenue Rate.

The proposed total rate is $0.0199 per $100 lower than the City's 2025 adopted rate of $0.3628. Because the proposed total rate equals the No-New-Revenue Rate, it does not exceed the NNR rate.

The tax-rate adoption is a separate Council action from adoption of the FY 2026–2027 Municipal Budget and from the separate property-tax revenue ratification associated with that budget.

**MAYOR'S RECOMMENDATION**

Approve the 2026 maintenance and operations tax rate of $0.3429 per $100 of taxable value and debt tax rate of $0.0000 per $100 of taxable value, and adopt Ordinance No. _____ establishing a total 2026 ad valorem property tax rate of $0.3429 per $100 of taxable value, equal to the City's calculated No-New-Revenue Rate.

**SUGGESTED MOTION LANGUAGE – 3 Motions to Adopt**

***Suggested Motion 1 — Maintenance & Operations***

*"I move to approve the 2026 maintenance and operations tax rate of $0.3429 per $100 of taxable value."*

***Suggested Motion 2 — Debt Service***

*"I move to approve the 2026 debt tax rate of $0.0000 per $100 of taxable value."*

***Suggested Motion 3 — Adopt Tax Rate Ordinance***

*"I move to adopt Ordinance No. _____ establishing a total 2026 ad valorem property tax rate of $0.3429 per $100 of taxable value."*

**Prepared By: Shannon Wayman, Mayor, City of Frost**

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

Form 50-856

| | |
|---|---|
| CITY OF FROST (15) | 903-682-3861 |
| Taxing Unit Name | Phone *(area code and number)* |
| 100 N GARRITTY ST FROST,TX 76641 | cityoffrost.municipalimpact.com |
| 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:

https://texastaxtransparency.com/navarro

## 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] | $ 42,094,259 |
| 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] | $ 0 |
| 3. | **Preliminary prior year adjusted taxable value.** Subtract Line 2 from Line 1. | $ 42,094,259 |
| 4. | **Prior year total adopted tax rate.** | $ 0.3628 /$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:** ........ $ 0 | |
| | **B. Prior year values resulting from final court decisions:** ........ - $ 0 | |
| | **C. Prior year value loss.** Subtract B from A.[4] | $ 0 |

[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.**<br>**A. Prior year ARB certified value:** .......... $ 0<br>**B. Prior year disputed value:**.......... - $ 0<br>**C. Prior year undisputed value.** Subtract B from A. [5] | $ 0 |
| 7. | **Prior year Chapter 42 related adjusted values.** Add Line 5C and Line 6C. | $ 0 |
| 8. | **Prior year taxable value, adjusted for actual and potential court-ordered adjustments.** Add Line 3 and Line 7. | $ 42,094,259 |
| 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] | $ 0 |
| 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.<br>**A. Absolute exemptions.** Use prior year market value: .......... $ 0<br>**B. Partial exemptions.** Current year exemption amount or current year percentage exemption times prior year value: .......... + $ 35,822<br>**C. Value loss.** Add A and B. [7] | $ 35,822 |
| 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.<br>**A. Prior year market value:**.......... $ 0<br>**B. Current year productivity or special appraised value:**.......... - $ 0<br>**C. Value loss.** Subtract B from A. [8] | $ 0 |
| 12. | **Total adjustments for lost value.** Add Lines 9, 10C and 11C. | $ 35,822 |
| 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. | $ 0 |
| 14. | **Prior year total value.** Subtract Line 12 and Line 13 from Line 8. | $ 42,058,437 |
| 15. | **Adjusted prior year total levy.** Multiply Line 4 by Line 14 and divide by $100. | $ 152,588 |
| 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] | $ 59 |
| 17. | **Adjusted prior year levy with refunds.** Add Lines 15 and 16. [11] | $ 152,647 |

[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:** ........ $ 45,533,878 | |
| | **B. Counties:** Include railroad rolling stock values certified by the Comptroller's office: ........ + $ 0 | |
| | **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: ........ - $ 0 | |
| | **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 ........ - $ 0 | |
| | **E. Total current year value.** Add A and B, then subtract C and D. | $ 45,533,878 |
| 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] ........ $ 718,481 | |
| | **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] ........ + $ 0 | |
| | **C. Total value under protest or not certified.** Add A and B. | $ 718,481 |
| 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] | $ 0 |
| 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. | $ 0 |
| 22. | **Current year total taxable value.** Add Lines 18E and 19C, then subtract Lines 20 and 21.[22] | $ 46,252,359 |
| 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] | $ 0 |
| 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] | $ 1,738,448 |

[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. | $ 1,738,448 |
| 26. | **Adjusted current year taxable value.** Subtract Line 25 from Line 22. | $ 44,513,911 |
| 27. | **Current year NNR tax rate.** Divide Line 17 by Line 26 and multiply by $100. [25] | $ 0.3429 /$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. | $ 0.3628 /$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.* | $ 42,094,259 |
| 31. | **Total prior year M&O levy.** Multiply Line 29 by Line 30 and divide by $100. | $ 152,717 |
| 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. . . . . . . . . . . + $ 59 | |
| | **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. . . . . . . . . . – $ 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. . . . . . . . . . +/- $ 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. . . . . . . . . . $ 59 | |
| | **E.** Add Line 31 to 32D. | $ 152,776 |
| 33. | **Adjusted current year taxable value.** Enter the amount in Line 26 of the *No-New-Revenue Tax Rate Worksheet.* | $ 44,513,911 |
| 34. | **Current year NNR M&O rate (unadjusted).** Divide Line 32E by Line 33 and multiply by $100. | $ 0.3432 /$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. | $ 0 | |
| | **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. | – $ 0 | |
| | **C.** Subtract B from A and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **D.** Enter the rate calculated in C. If not applicable, enter 0. | | $ 0.0000 /$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. | $ 0 | |
| | **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. | – $ 0 | |
| | **C.** Subtract B from A and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **D.** Enter the rate calculated in C. If not applicable, enter 0. | | $ 0.0000 /$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. | $ 0 | |
| | **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. | $ 0 | |
| | **C.** Subtract B from A and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **D.** Multiply B by 0.05 and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **E.** Enter the lesser of C and D. If not applicable, enter 0. | | $ 0.0000 /$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. | $ 0 | |
| | **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. | $ 0 | |
| | **C.** Subtract B from A and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **D.** Multiply B by 0.08 and divide by Line 33 and multiply by $100. | $ 0.0000 /$100 | |
| | **E.** Enter the lesser of C and D, if applicable. If not applicable, enter 0. | | $ 0.0000 /$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.<br>**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. . . . . . . . . . . . . . $ 0<br>**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 . . . . . . . . . . . . . . $ 0<br>**C.** Subtract B from A and divide by Line 33 and multiply by $100 . . . . . . . . . . . . . . $ 0.0000 /$100<br>**D.** Enter the rate calculated in C. If not applicable, enter 0. | $ 0.0000 /$100 |
| 40. | **Adjusted current year NNR M&O rate.** Add Lines 34, 35D, 36D, 37E, and 38E. Subtract Line 39D. | $ 0.3432 /$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.<br>**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 . . . . . . . . . . . . . . $ 0<br>**B.** Divide Line 41A by Line 33 and multiply by $100 . . . . . . . . . . . . . . $ 0.0000 /$100<br>**C.** Add Line 41B to Line 40. | $ 0.3432 /$100 |
| 42. | **Current year voter-approval M&O rate.** Enter the rate as calculated by the appropriate scenario below.<br>**Special Taxing Unit.** If the taxing unit qualifies as a special taxing unit, multiply Line 41C by 1.08.<br>**- or -**<br>**Other Taxing Unit.** If the taxing unit does not qualify as a special taxing unit, multiply Line 41C by 1.035. | $ 0.3552 /$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:<br>**A.** The voter-approval tax rate calculated in the manner provided for a special taxing unit. Multiply line 41C by 1.08 [33] . . . . . . . . . . . . . . $ 0.0000 /$100<br>**- or -**<br>**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).<br>a. Enter the **disaster relief cost.** . . . . . . . . . . . . . . $ 0<br>b. **Disaster relief rate.** Divide Line D42(B)(a) by Line 26 and multiply by 100 . . . . . . . . . . . . . . $ 0.0000 /$100<br>c. Add Line D42(B)(b) to Line 42. . . . . . . . . . . . . . . $ 0.0000 /$100<br>d. Enter the **current year unused increment rate** from Line 68 . . . . . . . . . . . . . . $ 0.0000 /$100<br>e Add Line D42(c) to Line D42(d). . . . . . . . . . . . . . . $ 0.0000 /$100<br>The taxing unit shall continue to calculate the voter-approval tax rate in this manner until the earlier of:<br>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<br>2) the third tax year after the tax year in which the disaster occurred.<br>**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]<br>If the taxing unit does not qualify, do not complete Disaster Line 42 (Line D42). | $ 0.0000 /$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:<br>**(1)** are paid by property taxes;<br>**(2)** are secured by property taxes;<br>**(3)** are scheduled for payment over a period longer than one year; and<br>**(4)** are not classified in the taxing unit's budget as M&O expenses.<br><br>**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]<br><br>Enter debt amount ........ $ 0<br><br>**B.** Subtract **unencumbered fund amount** used to reduce total debt. ........ – $ 0<br><br>**C.** Subtract **certified amount spent from sales tax to reduce debt** (enter zero if none) ........ – $ 0<br><br>**D.** Subtract **amount paid** from other resources ........ – $ 0<br><br>**E. Adjusted debt.** Subtract B, C and D from A. | $ 0 |
| 44. | **Certified prior year excess debt collections.** Enter the amount certified by the collector. [37] | $ 0 |
| 45. | **Adjusted current year debt.** Subtract Line 44 from Line 43E. | $ 0 |
| 46. | **Current year anticipated collection rate.**<br>**A.** Enter the current year anticipated collection rate certified by the collector. [38] ........ 100.00 %<br>**B.** Enter the prior year actual collection rate. ........ 94.67 %<br>**C.** Enter the 2024 actual collection rate. ........ 98.70 %<br>**D.** Enter the 2023 actual collection rate. ........ 109.01 %<br>**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] | 100.00 % |
| 47. | **Current year debt adjusted for collections.** Divide Line 45 by Line 46E. | $ 0 |
| 48. | **Current year total taxable value.** Enter the amount on Line 22 of the *No-New-Revenue Tax Rate Worksheet.* | $ 46,252,359 |
| 49. | **Current year debt rate.** Divide Line 47 by Line 48 and multiply by $100. | $ 0.0000 /$100 |
| 50. | **Current year voter-approval M&O rate plus current year debt rate.** Add Lines 42 and 49. | $ 0.3552 /$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. | $ 0.0000 /$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.<br>Taxing units that adopted the sales tax before November of the prior year, enter 0. | $ 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]<br>**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]<br>**- or -**<br>**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. | $ 0 |
| 54. | **Current year total taxable value.** Enter the amount from Line 22 of the *No-New-Revenue Tax Rate Worksheet.* | $ 46,252,359 |
| 55. | **Sales tax adjustment rate.** Divide Line 53 by Line 54 and multiply by $100. | $ 0.0000 /$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.* | $ 0.3429 /$100 |
| 57. | **Current year NNR tax rate, adjusted for sales tax.**<br>**Taxing units that adopted the sales tax in November the prior tax year or in May of the current tax year.**<br>Subtract Line 55 from Line 56. Skip to Line 58 if you adopted the additional sales tax before November of the prior tax year. | $ 0.3429 /$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.* | $ 0.3552 /$100 |
| 59. | **Current year voter-approval tax rate, adjusted for sales tax.** Subtract Line 55 from Line 58. | $ 0.3552 /$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] | $ 0 |
| 61. | **Current year total taxable value.** Enter the amount from Line 22 of the *No-New-Revenue Tax Rate Worksheet.* | $ 46,252,359 |
| 62. | **Additional rate for pollution control.** Divide Line 60 by Line 61 and multiply by $100. | $ 0.0000 /$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). | $ 0.3552 /$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) | $ 0.3477 /$100 |
| | B. Unused increment rate (Line 68) | $ 0.0000 /$100 |
| | C. Subtract B from A | $ 0.3477 /$100 |
| | D. Adopted Tax Rate | $ 0.3628 /$100 |
| | E. Subtract D from C | $ -0.0151 /$100 |
| | F. 2025 Total Taxable Value (Line 61) | $ 41,963,351 |
| | G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero | $ 0 |
| 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) | $ 0.3746 /$100 |
| | B. Unused increment rate (Line 67) | $ 0.0052 /$100 |
| | C. Subtract B from A | $ 0.3694 /$100 |
| | D. Adopted Tax Rate | $ 0.3694 /$100 |
| | E. Subtract D from C | $ 0.0000 /$100 |
| | F. 2024 Total Taxable Value (Line 60) | $ 37,692,393 |
| | G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero | $ 0 |
| 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) | $ 0.3948 /$100 |
| | B. Unused increment rate (Line 66) | $ 0.0264 /$100 |
| | C. Subtract B from A | $ 0.3684 /$100 |
| | D. Adopted Tax Rate | $ 0.3948 /$100 |
| | E. Subtract D from C | $ -0.0264 /$100 |
| | F. 2023 Total Taxable Value (Line 60) | $ 34,338,387 |
| | G. Multiply E by F and divide the results by $100. If the number is less than zero, enter zero | $ 0 |
| 67. | **Total Foregone Revenue Amount.** Add Lines 64G, 65G and 66G | $ 0 |
| 68. | **2026 Unused Increment Rate.** Divide Line 67 by Line 22 of the *No-New-Revenue Rate Worksheet*. Multiply the result by 100 | $ 0.0000 /$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) | $ 0.3552 /$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.* | $ 0.3432 /$100 |
| 71. | **Current year total taxable value.** Enter the amount on Line 22 of the *No-New-Revenue Tax Rate Worksheet.* | $ 46,252,359 |
| 72. | **Rate necessary to impose $500,000 in taxes.** Divide $500,000 by Line 71 and multiply by $100. | $ 1.0810 /$100 |
| 73. | **Current year debt rate.** Enter the rate from Line 49 of the *M&O and Debt Tax Rate Worksheet.* | $ 0.0000 /$100 |
| 74. | **De minimis rate.** Add Lines 70, 72 and 73. | $ 1.4242 /$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.* | $ 0.3628 /$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]<br><br>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.*<br><br>**- or -**<br><br>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. | $ 0.0000 /$100 |
| 77. | **Increase in 2025 tax rate due to disaster.** Subtract Line 76 from Line 75. | $ 0.0000 /$100 |
| 78. | **Adjusted 2025 taxable value.** Enter the amount in Line 14 of the *No-New-Revenue Tax Rate Worksheet.* | $ 42,058,437 |
| 79. | **Emergency revenue.** Multiply Line 77 by Line 78 and divide by $100. | $ 0 |
| 80. | **Adjusted current year taxable value.** Enter the amount in Line 26 of the *No-New-Revenue Tax Rate Worksheet.* | $ 44,513,911 |
| 81. | **Emergency revenue rate.** Divide Line 79 by Line 80 and multiply by $100. [58] | $ 0.0000 /$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). | $ 0.3552 /$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.** .......................................... $ 0.3429 /$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: 27

**Voter-approval tax rate**.......................................... $ 0.3552 /$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: 50

**De minimis rate.**.......................................... $ 1.4242 /$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** MIKE DOWD
Printed Name of Taxing Unit Representative

**sign here** Mike Dowd
Taxing Unit Representative

8-6-2026
Date

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

# CITY OF FROST, TEXAS

## ORDINANCE NO. 339

**AN ORDINANCE LEVYING AD VALOREM TAXES FOR THE CITY OF FROST, TEXAS, FOR TAX YEAR 2026; ESTABLISHING THE MAINTENANCE AND OPERATIONS RATE, THE DEBT RATE, AND THE TOTAL TAX RATE; PROVIDING FOR COLLECTION; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS,** the City Council of the City of Frost, Texas, is authorized and required to adopt an annual ad valorem property tax rate for the City; and

**WHEREAS,** the City's certified 2026 tax-rate calculation establishes a No-New-Revenue Tax Rate of $0.3429 per $100 of taxable value, a Voter-Approval Tax Rate of $0.3552 per $100 of taxable value, and a debt rate of $0.0000 per $100 of taxable value; and

**WHEREAS,** the City Council desires to adopt a total 2026 ad valorem property tax rate of $0.3429 per $100 of taxable value, equal to the City's calculated No-New-Revenue Tax Rate;

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

**SECTION 1. TAX RATE ADOPTED.** For tax year 2026, there is hereby levied and ordered to be assessed and collected on all taxable property within the City of Frost, Texas, the following ad valorem tax rates for each $100 of taxable value:

| Component | Rate per $100 Taxable Value |
|---|---|
| Maintenance and Operations (M&O) | $0.3429 |
| Debt Service (I&S) | $0.0000 |
| TOTAL 2026 TAX RATE | $0.3429 |

## THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE.

**SECTION 2. COLLECTION.** The appropriate tax officials are authorized and directed to assess and collect the taxes imposed by this Ordinance in accordance with applicable law.

**SECTION 3. SEVERABILITY.** If any provision of this Ordinance is held invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**SECTION 4. EFFECTIVE DATE.** This Ordinance shall take effect immediately upon its passage and adoption as provided by law.

**PASSED AND ADOPTED** by the City Council of the City of Frost, Texas, on this 21st day of September 2026.

**CITY OF FROST, TEXAS**

_______________________________ _______________________________

Shannon Wayman, Mayor Juli Reeves, City Secretary

**City of Frost**
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Frost, Texas 76641
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# COUNCIL ACTION SUMMARY

September 21, 2026 Special Called Meeting

**AGENDA ITEM 8**
Discuss and consider approval of a resolution approving the negotiated settlement between the Atmos Cities Steering Committee (ACSC) and Atmos Energy Corp., Mid-Tex Division regarding the Company's 2026 Rate Review Mechanism filing and adopting the resulting rate tariffs.

**PURPOSE**
To consider the negotiated settlement recommended by ACSC concerning Atmos Energy Corp., Mid-Tex Division's 2026 Rate Review Mechanism (RRM) filing and the resulting rates for customers in participating ACSC cities.

**BACKGROUND**
The City of Frost is a member of the Atmos Cities Steering Committee (ACSC), a coalition of Mid-Texas cities served by Atmos Energy. ACSC reviews Atmos rate filings on behalf of participating cities with assistance from legal counsel and rate consultants.
Atmos filed its 2026 RRM request based on a test year ending December 31, 2025 and initially sought $291.1 million in additional system-wide revenues. Application of the RRM tariff reduced the request to $273.6 million. Following review and discovery, ACSC's consultants calculated a system-wide deficiency of $253.4 million. The parties ultimately negotiated a settlement of $260.5 million, a reduction of more than $30 million from Atmos's initial request.

ACSC's Executive Committee, legal counsel, and consultants recommend approval of the settlement. New rates under the settlement are scheduled to become effective for bills rendered on or after October 1, 2026.

**CUSTOMER IMPACT**

| Customer Class | Current Avg. Bill | Proposed Avg. Bill | Change |
|---|---|---|---|
| Residential | $94.48 | $107.85 | +$13.37 / 14.15% |
| Commercial | $452.93 | $497.75 | +$44.82 / 9.90% |

**SETTLEMENT ACTION**

The proposed resolution adopts the settlement tariffs, finds the resulting rates just and reasonable and in the public interest, establishes the agreed benchmark for pensions and retiree medical benefits, preserves ACSC's ability to evaluate certain costs in future proceedings, and requires Atmos to reimburse ACSC's reasonable ratemaking expenses associated with the 2026 RRM filing.

**MAYOR'S RECOMMENDATION**

Approve the ACSC-negotiated 2026 RRM settlement and adopt the accompanying resolution. Although the settlement results in increased customer rates, ACSC's review and negotiations reduced Atmos's initial system-wide request by more than $30 million, and ACSC's Executive Committee, legal counsel, and consultants recommend approval.

**SUGGESTED MOTION LANGUAGE**

*"I move to approve the negotiated settlement between the Atmos Cities Steering Committee and Atmos Energy Corp., Mid-Tex Division regarding the 2026 Rate Review Mechanism filing and adopt Resolution No. _____ approving the settlement and resulting rate tariffs."*

**Prepared By: Shannon Wayman, Mayor, City of Frost**

RESOLUTION NO. 202

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FROST, TEXAS, APPROVING A NEGOTIATED SETTLEMENT BETWEEN THE ATMOS CITIES STEERING COMMITTEE ("ACSC") AND ATMOS ENERGY CORP., MID-TEX DIVISION REGARDING THE COMPANY'S 2026 RATE REVIEW MECHANISM FILING; DECLARING EXISTING RATES TO BE UNREASONABLE; ADOPTING TARIFFS THAT REFLECT RATE ADJUSTMENTS CONSISTENT WITH THE NEGOTIATED SETTLEMENT; FINDING THE RATES TO BE SET BY THE ATTACHED SETTLEMENT TARIFFS TO BE JUST AND REASONABLE AND IN THE PUBLIC INTEREST; APPROVING AN ATTACHMENT ESTABLISHING A BENCHMARK FOR PENSIONS AND RETIREE MEDICAL BENEFITS; REQUIRING THE COMPANY TO REIMBURSE ACSC'S REASONABLE RATEMAKING EXPENSES; DETERMINING THAT THIS RESOLUTION WAS PASSED IN ACCORDANCE WITH THE REQUIREMENTS OF THE TEXAS OPEN MEETINGS ACT; ADOPTING A SAVINGS CLAUSE; DECLARING AN EFFECTIVE DATE; AND REQUIRING DELIVERY OF THIS RESOLUTION TO THE COMPANY AND THE ACSC'S LEGAL COUNSEL.**

WHEREAS, the City of Frost, Texas ("City") is a gas utility customer of Atmos Energy Corp., Mid-Tex Division ("Atmos Mid-Tex" or "Company"), and a regulatory authority with an interest in the rates, charges, and services of Atmos Mid-Tex; and

WHEREAS, the City is a member of the Atmos Cities Steering Committee ("ACSC"), a coalition of similarly-situated cities served by Atmos Mid-Tex ("ACSC Cities") that have joined together to facilitate the review of, and response to, natural gas issues affecting rates charged in the Atmos Mid-Tex service area; and

WHEREAS, ACSC and the Company worked collaboratively to develop a Rate Review Mechanism ("RRM") tariff that allows for an expedited rate review process by ACSC Cities as a substitute to the Gas Reliability Infrastructure Program ("GRIP") process instituted by the

Legislature, and that will establish rates for the ACSC Cities based on the system-wide cost of serving the Atmos Mid-Tex Division; and

WHEREAS, the current RRM tariff was adopted by the City in a rate ordinance in 2018; and

WHEREAS, on about April 1, 2026, Atmos Mid-Tex filed its 2026 RRM rate request with ACSC Cities based on a test year ending December 31, 2025; and

WHEREAS, ACSC coordinated its review of the Atmos Mid-Tex 2026 RRM filing through its Executive Committee, assisted by ACSC's attorneys and consultants, to resolve issues identified in the Company's RRM filing; and

WHEREAS, the Executive Committee, as well as ACSC's counsel and consultants, recommend that ACSC Cities approve an increase in base rates for Atmos Mid-Tex of $260.5 million on a system-wide basis with an Effective Date of October 1, 2026; and

WHEREAS, ACSC agrees that Atmos' plant-in-service is reasonable; and

WHEREAS, with the exception of approved plant-in-service, ACSC is not foreclosed from future reasonableness evaluation of costs associated with incidents related to gas leaks; and

WHEREAS, the attached tariffs (Attachment 1) implementing new rates are consistent with the recommendation of the ACSC Executive Committee, are agreed to by the Company, and are just, reasonable, and in the public interest; and

WHEREAS, the settlement agreement sets a new benchmark for pensions and retiree medical benefits (Attachment 2); and

WHEREAS, the RRM Tariff contemplates reimbursement of ACSC's reasonable expenses associated with RRM applications.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE City of Frost, Texas:

**Section 1.** That the findings set forth in this Resolution are hereby in all things approved.

**Section 2.** That, without prejudice to future litigation of any issue identified by ACSC, the City Council finds that the settled amount of an increase in revenues of $260.5 million on a system-wide basis represents a comprehensive settlement of gas utility rate issues affecting the rates, operations, and services offered by Atmos Mid-Tex within the municipal limits arising from Atmos Mid-Tex's 2026 RRM filing, is in the public interest, and is consistent with the City's authority under Section 103.001 of the Texas Utilities Code.

**Section 3.** That despite finding Atmos Mid-Tex's plant-in-service to be reasonable, ACSC is not foreclosed in future cases from evaluating the reasonableness of costs associated with incidents involving leaks of natural gas.

**Section 4.** That the existing rates for natural gas service provided by Atmos Mid-Tex are unreasonable. The new tariffs attached hereto and incorporated herein as Attachment 1, are just and reasonable, and are designed to allow Atmos Mid-Tex to recover annually an additional $260.5 million on a system-wide basis, over the amount allowed under currently approved rates. Such tariffs are hereby adopted.

**Section 5.** That the ratemaking treatment for pensions and retiree medical benefits in Atmos Mid-Tex's next RRM filing shall be as set forth on Attachment 2, attached hereto and incorporated herein.

**Section 6.** That Atmos Mid-Tex shall reimburse the reasonable ratemaking expenses of the ACSC in processing the Company's 2026 RRM filing.

**Section 7.** That to the extent any resolution or ordinance previously adopted by the Council is inconsistent with this Resolution, it is hereby repealed.

**Section 8.** That the meeting at which this Resolution was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

**Section 9.** That if any one or more sections or clauses of this Resolution is adjudged to be unconstitutional or invalid, such judgment shall not affect, impair, or invalidate the remaining provisions of this Resolution, and the remaining provisions of the Resolution shall be interpreted as if the offending section or clause never existed.

**Section 10.** That consistent with the City Ordinance that established the RRM process, this Resolution shall become effective from and after its passage with rates authorized by attached tariffs to be effective for bills rendered on or after October 1, 2026.

**Section 11.** That a copy of this Resolution shall be sent to Atmos Mid-Tex, care of Chris Felan, Vice President of Rates and Regulatory Affairs Mid-Tex Division, Atmos Energy Corporation, 5420 LBJ Freeway, Suite 1862, Dallas, Texas 75240, and to Thomas Brocato, General Counsel to ACSC, at Lloyd Gosselink Rochelle & Townsend, P.C., 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FROST, TEXAS, BY A VOTE OF ____ TO ____, ON THIS THE 21ST DAY OF SEPTEMBER, 2026.

____________________________________
Shannon Wayman, Mayor

ATTEST:

______________________________
Juli Reeves, City Secretary

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **R – RESIDENTIAL SALES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Application**
Applicable to Residential Customers for all natural gas provided at one Point of Delivery and measured through one meter.

**Type of Service**
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

| **Charge** | **Amount** |
|---|---|
| Customer Charge per Bill | $ 24.35 per month |
| Rider CEE Surcharge | $ 0.05 per month[1] |
| **Total Customer Charge** | $ 24.40 per month |
| Commodity Charge – All Ccf | $ 1.03839 per Ccf |

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**
An Agreement for Gas Service may be required.

**Notice**
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

[1]Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 19196. Surcharge billing effective July 1, 2026.

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **C – COMMERCIAL SALES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Application**
Applicable to Commercial Customers for all natural gas provided at one Point of Delivery and measured through one meter and to Industrial Customers with an average annual usage of less than 30,000 Ccf.

**Type of Service**
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**
Customer's monthly bill will be calculated by adding the following Customer and Ccf charges to the amounts due under the riders listed below:

| Charge | Amount |
|---|---|
| Customer Charge per Bill | $ 115.50 per month |
| Rider CEE Surcharge | $ 0.00 per month[1] |
| **Total Customer Charge** | $ 115.50 per month |
| Commodity Charge – All Ccf | $ 0.27784 per Ccf |

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Weather Normalization Adjustment: Plus or Minus an amount for weather normalization calculated in accordance with Rider WNA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Agreement**
An Agreement for Gas Service may be required.

**Notice**
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Presumption of Plant Protection Level**
For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

[1] Reference Rider CEE - Conservation and Energy Efficiency as approved in GUD 19196. Surcharge billing effective July 1, 2026.

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **I – INDUSTRIAL SALES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Application**
Applicable to Industrial Customers with a maximum daily usage (MDU) of less than 200 MMBtu per day for all natural gas provided at one Point of Delivery and measured through one meter. Service for Industrial Customers with an MDU equal to or greater than 200 MMBtu per day will be provided at Company's sole option and will require special contract arrangements between Company and Customer.

**Type of Service**
Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**
Customer's monthly bill will be calculated by adding the following Customer and MMBtu charges to the amounts due under the riders listed below:

| Charge | Amount |
|---|---|
| Customer Charge per Meter | $ 2,304.50 per month |
| First 0 MMBtu to 1,500 MMBtu | $ 0.9582 per MMBtu |
| Next 3,500 MMBtu | $ 0.7018 per MMBtu |
| All MMBtu over 5,000 MMBtu | $ 0.1505 per MMBtu |

Gas Cost Recovery: Plus an amount for gas costs and upstream transportation costs calculated in accordance with Part (a) and Part (b), respectively, of Rider GCR.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

**Curtailment Overpull Fee**
Upon notification by Company of an event of curtailment or interruption of Customer’s deliveries, Customer will, for each MMBtu delivered in excess of the stated level of curtailment or interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled “Daily Price Survey.”

**Replacement Index**
In the event the “midpoint” or “common” price for the Katy point listed in *Platts Gas Daily* in the table entitled “Daily Price Survey” is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **I – INDUSTRIAL SALES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Agreement**
An Agreement for Gas Service may be required.

**Notice**
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Special Conditions**
In order to receive service under Rate I, Customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**Presumption of Plant Protection Level**
For service under this Rate Schedule, plant protection volumes are presumed to be 10% of normal, regular, historical usage as reasonably calculated by the Company in its sole discretion. If a customer believes it needs to be modeled at an alternative plant protection volume, it should contact the company at mdtx-div-plantprotection@atmosenergy.com.

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **T – TRANSPORTATION** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Application**
Applicable, in the event that Company has entered into a Transportation Agreement, to a customer directly connected to the Atmos Energy Corp., Mid-Tex Division Distribution System (Customer) for the transportation of all natural gas supplied by Customer or Customer's agent at one Point of Delivery for use in Customer's facility.

This tariff is not available to customers with a maximum daily demand of 1,000 MMBtu or greater and a daily/annual load factor of 10% or less. Load factor is calculated as follows: annual usage / (maximum daily connected demand X 365). Load factors will be recalculated once each year to determine appropriate eligibility for Rate T.

**Type of Service**
Company's receipt and delivery of all gas quantities under the applicable Transportation Agreement will be on a wholly interruptible basis subject to the Terms and Conditions incorporated in the Transportation Agreement. If Customer is an Industrial Customer, then Customer may elect, at the reasonable discretion of Company, to contract for Plant Protection transportation quantities defined as the minimum natural gas required to prevent physical harm and/or protect critical safety to the plant facilities, plant personnel, or the public when such protection cannot be achieved through the use of an alternate fuel. Where service of the type desired by Customer is not already available at the Point of Delivery, additional charges and special contract arrangements between Company and Customer may be required prior to service being furnished.

**Monthly Rate**
Customer's bill will be calculated by adding the following Customer and MMBtu charges to the amounts and quantities due under the riders listed below:

| Charge | Amount |
|---|---|
| Customer Charge per Meter | $ 2,304.50 per month |
| First 0 MMBtu to 1,500 MMBtu | $ 0.9582 per MMBtu |
| Next 3,500 MMBtu | $ 0.7018 per MMBtu |
| All MMBtu over 5,000 MMBtu | $ 0.1505 per MMBtu |

Upstream Transportation Cost Recovery: Plus an amount for upstream transportation costs in accordance with Part (b) of Rider GCR.

Retention Adjustment: Plus a quantity of gas as calculated in accordance with Rider RA.

Franchise Fee Adjustment: Plus an amount for franchise fees calculated in accordance with Rider FF. Rider FF is only applicable to customers inside the corporate limits of any incorporated municipality.

Tax Adjustment: Plus an amount for tax calculated in accordance with Rider TAX.

Surcharges: Plus an amount for surcharges calculated in accordance with the applicable rider(s).

| | | |
|---|---|---|
| **RATE SCHEDULE:** | **T – TRANSPORTATION** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Imbalance Fees**
All fees charged to Customer under this Rate Schedule will be charged based on the quantities determined under the applicable Transportation Agreement and quantities will not be aggregated for any Customer with multiple Transportation Agreements for the purposes of such fees.

**Monthly Imbalance Fees**
Customer shall pay Company the greater of (i) $0.10 per MMBtu, or (ii) 150% of the difference per MMBtu between the highest and lowest "midpoint" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" during such month, for the MMBtu of Customer's monthly Cumulative Imbalance, as defined in the applicable Transportation Agreement, at the end of each month that exceeds 10% of Customer's receipt quantities for the month.

**Overpull Fee**
Upon notification by Company of an event of interruption of Customer's deliveries, Customer will, for each MMBtu delivered in excess of the stated level of interruption, pay Company 200% of the midpoint price for the Katy point listed in *Platts Gas Daily* published for the applicable Gas Day in the table entitled "Daily Price Survey."

**Replacement Index**
In the event the "midpoint" or "common" price for the Katy point listed in *Platts Gas Daily* in the table entitled "Daily Price Survey" is no longer published, Company will calculate the applicable imbalance fees utilizing a daily price index recognized as authoritative by the natural gas industry and most closely approximating the applicable index.

**Agreement**
A transportation agreement is required.

**Notice**
Service hereunder and the rates for services provided are subject to the orders of regulatory bodies having jurisdiction and to the Company's Tariff for Gas Service.

**Special Conditions**
In order to receive service under Rate T, customer must have the type of meter required by Company. Customer must pay Company all costs associated with the acquisition and installation of the meter.

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RIDER:** | **SUR – SURCHARGES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Application**

This Rider is applicable to customer classes in the incorporated areas under the RRM tariff as authorized by the state or any governmental entity, a municipality, or a regulatory authority pursuant to any statute, ordinance, order, rule, contract, or agreement.

**Monthly Calculation**

Surcharges will be calculated in accordance with the applicable statute, ordinance, order, rule, contract, or agreement.

**<u>FASB ASC 740-10 (Fin48) Refund</u>**

Applicable to Customers taking service under Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation.

To ensure that gas utility customers receive the benefit associated with the changes in the Company's Uncertain Tax Positions ("UTPs") arising from recognition of Texas Margin Tax returns.

The decrease shall be calculated as follows:

Beginning with implementation of rates from the negotiated RRM Tariff, and annually thereafter, the portion of UTP liabilities identified in Schedule FIN48-1.1 for the prior fiscal year shall be allocated based on the final class allocations of GUD No. 10170 as per the RRM Tariff, divided by the annual bill count to derive rates to be refunded through Rider SUR in the subsequent fiscal year. Each year's calculation will include a true-up (+ or - ) due to account for over/under collections. Amounts identified in Schedule FIN48-1 shall be adjusted to reflect any audit adjustments received from the Texas Comptroller of Public Accounts.

No action on the part of the Regulatory Authority is required to give effect to the amount to be refunded to customers. However, any amount refunded to customers shall be fully subject to review for reasonableness and accuracy in the gas utility's next statement of intent proceeding with the Railroad Commission of Texas, and if applicable, the gas utility shall be required to reconcile any discrepancies.

The following refund as authorized in the most recent negotiated RRM Tariff shall be refunded to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer's monthly bill in each month for a 12-month period. The refund amount by month by Rate Schedule is shown in the table below:

| Rate Schedules | Rate |
|---|---|
| Rate R – Residential Sales | $ (0.14) |
| Rate C – Commercial Sales | $ (0.49) |
| Rate I – Industrial Sales | $ (10.47) |
| Rate T – Transportation | $ (10.47) |

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RIDER:** | **SUR – SURCHARGES** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

**Unprotected Excess Deferred Income Tax Amortization**

The allocated RRM Cities balance of the Unprotected portion of the Excess Deferred Income Taxes (“EDIT”) remaining after implementation of rates at October 1, 2026 shall be applied to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer’s monthly bill for a one-month period. The refund amount by Rate Schedule is shown in the table below:

| Rate Schedules | Rate |
|---|---|
| Rate R – Residential Sales | $ (4.45) |
| Rate C – Commercial Sales | $ (14.80) |
| Rate I – Industrial Sales | $ (319.02) |
| Rate T – Transportation | $ (319.02) |

**Maximum Allowable Operating Pressure (“MAOP”) Hydrostatic Testing Cost Recovery**

The allocated RRM Cities balance of the MAOP Hydrostatic Testing Cost as of December 31, 2025 is to be recovered through a monthly rate. This monthly rate shall be applied to each Rate Schedules R – Residential, C – Commercial, I – Industrial and T – Transportation customer’s monthly bill for approximately twelve (12) months or until all approved costs are recovered from the applicable customer classes. The monthly recovery rate by Rate Schedule is shown in the table below:

| Rate Schedules | Rate |
|---|---|
| Rate R – Residential Sales | $ 0.30 |
| Rate C – Commercial Sales | $ 0.98 |
| Rate I – Industrial Sales | $ 21.17 |
| Rate T – Transportation | $ 21.17 |

**MID-TEX DIVISION**
**ATMOS ENERGY CORPORATION**

| | | |
|---|---|---|
| **RIDER:** | **WNA – WEATHER NORMALIZATION ADJUSTMENT** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

Provisions for Adjustment

The Commodity Charge per Ccf (100 cubic feet) for gas service set forth in any Rate Schedules utilized by the cities of the Mid-Tex Division service area for determining normalized winter period revenues shall be adjusted by an amount hereinafter described, which amount is referred to as the "Weather Normalization Adjustment." The Weather Normalization Adjustment shall apply to all temperature sensitive residential and commercial bills based on meters read during the revenue months of November through April. The five regional weather stations are Abilene, Austin, Dallas, Waco, and Wichita Falls.

Computation of Weather Normalization Adjustment

The Weather Normalization Adjustment Factor shall be computed to the nearest one-hundredth cent per Ccf by the following formula:

$$WNAF_i = R_i \quad \frac{(HSF_i \times (NDD\text{-}ADD))}{(BL_i + (HSF_i \times ADD))}$$

Where

$i$ = any particular Rate Schedule or billing classification within any such particular Rate Schedule that contains more than one billing classification

$WNAF_i$ = Weather Normalization Adjustment Factor for the $i^{th}$ rate schedule or classification expressed in cents per Ccf

$R_i$ = Commodity Charge rate of temperature sensitive sales for the $i^{th}$ schedule or classification.

$HSF_i$ = heat sensitive factor for the $i^{th}$ schedule or classification divided by the average bill count in that class

NDD = billing cycle normal heating degree days calculated as the simple ten-year average of actual heating degree days.

ADD = billing cycle actual heating degree days.

$Bl_i$ = base load sales for the $i^{th}$ schedule or classification divided by the average bill count in that class

The Weather Normalization Adjustment for the jth customer in ith rate schedule is computed as:

$$WNA_i = WNAF_i \times q_{ij}$$

Where $q_{ij}$ is the relevant sales quantity for the jth customer in ith rate schedule.

| | | |
|---|---|---|
| **RIDER:** | **WNA – WEATHER NORMALIZATION ADJUSTMENT** | |
| **APPLICABLE TO:** | **ALL CUSTOMERS IN THE MID-TEX DIVISION UNDER THE RRM TARIFF** | |
| **EFFECTIVE DATE:** | **Bills Rendered on or after 10/01/2026** | |

Base Use/Heat Use Factors

| | Residential | | Commercial | |
|---|---|---|---|---|
| Weather Station | Base use Ccf | Heat use Ccf/HDD | Base use Ccf | Heat use Ccf/HDD |
| Abilene | 9.78 | 0.1448 | 91.89 | 0.8018 |
| Austin | 9.07 | 0.1318 | 213.26 | 0.9418 |
| Dallas | 12.87 | 0.1937 | 192.49 | 1.1269 |
| Waco | 9.39 | 0.1261 | 159.17 | 0.8068 |
| Wichita Falls | 10.61 | 0.1364 | 133.65 | 0.6965 |

Weather Normalization Adjustment (WNA) Report

On or before June 1 of each year, the company posts on its website at www.atmosenergy.com/MTXtariffs, in Excel format, a *Weather Normalization Adjustment (WNA) Report* to show how the company calculated its WNAs factor during the preceding winter season. Additionally, on or before June 1 of each year, the company files one hard copy and an Excel version of the *WNA Report* with the Railroad Commission of Texas' Gas Services Division, addressed to the Director of that Division.

**ATMOS ENERGY CORP., MID-TEX DIVISION**
**MID-TEX RATE REVIEW MECHANISM**
**PENSIONS AND RETIREE MEDICAL BENEFITS FOR CITIES APPROVAL**
**TEST YEAR ENDING DECEMBER 31, 2025**

| | | Shared Services | | Mid-Tex Direct | | | |
|---|---|---|---|---|---|---|---|
| Line No. | Description | Pension Account Plan | Post-Employment Benefit Plan | Pension Account Plan | Post-Employment Benefit Plan | Supplemental Executive Benefit Plan | Adjustment Total |
| | (a) | (b) | (c) | (d) | (e) | (f) | (g) |
| 1 | Proposed Benefits Benchmark - Fiscal Year 2026 Willis Towers Watson Report as adjusted (1) (2) (3) | $ 200,382 | $ (490,197) | $ 951,536 | $ (3,288,240) | $ 72,926 | |
| 2 | Allocation Factor | 46.66% | 46.66% | 87.00% | 87.00% | 100.00% | |
| 3 | Proposed Benefits Benchmark Costs Allocated to Mid-Tex (Ln 1 x Ln 2) | $ 93,490 | $ (228,707) | $ 827,882 | $ (2,860,928) | $ 72,926 | |
| 4 | O&M and Capital Allocation Factor | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | |
| 5 | Proposed Benefits Benchmark Costs to Approve (Ln 3 x Ln 4) | $ 93,490 | $ (228,707) | $ 827,882 | $ (2,860,928) | $ 72,926 | $ (2,095,337) |
| 6 | | | | | | | |
| 7 | O&M Expense Factor (WP_F-2.3, Ln 2) | 80.27% | 80.27% | 36.19% | 36.19% | 8.73% | |
| 8 | | | | | | | |
| 9 | Summary of Costs to Approve (1): | | | | | | |
| 10 | Total Pension Account Plan | $ 75,047 | | $ 299,646 | | | $ 374,693 |
| 11 | Total Post-Employment Benefit Plan | | $ (183,588) | | $ (1,035,492) | | (1,219,080) |
| 12 | Total Supplemental Executive Benefit Plan | | | | | $ 6,367 | 6,367 |
| 13 | Total (Ln 10 + Ln 11 + Ln 12) | $ 75,047 | $ (183,588) | $ 299,646 | $ (1,035,492) | $ 6,367 | $ (838,020) |