FY 2027 BUDGET PREVIEW

TMP-26-075

June 16, 2026

Budget Calendar

February 23
- Discussion: FY 2027 Budget **Special Workshop**

May 19
- **Discussion: FY 2027 Fee Schedule to include citizen feedback**

June 2
- Discussion: Community Partner Presentations

June 16
- Discussion: FY 2027 Budget Preview
- **Public Hearing: FY 2027 Fee Schedule**

July 7
- Discussion: Receive FY 2027 Proposed Budget
- Resolution: **Set Date for Budget Public Hearing**
- Discussion: Receive FY 2027 CIP

July 28
- **Public Hearing: Proposed FY 2027 Budget Special Meeting**

August 4
- Resolution: Set the Preliminary Tax Rate for FY 2027 & **Set the Date to Hold a Public Hearing**
- Discussion: Consider Changes for Proposed FY 2027 Budget*

August 18
- If Changes are made on August 4, hold a Public Hearing on the FY 2027 Budget*

September 1
- **Public Hearing: Proposed Tax Rate**
- Ordinance: Adopt the FY 2027 Budget
- Resolution: Ratify the Property Tax Revenue Increase
- Ordinance: Set the Tax Rate
- Resolution: Adopt the FY 2027 CIP

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Budget Drivers & Key Assumptions

All Fund Expenditure Impacts

- Electricity costs are increasing due to a new citywide power contract.
- Transfers to the Information Technology Internal Service Fund are increasing due to the elimination of a one-time fund balance subsidy used in FY 2026.
- Transfers to the Risk Management Fund are increasing due to higher liability insurance premiums.
- Employee medical insurance costs continue to rise; however, available fund balance is being utilized to mitigate the impact.
- A 3% Cost-of-Living Adjustment (COLA) is included for all eligible employees.

Budget Development Priorities

- Maintain current service levels
- Support employee recruitment and retention
- Address rising operating and insurance costs
- Preserve long-term financial sustainability

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General Fund

Major Revenue Changes

General Fund

Increase		Decrease	
Property Tax	$2.7M	Franchise Tax	($241K)
DV Exemption Reimbursement	$500K	Transfers In	($189K)
Ambulance Fees	$596K	Interest Revenue	($114K)
Deployment Reimbursement	$300K	Bingo Tax	($78K)
Fines	$200K	Subdivision Plan Review Fee	($77K)

Property Tax
Disabled Veteran's Exemption

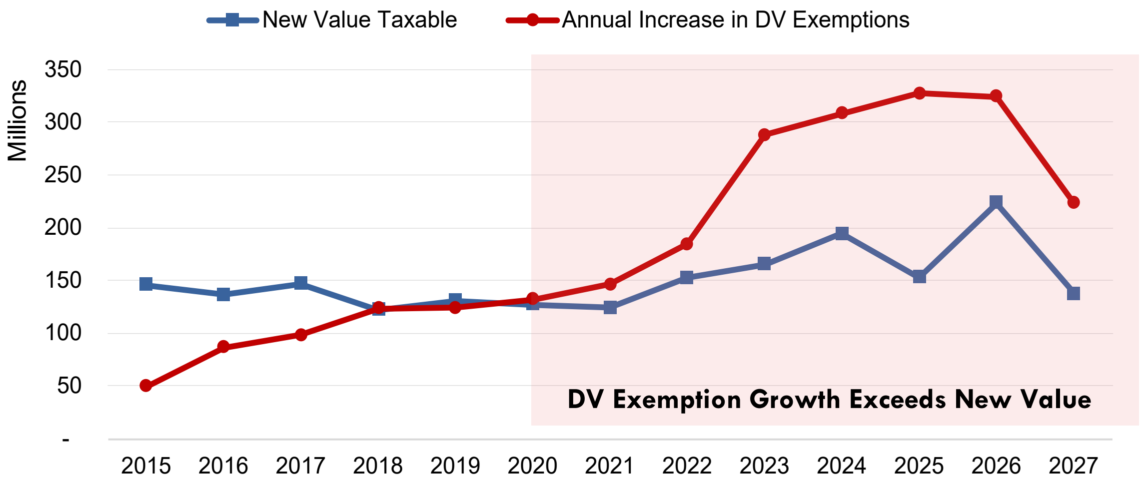
Tax Year/ Fiscal Year	Total DV Exemption Value	Increase from Prior Year	Revenue Loss	State Reimbursement	% Covered
TY 2007/ **FY 2008**	50,137,972	-	348,459	-	-
TY 2008/ **FY 2009**	52,511,311	2,373,339	364,954	-	-
TY 2009/ **FY 2010**	94,890,507	42,379,196	659,489	-	-
TY 2010/ **FY 2011**	154,194,413	59,303,906	1,145,356	-	-
TY 2011/ **FY 2012**	176,774,304	22,579,891	1,313,080	-	-
TY 2012/ **FY 2013**	200,042,663	23,268,359	1,485,917	-	-
TY 2013/ **FY 2014**	232,312,444	32,269,781	1,725,617	-	-
TY 2014/ **FY 2015**	283,186,726	50,874,282	2,123,334	-	-
TY 2015/ **FY 2016**	361,252,507	78,065,781	2,708,671	838,477	30.96%
TY 2016/ **FY 2017**	459,741,283	98,488,776	3,447,140	902,952	26.19%
TY 2017/ **FY 2018**	582,976,715	123,235,432	4,371,159	1,216,494	27.83%
TY 2018/ **FY 2019**	706,941,608	123,964,893	5,300,648	1,248,210	23.55%
TY 2019/ **FY 2020**	839,077,692	132,136,084	6,291,405	3,105,247	49.36%
TY 2020/ **FY 2021**	985,698,907	146,621,215	7,225,173	3,392,993	46.96%
TY 2021/ **FY 2022**	1,170,393,587	184,694,680	8,197,437	2,727,815	33.28%
TY 2022/ **FY 2023**	1,458,585,372	288,191,785	9,091,363	3,222,290	35.44%
TY 2023/ **FY 2024**	1,767,080,170	308,494,798	10,970,034	2,076,923	18.93%
TY 2024/ **FY 2025**	2,094,388,976	327,308,806	13,766,419	1,646,224	11.96%
TY 2025/ **FY 2026**	2,418,720,900	324,331,924	16,964,908	1,474,809	8.69%
TY 2026/ **FY 2027**[1]	2,641,844,552	223,123,652	18,529,898	1,400,000	7.56%
Total			**116,030,459**	**23,252,433**	

[1] **Source: 2026 Preliminary Totals (Entire Appraisal Roll Summary) as of June 3, 2026; State Reimbursement is estimate**

Property Tax
DV Exemption vs. New Value Taxable

Fiscal Year	Annual Increase in DV Exemptions	New Value Taxable
2015	49,324,407	145,726,044
2016	86,764,571	136,670,554
2017	98,488,776	147,109,187
2018	123,235,432	122,490,812
2019	123,964,893	130,721,412
2020	132,136,084	127,268,076
2021	146,621,215	124,423,784
2022	184,694,680	152,194,336
2023	288,191,785	165,622,845
2024	308,494,798	194,408,686
2025	327,308,806	152,852,795
2026	324,331,924	223,221,742
2027	223,123,652	137,936,162

FY 2027 Source: 2026 Preliminary Totals (Entire Appraisal Roll Summary) as of May 21, 2026



Major Expense Changes

General Fund

Increase		Decrease	
3% Cost of Living Adjustment	$2.6M	Traffic Signal Maintenance	($658K)
Civil Service Overtime Increase	$714K	Training & Travel	($121K)
Civil Service Steps	$579K	Fleet Services	($72K)
Medical Insurance	$522K		
Technology Services	$448K		
Streetlights	$295K		
Insurance Services	$227K		
Bell County Communications	$187K		
Electricity	$176K		
Civil Service Pay Plan Compression	$82K		

Unfunded Decision Packages

Personnel Requests
- $3,067,145
  - 44.50 FTE

Operations Requests
- $2,957,738

70 Total Requests
- $6,024,883

Unfunded Request

TMRS Employee Contribution Increase (7% to 8%)

All Funds

- Requested through the Meet & Confer process
- Would increase the employee TMRS contribution rate from 7% to 8%
- TMRS completed an actuarial study to evaluate the financial impact
- TMRS projects the City's contribution rate would increase from 14.14% to 16.87%, resulting in an estimated annual cost of $2,049,978.

General Fund	$1,437,755
Water & Sewer	$191,282
Solid Waste	$136,624
Aviation	$68,709
Drainage	$52,413
Other Funds	$163,196
Total Annual Cost	**$2,049,978**

Community Partner Requests

*Identifies Amount Included in the FY 2027 Proposed Budget

All Funds

Bell County Communications Center

- Current $2,034,826 Request **$2,222,096***

Bell County Public Health

- Current $341,608 Request **$384,997***

Children's Advocacy Center of Central Texas

- Current **$41,500*** Request $58,100

Families In Crisis, Inc.

- Current $0 Request $350,000

Hill Country Transit District (the HOP)

- Current $650,000 Request **$650,000***

Innovation Black Chamber of Commerce

- Current $0 Amended $50,000 Request $186,000

Killeen Economic Development Corporation

- Current **$885,000*** Amended $1,100,000 Request $1,500,000

Killeen Rodeo (HOT Fund)

- Current $50,000 Request **$50,000***

National Mounted Warfare Foundation (HOT Fund)

- Current $80,000 Request **$80,000***

Tax Appraisal District of Bell County

- Current $811,464 Request **$866,620***

Water & Sewer Fund

Major Revenue Changes

Increase		Decrease	
Sewer Revenue (3% rate increase)	$499K	Interest Revenue	($77K)
Water Revenue Water rates increase 5%; however, projected customer usage supports revenue levels consistent with the FY 2026 budget.	$38K		
Penalties	$26K		

Water Rates (Residential)

Proposed Increases

Water & Sewer Fund

Rate per Water Meter Size	Current	$ Change	Proposed	% Change
⅝" & ¾"	15.54	0.78	16.32	5.00%
1"	16.99	0.85	17.84	5.00%
1½"	20.63	1.03	21.66	5.00%
2"	24.98	1.25	26.23	5.00%
3"	35.15	1.76	36.91	5.00%
4"	49.70	2.49	52.19	5.00%
6"	87.11	4.36	91.47	5.00%
8"	129.60	6.48	136.08	5.00%
Volumetric Rate per 1,000 Gallons	**Current**	**$ Change**	**Proposed**	**% Change**
2,001-15,000 gallons	3.49	0.17	3.66	5.00%
15,001-30,000 gallons	4.46	0.22	4.68	5.00%
Over 30,000 gallons	5.57	0.56	6.13	10.00%

Rates for areas outside of city limits is 50% higher.

Water Rates (Commercial)

Proposed Increase per 2022 Rate Study: Phase 5 of 5

Rate per Water Meter Size	Current	$ Change	Proposed	% Change
⅝" & ¾"	15.52	0.00	15.52	0%
1"	21.50	1.87	23.37	8.70%
1½"	40.19	6.54	46.73	16.27%
2"	62.62	12.15	74.77	19.40%
3"	114.96	25.24	140.20	21.96%
4"	189.74	43.93	233.67	23.15%
6"	376.67	90.66	467.33	24.07%
8"	600.99	146.74	747.73	24.42%
Volumetric Rate per 1,000 Gallons	**Current**	**$ Change**	**Proposed**	**% Change**
Over 2,000 gallons	3.50	0.00	3.50	0%

Rate for areas outside of city limits is 50% higher.

Sewer Rates

Proposed Increase for Residential

Consumption Rate (Residential)	Current	$ Change	Proposed	% Change
Minimum for first 3,000 gallons	21.59	0.65	22.24	3.00%

Volumetric Rate per 1,000 Gallons	Current	$ Change	Proposed	% Change
3,001-10,000 gallons	3.80	0.00	3.80	0%

Rate for areas outside of city limits is 50% higher.

Consumption Rate (Commercial)	Current	$ Change	Proposed	% Change
Minimum for first 3,000 gallons	20.65	0.00	20.65	0%

Volumetric Rate per 1,000 Gallons	Current	$ Change	Proposed	% Change
Over 3,000 gallons	3.80	0.00	3.80	0%

Rates for areas outside of city limits is 50% higher.

Utility Bill Change

Average Residential Customer

(5,600 gallons of water per month)

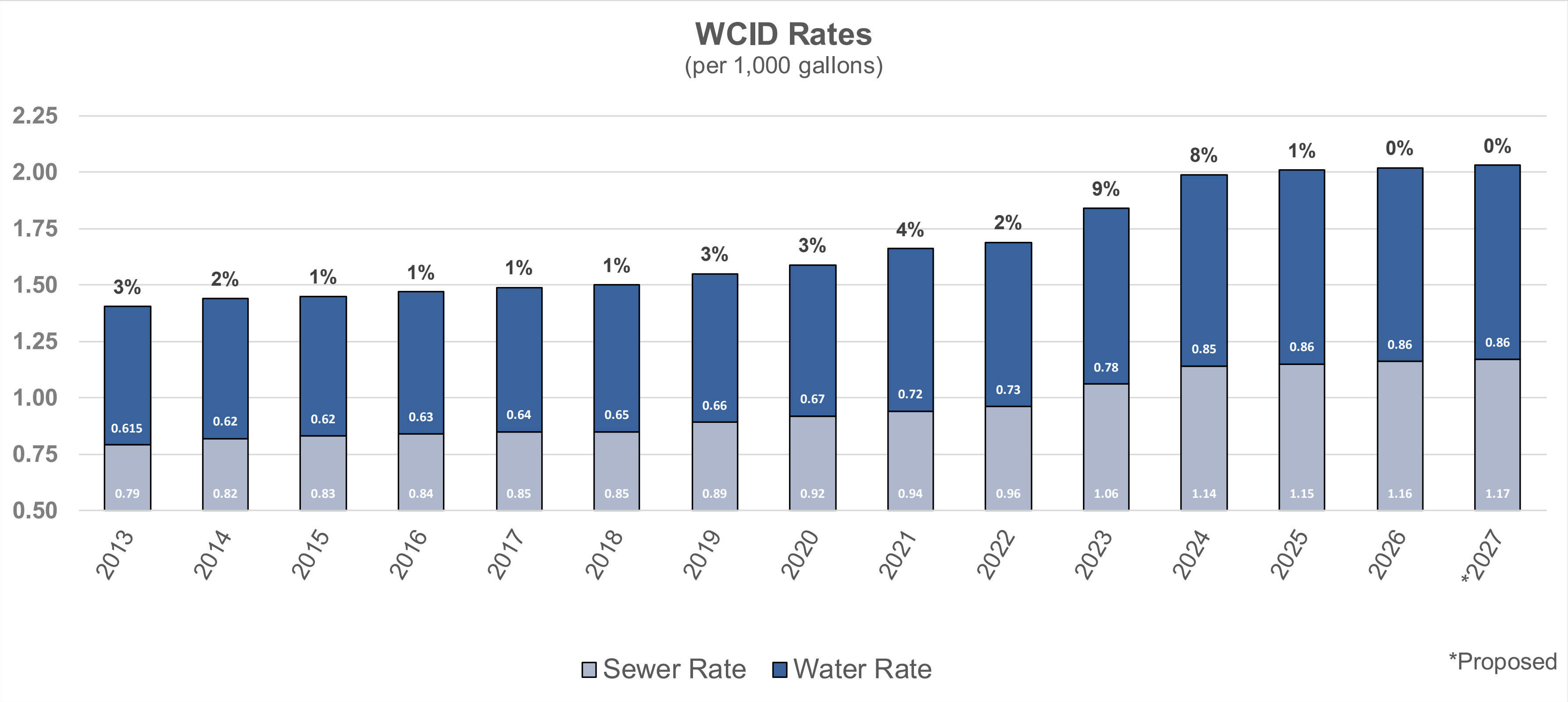
Description	Current	Recommended	Change	Percent
Sewer	$ 31.47	$ 32.12	$ 0.65	2.07%
Water	28.10	29.50	1.40	4.97%
Solid Waste	19.78	19.78	-	0.00%
Street Maintenance	10.00	10.00	-	0.00%
Drainage	5.40	5.40	-	0.00%
Total Utility Bill	**$ 94.75**	**$ 96.80**	**$ 2.05**	**2.16%**

Major Expense Changes

Increase		Decrease	
Technology Services	$351K	Transfer to CIP	($795K)
3% Cost of Living Adjustment	$236K	Transfer to General Fund	($138K)
WCID Fixed Charge (Debt)	$197K	Collection Expense	($30K)
Electricity	$191K	Engineering Services	($25K)
Insurance Services	$136K	Training & Travel	($15K)

WCID Rate Increases

Water & Sewer Fund



Unfunded Decision Packages

Personnel Requests	Operations Requests	4 Total Requests
• $493,611 • 9.00 FTE	• $349,481	• $843,092

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Solid Waste Fund

Major Revenue Changes

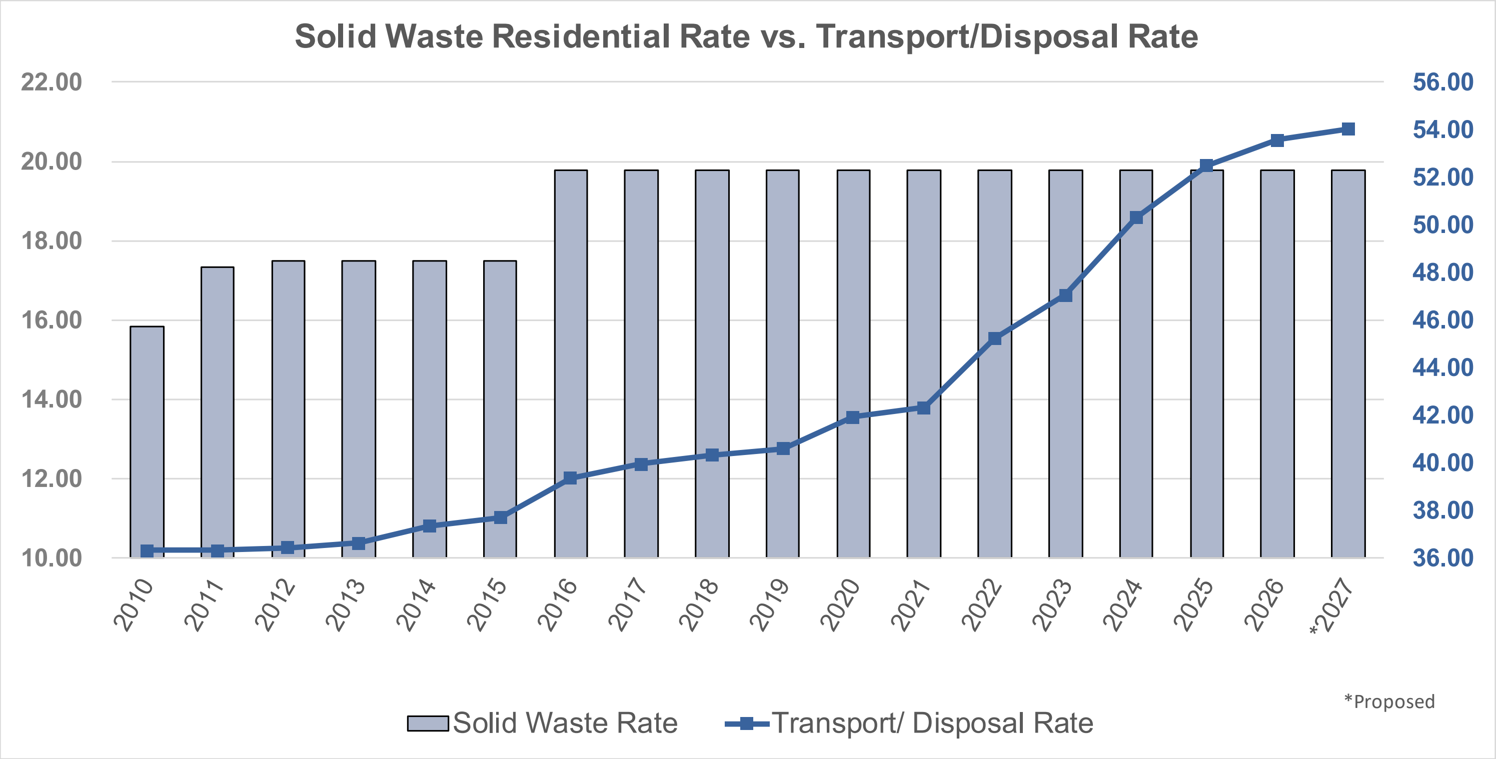
Increase		Decrease	
Residential Growth	$472K	Recycling Revenue	($79K)
Sale of Assets	$43K	Interest Revenue	($77K)
Commercial Growth	$24K	Drop Off Fees	(35K)

Major Expense Changes

Solid Waste Fund

Increase	
Technology Services	$172K
3% Cost of Living Adjustment	$171K
Refuse Disposal/Transport	$145K
Insurance Services	$64K

Residential v. Transport/Disposal Rate



Unfunded Decision Packages

Personnel Requests	Operations Requests	6 Total Requests
• $283,173 • 5.00 FTE	• $285,458	• $568,631

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Drainage Utility Fund

Major Revenue Changes

Decrease	
Drainage Revenue adjusted to reflect actual collection trends	($198K)

Major Expense Changes

Increase		Decrease	
Transfer to CIP	$219K	Expired Debt Service	($521K)
3% Cost of Living Adjustment	$68K		
Medical Insurance	$45K		

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Aviation Fund

Major Revenue Changes

Increase		Decrease	
Jet Fuel	$200K	IGSA	($228K)
Office Space Lease	$180K		

Major Expense Changes

Increase	
Cost of Goods Sold-Jet Fuel	$160K
3% Cost of Living Adjustment	$86K
Technology Services	$71K
Medical Insurance	$52K

Unfunded Decision Packages

Personnel Requests	Operations Requests	5 Total Requests
• $181,364 • 3.00 FTE	• $154,912	• $336,276

Golf Course Fund

Major Revenue Changes

Increase	
Green Fees	$327K
Season Passes	$84K
Cart Rentals	$56K

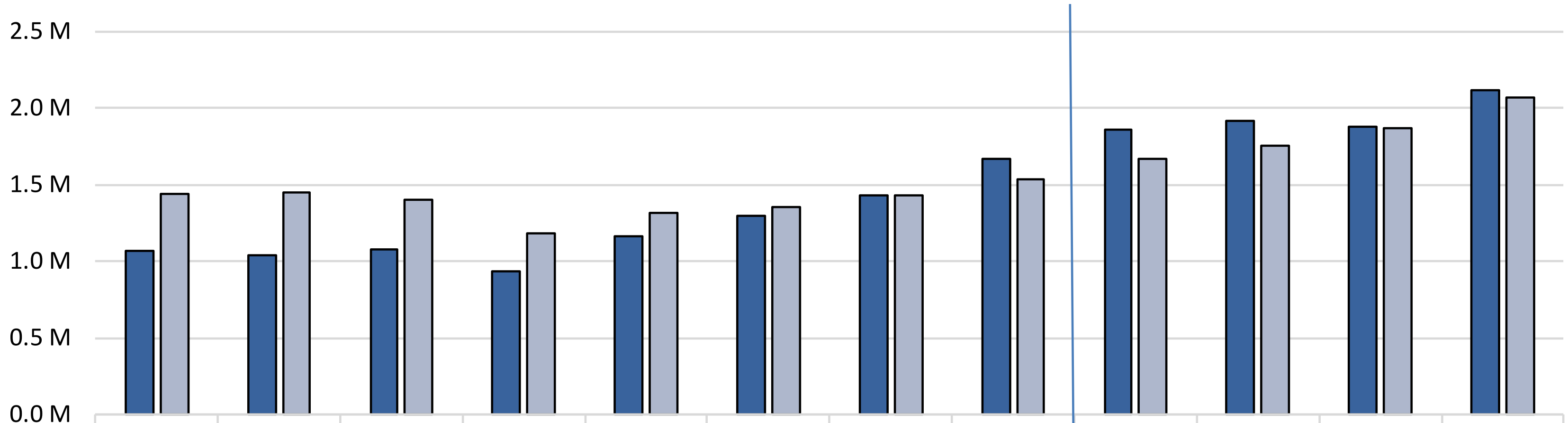
Major Expense Changes

Increase	
Golf Operations	$221K
Clubhouse Window Replacement	$101K
Compact Utility Tractor With Backhoe Attachment	$64K

Revenue & Expense History

Golf Course Fund

2016-2023 General Fund
2024-2027 Golf Course Fund



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026*	2027**
Revenue	1.1 M	1.0 M	1.1 M	0.9 M	1.2 M	1.3 M	1.4 M	1.7 M	1.9 M	1.9 M	1.9 M	2.1 M
Expense	1.4 M	1.5 M	1.4 M	1.2 M	1.3 M	1.4 M	1.4 M	1.5 M	1.7 M	1.8 M	1.9 M	2.1 M

*Estimated FY 2026
**Proposed FY 2027

Hotel Occupancy Tax (HOT) Fund

Major Revenue Changes

Increase		Decrease	
Mixed Beverage Sales	$24K	Event Fees	($70K)
Catering Fees	$15K	Occupancy Tax	($27K)
Facility/Equipment Rentals	$6K	Interest Revenue	($16K)

Major Expense Changes

Increase		Decrease	
3% Cost of Living Adjustment	$29K	Expired Debt Service	($198K)
Building Repair & Maintenance	$29K	Grants to the Arts	($50K)
Insurance Services	$28K		
Technology Services	$22K		
Electricity	$17K		

Unfunded Decision Packages

Personnel Requests	Operations Requests	3 Total Requests
• None	• $439,049	• $439,049

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Street Maintenance Fund

Budget Snapshot

Revenues	Expenses	Net Position
$10,491,214	$18,770,055	($8,278,841)

Major Expense Changes

Increase	
Stagecoach Rd. II	$12M
Zephyr Rd.	$350K

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FY 2027 Budget Process Update

Proposed Budget Release & Public Access

- HB 1522 requires the meeting notice for any meeting at which a budget will be discussed or adopted to include the proposed budget or provide clear public access to it.
- As a result, the FY 2027 Proposed Budget will be posted on the City's website concurrent with the release of the July 7 City Council agenda on June 30, 2026.
- The FY 2027 Proposed Budget will be available electronically through the City's website.