CITY MANAGER'S RECOMMENDED BUDGET FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager
Amber Schmeits, Deputy City Manager
Jesse Elizondo, Assistant City Manager
Andy Alejandro, Interim Deputy Director of Finance
Holly R. Holt-Torres, Assistant Director of Finance

CITY OF KYLE
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DISCUSSION OBJECTIVES

1. Present the Interim City Manager's recommended proposed operating and capital budgets to the City Council for the upcoming fiscal year 2026-27.
2. Review highlights and implications of structurally balanced recommended budget for next fiscal year while addressing declining revenues, increasing costs, maintaining reserves, and providing for long-term financial sustainability.
3. Provide an overview of the City's financial outlook, budget priorities, financial challenges, and organizational realignments.
4. Promote transparency by clearly outlining and explaining the financial challenges that the City is having to address as we started the budget development process for next fiscal year (FY 2026-27).
5. Ensure comprehensive understanding of the recommended budget for next fiscal year by the City Council, residents, and City staff.
6. Review key dates & next steps.

PRESENTATION FORMAT

Today's presentation and discussions will be accomplished in five distinct segments as follows.

1. Overall Discussion of Recommended Proposed Budget – by Interim City Manager
   a. City Charter requirements
   b. City's budget development, adoption process, & key dates
   c. Community budget survey results
   d. Guiding principles for budget development
   e. Budget development challenges
   f. Key budget highlights
   g. Budget summary
   h. Highlights of items currently <u>in</u> the budget
   i. Highlights of items currently <u>not</u> in the budget
   j. Process for budget amendments by City Council

PRESENTATION FORMAT (CONTINUED)

2. Organizational Realignment of Transportation & Public Works Department – presented by Amber Schmeits, Deputy City Manager
   a. Review restructuring strategy
   b. Key benefits and efficiencies
   c. Review new organization structure

3. Organizational Realignment of Parks & Recreation Department – presented by Jesse Elizondo, Assistant City Manager
   a. Review eliminated positions
   b. Review notable changes
   c. Key benefits and efficiencies
   d. Review new organization structure

PRESENTATION FORMAT (CONTINUED)

4. Detailed Review of Recommended Proposed Budget For Fiscal Year 2026-27 – presented by Andy Alejandro, Interim Deputy Director Finance & Holly R. Holt-Torres, Assistant Director of Finance

    a. Fund structure for the City of Kyle
    b. Updated financial forecast – <u>before and after cost reductions & cost containment</u>
    c. Proposed operating budget
        1) General Fund
            i. Taxable assessed valuations & ad valorem tax rates
            ii. Sales tax
            iii. Development revenues
        2) Water Utility Fund
        3) Wastewater Utility Fund
        4) Storm Drainage Utility Fund

PRESENTATION FORMAT (CONTINUED)

4. Detailed Review of Recommended Proposed Budget For Fiscal Year 2026-27 – presented by Andy Alejandro, Interim Deputy Director Finance & Holly R. Holt-Torres, Assistant Director of Finance

   d. Proposed capital improvements budget
      1) 5-year CIP spending plan
      2) 5-year CIP funding plan
   e. Existing long-term bond debt position
   f. Principal and interest payments due by funding source in FY 2026-27
   g. Review rates, fees, & charges
   h. All Other City Funds

5. Questions & Comments From City Council

CITY CHARTER REQUIREMENTS FOR BUDGET DEVELOPMENT PROCESS

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

CITY CHARTER REQUIREMENTS
FOR PROPOSED BUDGET DEVELOPMENT

Article VIII, Section 8.05 Budget Process & Adoption

The City Manager shall be responsible for the timely preparation and presentation of the budget, and shall present his or her recommended budget to the city council no later than sixty (60) days prior to October 1st of each year. The proposed budget shall become a public document and record when presented to the council. From and after its receipt of the budget, the city council shall:

CITY CHARTER REQUIREMENTS
FOR PROPOSED BUDGET DEVELOPMENT

Article VIII, Section 8.05 Budget Process & Adoption

a) At the first Council meeting for which timely notice may be given, cause to be posted in City Hall and published in a newspaper of general circulation in the City, a general summary of the proposed budget and a notice stating the time and places where copies of the budget are available for public inspection; the time and place, not less than fifteen (15) days after such publication, of a public hearing on the budget; and such other public hearings as are necessary.

CITY CHARTER REQUIREMENTS
FOR PROPOSED BUDGET DEVELOPMENT

Article VIII, Section 8.05 Budget Process & Adoption

b) After the first public hearing, the Council may adopt the budget with or without amendment. The Council may amend the proposed budget to add, increase, decrease or delete any programs or amounts, except expenditures required by law or for debt service; provided that no amendment shall increase the authorized expenditures to an amount greater than the total of estimated funds available from all sources.

CITY CHARTER REQUIREMENTS
FOR PROPOSED BUDGET DEVELOPMENT

Article VIII, Section 8.05 Budget Process & Adoption

c) The budget shall be finally adopted by Ordinance not later than the third Thursday of September; provided that if the Council takes no final action on or prior to such day, the budget as submitted by the City Manager shall be deemed to have been finally adopted by the Council.

CITY'S BUDGET DEVELOPMENT & ADOPTION PROCESS

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

TRANSPARENT & CITIZEN FOCUSED BUDGET PROCESS

March

City Council Visioning Workshop

March/April

Budget Survey Results

May/June/July

City Council Budget Planning Meetings

August

City Manager's Proposed Budget

August

Property Tax Rates
Water & Wastewater Rates

September

Public Hearings & Budget Adoption

KEY DATES - BUDGET DEVELOPMENT

PROPOSED BUDGET FISCAL YEAR 2026-27

1. March 6-8, 2026: Council Visioning Workshop
2. April 24, 2026: Community Survey Completed
3. May 16, 2026: Council Budget Planning Meeting #1: Review of 5-Year Financial Forecast
4. June 13, 2026: Council Budget Planning Meeting #2: Review & Council Prioritization of 5-Year CIP Spending Plan
5. June 27, 2026: Council Budget Planning Meeting #3: Review & Council Prioritization of Public Transportation Program & Special Public Events Programs
6. July 16, 2026: Council Budget Planning Meeting #4: Update on Anticipated Savings From Cost Containment Measures Implemented to Mitigate $14.3 Million Projected Deficit for Fiscal Year 2025-26

KEY DATES - BUDGET DEVELOPMENT
PROPOSED BUDGET FISCAL YEAR 2026-27

7. August 1, 2026: Council Budget Planning Meeting #5:
   ICM's Recommended Proposed Operating & Capital Budgets for Fiscal Year 2026-27 Presented to City Council

8. August 13, 2026: Council Budget Planning Meeting #6:
   Results of 2026 Cost of Service Study Update & Rates for Water & Wastewater Services Proposed for Fiscal Year 2026-27

   2026 Certified Taxable Assessed Valuations, Property Tax Rate Calculations for M&O and I&S, & Proposed Property Tax Rates for Fiscal Year 2026-27

   Resolution to Record City Council's Vote to Consider Property Tax Rate Increase at a Future City Council Meeting (If Necessary)

KEY DATES - BUDGET DEVELOPMENT
PROPOSED BUDGET FISCAL YEAR 2026-27

9. September 5, 2026: Council Budget Planning Meeting #7:
   1st Public Hearing – Proposed Budget , Fees, & Utility Rates
   1st Public Hearing – Proposed Property Tax Rates
   1st Reading - Budget Adoption Ordinance
   1st Reading - Property Tax Rate Adoption Ordinance
   1st Reading - Property Tax Rate Increase Ratification Ordinance

10. September 15, 2026: Council Budget Planning Meeting #8:
   2nd Public Hearing – Proposed Budget, Fees, & Utility Rates
   2nd Public Hearing – Proposed Property Tax Rates
   2nd Reading - Budget Adoption Ordinance
   2nd Reading - Property Tax Rate Adoption Ordinance
   2nd Reading - Property Tax Rate Increase Ratification Ordinance

2026 COMMUNITY SURVEY RESULTS

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

CITY OF KYLE
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2026 BUDGET SURVEY RESULTS

- Survey Results Shared With City Council on May 4, 2026.
- 403 Survey Respondents.
- Six (6) Recurring Budget Priority Items For Upcoming Fiscal Year 2026-27 – Not Listed In Any Priority Order:
    1. Roadway Improvements
    2. Water Supply Capacity
    3. Maintain Existing Parks & Recreation Facilities Before Investing in New Facilities
    4. Reduction in Property Tax Rates
    5. Reduction in Water & Wastewater Service Rates
    6. Reduction in City's Overall Costs

2026 BUDGET SURVEY RESULTS

- **Feedback collected Spring 2026**
- **403 Residents Responded**

Complete Results at
CityofKyle.gov/TellKyle

If the City had additional funding next year, which areas should receive the **highest priority?**

2026 BUDGET SURVEY RESULTS

Which City **services** have you personally **used** in the past year?

1. **Parks and Recreation Programming and Facilities**
2. **City Communication Channels** (City Website, Socials, E-newsletter, Kyle Quarterly, or KyleTXNews.com)
3. **Library Services Programming and Facilities**
4. 3-1-1 and Customer Service
5. Police and Emergency Services
6. Animal Services (Animal Control, Spay/Neuter Vouchers, etc.)
7. Code Enforcement
8. Planning, Permits and Inspections
9. Other

Over the next five years, which types of projects should be the City's **long-term focus**?

1. **Traffic Infrastructure**
2. **Water and Wastewater Infrastructure**
3. **Quality of life** (Parks, Library, Arts, Community Programs)
4. Public Safety
5. Housing Affordability
6. Economic Growth and Job Creation
7. Other

GUIDING PRINCIPLES – BUDGET DEVELOPMENT FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

GUIDING PRINCIPLES
PROPOSED BUDGET FISCAL YEAR 2026-27

1. Preserve and maintain core municipal services for our residents and businesses in Kyle.
2. Minimize monthly and annual financial impact of essential City services on our households and businesses in Kyle.
3. Full transparency for City Council, residents, employees, and all other stakeholders including auditors, bond holders, credit rating agency, and regulators.
4. Prioritize balancing service delivery expectations with available resources while preserving the City's long-term financial sustainability.
5. Ensure one-time revenues are not relied upon to support ongoing operations.
6. Develop a structurally balanced budget – planned recurring operating requirements must not exceed projected recurring revenues available.

GUIDING PRINCIPLES (CONTINUED)

PROPOSED BUDGET FISCAL YEAR 2026-27

7. Proposed budget must comply with all City Charter and City’s financial policy requirements.
8. Plan to sustain economic downturn related financial implications for at least two consecutive fiscal years.
9. Absolutely no drawdown of reserves to cover or pay for recurring operating expenditures.
10. Restore and maintain required reserves.
11. Preserve essential jobs and positions within the City organization.
12. Review each City department's organization structure to maximize operational efficiency and eliminate duplication of efforts, and other organizational redundancies.
13. Review each budget line-item for every City department and realign proposed budget based on actual expenditure trends.

GUIDING PRINCIPLES (CONTINUED)
PROPOSED BUDGET FISCAL YEAR 2026-27

14. Temporarily suspend selected employee benefits and utilize normal attrition within the City organization to mitigate reduction in force (RIFs), salary reductions, furloughs, and other severe cost cutting measures that would negatively affect all our City employees.

15. Honor commitments agreed to by the City in its 3-year Meet & Confer agreement with its police officers association (Kyle Law Enforcement Association - KLEA).

BUDGET DEVELOPMENT CHALLENGES FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

BUDGET DEVELOPMENT CHALLENGES
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

Key Takeaways & Strategic Implications As Discussed With City Council – Review of 5-Year Financial Forecast On May 16, 2026

Nature of the City's Current Budgetary & Financial Challenges

1. Multi-Faceted.
2. Structural Imbalance.
3. Long-Term.
4. These budgetary and financial challenges have developed over multiple fiscal years beginning with 2023-2024 budget cycle.
5. Recovery will also require a multi-year effort.

BUDGET DEVELOPMENT CHALLENGES
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

Key Takeaways & Strategic Implications As Discussed With City Council – Review of 5-Year Financial Forecast On May 16, 2026

Path Forward

- With City Council's direction and support, these budgetary and financial challenges are solvable.
- Will require decisive and impactful changes in the organization including but not limited to:
    1. Refocusing management culture.
    2. Alignment of organizational priorities.
    3. Consolidation of overlapping functions to eliminate redundancy & duplication of efforts.
    4. Strengthening emphasis on budgetary controls and fiscal discipline.
    5. Re-examining planning & development process.
    6. Re-evaluating economic development strategies & incentives.

BUDGET DEVELOPMENT CHALLENGES
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

Key Takeaways & Strategic Implications As Discussed With City Council – Review of 5-Year Financial Forecast On May 16, 2026

Path Forward - Continued

7. Realignment of CIP Spending Plan based on affordability and Council direction.
8. Advancing water and wastewater service rate stabilization efforts.
9. Resolving rate and related disputes.
10. Implementing sustained cost-control initiatives.
11. Monthly Budget Status Report presentation to City Council – 2nd Regular Meeting of the Month.

BUDGET DEVELOPMENT CHALLENGES
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

1. Preserving essential municipal services while balancing the budget and restoring City's reserve balances.
2. Creating a budget that will result in long-term financial sustainability.
3. Increasing inflationary cost pressures from effects of national and state economic conditions.
4. Current economic conditions have further intensified the budgetary and financial challenges facing the City today.
5. Slowing growth in City's two primary sources of revenues; property tax revenues and sales tax revenues.
6. Continued decline in City's third primary source of revenue; development revenues.

BUDGET DEVELOPMENT CHALLENGES
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

7. Need to restore and maintain reserve balances while avoiding reliance on one-time revenues.
8. Significant long-term capital funding requirements for transportation, water, wastewater, drainage, and park system infrastructure.
9. Rising operating and capital costs; personnel, public safety, health insurance, construction materials, and other support costs.
10. Base budget expenditure requirements exceeding forecasted revenues with increasing expectations and pressure from stakeholders to continue doing business as before – no reductions in personnel, operating costs, services, or programs.

KEY BUDGET HIGHLIGHTS FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

KEY BUDGET HIGHLIGHTS
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

1. The recommended proposed budget for Fiscal Year 2026-27 that will be presented today, is a structurally balanced budget.

2. Funds all essential City services, operations, and maintenance.

3. Focuses on core municipal services including public safety, emergency services, street maintenance, sidewalk and right-of-way maintenance, solid waste & recycling collection services, water supply services, wastewater collection service, parks maintenance, library services, and 311 customer service support services.

4. Maintains responsive service levels for all essential City services to effectively serve our residents and businesses in Kyle.

5. Supports continued operations and maintenance of all City facilities including public safety, emergency center, parks, playgrounds, library, and other public infrastructure – no facility closures.

KEY BUDGET HIGHLIGHTS
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

6. Maintains a structurally balanced budget where recurring revenues support recurring expenditures.
7. Revenue and expenditure estimates have been carefully examined and analyzed to maintain a conservative margin to absorb some level of decline in economic conditions.
8. Provides for continued capital investment in critical public infrastructure for mobility, sidewalks, water supply and distribution, wastewater treatment and collections, parks, etc.
9. Budget provides for the continuation of construction of new roads and intersection improvements under the Road Bond Program.
10. Leverages available grant opportunities and external funding sources whenever practical and feasible.

KEY BUDGET HIGHLIGHTS

FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

11. No employee layoffs, furloughs, or other types of reduction in workforce included in the Interim City Manager's recommended budget
12. Continuation of contributions by the City for employee and family coverage for health insurance.
13. Provides funding for City's financial obligations agreed to under the 3-year Meet & Confer agreement with the police officers association (Kyle Law Enforcement Association - KLEA).
14. All sworn civil service City employees will receive an average 4% pay increase (step increase).
15. All Corporal ranked police officers will receive an additional 2% peer city-based pay increase per the Meet & Confer agreement.

KEY BUDGET HIGHLIGHTS
FOR PROPOSED BUDGET FOR FISCAL YEAR 2026-27

16. No pay increase is funded in the proposed budget for civilian City employees.

17. Proposed budget temporarily suspends selected benefits for all City employees, including but not limited to, leave buyback program, tuition reimbursement program, City-paid 12-weeks parental leave program, and cash contributions for health reimbursement arrangement account (HRA).

18. Recommended proposed budget adds an additional paid holiday for all City employees to observe Good Friday – no additional cost is required.

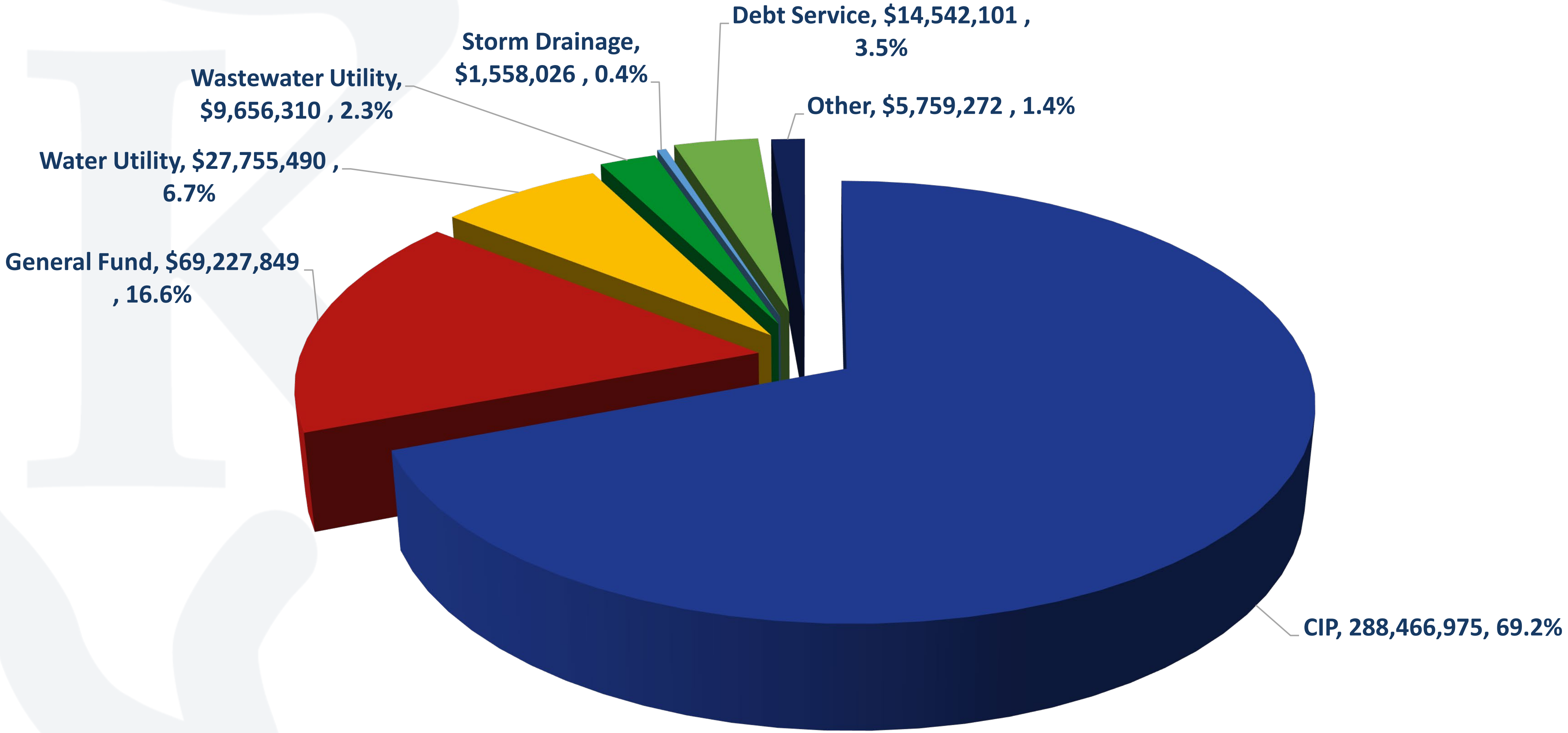
BUDGET SUMMARY
FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

ALL CITY FUNDS

PROPOSED BUDGET FY 2026-27: $416,966,023



BUDGET SUMMARY (CONTINUED)
PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Operating Budget For Fiscal Year 2026-27

General Fund

- ❑ $71.34 million total proposed budget for Fiscal Year 2026-27
  - ➢ $7.90 million or 9.97% less than FY 2026
  - ➢ $2.35 million estimated revenues & transfers-in above estimated expenditures & transfers
  - ➢ $20.37 million estimated fund balance at 9-30-2027
- ❑ 1.28% decline in the 2026 certified taxable assessed valuation (TAV) when compared to 2025 certified TAV on the same basis. This TAV comparison is net of TAVs within the City's six (6) Tax Increment Reinvestment Zones (TIRZ).
- ❑ Awaiting to receive 2026 certified property tax rate calculations to be completed by Hays County Tax Assessor-Collector.

BUDGET SUMMARY (CONTINUED)
PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Operating Budget For Fiscal Year 2026-27

Water Utility Fund

- $32.45 million total proposed budget for Fiscal Year 2026-27
  - $1.04 million or 3.10% less than FY 2026
  - $2.61 million estimated revenues & transfers-in above estimated expenditures & transfers
  - $23.96 million estimated fund balance at 9-30-2027
- No rate increase proposed for water service rates for inside and outside City utility customers.

BUDGET SUMMARY (CONTINUED)

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Operating Budget For Fiscal Year 2026-27

Wastewater Utility Fund

- $12.30 million total proposed budget for Fiscal Year 2026-27
  - $ 1.72 million or 12.28% less than FY 2026
  - $5.24 million estimated revenues & transfers-in above estimated expenditures & transfers
  - $30.86 million estimated fund balance at 9-30-2027
- No rate increase proposed for wastewater service rates for inside and outside City utility customers.

BUDGET SUMMARY (CONTINUED)
PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Operating Budget For Fiscal Year 2026-27

Storm Drainage Utility Fund

- $1.80 million total proposed budget for Fiscal Year 2026-27
  - $1.21 million or 40.32% less than FY 2026
  - $0.46 million estimated revenues & transfers-in above estimated expenditures & transfers
  - $1.54 million estimated fund balance at 9-30-2027
- No fee increase proposed for storm drainage fees for residential and commercial customers.

BUDGET SUMMARY (CONTINUED)
5-YEAR CAPITAL IMPROVEMENTS PLAN (CIP)

1. 5-Year CIP Spending Plan Covers = FY 2027 to FY 2031
2. Number of Proposed Projects = 82
3. Proposed CIP Spending FY 2026-27 = $288.5 Million
4. Proposed 5-Year CIP Spending Plan = $838.8 Million
   - Tax-Supported CIPs = $379.6 Million or 45.3%
   - Non-Tax Supported CIPs = $459.2 Million or 54.7%

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
5-Year Spending Plan FY 2027-2031	$288.5M	$290.1M	$152.1M	$60.5M	$47.6M	$838.8M

A complete listing of all CIP projects are provided in the budget document.

BUDGET SUMMARY (CONTINUED)

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

- ❑ 460.0 total full-time equivalent positions (FTEs) proposed for FY 2026-27
  - ➢ 11.0 or 2.34% less than FY 2026
- ❑ No employee layoffs or filled positions eliminated in proposed budget for FY 2026-27
- ❑ No wages and or salary reductions included in proposed budget for FY 2026-27
- ❑ 11.0 total number of positions eliminated in the proposed budget for FY 2026-27
  - ➢ $1.88 million in total recurring annual cost savings.
- ❑ 24.0 total number of positions frozen/unfunded in the proposed budget for FY 2026-27
  - ➢ $2.45 million in total recurring annual cost savings

BUDGET SUMMARY (CONTINUED)
PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

- 1.28% decline in the 2026 certified taxable assessed valuation (TAV) when compared to 2025 certified TAV on the same basis. This TAV comparison is net of TAVs within the City's six (6) Tax Increment Reinvestment Zones (TIRZ).
- Awaiting to receive 2026 certified property tax rate calculations to be completed by Hays County Tax Assessor-Collector.
- Options for property tax rates will be discussed with City Council on August 13, 2026.
- No rate increase proposed for water service rates for inside and outside City utility customers.
- No rate increase proposed for wastewater service rates for inside and outside City utility customers.
- No fee increase proposed for storm drainage fees for residential and commercial customers.

BUDGET SUMMARY (CONTINUED)

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

- 2.5% rate increase included in the proposed budget for solid waste, recycling and composting services (trash collection) per City's contract with Texas Disposal System (TDS).
- Addition of one new fee for wastewater utilities – cost recovery for industrial pretreatment sampling.
- No increase proposed for all other City rates, fees, and charges.

HIGHLIGHTS OF ITEMS CURRENTLY IN THE BUDGET FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

HIGHLIGHTS OF ITEMS CURRENTLY IN THE BUDGET

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

- ✓ Santa Claus will be coming to Mary Kyle Hartson Park in downtown Kyle, he will help turn on Christmas lights, take photos with children of all ages, and ride along through neighborhoods. No change in Santa's plans!
- ✓ The Grinch will also be there too – no change in his plans as well.
- ✓ All City parks will continue to be funded, remain open, fully maintained including the City's swimming pool, splashpads, skate park, playgrounds, ballfields, restrooms, and parking.
- ✓ 4% average pay increase (step increase) for all sworn police officers.
- ✓ 2% peer city-based pay increase for all Corporal ranked positions in the Police department. This is in addition to the step increase.
- ✓ All road bond program projects are continuing – no work stoppage.

HIGHLIGHTS OF ITEMS CURRENTLY IN THE BUDGET

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

✓ All essential City services are funded including but not limited to:

1. Public safety
2. Emergency services
3. Code enforcement
4. Building permitting & inspection services
5. Solid waste (trash) & recycling collection services
6. 311 customer support service program
7. Streets & roadway maintenance
8. Public transportation program
9. Right-of-way maintenance
10. Water supply services
11. Wastewater collection services
12. Storm drainage services
13. Parks and recreation services
14. Library services

HIGHLIGHTS OF ITEMS CURRENTLY NOT IN THE BUDGET FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

HIGHLIGHTS OF ITEMS CURRENTLY NOT IN THE BUDGET

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

- X Funding for pay increase for civilian City employees
- X Funding for non-essential travel
- X Funding for employee leave buyback program, tuition reimbursement, City paid 12-weeks parental leave program, cash contribution for health reimbursement arrangement account (HRA)
- X Funding for federal/state lobbyist
- X Funding for annual banquet for City Boards & Commissions
- X Funding for dinner service for City Council meetings
- X Funding for pride celebrations or pride special events program
- X Funding for undergrounding of existing overhead utilities

PROCESS FOR BUDGET AMENDMENTS BY CITY COUNCIL, IF NEEDED FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Perwez A. Moheet, CPA, Interim City Manager

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PROCESS FOR BUDGET AMENDMENTS BY CITY COUNCIL, IF NEEDED

PROPOSED BUDGET FISCAL YEAR 2026-27

Balanced Proposed Budget For Fiscal Year 2026-27

1. The recommended proposed budget for Fiscal Year 2026-27, as submitted to the City Council by the Interim City Manager, is a structurally balanced budget.

2. Any amendment(s) to the proposed budget resulting in a net increase to total expenditures, will require a corresponding expenditure reduction to maintain the balanced budget, as recommended by the Interim City Manager for next fiscal year.

3. A motion describing the budget amendment including the amount for the amendment is made by the sponsoring Council Member, seconded, and then a roll call vote is taken.

4. If the motion passes, then staff will make the changes to the Interim City Manager's recommended proposed budget, and the specific amendment is then included in the City's final budget for adoption by the City Council.

ORGANIZATIONAL REALIGNMENT – TRANSPORTATION & PUBLIC WORKS FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Amber Schmeits, Deputy City Manager

Restructuring Strategy

1. Create two separate departments.
The former Transportation & Public Works Department would be divided into the Departments of:

- **Transportation & Public Works:** focus on the City's day-to-day operations and maintenance, including streets maintenance and construction, permitting and inspections, drainage, fleet, and right-of-way and streetlights maintenance.
- **Capital Improvement Projects & Engineering:** focus exclusively on the planning, design, engineering, project management, and construction of the City's Capital Improvement Program and the 2022 Road Bond Program.

2. Appoint Chris Arnold as Interim Director of Transportation & Public Works and establish an Assistant Director position.

- Chris has extensive operational knowledge and experience within the TPW department and has demonstrated ability to successfully lead these teams to continue excellent service delivery.
    - Asphalt Avengers!
- We have also created a vacant Assistant Director position to strengthen and support operational leadership and provide additional management capacity to continue excellent service delivery.

Restructuring Strategy

3. Reorganize the Beautification Division into the Right-of-Way Maintenance Division.

- The Beautification Division has been transferred from Parks & Recreation to Transportation & Public Works and renamed the **Right-of-Way Maintenance Division.**
- Mowing, streetlight maintenance, permitting and inspections, traffic control, and right-of-way maintenance are complementary functions.
- Housing these operations under one department allows for better coordination of crews, equipment, and work schedules while reducing duplication and creating opportunities for long-term cost savings.
- Potential **cost savings of ~$40,000/year** for using ROW Division to maintain City facilities and eliminate contracts for landscaping services.

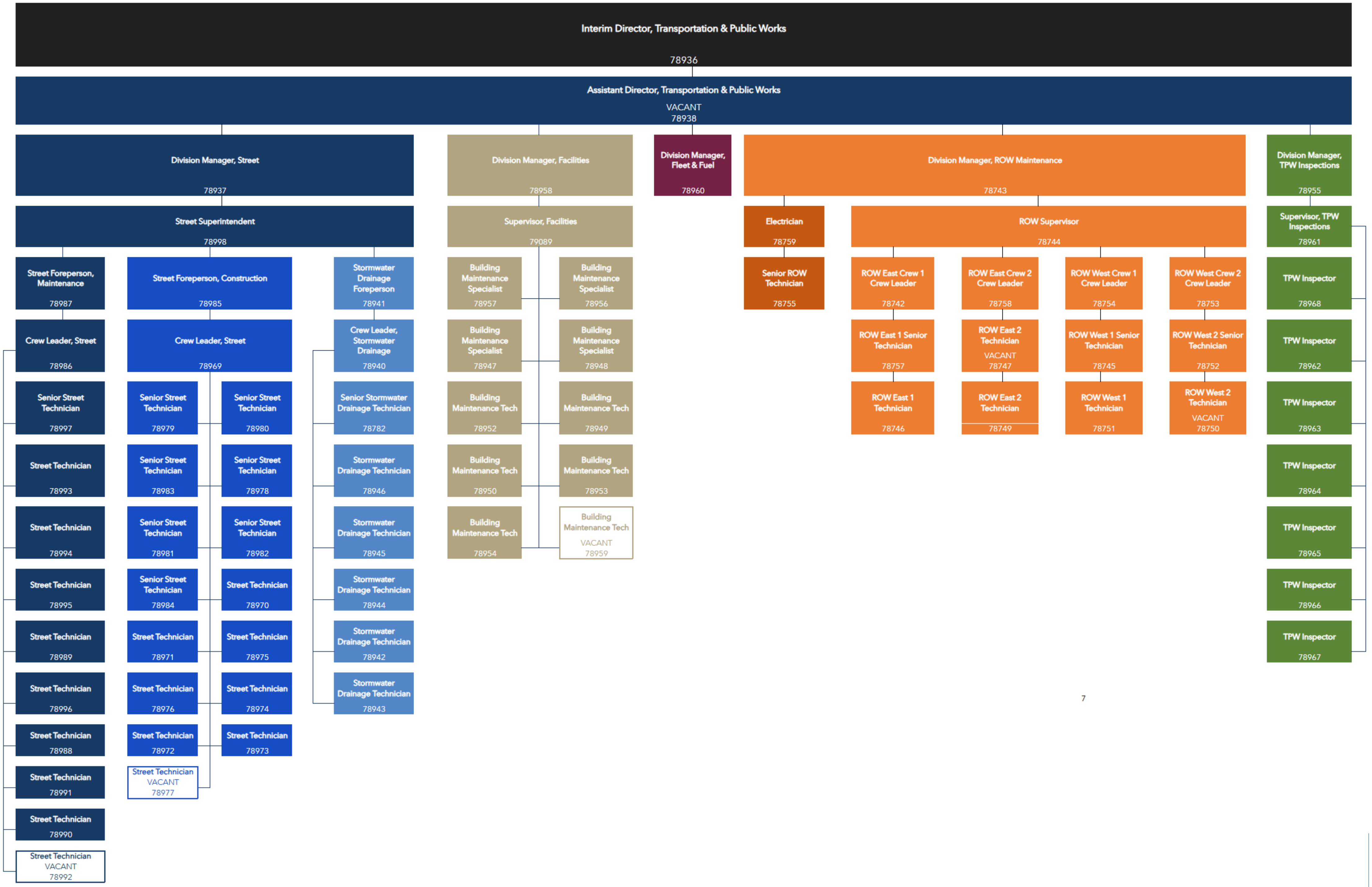
Restructuring Strategy

4. Appoint Leon Barba as Director of Capital Improvement Projects & Engineering while retaining title of City Engineer.

- Centralize delivery of the City's CIP, providing a single department that serves all City departments and improves coordination, consistency, and accountability for capital projects.
- Creates internal service department that supports the entire organization and provides a consistent approach to project delivery.
- Leon's engineering expertise, familiarity with the City's CIP, and institutional knowledge make him well suited to lead this newly established department.
  - Celebrated 50 years as a P.E. in 2025!

TPW Organizational Chart

Transportation & Public Works Department


Interim Director, Transportation & Public Works
78936
Assistant Director, Transportation & Public Works
VACANT
78938
Division Manager, Street
78937
Street Superintendent
78998
Street Foreperson, Maintenance
78987
Crew Leader, Street
78986
Senior Street Technician
78997
Street Technician
78993
Street Technician
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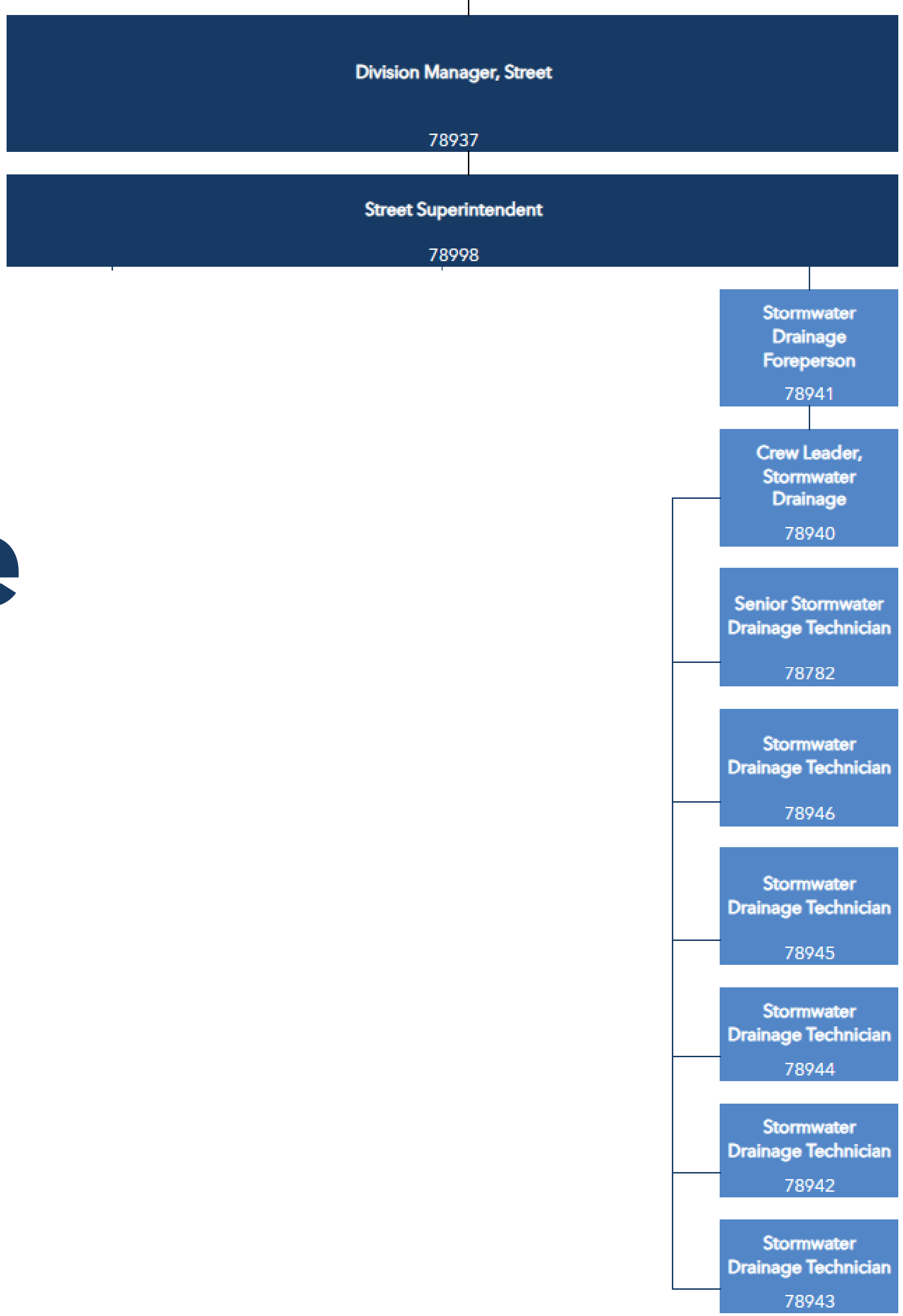
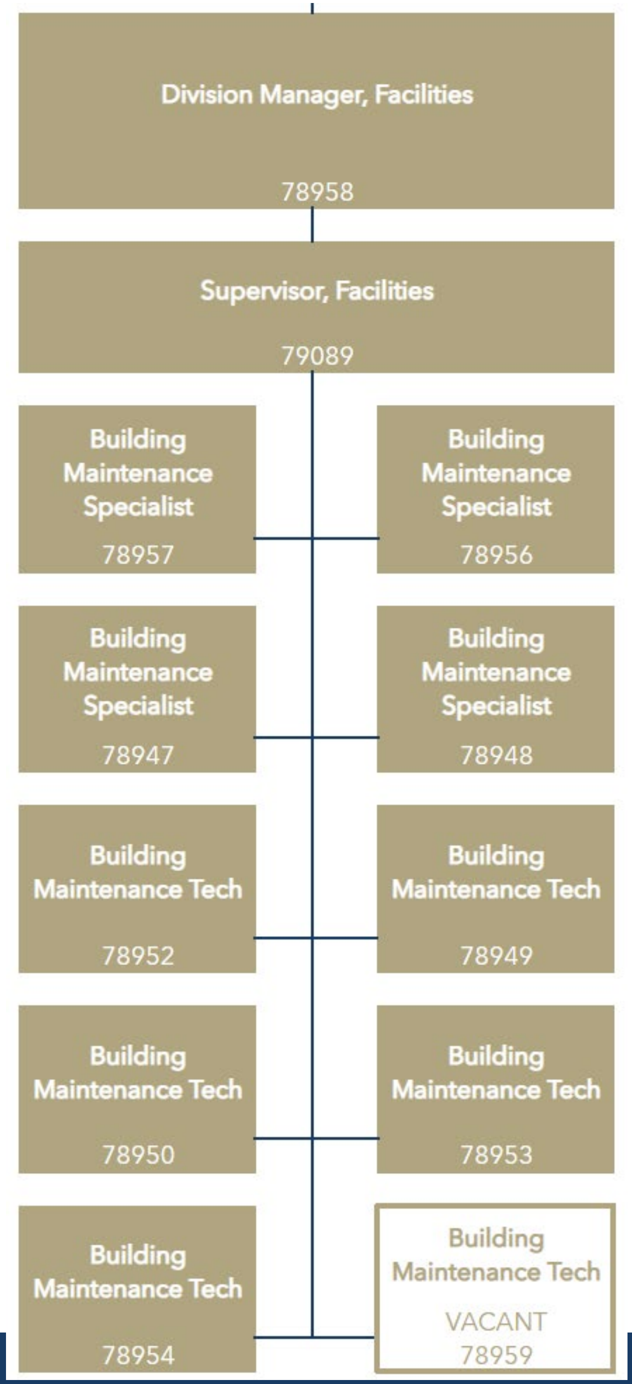
78995
Street Technician
78989
Street Technician
78996
Street Technician
78988
Street Technician
78991
Street Technician
78990
Street Technician
VACANT
78992
Street Foreperson, Construction
78985
Crew Leader, Street
78969
Senior Street Technician
78979
Senior Street Technician
78983
Senior Street Technician
78981
Senior Street Technician
78984
Street Technician
78971
Street Technician
78976
Street Technician
78972
Street Technician
VACANT
78977
Senior Street Technician
78980
Senior Street Technician
78978
Senior Street Technician
78982
Street Technician
78970
Street Technician
78975
Street Technician
78974
Street Technician
78973
Stormwater Drainage Foreperson
78941
Crew Leader, Stormwater Drainage
78940
Senior Stormwater Drainage Technician
78782
Stormwater Drainage Technician
78946
Stormwater Drainage Technician
78945
Stormwater Drainage Technician
78944
Stormwater Drainage Technician
78942
Stormwater Drainage Technician
78943
Division Manager, Facilities
78958
Supervisor, Facilities
79089
Building Maintenance Specialist
78957
Building Maintenance Specialist
78947
Building Maintenance Tech
78952
Building Maintenance Tech
78950
Building Maintenance Tech
78954
Building Maintenance Specialist
78956
Building Maintenance Specialist
78948
Building Maintenance Tech
78949
Building Maintenance Tech
78953
Building Maintenance Tech
VACANT
78959
Division Manager, Fleet & Fuel
78960
Division Manager, ROW Maintenance
78743
Electrician
78759
Senior ROW Technician
78755
ROW Supervisor
78744
ROW East Crew 1 Crew Leader
78742
ROW East 1 Senior Technician
78757
ROW East 1 Technician
78746
ROW East Crew 2 Crew Leader
78758
ROW East 2 Technician
VACANT
78747
ROW East 2 Technician
78749
ROW West Crew 1 Crew Leader
78754
ROW West 1 Senior Technician
78745
ROW West 1 Technician
78751
ROW West Crew 2 Crew Leader
78753
ROW West 2 Senior Technician
78752
ROW West 2 Technician
VACANT
78750
Division Manager, TPW Inspections
78955
Supervisor, TPW Inspections
78961
TPW Inspector
78968
TPW Inspector
78962
TPW Inspector
78963
TPW Inspector
78964
TPW Inspector
78965
TPW Inspector
78966
TPW Inspector
78967
7

Streets Division

Drainage Division



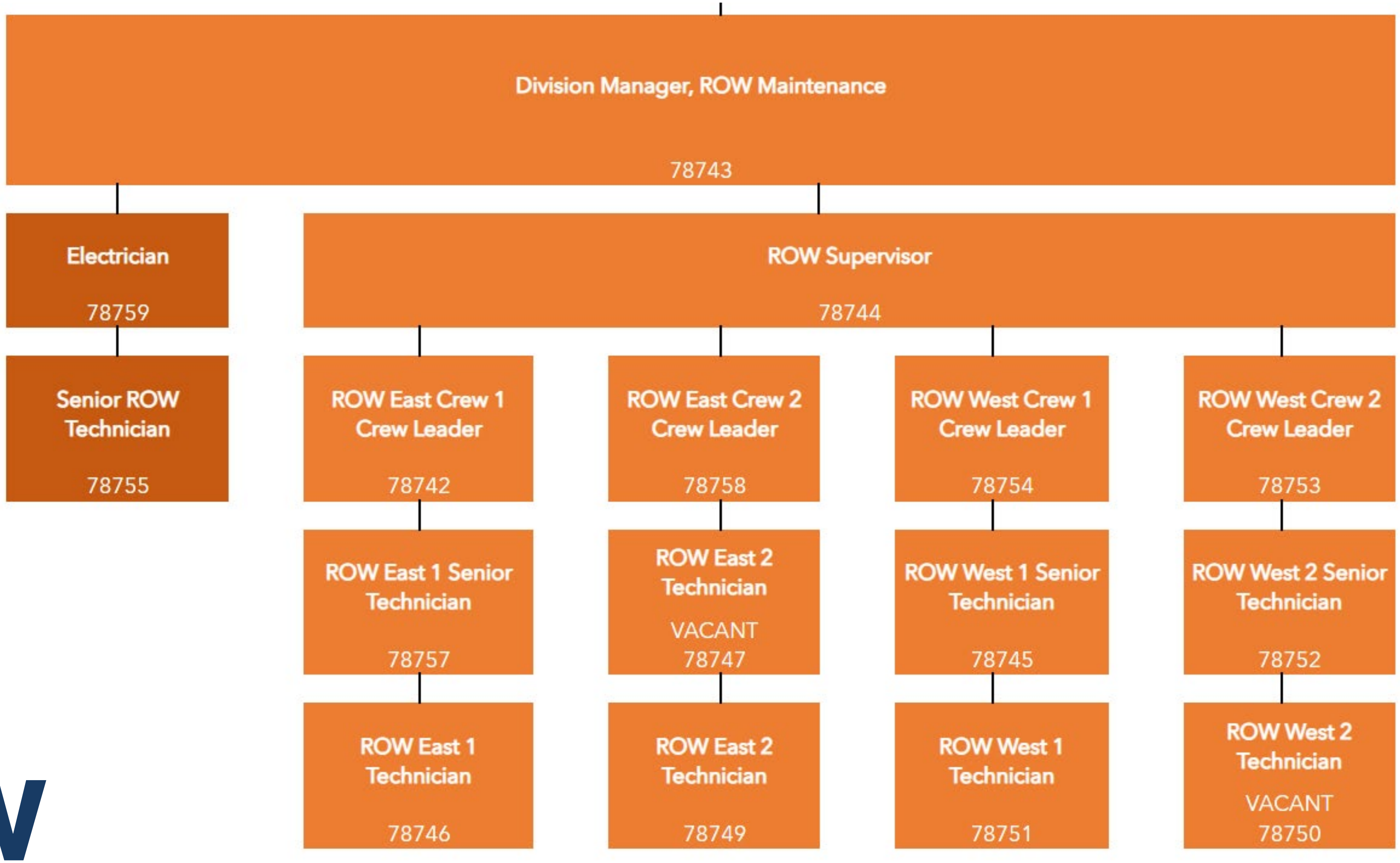
Facilities Division



Fleet Division

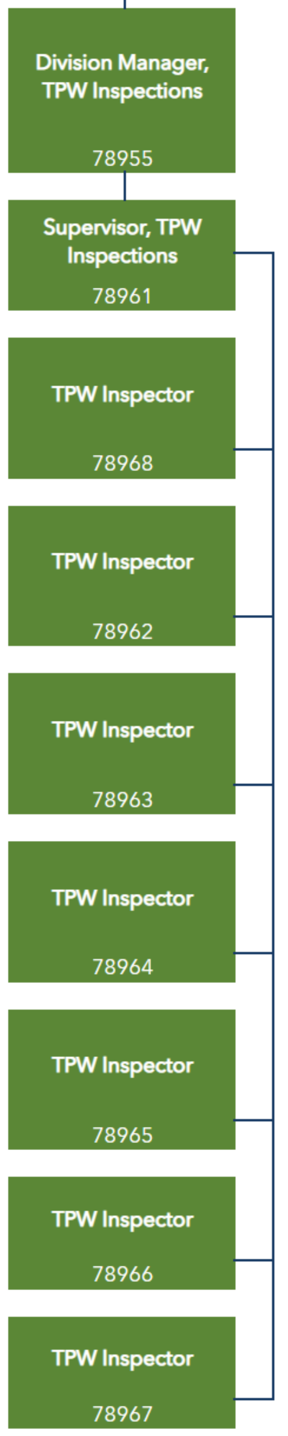
Division Manager, Fleet & Fuel

78960



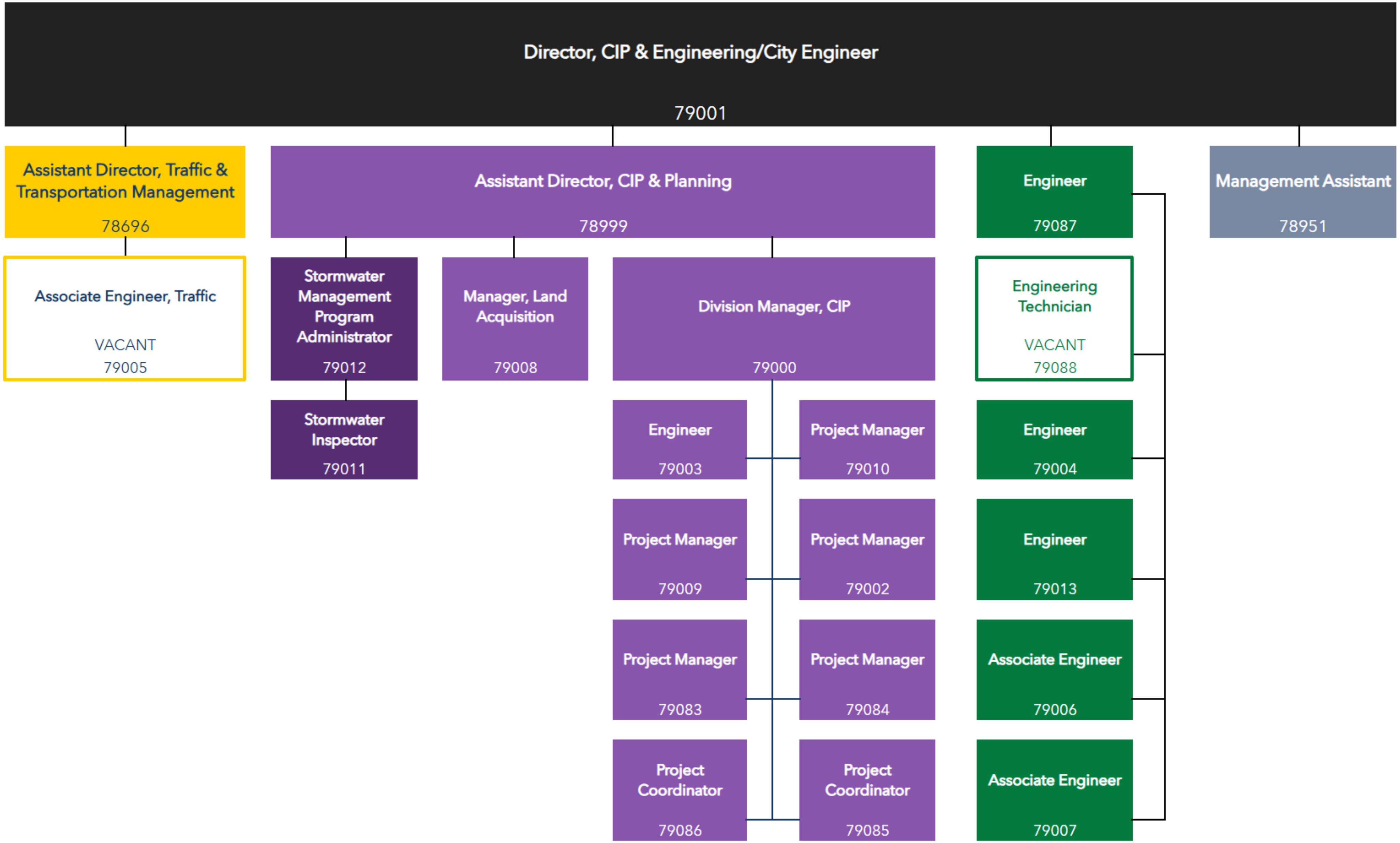
ROW Maintenance Division

Inspections Division



CIP & Engineering Organizational Chart

Capital Improvements Projects & Engineering


Director, CIP & Engineering/City Engineer
79001
Assistant Director, Traffic & Transportation Management
78696
Associate Engineer, Traffic
VACANT
79005
Assistant Director, CIP & Planning
78999
Stormwater Management Program Administrator
79012
Stormwater Inspector
79011
Manager, Land Acquisition
79008
Division Manager, CIP
79000
Engineer
79003
Project Manager
79010
Project Manager
79009
Project Manager
79002
Project Manager
79083
Project Manager
79084
Project Coordinator
79086
Project Coordinator
79085
Engineer
79087
Engineering Technician
VACANT
79088
Engineer
79004
Engineer
79013
Associate Engineer
79006
Associate Engineer
79007
Management Assistant
78951

Assistant Director, Traffic & Transportation Management

78696

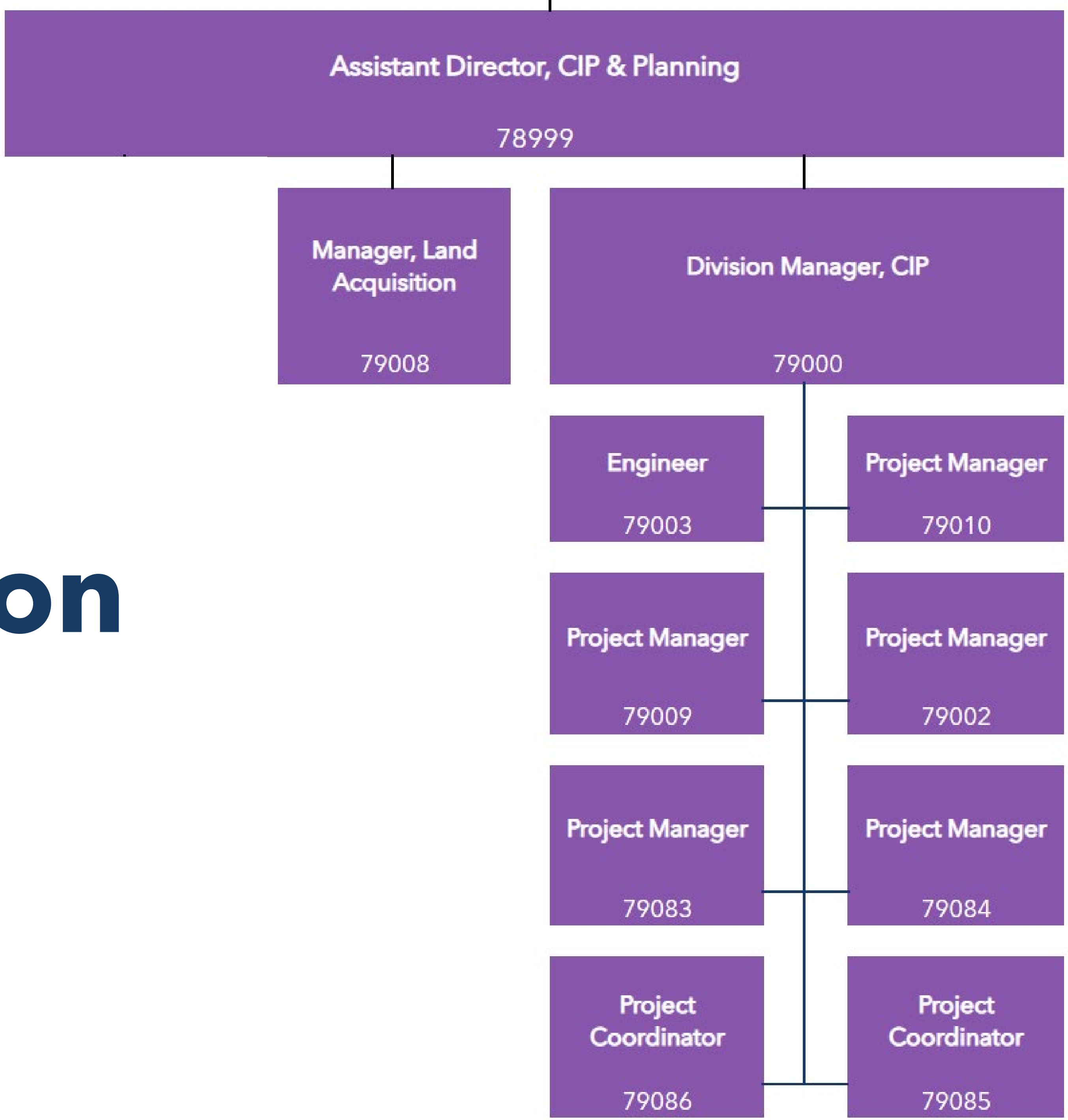
Associate Engineer, Traffic

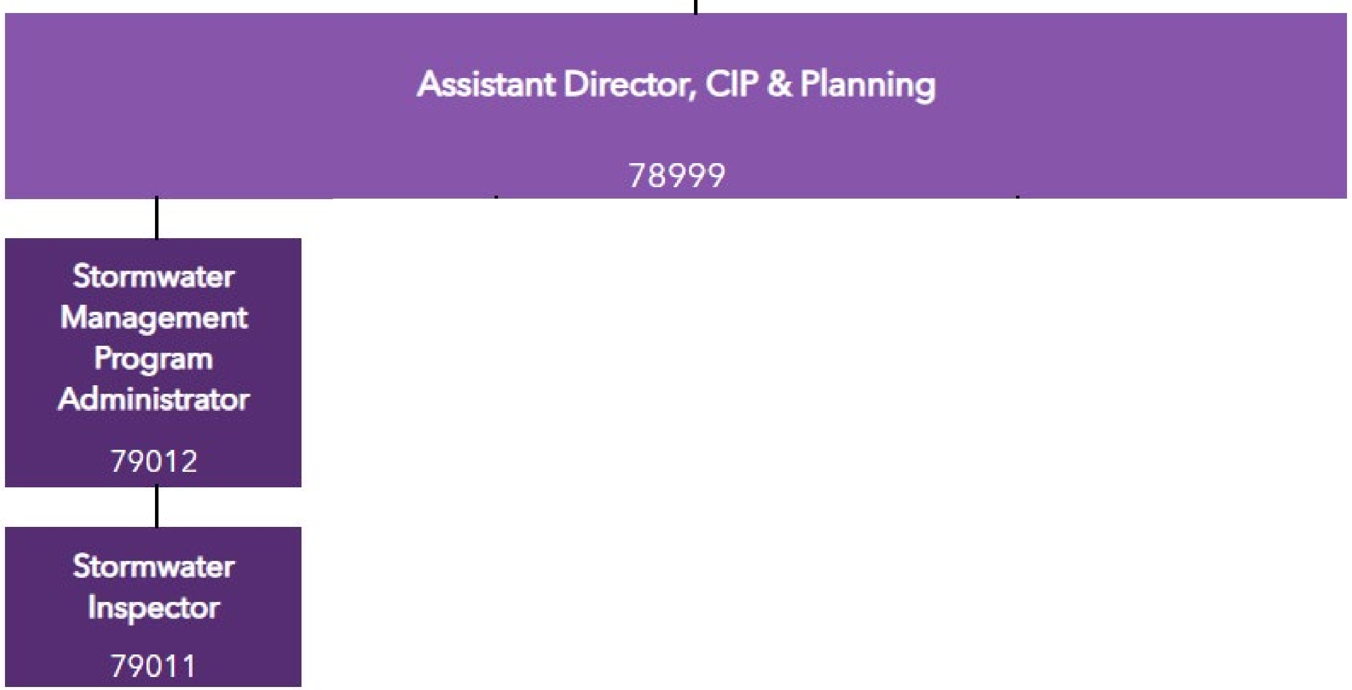
VACANT

79005

Traffic & Transportation Division

CIP Division





Stormwater Division

Engineering Division

Engineer
79087

Engineering Technician
VACANT
79088

Engineer
79004

Engineer
79013

Associate Engineer
79006

Associate Engineer
79007

ORGANIZATIONAL REALIGNMENT – PARKS & RECREATION DEPARTMENT FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Jesse Elizondo, Assistant City Manager

NOTABLE CHANGES IN THE PARKS AND RECREATION DEPARTMENT FY2026-27

Eliminated Positions

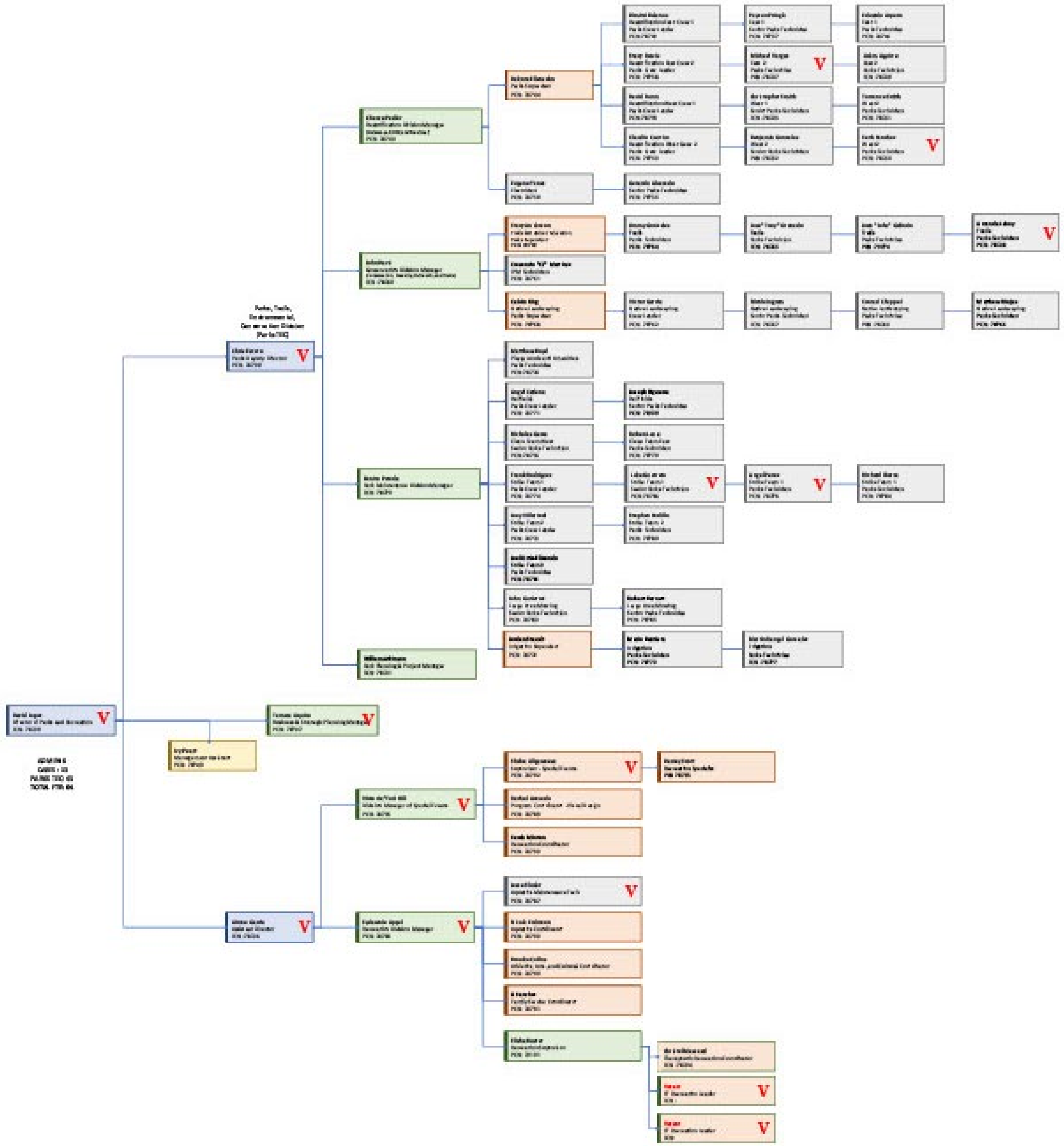
- Parks Deputy Director
- Assistant Director (repurposed as Parks Operations Manager)
- Recreation Division Manager (merged into one division manager)
- Business and Strategic Planning Manager

Notable Position Changes

- Creation of a new Parks Operations Manager to oversee division managers
- Recreation and Special Events report to one division manager
- Parks Planning and Project Manager moved to Development Services Department
- Aquatics Maintenance Tech reporting to Parks Maintenance Division
- Entire Beautification Division moved under Transportation and Public Works

Key Benefits and Efficiencies

- Restructured the department from 64 positions to 45, creating a leaner organization while maintaining core mission and services
- Created a Parks Operations Manager position to align division priorities, coordinate resources, and strengthen day to day operations
- Consolidated management layers to streamline decision making and improve accountability
- Improved cross divisional collaboration between Recreation, Parks Maintenance, Conservation, Aquatics, and Special Events to maximize staff and equipment utilization
- Realigned responsibilities to better match departmental expertise, allowing staff to focus on core services and strategic priorities
- Enhanced organizational flexibility to support current operations while preparing for measured growth and new park facilities



NOTABLE CHANGES IN THE PARKS AND RECREATION DEPARTMENT FY 2026-27

- Director of Parks and Recreation
  Vacant
  78739
  - Parks Operations Manager
    Vacant
    -
    - Division Manager Recreation/Special Events
      Vacant
      -
      - Special Events Division
        5 FTEs
        0 Vacant
        2 Vacant Part Time
      - Recreation Division
        5 FTEs
        1 Vacant
    - Division Manager Parks Maintenance
      Benito Pereda
      78770
      - Parks and Aquatics Maintenance Division
        18 FTEs
        3 Vacant
    - Division Manager Conservation
      John Davis
      78760
      - Native Landscaping Division
        6 FTEs
        0 Vacant
      - Trails Division
        5 FTEs
        1 Vacant
  - Management Assistant
    Ivy Peart
    78740

Total FY 26-27
45 FTEs
8 Vacant
2 Vacant Part Time

COST CONTAINMENT FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Andy Alejandro, Interim Deputy Finance Director

Holly R. Holt-Torres, Assistant Finance Director

COST CONTAINMENT FOR FY 2026-27

Category	Representative Strategies	Estimated Savings
👥 **Personnel Strategies**	Position funding adjustments, vacant position eliminations, Meet & Confer adjustments	**$5.87 M**
⚙️ **Operational Efficiencies**	Departmental reductions, software optimization, fleet, Parks & Recreation events, transportation program, lobbyist services, Council meals, Boards and Commissions banquet	**$4.81 M**
❤️ **Employee Benefit Changes**	HRA contributions, leave buyback, tuition reimbursement, paid parental leave	**$1.23 M**
Total Across All Major Funds:		**$11.91 M**

ABOUT CITY'S FUND STRUCTURE FOR FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

Presented by: Andy Alejandro, Interim Deputy Finance Director

Holly R. Holt-Torres, Assistant Finance Director

ABOUT CITY'S BUDGET STRUCTURE

The City, like most government organizations, utilizes the Fund accounting system.

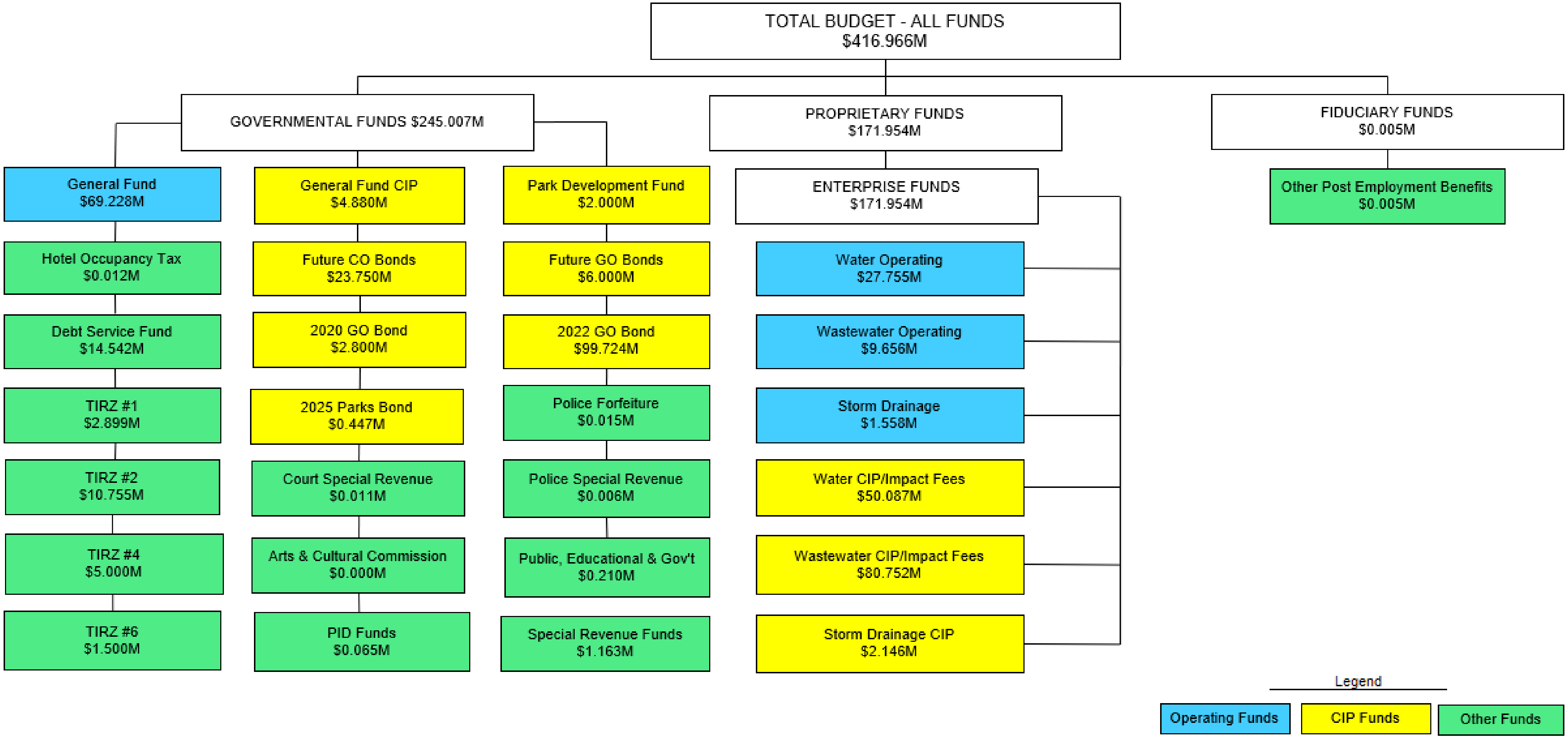
Fund accounting system provides for:

- Accountability
- Transparency
- Separation of funds based on public purpose and intent. Allows for separate budgeting, accounting, & financial reporting systems

On an average, the City manages 50-60 separate Funds per year in three Fund types:

- **Governmental Funds**
  - Generally used to account for and track tax-supported functions & activities
- **Enterprise Funds**
  - Utilized to account for and track City's business-type activities and functions
  - User fees and charges for services such as the utilities
- **Fiduciary Type Funds**
  - Trusts

CITY'S FUND STRUCTURE



MAJOR OPERATING FUNDS FINANCIAL FORECAST FY 2027-31

City Council Meeting: August 1, 2026

Presented by: Andy Alejandro, Interim Deputy Finance Director
Holly R. Holt-Torres, Assistant Finance Director

ABOUT 5-YEAR FINANCIAL FORECAST

- **Financial forecast** is an essential part of the annual budget process to help with budgetary decision-making.
- Purpose of the financial forecast is to evaluate current and future fiscal conditions to help guide policy and management decisions.
- A financial forecast is a fiscal management tool that presents estimated information based on past, current, and projected financial conditions.

GENERAL FUND

5-YEAR FINANCIAL FORECAST FISCAL YEARS 2027-2031

KEY ASSUMPTIONS - FINANCIAL FORECAST GENERAL FUND REVENUES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Property Valuation Growth	-1.0%	1.5%	2.5%	3.0%	3.5%
Sales Tax Growth	4.0%	4.0%	5.0%	6.0%	7.0%
Development Revenue - Planning	CYE/SL	0.0%	1.5%	2.0%	2.0%
Development Revenue - Permits	CYE/SL	0.0%	2.0%	2.5%	2.5%
Interest Income	1.5%	1.5%	2.0%	2.0%	2.0%
Other Revenues	2.0%	2.5%	3.0%	3.5%	4.0%
Loan Repayment From TIRZ #2	$785,000	$835,000	$885,000	$935,000	$985,000
Transfers - In	FY 2026 Budget	0.0%	0.0%	0.0%	0.0%

KEY ASSUMPTIONS - FINANCIAL FORECAST GENERAL FUND EXPENDITURES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Base Wages - Sworn	4.0%	4.0%	0.0%	0.0%	0.0%
Merit/COLA	0.0%	3.5%	3.5%	3.5%	3.5%
Medical Insurance	15.7%	10.0%	10.0%	10.0%	10.0%
TMRS Contribution	1.5%	1.5%	1.5%	1.5%	1.5%
Contractual	5.0%	5.0%	5.0%	5.0%	5.0%
Commodities	10.0%	10.0%	10.0%	10.0%	10.0%
Cash Funding for Equipment	$0	$0	$200,000	$250,000	$300,000
Cash Funding for CIP	$0	$0	$0	$0	$0
Transfer to TIRZ #1-6 Funds (AVG)	5.0%	5.0%	5.0%	5.0%	5.0%

5-YEAR FORECAST - GENERAL FUND (BEFORE)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 19,244,259	$ 14,977,707	$ 10,301,127	$ 2,459,760	$ (6,842,574)	$ (16,731,286)	$ (28,083,929)
REVENUE							
Property Tax	$ 21,669,253	$ 20,828,940	$ 20,620,651	$ 20,929,963	$ 21,453,214	$ 22,096,812	$ 22,870,202
Sales Tax	21,946,333	20,207,728	21,016,038	21,856,680	22,949,515	24,326,487	26,029,342
Development Revenues	6,998,336	4,933,181	4,974,509	5,026,395	5,147,191	5,295,921	5,461,464
Other Revenues	12,855,995	13,409,235	13,602,987	13,889,629	14,269,375	14,719,545	15,248,184
TOTAL REVENUES	**$ 63,469,916**	**$ 59,379,084**	**$ 60,214,185**	**$ 61,702,667**	**$ 63,819,295**	**$ 66,438,765**	**$ 69,609,192**
Transfers-In	$ 15,131,999	$ 15,132,015	$ 15,182,015	$ 15,232,015	$ 15,282,015	$ 15,332,015	$ 15,382,015
TOTAL TRANSFERS-IN	**$ 15,131,999**	**$ 15,132,015**	**$ 15,182,015**	**$ 15,232,015**	**$ 15,282,015**	**$ 15,332,015**	**$ 15,382,015**
TOTAL REVENUES & TRANSFERS-IN	**$ 78,601,915**	**$ 74,511,099**	**$ 75,396,200**	**$ 76,934,682**	**$ 79,101,310**	**$ 81,770,780**	**$ 84,991,207**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 97,846,174**	**$ 89,488,806**	**$ 85,697,327**	**$ 79,394,442**	**$ 72,258,736**	**$ 65,039,494**	**$ 56,907,278**
EXPENDITURES							
Operations & Maintenance	$ 77,132,010	$ 77,079,710	$ 80,555,654	$ 83,683,853	$ 86,882,053	$ 91,015,454	$ 95,425,328
Future Supplemental	-	-	-	-	-	-	-
Cash Funding - CIP	-	-	-	-	-	-	-
Cash Funding- Equipment/Other	-	-	-	-	-	-	-
2% Increase Per Meet and Confer (FY27 and FY28) + 2% Step Increase	-	-	573,944	445,194	-	-	-
TOTAL EXPENDITURES	**$ 77,132,010**	**$ 77,079,710**	**$ 81,129,598**	**$ 84,129,047**	**$ 86,882,053**	**$ 91,015,454**	**$ 95,425,328**
Transfers-Out - TIRZ	$ 2,107,968	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969
TOTAL TRANSFERS-OUT	**$ 2,107,968**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 79,239,978**	**$ 79,187,679**	**$ 83,237,567**	**$ 86,237,016**	**$ 88,990,022**	**$ 93,123,423**	**$ 97,533,297**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (638,063)**	**$ (4,676,580)**	**$ (7,841,367)**	**$ (9,302,334)**	**$ (9,888,712)**	**$ (11,352,643)**	**$ (12,542,090)**
ESTIMATED ENDING FUND BALANCE	**$ 18,606,196**	**$ 10,301,127**	**$ 2,459,760**	**$ (6,842,574)**	**$ (16,731,286)**	**$ (28,083,929)**	**$ (40,626,019)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 19,809,994***	***$ 19,796,920***	***$ 20,809,392***	***$ 21,559,254***	***$ 22,247,506***	***$ 23,280,856***	***$ 24,383,324***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ (1,203,798)***	***$ (9,495,792)***	***$ (18,349,631)***	***$ (28,401,828)***	***$ (38,978,791)***	***$ (51,364,784)***	***$ (65,009,343)***
% Fund Balance in Excess of Minimum Required Per Policy	***-6.08%***	***-47.97%***	***-88.18%***	***-131.74%***	***-175.21%***	***-220.63%***	***-266.61%***

5-YEAR FORECAST - GENERAL FUND (AFTER)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 19,244,259	$ 14,977,707	$ 18,020,374	$ 20,369,970	$ 23,183,469	$ 25,838,124	$ 27,549,668
REVENUE							
Property Tax	$ 21,669,253	$ 22,554,610	$ 22,271,449	$ 22,605,521	$ 23,170,659	$ 23,865,779	$ 24,701,081
Sales Tax	21,946,333	20,282,300	20,280,300	21,091,512	22,146,088	23,474,853	25,118,093
Development Revenues	6,998,336	4,933,181	4,933,181	4,933,181	5,031,845	5,157,641	5,286,582
Other Revenues	12,855,995	12,539,181	12,244,135	13,889,629	14,269,375	14,719,545	15,248,184
TOTAL REVENUES	**$ 63,469,916**	**$ 60,309,272**	**$ 59,729,065**	**$ 62,519,843**	**$ 64,617,966**	**$ 67,217,817**	**$ 70,353,939**
Transfers-In	$ 15,131,999	$ 15,132,015	$ 13,956,349	$ 13,956,349	$ 13,956,349	$ 13,956,349	$ 13,956,349
TOTAL TRANSFERS-IN	**$ 15,131,999**	**$ 15,132,015**	**$ 13,956,349**	**$ 13,956,349**	**$ 13,956,349**	**$ 13,956,349**	**$ 13,956,349**
TOTAL REVENUES & TRANSFERS-IN	**$ 78,601,915**	**$ 75,441,287**	**$ 73,685,414**	**$ 76,476,192**	**$ 78,574,315**	**$ 81,174,166**	**$ 84,310,288**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 97,846,174**	**$ 90,418,994**	**$ 91,705,788**	**$ 96,846,162**	**$ 101,757,784**	**$ 107,012,290**	**$ 111,859,956**
EXPENDITURES							
Operations & Maintenance	$ 77,132,010	$ 70,290,651	$ 68,868,839	$ 71,109,530	$ 73,811,692	$ 77,354,653	$ 81,067,676
Future Supplemental	-	-	-	-	-	-	-
Cash Funding - CIP	-	-	-	-	-	-	-
Cash Funding- Equipment/Other	-	-	-	-	-	-	-
2% Increase Per Meet and Confer (FY27 and FY28) + 2% Step Increase	-	-	359,010	445,194	-	-	-
TOTAL EXPENDITURES	**$ 77,132,010**	**$ 70,290,651**	**$ 69,227,849**	**$ 71,554,724**	**$ 73,811,692**	**$ 77,354,653**	**$ 81,067,676**
Transfers-Out - TIRZ	$ 2,107,968	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969	$ 2,107,969
TOTAL TRANSFERS-OUT	**$ 2,107,968**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**	**$ 2,107,969**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 79,239,978**	**$ 72,398,620**	**$ 71,335,818**	**$ 73,662,693**	**$ 75,919,661**	**$ 79,462,622**	**$ 83,175,645**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (638,063)**	**$ 3,042,667**	**$ 2,349,596**	**$ 2,813,499**	**$ 2,654,654**	**$ 1,711,544**	**$ 1,134,643**
ESTIMATED ENDING FUND BALANCE	**$ 18,606,196**	**$ 18,020,374**	**$ 20,369,970**	**$ 23,183,469**	**$ 25,838,124**	**$ 27,549,668**	**$ 28,684,310**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 19,809,994***	***$ 18,099,655***	***$ 17,833,955***	***$ 18,415,673***	***$ 18,979,915***	***$ 19,865,656***	***$ 20,793,911***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ (1,203,798)***	***$ (79,281)***	***$ 2,536,016***	***$ 4,767,796***	***$ 6,858,208***	***$ 7,684,012***	***$ 7,890,399***
% Fund Balance in Excess of Minimum Required Per Policy	***-6.08%***	***-0.44%***	***14.22%***	***25.89%***	***36.13%***	***38.68%***	***37.95%***

WATER UTILITY FUND

5-YEAR FINANCIAL FORECAST
FISCAL YEARS 2027-2031

KEY ASSUMPTIONS - FINANCIAL FORECAST WATER UTILITY FUND REVENUES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Water Service Revenues	2.0%	2.0%	3.0%	4.0%	5.0%
Other Revenues	CYE/SL	0.0%	2.5%	3.0%	3.5%

KEY ASSUMPTIONS - FINANCIAL FORECAST WATER UTILITY FUND EXPENDITURES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Merit/COLA	0.0%	3.5%	3.5%	3.5%	3.5%
Medical Insurance	15.7%	10.0%	10.0%	10.0%	10.0%
TMRS Contribution	1.5%	1.5%	1.5%	1.5%	1.5%
Contractual	5.0%	5.0%	5.0%	5.0%	5.0%
Commodities	10.0%	10.0%	10.0%	10.0%	10.0%
Transfers - Out	FY 2026 Budget	0.0%	0.0%	0.0%	0.0%

5-YEAR FORECAST – WATER UTILITY FUND (BEFORE) SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 18,197,866	$ 18,197,866	$ 13,874,579	$ 5,151,278	$ (12,203,981)	$ (36,631,657)	$ (66,226,664)
REVENUE							
Water Sales	$ 26,823,975	$ 25,931,478	$ 26,428,601	$ 26,935,667	$ 27,738,303	$ 28,836,742	$ 22,870,202
Other Revenue	1,805,000	2,445,084	2,458,584	2,472,287	2,529,335	2,595,609	2,671,813
TOTAL REVENUES	**$ 28,628,975**	**$ 28,376,562**	**$ 28,887,185**	**$ 29,407,954**	**$ 30,267,638**	**$ 31,432,351**	**$ 25,542,015**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 46,826,841**	**$ 46,574,428**	**$ 42,761,764**	**$ 34,559,232**	**$ 18,063,657**	**$ (5,199,306)**	**$ (40,684,649)**
EXPENDITURES							
Operations & Maintenance	$ 28,722,585	$ 28,029,432	$ 32,940,069	$ 42,092,796	$ 50,024,897	$ 56,356,941	$ 65,305,833
Cash Funding - CIP	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 28,722,585**	**$ 28,029,432**	**$ 32,940,069**	**$ 42,092,796**	**$ 50,024,897**	**$ 56,356,941**	**$ 65,305,833**
Transfers-Out - General Fund	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555
Transfers-Out - Debt Service	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859
Transfers-Out - Other	370,003	370,003	370,003	370,003	370,003	370,003	370,003
TOTAL TRANSFERS-OUT	**$ 4,670,417**	**$ 4,670,417**	**$ 4,670,417**	**$ 4,670,417**	**$ 4,670,417**	**$ 4,670,417**	**$ 4,670,417**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 33,393,002**	**$ 32,699,849**	**$ 37,610,486**	**$ 46,763,213**	**$ 54,695,314**	**$ 61,027,358**	**$ 69,976,250**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (4,764,027)**	**$ (4,323,287)**	**$ (8,723,301)**	**$ (17,355,259)**	**$ (24,427,676)**	**$ (29,595,007)**	**$ (44,434,235)**
ESTIMATED ENDING FUND BALANCE	**$ 13,433,839**	**$ 13,874,579**	**$ 5,151,278**	**$ (12,203,981)**	**$ (36,631,657)**	**$ (66,226,664)**	**$ (110,660,899)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 8,348,251***	***$ 8,174,962***	***$ 9,402,622***	***$ 11,690,803***	***$ 13,673,829***	***$ 15,256,840***	***$ 17,494,063***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 5,085,589***	***$ 5,699,617***	***$ (4,251,344)***	***$ (23,894,784)***	***$ (50,305,486)***	***$ (81,483,504)***	***$ (128,154,962)***
% Fund Balance in Excess of Minimum Required Per Policy	***60.92%***	***69.72%***	***-45.21%***	***-204.39%***	***-367.90%***	***-534.08%***	***-732.56%***

5-YEAR FORECAST – WATER UTILITY FUND
(AFTER) SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 18,197,866	$ 18,197,866	$ 21,344,313	$ 23,956,417	$ 19,503,935	$ 9,419,370	$ (4,570,378)
REVENUE							
Water Sales	$ 26,823,975	$ 29,736,722	$ 33,214,952	$ 33,852,223	$ 34,860,960	$ 36,241,457	$ 38,053,530
Other Revenue	1,805,000	1,842,818	1,845,084	1,855,368	1,898,180	1,947,917	2,005,105
TOTAL REVENUES	**$ 28,628,975**	**$ 31,579,540**	**$ 35,060,036**	**$ 35,707,590**	**$ 36,759,140**	**$ 38,189,373**	**$ 40,058,635**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 46,826,841**	**$ 49,777,406**	**$ 56,404,349**	**$ 59,664,007**	**$ 56,263,076**	**$ 47,608,744**	**$ 35,488,256**
EXPENDITURES							
Operations & Maintenance	$ 28,722,585	$ 23,762,676	$ 27,755,490	$ 35,467,630	$ 42,151,264	$ 47,486,680	$ 53,497,442
Cash Funding - CIP	-	-	-	-	-	-	-
TOTAL EXPENDITURES	**$ 28,722,585**	**$ 23,762,676**	**$ 27,755,490**	**$ 35,467,630**	**$ 42,151,264**	**$ 47,486,680**	**$ 53,497,442**
Transfers-Out - General Fund	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555	$ 2,090,555
Transfers-Out - Debt Service	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859	2,209,859
Transfers-Out - Other	370,003	370,003	392,028	392,028	392,028	392,028	392,028
TOTAL TRANSFERS-OUT	**$ 4,670,417**	**$ 4,670,417**	**$ 4,692,442**	**$ 4,692,442**	**$ 4,692,442**	**$ 4,692,442**	**$ 4,692,442**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 33,393,002**	**$ 28,433,093**	**$ 32,447,932**	**$ 40,160,072**	**$ 46,843,706**	**$ 52,179,122**	**$ 58,189,884**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (4,764,027)**	**$ 3,146,447**	**$ 2,612,104**	**$ (4,452,482)**	**$ (10,084,565)**	**$ (13,989,748)**	**$ (18,131,249)**
ESTIMATED ENDING FUND BALANCE	**$ 13,433,839**	**$ 21,344,313**	**$ 23,956,417**	**$ 19,503,935**	**$ 9,419,370**	**$ (4,570,378)**	**$ (22,701,627)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 8,348,251***	***$ 7,108,273***	***$ 8,111,983***	***$ 10,040,018***	***$ 11,710,926***	***$ 13,044,780***	***$ 14,547,471***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 5,085,589***	***$ 14,236,040***	***$ 15,844,434***	***$ 9,463,917***	***$ (2,291,556)***	***$ (17,615,159)***	***$ (37,249,098)***
% Fund Balance in Excess of Minimum Required Per Policy	***60.92%***	***200.27%***	***195.32%***	***94.26%***	***-19.57%***	***-135.04%***	***-256.05%***

WASTEWATER UTILITY FUND

5-YEAR FINANCIAL FORECAST
FISCAL YEARS 2027-2031

KEY ASSUMPTIONS - FINANCIAL FORECAST WASTEWATER UTILITY FUND REVENUES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Wastewater Service Revenues	2.0%	2.0%	3.0%	4.0%	5.0%
Other Revenues	CYE/SL	0.0%	2.5%	3.0%	3.5%

KEY ASSUMPTIONS - FINANCIAL FORECAST WASTEWATER UTILITY FUND EXPENDITURES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Merit/COLA	0.0%	3.5%	3.5%	3.5%	3.5%
Medical Insurance	15.7%	10.0%	10.0%	10.0%	10.0%
TMRS Contribution	1.5%	1.5%	1.5%	1.5%	1.5%
Contractual	5.0%	5.0%	5.0%	5.0%	5.0%
Commodities	10.0%	10.0%	10.0%	10.0%	10.0%
Transfers – Out	FY 2026 Budget	0.0%	0.0%	0.0%	0.0%

5-YEAR FORECAST – WASTEWATER UTILITY FUND (BEFORE)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 18,892,948	$ 18,892,948	$ 22,530,424	$ 18,117,081	$ 6,056,012	$ (10,148,778)	$ (26,010,268)
REVENUE							
Wastewater Service Charges	$ 15,088,836	$ 14,474,532	$ 14,753,506	$ 15,038,059	$ 15,485,699	$ 16,098,698	$ 16,894,112
Other Revenue	755,000	1,240,951	1,248,451	1,256,064	1,284,892	1,318,187	1,356,286
TOTAL REVENUES	**$ 15,843,836**	**$ 15,715,483**	**$ 16,001,957**	**$ 16,294,123**	**$ 16,770,591**	**$ 17,416,885**	**$ 18,250,398**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 34,736,784**	**$ 34,608,431**	**$ 38,532,381**	**$ 34,411,204**	**$ 22,826,603**	**$ 7,268,107**	**$ (7,759,870)**
EXPENDITURES							
Operations & Maintenance	$ 11,256,248	$ 9,440,147	$ 9,774,940	$ 10,063,957	$ 10,387,854	$ 10,395,807	$ 10,702,424
Cash Funding - CIP	-	-	-	-	-	-	-
Debt Service- New Estimated Principal and Interest	-	-	8,002,500	15,653,375	19,949,667	20,244,708	21,348,083
TOTAL EXPENDITURES	**$ 11,256,248**	**$ 9,440,147**	**$ 17,777,440**	**$ 25,717,332**	**$ 30,337,521**	**$ 30,640,515**	**$ 32,050,507**
Transfers-Out - General Fund	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787
Transfers-Out - Debt Service	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359
Transfers-Out - Other	57,714	57,714	57,714	57,714	57,714	57,714	57,714
TOTAL TRANSFERS-OUT	**$ 2,637,860**	**$ 2,637,860**	**$ 2,637,860**	**$ 2,637,860**	**$ 2,637,860**	**$ 2,637,860**	**$ 2,637,860**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 13,894,108**	**$ 12,078,007**	**$ 20,415,300**	**$ 28,355,192**	**$ 32,975,381**	**$ 33,278,375**	**$ 34,688,367**
REVENUE IN EXCESS OF REQUIREMENTS	**$ 1,949,728**	**$ 3,637,476**	**$ (4,413,343)**	**$ (12,061,069)**	**$ (16,204,790)**	**$ (15,861,490)**	**$ (16,437,969)**
ESTIMATED ENDING FUND BALANCE	**$ 20,842,676**	**$ 22,530,424**	**$ 18,117,081**	**$ 6,056,012**	**$ (10,148,778)**	**$ (26,010,268)**	**$ (42,448,237)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 3,473,527***	***$ 3,019,502***	***$ 5,103,825***	***$ 7,088,798***	***$ 8,243,845***	***$ 8,319,594***	***$ 8,672,092***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 17,369,149***	***$ 19,510,922***	***$ 13,013,256***	***$ (1,032,786)***	***$ (18,392,623)***	***$ (34,329,862)***	***$ (51,120,329)***
% Fund Balance in Excess of Minimum Required Per Policy	***500.04%***	***646.16%***	***254.97%***	***-14.57%***	***-223.11%***	***-412.64%***	***-589.48%***

5-YEAR FORECAST – WASTEWATER UTILITY FUND (AFTER)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 18,892,948	$ 18,892,948	$ 25,622,718	$ 22,857,434	$ 12,479,983	$ (1,989,381)	$ (16,048,852)
REVENUE							
Wastewater Service Charges	$ 15,088,836	$ 17,096,739	$ 16,474,945	$ 16,792,700	$ 17,292,570	$ 17,977,094	$ 18,865,317
Other Revenue	755,000	1,059,896	1,059,896	1,066,359	1,090,833	1,119,100	1,151,445
TOTAL REVENUES	**$ 15,843,836**	**$ 18,156,635**	**$ 17,534,841**	**$ 17,859,059**	**$ 18,383,404**	**$ 19,096,194**	**$ 20,016,761**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 34,736,784**	**$ 37,049,583**	**$ 43,157,559**	**$ 40,716,493**	**$ 30,863,387**	**$ 17,106,813**	**$ 3,967,909**
EXPENDITURES							
Operations & Maintenance	$ 11,256,248	$ 8,789,005	$ 9,656,310	$ 9,941,819	$ 10,261,786	$ 10,269,642	$ 10,572,538
Cash Funding - CIP	-	-	-	-	-	-	-
Debt Service- New Estimated Principal and Interest	-	-	8,002,500	15,653,375	19,949,667	20,244,708	21,348,083
TOTAL EXPENDITURES	**$ 11,256,248**	**$ 8,789,005**	**$ 17,658,810**	**$ 25,595,194**	**$ 30,211,453**	**$ 30,514,350**	**$ 31,920,621**
Transfers-Out - General Fund	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787	$ 1,175,787
Transfers-Out - Debt Service	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359	1,404,359
Transfers-Out - Other	57,714	57,714	61,169	61,169	61,169	61,169	61,169
TOTAL TRANSFERS-OUT	**$ 2,637,860**	**$ 2,637,860**	**$ 2,641,315**	**$ 2,641,315**	**$ 2,641,315**	**$ 2,641,315**	**$ 2,641,315**
TOTAL EXPENDITURES & TRANSFERS-OUT	**$ 13,894,108**	**$ 11,426,865**	**$ 20,300,125**	**$ 28,236,509**	**$ 32,852,768**	**$ 33,155,665**	**$ 34,561,936**
REVENUE IN EXCESS OF REQUIREMENTS	**$ 1,949,728**	**$ 6,729,770**	**$ (2,765,284)**	**$ (10,377,451)**	**$ (14,469,364)**	**$ (14,059,471)**	**$ (14,545,174)**
ESTIMATED ENDING FUND BALANCE	**$ 20,842,676**	**$ 25,622,718**	**$ 22,857,434**	**$ 12,479,983**	**$ (1,989,381)**	**$ (16,048,852)**	**$ (30,594,027)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 3,473,527***	***$ 2,856,716***	***$ 5,075,031***	***$ 7,059,127***	***$ 8,213,192***	***$ 8,288,916***	***$ 8,640,484***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 17,369,149***	***$ 22,766,002***	***$ 17,782,403***	***$ 5,420,856***	***$ (10,202,573)***	***$ (24,337,768)***	***$ (39,234,510)***
% Fund Balance in Excess of Minimum Required Per Policy	***500.04%***	***796.93%***	***350.39%***	***76.79%***	***-124.22%***	***-293.62%***	***-454.08%***

STORM DRAINAGE UTILITY FUND

5-YEAR FINANCIAL FORECAST FISCAL YEARS 2027-2031

KEY ASSUMPTIONS - FINANCIAL FORECAST STORM DRAINAGE UTILITY FUND REVENUES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Storm Drainage Fees - Residential	2.0%	2.0%	3.0%	4.0%	5.0%
Storm Drainage Fees- Commercial	2.0%	2.0%	3.0%	4.0%	5.0%

KEY ASSUMPTIONS - FINANCIAL FORECAST STORM DRAINAGE UTILITY FUND EXPENDITURES

	Year 1 FY 2027	Year 2 FY 2028	Year 3 FY 2029	Year 4 FY 2030	Year 5 FY 2031
Merit/COLA	0.0%	3.5%	3.5%	3.5%	3.5%
Medical Insurance	15.7%	10.0%	10.0%	10.0%	10.0%
TMRS Contribution	1.5%	1.5%	1.5%	1.5%	1.5%
Contractual	5.0%	5.0%	5.0%	5.0%	5.0%
Commodities	10.0%	10.0%	10.0%	10.0%	10.0%
Transfers - Out	FY2026 Budget	0.0%	0.0%	0.0%	0.0%

5-YEAR FORECAST – STORM DRAINAGE UTILITY FUND (BEFORE)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 1,714,526	$ 1,714,526	$ 895,020	$ (9,678)	$ (1,962,827)	$ (4,375,431)	$ (6,966,149)
REVENUE							
Drainage Fees	$ 2,073,701	$ 1,802,984	$ 1,839,045	$ 1,875,827	$ 1,932,103	$ 2,009,388	$ 2,109,858
Other Revenue	67,104	67,248	67,844	68,449	69,956	71,638	73,507
TOTAL REVENUES	**$ 2,140,805**	**$ 1,870,232**	**$ 1,906,889**	**$ 1,944,276**	**$ 2,002,059**	**$ 2,081,026**	**$ 2,183,365**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 3,855,331**	**$ 3,584,758**	**$ 2,801,909**	**$ 1,934,598**	**$ 39,232**	**$ (2,294,405)**	**$ (4,782,784)**
EXPENDITURES							
Operations & Maintenance	$ 2,772,627	$ 2,449,985	$ 2,555,667	$ 2,711,922	$ 2,881,577	$ 3,065,908	$ 3,264,577
Debt Service- New Estimated Principal and Interest	-	-	16,167	945,750	1,293,333	1,366,083	2,004,667
TOTAL EXPENDITURES	**$ 2,772,627**	**$ 2,449,985**	**$ 2,571,834**	**$ 3,657,672**	**$ 4,174,910**	**$ 4,431,991**	**$ 5,269,244**
Transfers-Out	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753
TOTAL TRANSFERS-OUT	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**
TOTAL EXPENDITURES & TRANSFERS	**$ 3,012,380**	**$ 2,689,738**	**$ 2,811,587**	**$ 3,897,425**	**$ 4,414,663**	**$ 4,671,744**	**$ 5,508,997**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (871,575)**	**$ (819,506)**	**$ (904,698)**	**$ (1,953,149)**	**$ (2,412,604)**	**$ (2,590,718)**	**$ (3,325,632)**
ESTIMATED ENDING FUND BALANCE	**$ 842,951**	**$ 895,020**	**$ (9,678)**	**$ (1,962,827)**	**$ (4,375,431)**	**$ (6,966,149)**	**$ (10,291,781)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 753,095***	***$ 672,435***	***$ 702,897***	***$ 974,356***	***$ 1,103,666***	***$ 1,167,936***	***$ 1,377,249***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 89,856***	***$ 222,586***	***$ (712,575)***	***$ (2,937,183)***	***$ (5,479,097)***	***$ (8,134,085)***	***$ (11,669,030)***
% Fund Balance in Excess of Minimum Required Per Policy	***11.93%***	***33.10%***	***-101.38%***	***-301.45%***	***-496.45%***	***-696.45%***	***-847.27%***

5-YEAR FORECAST – STORM DRAINAGE UTILITY FUND (AFTER)

SUMMARY FY 2027 THROUGH 2031

	Approved Budget 2025-2026	Current Year Estimate 2025-2026	5-YEAR BUDGET FORECAST PERIOD YEAR 1 2026-2027	YEAR 2 2027-2028	YEAR 3 2028-2029	YEAR 4 2029-2030	YEAR 5 2030-2031
Beginning Fund Balance	$ 1,714,526	$ 1,714,526	$ 1,078,803	$ 1,524,811	$ 990,693	$ 74,355	$ (932,888)
REVENUE							
Drainage Fees	$ 2,073,701	$ 2,151,703	$ 2,216,254	$ 2,260,580	$ 2,328,399	$ 2,421,536	$ 2,542,614
Other Revenue	67,104	43,700	43,700	44,090	45,060	46,144	47,348
TOTAL REVENUES	**$ 2,140,805**	**$ 2,195,403**	**$ 2,259,954**	**$ 2,304,670**	**$ 2,373,460**	**$ 2,467,680**	**$ 2,589,961**
TOTAL ESTIMATED FUNDS AVAILABLE	**$ 3,855,331**	**$ 3,909,929**	**$ 3,338,757**	**$ 3,829,481**	**$ 3,364,153**	**$ 2,542,035**	**$ 1,657,073**
EXPENDITURES							
Operations & Maintenance	$ 2,772,627	$ 2,591,373	$ 1,558,026	$ 1,653,285	$ 1,756,712	$ 1,869,087	$ 1,990,203
Debt Service- New Estimated Principal and Interest	-	-	16,167	945,750	1,293,333	1,366,083	2,004,667
TOTAL EXPENDITURES	**$ 2,772,627**	**$ 2,591,373**	**$ 1,574,193**	**$ 2,599,035**	**$ 3,050,045**	**$ 3,235,170**	**$ 3,994,870**
Transfers-Out	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753	$ 239,753
TOTAL TRANSFERS-OUT	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**	**$ 239,753**
TOTAL EXPENDITURES & TRANSFERS	**$ 3,012,380**	**$ 2,831,126**	**$ 1,813,946**	**$ 2,838,788**	**$ 3,289,798**	**$ 3,474,923**	**$ 4,234,623**
REVENUE IN EXCESS OF REQUIREMENTS	**$ (871,575)**	**$ (635,723)**	**$ 446,008**	**$ (534,118)**	**$ (916,339)**	**$ (1,007,243)**	**$ (1,644,661)**
ESTIMATED ENDING FUND BALANCE	**$ 842,951**	**$ 1,078,803**	**$ 1,524,811**	**$ 990,693**	**$ 74,355**	**$ (932,888)**	**$ (2,577,550)**
Required Minumum Fund Balance Per Policy (25% of Operating Expenses)	***$ 753,095***	***$ 707,782***	***$ 453,487***	***$ 709,697***	***$ 822,450***	***$ 868,731***	***$ 1,058,656***
$ Fund Balance in Excess of Minimum Required Per Policy	***$ 89,856***	***$ 371,022***	***$ 1,071,325***	***$ 280,997***	***$ (748,095)***	***$ (1,801,619)***	***$ (3,636,205)***
% Fund Balance in Excess of Minimum Required Per Policy	***11.93%***	***52.42%***	***236.24%***	***39.59%***	***-90.96%***	***-207.39%***	***-343.47%***

PROPOSED BUDGET
FISCAL YEAR 2026-27

City Council Meeting: August 1, 2026

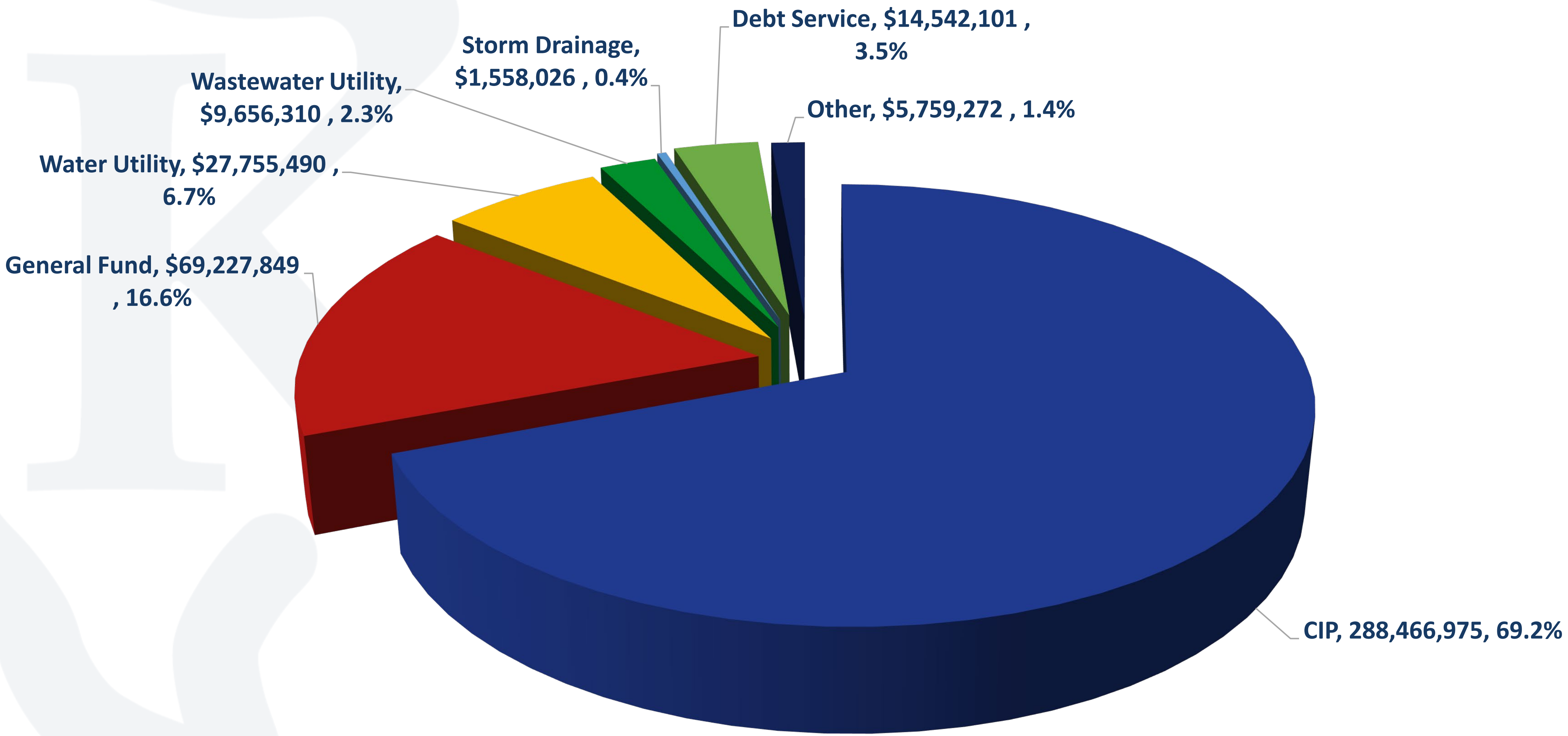
Presented by: Andy Alejandro, Interim Deputy Finance Director

Holly R. Holt-Torres, Assistant Finance Director

CITY OF KYLE

ESTABLISHED 1880

ALL CITY FUNDS
PROPOSED BUDGET FY 2026-27: $416,966,023



GENERAL FUND

PROPOSED BUDGET SUMMARY & HIGHLIGHTS

SUMMARY - GENERAL FUND

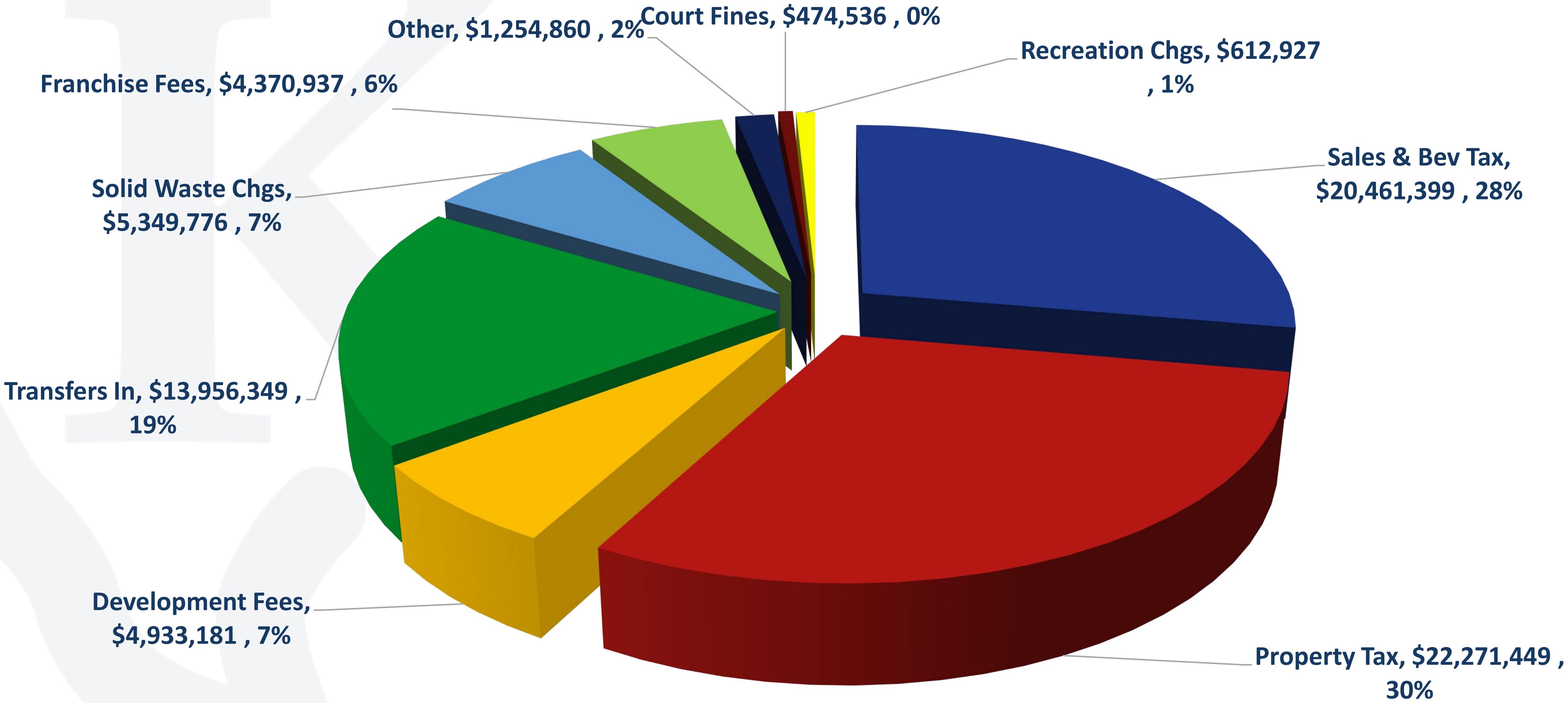
PROPOSED BUDGET FY 2026-27

Balanced proposed budget for FY 2026-27

- **$ 73.7 million total revenues and transfers-in**
- **$ 71.3 million total expenditures and transfers-out**
- **$ 20.4 million in estimated ending fund balance**
  - Estimated fund balance exceeds required minimum by $2.5 million
- **No new positions proposed**

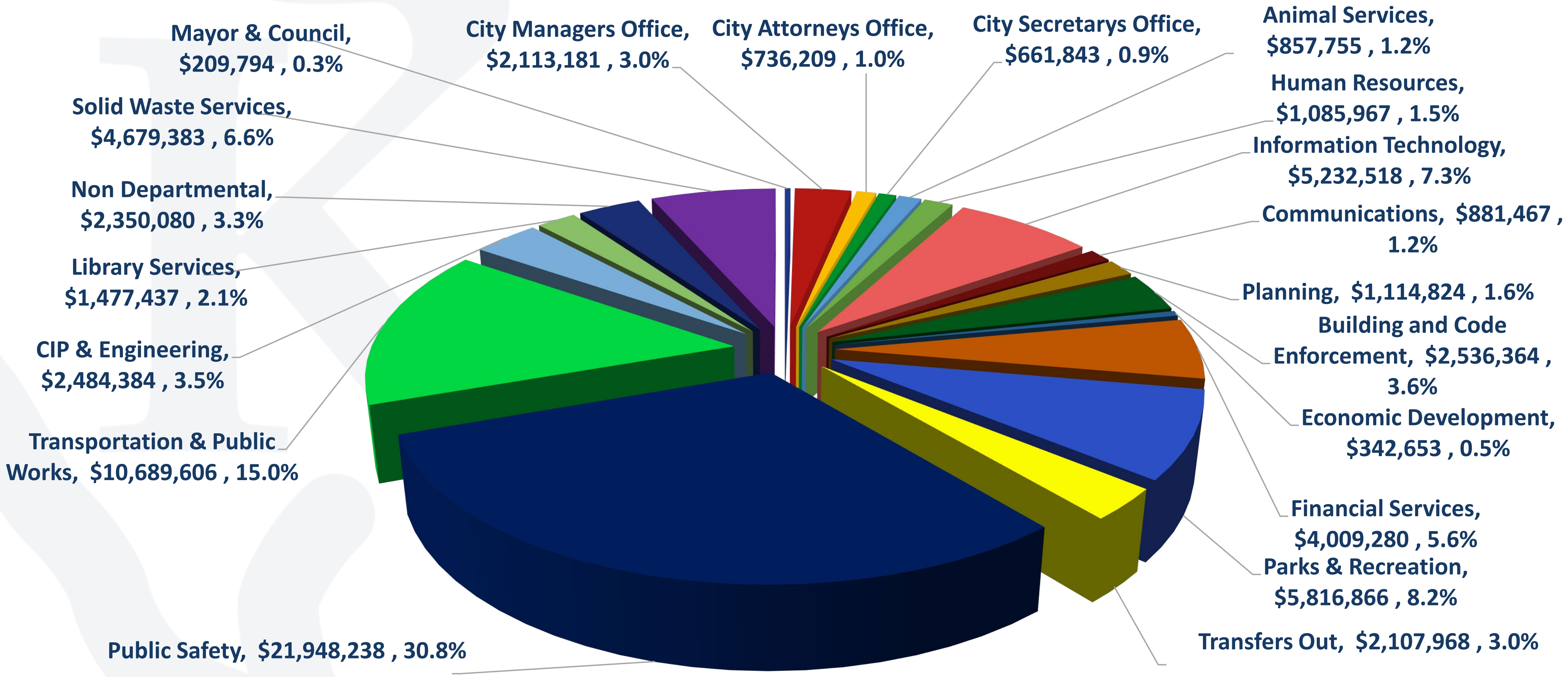
REVENUE & TRANSFERS-IN GENERAL FUND

PROPOSED BUDGET FY 2026-27: $73,685,414



EXPENDITURES & TRANSFERS-OUT GENERAL FUND

PROPOSED BUDGET FY 2026-27: $71,335,817



FUND SUMMARY - GENERAL FUND

PROPOSED BUDGET FY 2026-27 – LEVEL 1

		Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
	BEGINNING FUND BALANCE	$ 34,218,420	$ 25,832,912	$ 19,244,259	$ 14,977,707	$ 14,977,707	$ 18,020,374		
	REVENUE								
1	Property Taxes	$ 17,787,140	$ 19,945,823	$ 21,669,253	$ 22,271,449	$ 22,554,610	$ 22,271,449	$ 602,197	2.78%
2	Sales Taxes	18,045,781	19,353,934	21,946,333	13,694,789	20,282,300	20,282,300	(1,664,033)	-7.58%
3	Other Taxes	282,706	290,571	258,183	221,154	179,099	179,099	(79,084)	-30.63%
4	Gross Receipts & Franchise Fees	3,708,497	3,911,684	4,042,089	3,073,740	4,569,269	4,370,937	328,848	8.14%
5	Charges for Services	5,000,012	5,280,152	5,321,123	3,627,826	5,448,491	5,349,776	28,654	0.54%
6	Fines and Forfeitures	407,840	515,848	503,000	303,811	474,536	474,536	(28,464)	-5.66%
7	Licenses, Fees and Permits	17,634	24,598	13,000	7,888	19,790	19,790	6,790	52.23%
8	Library Revenue	63,278	55,630	51,500	40,440	56,058	56,058	4,558	8.85%
9	Special Events	51,459	25,845	-	38,082	-	-	-	0.00%
10	Police Department Revenue	17,892	20,179	16,900	14,548	24,392	24,392	7,492	44.33%
11	Interest and Other	6,803,010	6,556,139	2,322,700	634,525	1,151,119	1,151,119	(1,171,581)	-50.44%
12	PID Administration Fee	3,401	3,355	3,500	710	3,500	3,500	-	0.00%
13	Construction Inspection	6,511,552	4,814,248	5,636,002	2,527,191	4,144,076	4,144,076	(1,491,926)	-26.47%
14	Land Use Planning & Review	1,497,358	1,814,553	1,362,334	600,621	789,105	789,105	(573,229)	-42.08%
15	Recreation Programs	301,364	350,971	324,000	271,756	612,927	612,927	288,927	89.18%
	TOTAL REVENUE	$ 60,498,927	$ 62,963,529	$ 63,469,916	$ 47,328,530	$ 60,309,272	$ 59,729,065	$ (3,740,852)	-5.89%
16	Transfer In:	$ 2,136,313	$ 9,884,444	$ 15,131,999	$ 7,566,000	$ 15,132,015	$ 13,956,349	$ (1,175,649)	-7.77%
	TOTAL REVENUE AND TRANSFERS IN:	$ 62,635,240	$ 72,847,974	$ 78,601,915	$ 54,894,530	$ 75,441,287	$ 73,685,414	$ (4,916,501)	-6.25%

FUND SUMMARY - GENERAL FUND

PROPOSED BUDGET FY 2026-27 – LEVEL 1

#		Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
	BEGINNING FUND BALANCE	$ 34,218,420	$ 25,832,912	$ 19,244,259	$ 14,977,707	$ 14,977,707	$ 18,020,374		
	EXPENDITURES								
	Mayor and Council								
1	Mayor	$ 57,276	$ 42,313	$ 33,292	$ 16,674	$ 27,968	$ 33,292	$ -	0.00%
2	Council District 1	43,958	28,308	29,417	11,805	20,954	29,417	-	0.00%
3	Council District 2	44,212	24,910	29,417	13,716	21,790	29,417	-	0.00%
4	Council District 3	24,672	20,046	29,417	15,479	23,638	29,417	-	0.00%
5	Council District 4	32,740	23,849	29,417	15,094	23,718	29,417	-	0.00%
6	Council District 5	32,225	25,302	29,417	12,528	20,722	29,417	-	0.00%
7	Council District 6	24,058	21,495	29,417	11,340	19,413	29,417	-	0.00%
	Total Mayor and Council:	$ 259,141	$ 186,222	$ 209,794	$ 96,636	$ 158,203	$ 209,794	$ -	0.00%
8	City Attorney's Office	$ 196,817	$ 575,224	$ 653,331	$ 405,881	$ 740,732	$ 736,209	$ 82,878	12.69%
9	City Manager's Office	1,573,079	1,596,073	1,996,558	1,207,200	1,581,174	2,113,181	116,623	5.84%
10	Animal Services	-	3,250	1,035,521	751,089	946,453	857,755	(177,766)	-17.17%
11	Administration	440,726	515,677	-	198,021	-	-	-	0.00%
12	Human Resources	924,838	964,613	1,337,271	693,457	970,102	1,085,967	(251,304)	-18.79%
13	Chief of Staff	-	1,704	-	-	-	-	-	0.00%
14	City Secretary's Office	525,475	608,903	726,678	673,340	744,035	661,843	(64,834)	-8.92%
15	Communications	755,912	1,085,482	1,299,569	850,304	1,098,081	881,467	(418,103)	-32.17%
16	Information Technology Services	1,436,091	4,847,785	5,748,613	4,409,092	5,944,804	5,232,518	(516,095)	-8.98%
17	Building and Code Enforcement	4,397,673	3,357,499	3,296,452	1,704,968	2,430,172	2,536,364	(760,089)	-23.06%
18	Planning Division	1,143,301	892,114	1,438,959	1,130,655	1,175,855	1,114,824	(324,135)	-22.53%
19	Economic Development	575,363	567,425	837,715	380,899	459,725	342,653	(495,062)	-59.10%
20	Financial Services Department	2,272,240	3,121,906	4,349,467	2,717,164	4,015,038	4,009,280	(340,188)	-7.82%
21	Parks and Recreation:	4,878,889	8,554,776	7,355,919	4,875,067	6,915,668	5,816,866	(1,539,052)	-20.92%
22	Library Services	1,178,777	1,669,606	1,702,806	1,196,383	1,568,786	1,477,437	(225,369)	-13.24%
23	Kyle Police Department:	17,550,473	21,259,562	20,320,039	14,381,250	21,565,572	21,948,238	1,628,199	8.01%
24	Council Initiated Programs	582,517	1,032,902	-	16,475	-	-	-	0.00%
25	Transportation & Public Works	8,255,821	8,458,424	13,293,410	8,044,906	11,331,411	10,689,606	(2,603,804)	-19.59%
26	CIP & Engineering	601,411	949,991	3,892,030	1,747,786	2,430,576	2,484,384	(1,407,646)	-36.17%
27	Solid Waste Services (Contract)	4,252,341	4,552,277	4,565,251	2,726,644	4,089,966	4,679,383	114,131	2.50%
	Departmental Total:	$ 51,800,883	$ 64,801,414	$ 74,059,382	$ 48,207,218	$ 68,166,353	$ 66,877,768	$ (7,181,614)	-9.70%
28	Non Departmental	$ 1,528,290	$ 2,425,155	$ 1,492,628	$ 765,272	$ 805,083	$ 770,082	$ (722,546)	-48.41%
29	Economic Incentive Program	1,923,380	1,232,136	1,580,000	501,555	1,319,215	1,580,000	-	0.00%
	TOTAL EXPENDITURES:	$ 55,252,553	$ 68,458,705	$ 77,132,009	$ 49,474,045	$ 70,290,651	$ 69,227,849	$ (7,904,160)	-10.25%
	TOTAL TRANSFERS OUT:	$ 15,768,195	$ 15,244,472	$ 2,107,968	$ 1,053,984	$ 2,107,969	$ 2,107,968	$ -	0.00%
	TOTAL EXPENDITURES & TRANSFERS OUT	$ 71,020,748	$ 83,703,177	$ 79,239,977	$ 50,528,129	$ 72,398,620	$ 71,335,817	$ (7,904,160)	-9.97%

FUND SUMMARY - GENERAL FUND

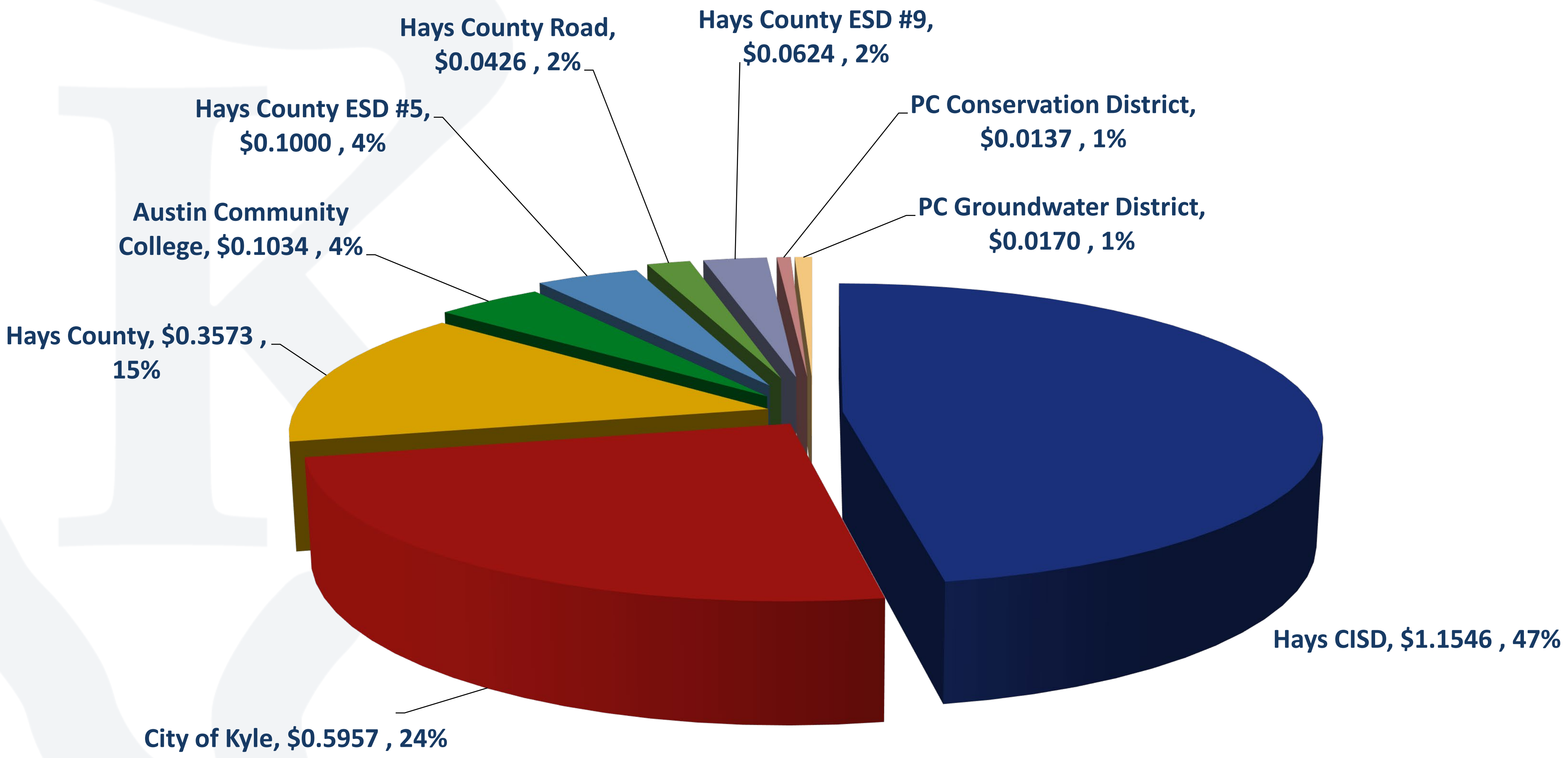
PROPOSED BUDGET FY 2026-27 – LEVEL 1

	Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
BEGINNING FUND BALANCE	$ 34,218,420	$ 25,832,912	$ 19,244,259	$ 14,977,707	$ 14,977,707	$ 18,020,374		
TOTAL REVENUE AND TRANSFERS IN:	$ 62,635,240	$ 72,847,974	$ 78,601,915	$ 54,894,530	$ 75,441,287	$ 73,685,414	$ (4,916,501)	-6.25%
TOTAL EXPENDITURES & TRANSFERS OUT	$ 71,020,748	$ 83,703,177	$ 79,239,977	$ 50,528,129	$ 72,398,620	$ 71,335,817	$ (7,904,160)	-9.97%
TOTAL REVENUE & TRANSFERS-IN IN EXCESS (DEFICIT) OVER EXPENDITURES	$ (8,385,508)	$ (10,855,204)	$ (638,063)	$ 4,366,401	$ 3,042,667	$ 2,349,597		
ESTIMATED ENDING FUND BALANCE	**$ 25,832,912**	**$ 14,977,707**	**$ 18,606,197**	**$ 19,344,108**	**$ 18,020,374**	**$ 20,369,971**		

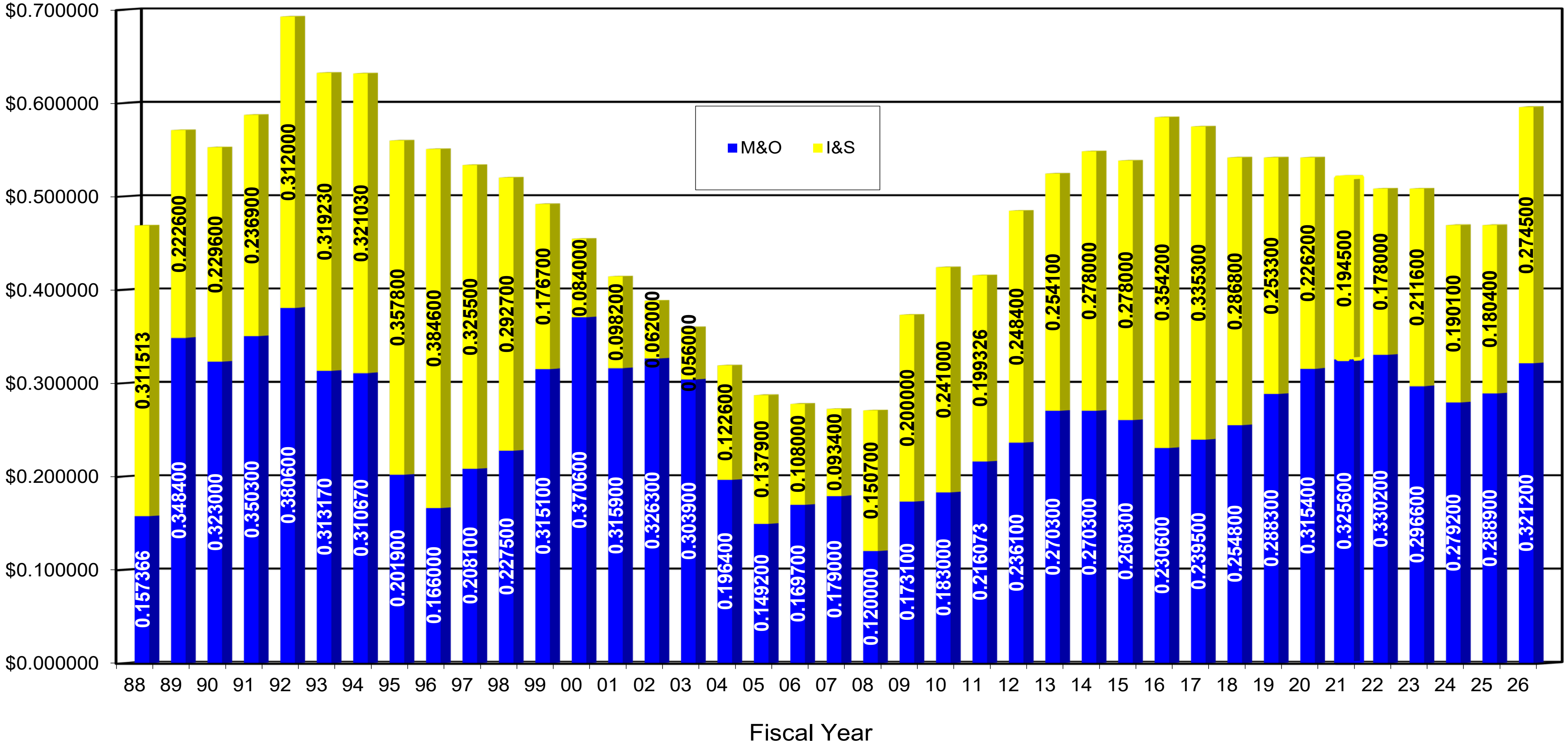
PROPERTY TAX RATES

STATISTICS & HIGHLIGHTS

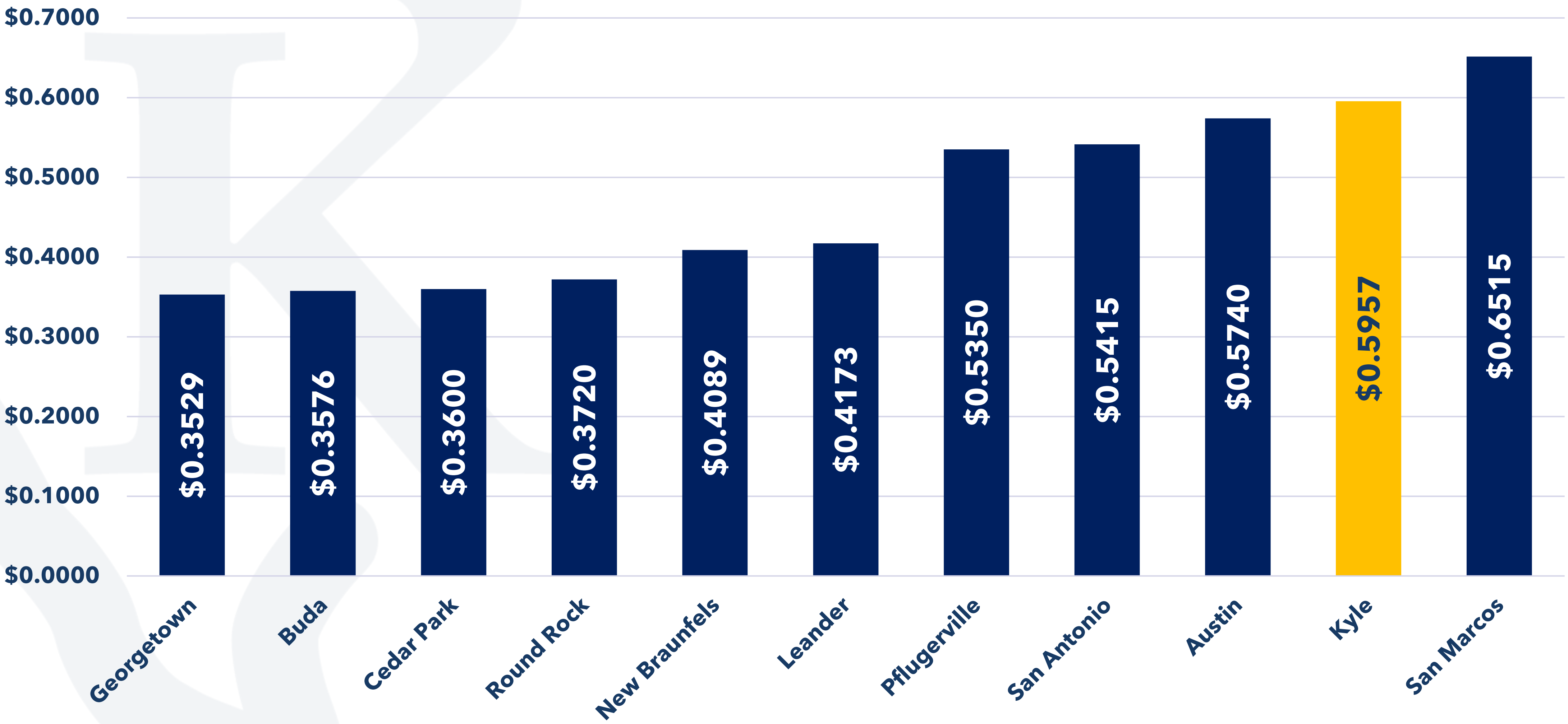
CURRENT PROPERTY TAX RATES IN KYLE $2.44667



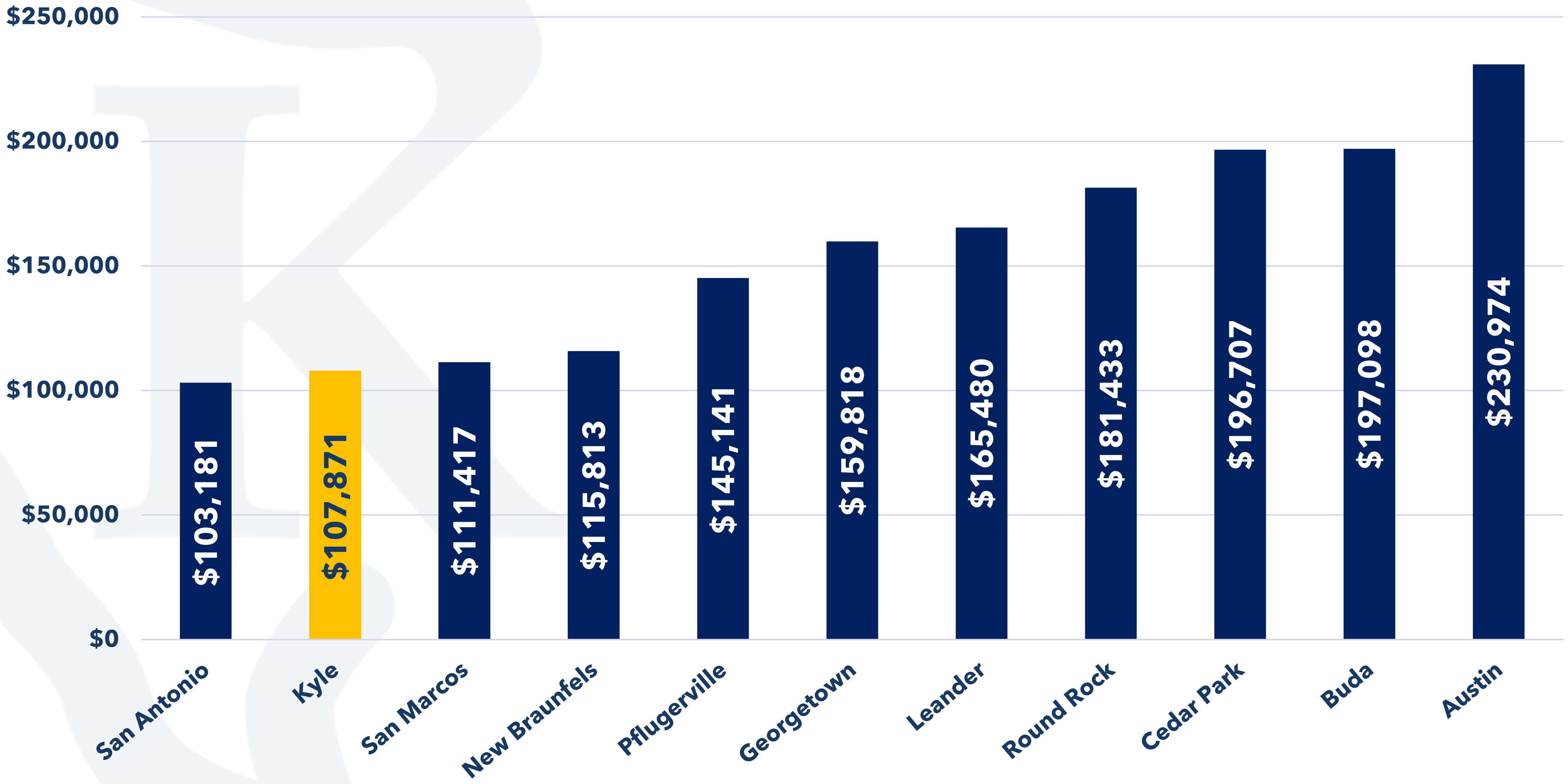
PROPERTY TAX RATE HISTORY
FISCAL YEARS 1990 – 2026



COMPARISON OF CURRENT PROPERTY TAX RATES



ASSESSED VALUATION PER CAPITA



2026 CERTIFIED TAXABLE ASSESSED VALUATIONS

PROPOSED BUDGET FY 2026-27

2026 CHANGE IN TAXABLE ASSESSED VALUATION* (NET)	
2026 Total Certified Taxable Assessed Valuation* (Net)	$6,148,157,639
2025 Total Certified Taxable Assessed Valuation* (Net)	$6,227,671,682
$ Decrease in 2026 Certified Taxable Assessed Valuation* (Net)	($79,514,043)
% Decrease in 2026 Certified Taxable Assessed Valuation* (Net)	(1.28%)

* Excludes taxable assessed valuations retained in TIRZ # 1, 2, 3, 4, 5, & 6

2026 CERTIFIED PROPERTY TAX RATES

PROPOSED BUDGET FY 2026-27

2026 CHANGE IN AVERAGE HOME TAXABLE VALUATION & TAX BILL					
Tax Year	Average Home Value	Tax Rate	Tax Levy	Homestead Reduction	Average Net Tax Bill
2026	$298,621	$__.____	$_,___.__	($____.__)	$_,___.__
2025	$315,017	$0.5957	$1,876.56	($238.28)	$1,638.28
Proposed Change	$16,396	$__.____	$_,___.__	$_.____	$_,___.__

Awaiting certified tax rates calculations by the Hays County Tax Assessor-Collector

2026 CERTIFIED PROPERTY TAX RATES

PROPOSED BUDGET FY 2026-27

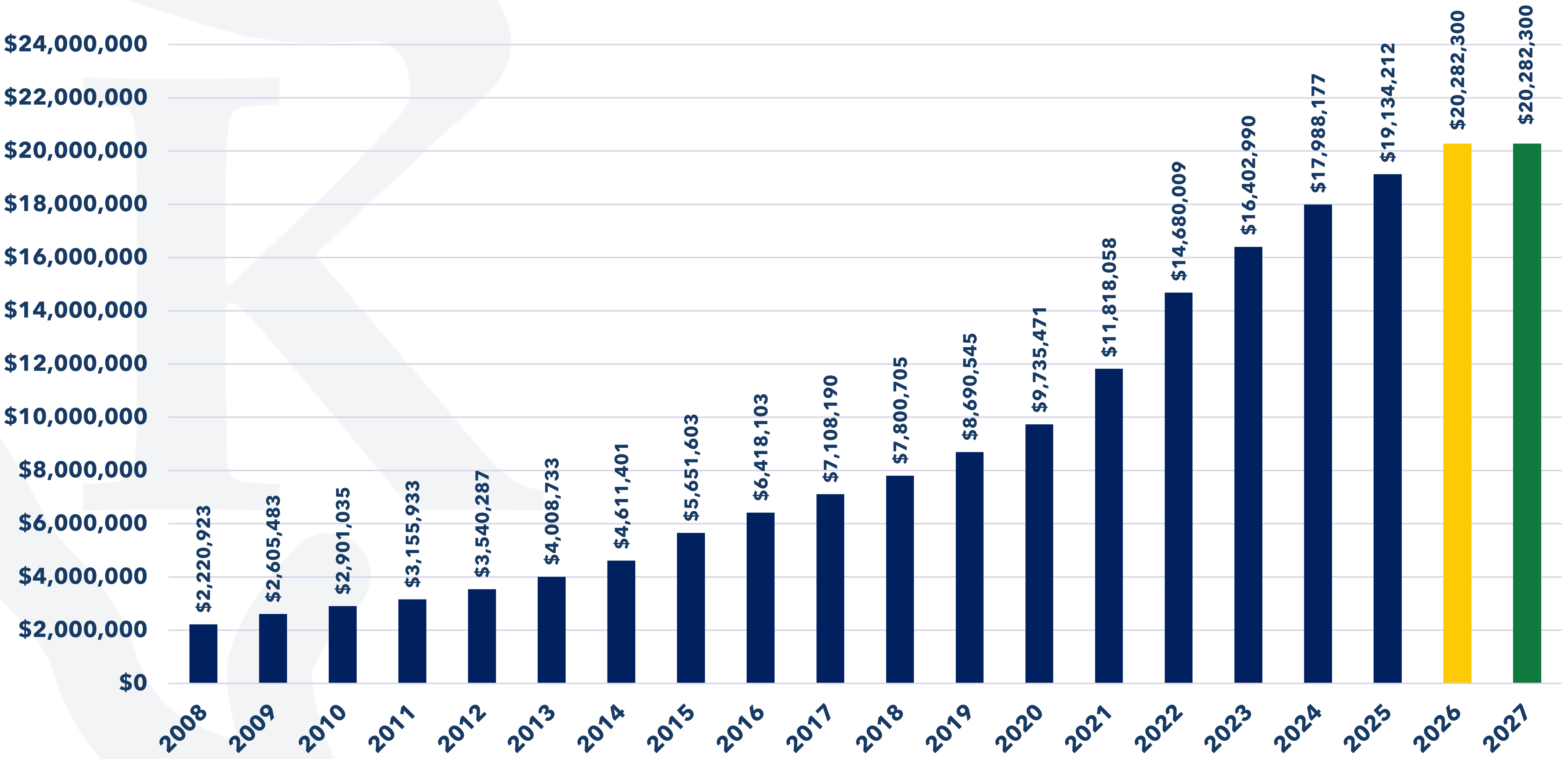
2026 PROPERTY TAX RATES FOR CITY OF KYLE				
	Current Tax Rate	No-New-Revenue Tax Rate	Voter-Approval Tax Rate	Proposed Tax Rate
Maintenance & Operations (M&O) Rate	$0.3212	$_.____	$_.____	$_.____
Interest & Sinking (I&S) Rate	$0.2745	$_.____	$_.____	$_.____
Total Property Tax Rate Per $100/TAV	$0.5957	$_.____	$_.____	$_.____

Awaiting certified tax rates calculations by the Hays County Tax Assessor-Collector

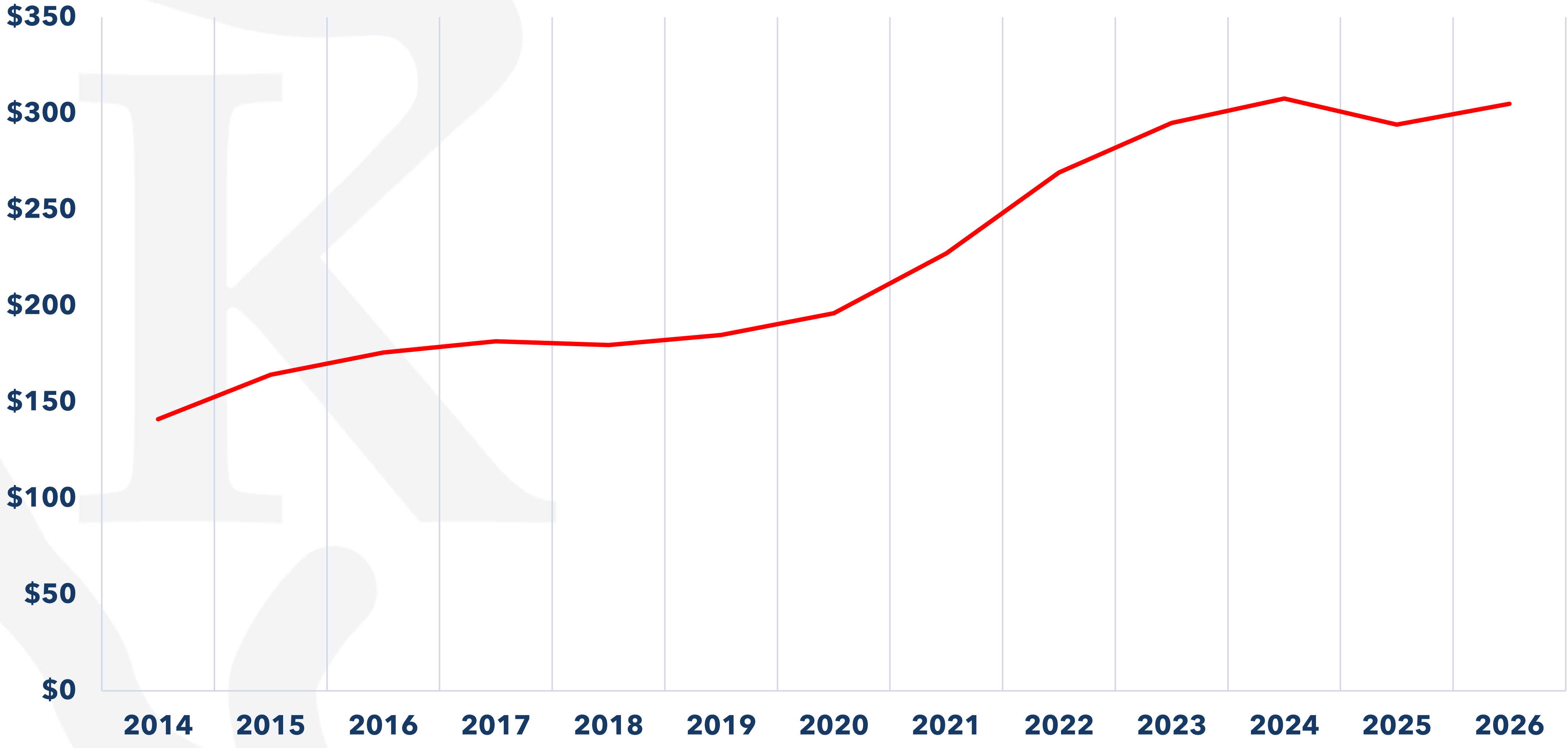
SALES TAX

STATISTICS & HIGHLIGHTS

SALES TAX COLLECTIONS 2008-2027



SALES TAX PER CAPITA



DEVELOPMENT REVENUE

STATISTICS & HIGHLIGHTS

Summary - Development Revenue

Proposed Budget FY 2026-27

- **$4.9 million total revenues budgeted**
  - $4.1 million Construction Inspection
  - $0.8 million Land Use Planning & Review

	Fiscal Year 2023-2024 Actuals	Fiscal Year 2024-2025 Actuals	Fiscal Year 2025-2026 Budget	Fiscal Year 2025-2026 CYE	Fiscal Year 2026-2027 Budget
BUILDINGS	$6,511,552	$4,814,248	$5,636,002	$4,144,076	$4,144,076
PLANNING	$1,497,358	$1,814,553	$1,362,334	$789,105	$789,105
TOTAL	$8,008,910	$6,628,801	$6,998,336	$4,933,181	$4,933,181

WATER UTILITY FUND

PROPOSED BUDGET SUMMARY & HIGHLIGHTS

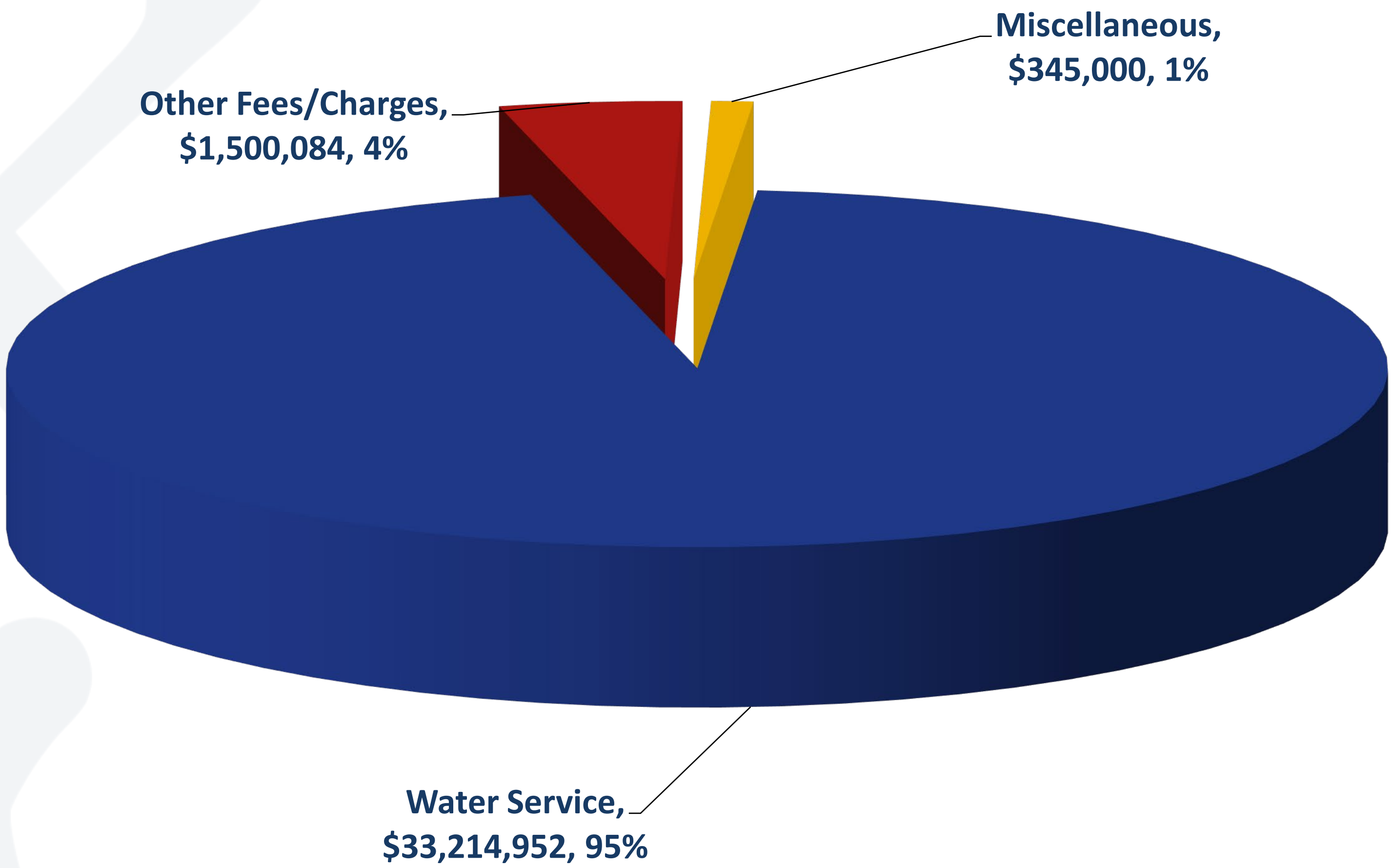
SUMMARY - WATER UTILITY FUND

PROPOSED BUDGET FY 2026-27

- **$35.1 million total revenues and transfers-in**
- **$32.4 million total expenditures and transfers-out**
  - $2.1 million equity transfer to General Fund
  - $2.2 million indirect support cost reimbursement to General Fund
- **$24.0 million in estimated ending fund balance**
  - Estimated fund balance exceeds required minimum by $15.8 million
- **No fee increase proposed for water service rates in FY 2026-27**
- **No new positions proposed**

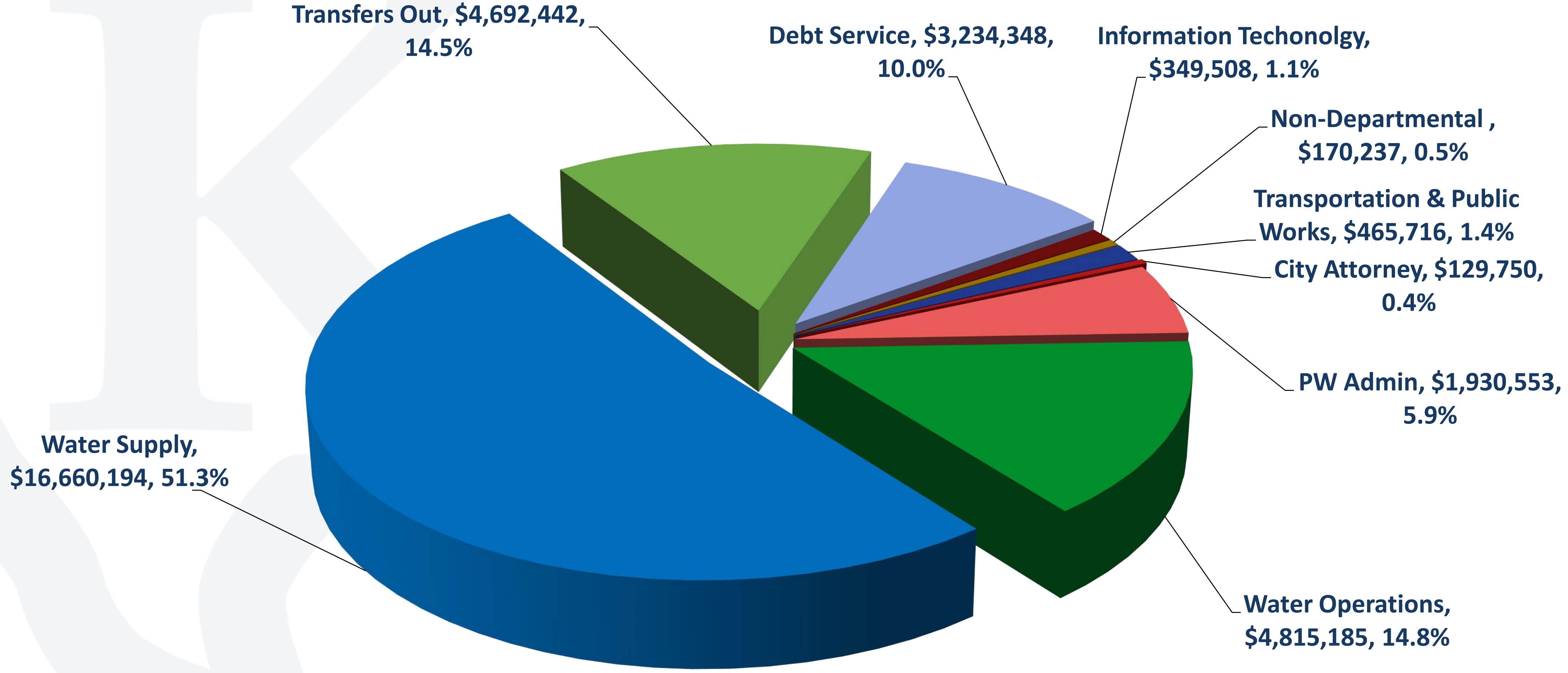
REVENUE & TRANSFERS-IN WATER UTILITY FUND

PROPOSED BUDGET FY 2026-27: $35,060,036



EXPENDITURES & TRANSFERS-OUT WATER UTILITY FUND

PROPOSED BUDGET FY 2026-27: $32,447,933

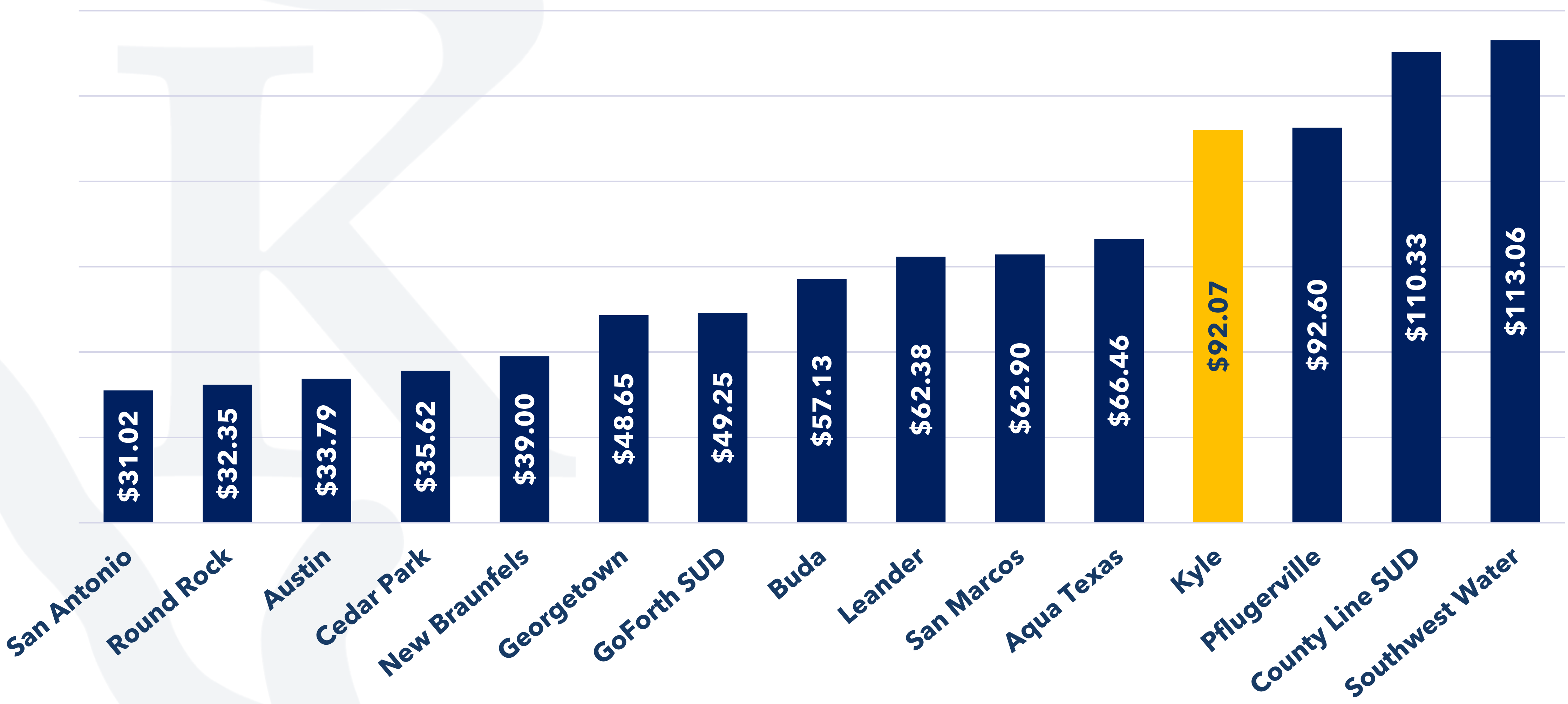


FUND SUMMARY - WATER UTILITY FUND

PROPOSED BUDGET FY 2026-27

#		Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Base Budget 2026-27	ICM Supplemental Budget 2026-27	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
	BEGINNING FUND BALANCE	$ 13,738,534	$ 15,005,254	$ 15,506,580	$ 18,197,866	$ 18,197,866	$ 21,344,312		$ 21,344,312		
	REVENUE:										
1	Water Sales	$ 18,196,116	$ 22,829,557	$ 26,823,975	$ 19,639,421	$ 29,736,722	$ 33,214,952	$ -	$ 33,214,952	$ 6,390,977	23.83%
2	Misc Water Charges	1,078,311	843,898	855,000	807,401	1,500,084	1,500,084	-	1,500,084	645,084	75.45%
3	Interest and Other	1,233,138	1,172,994	950,000	227,166	342,734	345,000	-	345,000	(605,000)	-63.68%
	TOTAL REVENUE:	$ 20,507,565	$ 24,846,449	$ 28,628,975	$ 20,673,988	$ 31,579,540	$ 35,060,036	$ -	$ 35,060,036	$ 6,431,061	22.46%
4	Transfer In	$ -	$ 4,946,490	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%
	TOTAL REVENUE AND TRANSFERS IN:	$ 20,507,565	$ 29,792,939	$ 28,628,975	$ 20,673,988	$ 31,579,540	$ 35,060,036	$ -	$ 35,060,036	$ 6,431,061	22.46%
	EXPENDITURES:										
5	City Attorney's Office	$ -	$ 2,048	$ 129,750	$ 66,015	$ 73,548	$ 129,750	$ -	$ 129,750	$ -	0.00%
6	Administrative Services	1,589,903	1,251,990	917,326	435,593	859,469	905,160	-	905,160	(12,166)	-1.33%
7	Information Technology	-	396,239	349,508	351,931	356,404	349,508	-	349,508	-	0.00%
8	Transportation & Public Works	415,428	548,373	340,113	184,787	311,347	465,716	-	465,716	125,604	36.93%
9	Water Utilities	14,472,523	15,863,086	23,500,817	11,978,871	20,092,675	22,500,771	-	22,500,771	(1,000,046)	-4.26%
10	Non-Departmental	107,352	119,243	407,822	149,233	169,233	170,237	-	170,237	(237,585)	-58.26%
11	General Debt I&S	-	-	3,202,000	-	1,900,000	3,234,348	-	3,234,348	32,348	1.01%
	TOTAL EXPENDITURES:	$ 16,585,205	$ 18,180,978	$ 28,847,335	$ 13,166,429	$ 23,762,676	$ 27,755,490	$ -	$ 27,755,490	$ (1,059,497)	-3.67%
	TOTAL TRANSFERS OUT:	$ 1,548,326	$ 3,113,656	$ 4,670,417	$ 2,335,208	$ 4,670,418	$ 4,692,442	$ -	$ 4,692,442	$ 22,025	0.47%
	TOTAL EXPENDITURES & TRANSFERS OUT	$ 18,133,531	$ 21,294,634	$ 33,517,752	$ 15,501,638	$ 28,433,094	$ 32,447,933	$ -	$ 32,447,933	$ (1,037,472)	-3.10%
	TOTAL REVENUE & TRANSFERS-IN IN EXCESS (DEFICIT) OVER EXPENDITURES	$ 2,374,034	$ 8,498,305	$ (4,888,777)	$ 5,172,351	$ 3,146,446	$ 2,612,103	$ -	$ 2,612,103		
	ADJUSTMENT PER AUDIT FOR RESTRICTED FUNDS	**$ (1,107,315)**	**$ (5,305,692)**								
	ESTIMATED ENDING FUND BALANCE	**$ 15,005,254**	**$ 18,197,866**	**$ 10,617,803**	**$ 23,370,217**	**$ 21,344,312**	**$ 23,956,416**		**$ 23,956,416**		

COMPARISON OF AVERAGE MONTHLY RESIDENTIAL BILL – WATER



WASTEWATER UTILITY FUND

PROPOSED BUDGET SUMMARY & HIGHLIGHTS

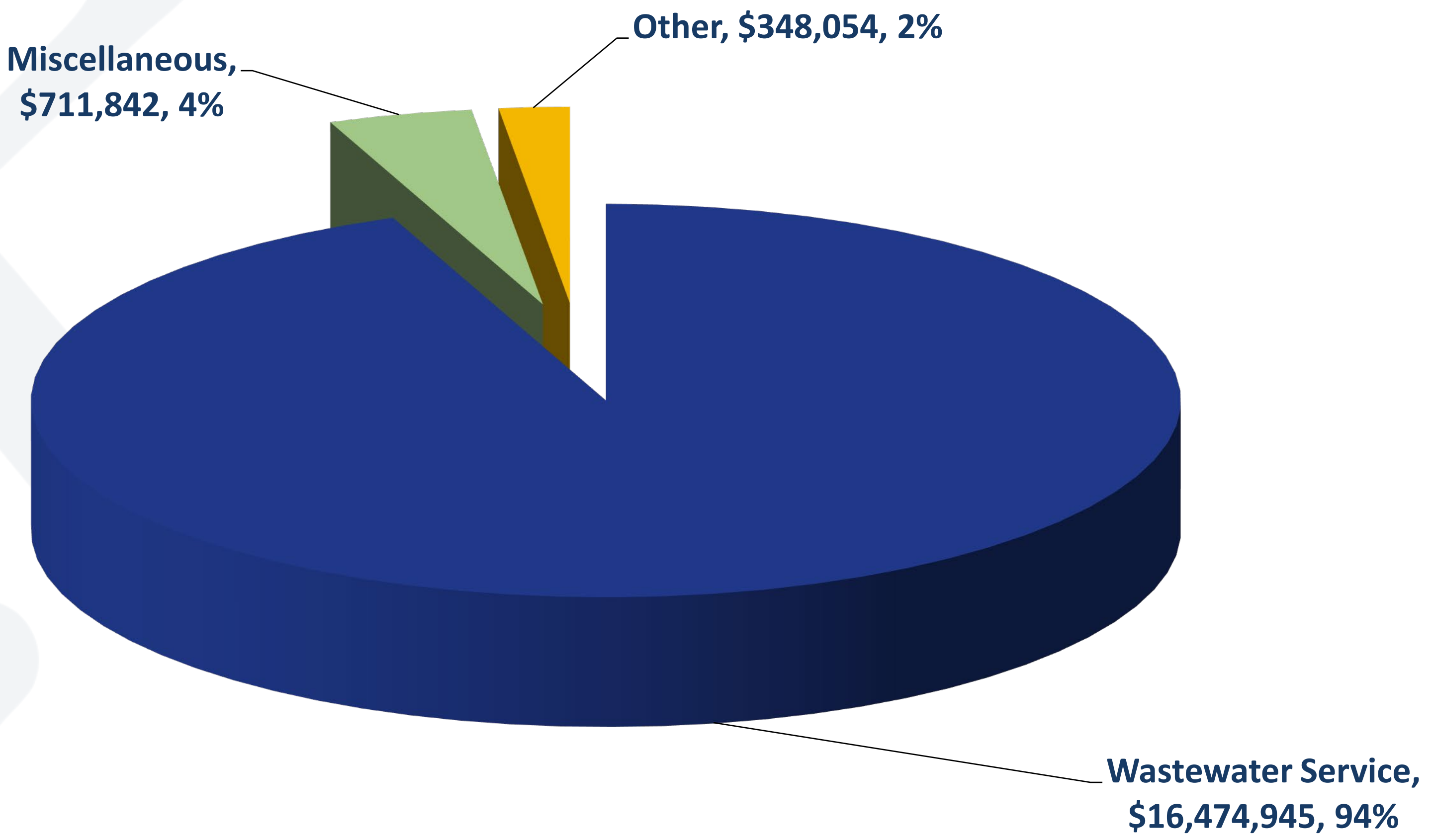
SUMMARY - WASTEWATER UTILITY FUND

PROPOSED BUDGET FY 2026-27

- **$17.5 million total revenues and transfers-in**
- **$12.3 million total expenditures and transfers-out**
  - $1.2 million equity transfer to General Fund
  - $1.4 million indirect support cost reimbursement to General Fund
- **$30.9 million in estimated ending fund balance**
  - Estimated fund balance exceeds required minimum by $27.8 million
- **No fee increase proposed for wastewater service rates in FY 2026-27**
- **No new positions proposed**

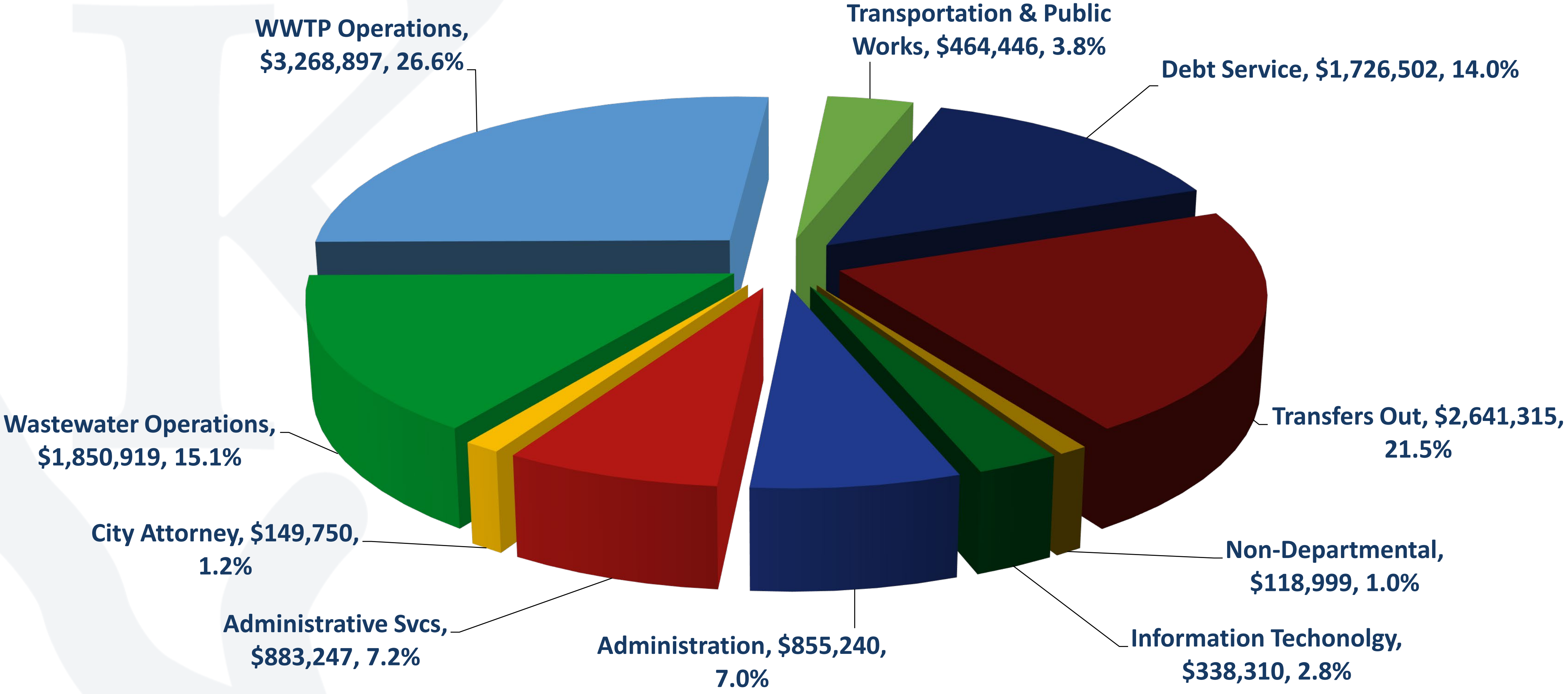
REVENUE & TRANSFERS-IN WASTEWATER UTILITY FUND

PROPOSED BUDGET FY 2026-27: $17,534,841



EXPENDITURES & TRANSFERS-OUT WASTEWATER UTILITY FUND

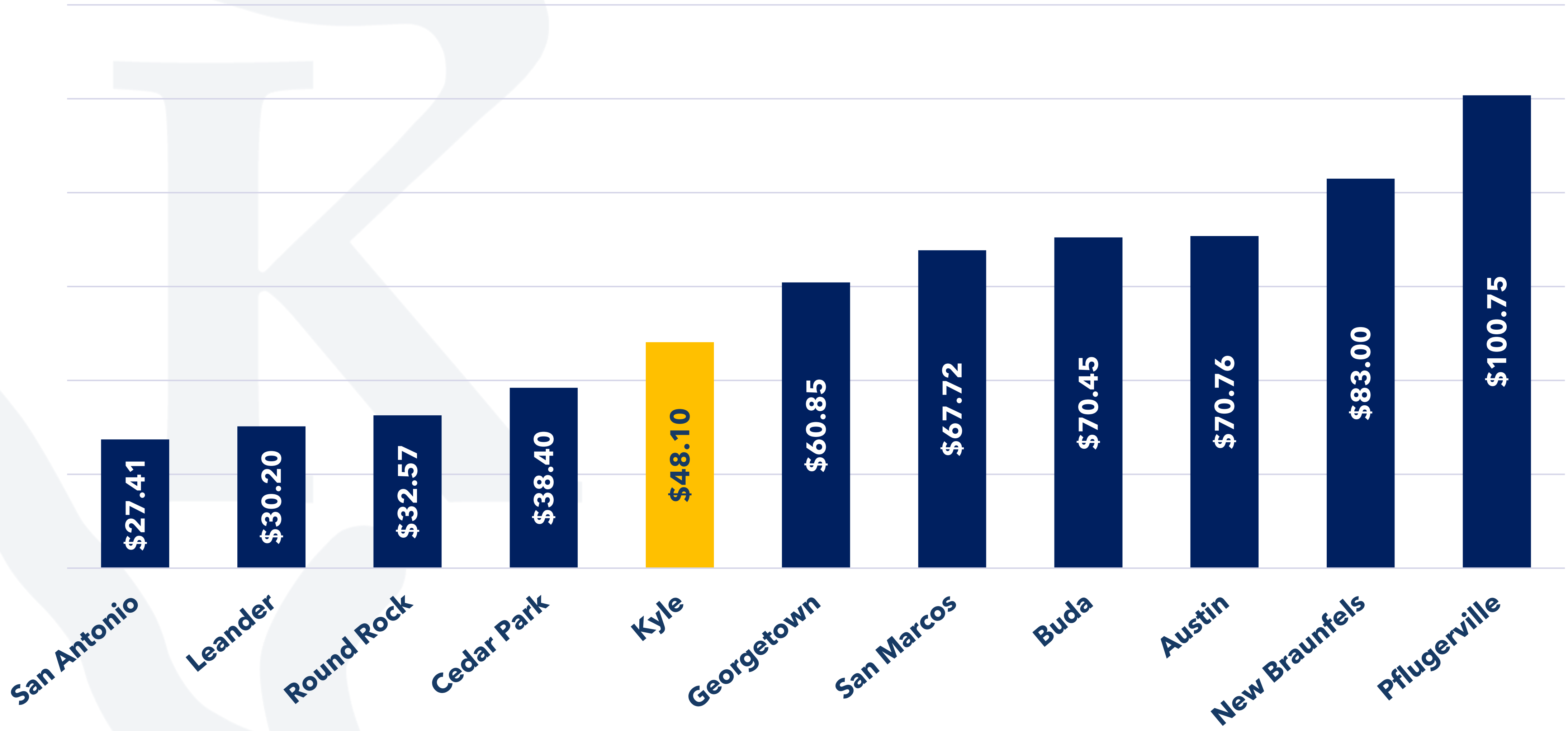
PROPOSED BUDGET FY 2026-27: $12,297,625



FUND SUMMARY
WASTEWATER UTILITY FUND

#		Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Base Budget 2026-27	ICM Supplemental Budget 2026-27	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
	BEGINNING FUND BALANCE	$ 10,232,900	$ 14,146,013	$ 15,152,117	$ 18,892,948	$ 18,892,948	$ 25,622,718		$ 25,622,718		
	REVENUE:										
1	Wastewater Service Charges	$ 12,414,644	$ 14,832,064	$ 15,088,836	$ 11,262,106	$ 17,096,739	$ 16,474,945	$ -	$ 16,474,945	$ 1,386,109	9.19%
2	Misc Wastewater Charges	443,026	348,871	235,000	362,238	711,842	711,842	-	711,842	476,842	202.91%
3	Interest and Other	714,480	1,810,119	520,000	230,033	348,054	348,054	-	348,054	(171,946)	-33.07%
	TOTAL REVENUE:	$ 13,572,150	$ 16,991,054	$ 15,843,836	$ 11,854,377	$ 18,156,635	$ 17,534,841	$ -	$ 17,534,841	$ 1,691,005	10.67%
4	Transfer In	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%
	TOTAL REVENUE AND TRANSFERS IN:	$ 13,572,150	$ 16,991,054	$ 15,843,836	$ 11,854,377	$ 18,156,635	$ 17,534,841	$ -	$ 17,534,841	$ 1,691,005	10.67%
	EXPENDITURES:										
5	City Attorney's Office	$ -	$ 385	$ 149,750	$ 69,572	$ 74,396	$ 149,750	$ -	$ 149,750	$ -	0.00%
6	Administrative Services	1,071,402	1,188,194	875,006	332,619	769,935	883,246	-	883,246	8,240	0.94%
7	Information Technology	-	368,848	338,310	349,239	349,432	338,310	-	338,310	-	0.00%
8	Transportation & Public Works:	423,937	542,241	840,853	181,884	273,537	464,446	-	464,446	(376,406)	-44.76%
9	Water Utilities	4,474,882	4,762,100	7,095,891	3,771,456	5,455,767	5,975,056	-	5,975,056	(1,120,835)	-15.80%
10	Non-Departmental	36,414	99,668	336,588	99,976	121,338	118,999	-	118,999	(217,589)	-64.65%
11	Debt Service	1,022,614	990,865	1,744,600	403,069	1,744,600	1,726,502	-	1,726,502	(18,098)	-1.04%
	TOTAL EXPENDITURES:	$ 7,029,249	$ 7,952,301	$ 11,380,998	$ 5,207,815	$ 8,789,005	$ 9,656,310	$ -	$ 9,656,310	$ (1,724,688)	-15.15%
	TOTAL TRANSFERS OUT:	$ 1,212,173	$ 1,997,651	$ 2,637,860	$ 1,318,930	$ 2,637,860	$ 2,641,315	$ -	$ 2,641,315	$ 3,455	0.13%
	TOTAL EXPENDITURES & TRANSFERS OUT	$ 8,241,422	$ 9,949,952	$ 14,018,858	$ 6,526,745	$ 11,426,865	$ 12,297,625	$ -	$ 12,297,625	$ (1,721,233)	-12.28%
	TOTAL REVENUE & TRANSFERS-IN IN EXCESS (DEFICIT) OVER EXPENDITURES	$ 5,330,728	$ 7,041,102	$ 1,824,978	$ 5,327,632	$ 6,729,770	$ 5,237,216	$ -	$ 5,237,216		
	ADJUSTMENT PER AUDIT FOR RESTRICTED FUNDS	**$ (1,417,615)**	**$ (2,294,167)**								
	ESTIMATED ENDING FUND BALANCE	**$ 14,146,013**	**$ 18,892,948**	**$ 16,977,095**	**$ 24,220,580**	**$ 25,622,718**	**$ 30,859,934**		**$ 30,859,934**		

COMPARISON OF AVERAGE MONTHLY RESIDENTIAL BILL – WASTEWATER



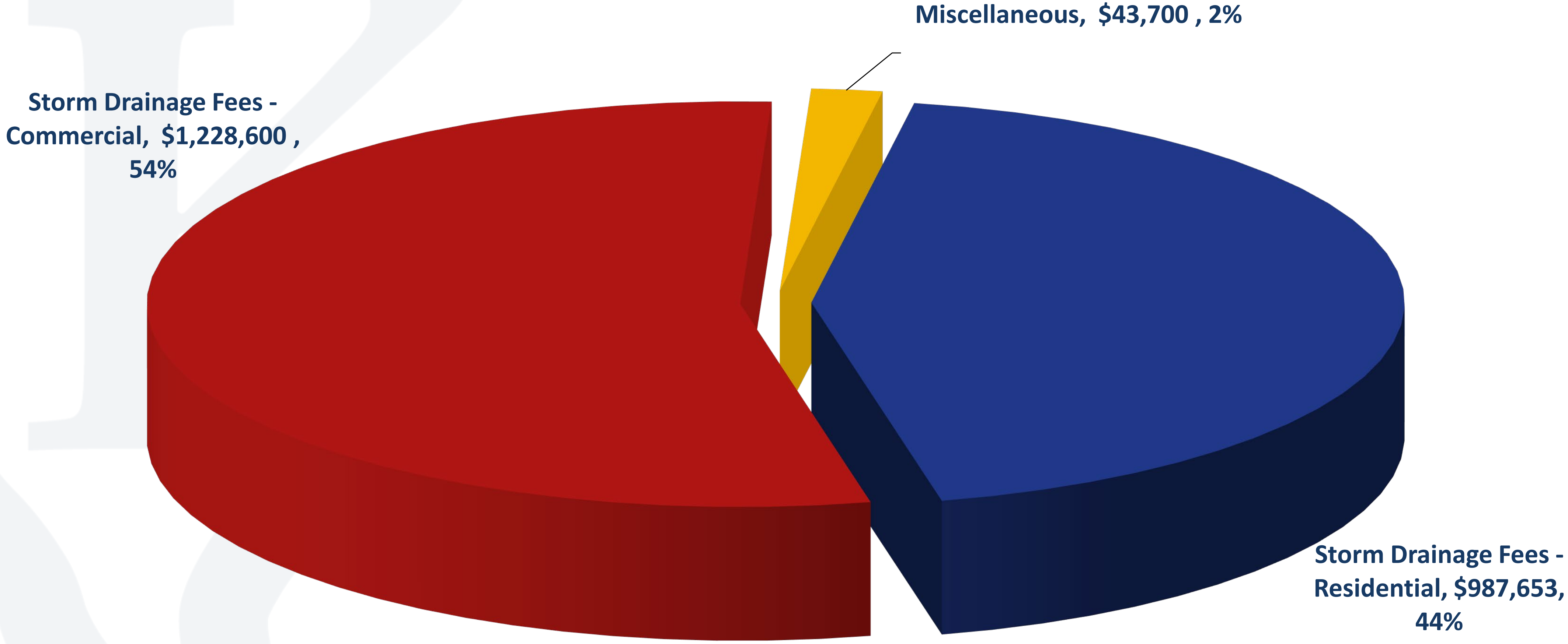
STORM DRAINAGE UTILITY FUND

PROPOSED BUDGET SUMMARY & HIGHLIGHTS

SUMMARY - STORM DRAINAGE UTILITY FUND
PROPOSED BUDGET FY 2026-27

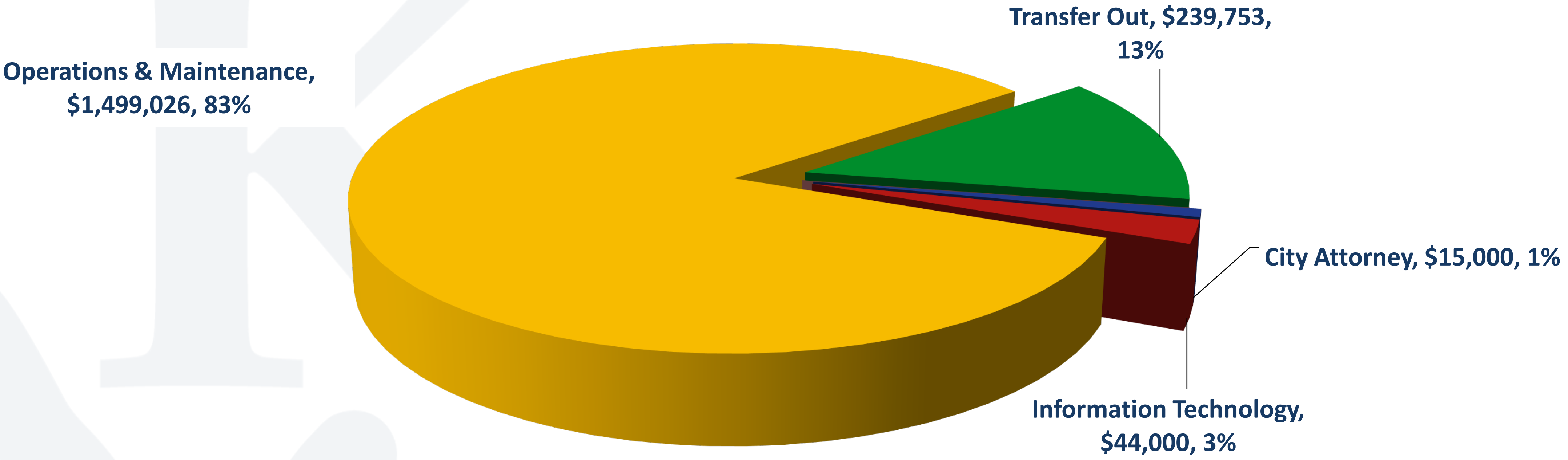
- **$2.3 million total revenues and transfers-in**
- **$1.8 million total expenditures and transfers-out**
  - $0.24 million indirect support cost reimbursement to General Fund
- **$1.5 million in estimated ending fund balance**
- **No fee increase proposed for storm drainage fees in FY 2026-27**

REVENUE & TRANSFERS-IN
STORM DRAINAGE UTILITY FUND
PROPOSED BUDGET FY 2026-27: $2,259,954



EXPENDITURES & TRANSFERS-OUT STORM DRAINAGE UTILITY FUND

PROPOSED BUDGET FY 2026-27: $1,797,779



FUND SUMMARY
STORM DRAINAGE UTILITY FUND
PROPOSED BUDGET FY 2026-27

#		Actual 2023-24	Actual 2024-25	Approved Budget 2025-26	Year to Date w/Encumbrance 5/31/2026	Current Year Estimate 2025-26	ICM Proposed Base Budget 2026-27	ICM Supplemental Budget 2026-27	ICM Proposed Budget 2026-27	Proposed $ Increase (Decrease) From FY 2025-26 Approved Budget	Proposed % Increase (Decrease) From FY 2025-26 Approved Budget
	BEGINNING FUND BALANCE	$ 1,257,406	$ 1,299,041	$ 1,572,771	$ 1,714,526	$ 1,714,526	$ 1,078,802		$ 1,078,802		
	REVENUE:										
1	Drainage Fee - Residential	$ 901,122	$ 942,189	$ 1,186,920	$ 638,220	$ 958,887	$ 987,653	$ -	$ 987,653	$ (199,267)	-16.79%
2	Drainage Fee - Commercial	995,026	1,202,902	885,281	795,153	1,192,816	1,228,600	-	1,228,600	343,319	38.78%
3	Floodplain Development Application Review Fee	-	750	1,500	-	-	-	-	-	(1,500)	-100.00%
4	Interest Income	34,731	73,840	39,727	5,609	12,435	12,435		12,435	(27,292)	
5	Misc Drainage Fee	51,866	27,294	27,377	20,226	31,265	31,265	-	31,265	3,888	14.20%
	TOTAL REVENUE:	$ 1,982,744	$ 2,246,975	$ 2,140,805	$ 1,459,207	$ 2,195,403	$ 2,259,954	$ -	$ 2,259,954	$ 119,149	5.57%
6	Transfer In - G/F	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0.00%
	TOTAL REVENUE AND TRANSFERS IN:	$ 1,982,744	$ 2,246,975	$ 2,140,805	$ 1,459,207	$ 2,195,403	$ 2,259,954	$ -	$ 2,259,954	$ 119,149	5.57%
	EXPENDITURES:										
7	City Attorney's Office	$ -	$ 245	$ 15,000	$ -	$ 15,000	$ 15,000	$ -	$ 15,000	$ -	0.00%
8	Information Technology	-	33,189	44,000	85,643	85,643	44,000	-	44,000	-	0.00%
9	Transportation & Public Works	1,435,922	1,585,630	2,649,308	1,965,268	2,490,730	1,499,026	-	1,499,026	(1,150,282)	-43.42%
10	Non-Departmental	(3,861)	5,471	64,319	-	-	-	-	-	(64,319)	-100.00%
	TOTAL EXPENDITURES:	$ 1,432,061	$ 1,624,536	$ 2,772,627	$ 2,050,911	$ 2,591,373	$ 1,558,026	$ -	$ 1,558,026	$ (1,214,601)	-43.81%
	TOTAL TRANSFERS OUT:	$ 500,000	$ 217,957	$ 239,753	$ 119,876	$ 239,753	$ 239,753	$ -	$ 239,753	$ -	0.00%
	TOTAL EXPENDITURES & TRANSFERS OUT	$ 1,932,061	$ 1,842,493	$ 3,012,380	$ 2,170,788	$ 2,831,126	$ 1,797,779	$ -	$ 1,797,779	$ (1,214,601)	-40.32%
	TOTAL REVENUE & TRANSFERS-IN IN EXCESS (DEFICIT) OVER EXPENDITURES	$ 50,683	$ 404,483	$ (871,574)	$ (711,581)	$ (635,723)	$ 462,175	$ -	$ 462,175		
	ESTIMATED ENDING FUND BALANCE	**$ 1,299,041**	**$ 1,714,526**	**$ 701,197**	**$ 1,002,945**	**$ 1,078,802**	**$ 1,540,977**		**$ 1,540,977**		

PROPOSED 5-YEAR CAPITAL IMPROVEMENTS PLAN (CIP) FISCAL YEARS 2027 TO 2031

SUMMARY OF PROPOSED 5-YEAR CAPITAL IMPROVEMENTS PLAN (CIP)

1. 5-Year CIP Spending Plan Covers = FY 2027 to FY 2031
2. Number of Proposed Projects = 82
3. Proposed CIP Spending FY 2026-27 = $288.5 Million
4. Proposed 5-Year CIP Spending Plan = $838.8 Million
   - Tax-Supported CIPs = $379.6 Million or 45.3%
   - Non-Tax Supported CIPs = $459.2 Million or 54.7%

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	Total
5-Year Spending Plan FY 2026-2030	$288.5M	$290.1M	$152.1M	$60.5M	$47.6M	$838.8M

A complete listing of all CIP projects are provided in the budget document.

PROPOSED 5-YEAR CAPITAL IMPROVEMENTS PLAN (CIP) FISCAL YEARS 2027-2031 ($ IN MILLIONS)

Funding Source	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
1. General Fund	$5.3	$3.4	$4.9	$3.4	$3.4	$20.3
2. Park Development Fund	$2.0	$1.3	$0.5	$0.5	$0.5	$4.8
3. Water Utility Fund	$50.1	$27.5	$10.8	$21.3	$25.9	$135.4
4. Wastewater Utility Fund	$80.3	$110.1	$74.3	$3.9	$4.5	$272.9
5. Storm Drainage Utility Fund	$2.1	$4.6	$2.0	$2.0	$3.0	$13.8
6. 2022 Road Bond Fund	$99.7	$76.1	$32.4	$11.3	-	$219.5
7. TIRZ #1 Fund	$1.5	$2.5	-	-	-	$4.0
8. TIRZ #2 Fund	$25.2	-	-	-	-	$25.2
9. TIRZ #4 Fund	$5.0	$1.5	-	-	-	$6.5
Continued...						

A complete listing of all CIP projects are provided in the budget document.

PROPOSED 5-YEAR CAPITAL IMPROVEMENTS PLAN (CIP) FY 2027-2031 ($ IN MILLIONS)

Funding Source	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	Total
10. 2020 GO Bond Fund (Parks)	$2.8	$8.0	-	-	-	$7.5
11. CDBG Grant	$0.6	$0.3	$0.3	$0.3	$0.3	$1.8
12. FUTURE CO (PW)/UNFUNDED	$23.8	$21.2	$27.1	$18.0	$6.0	$96.0
13. FUTURE BOND/UNFUNDED	$6.0	$16.5	-	-	$4.0	$26.5
5-Year Spending Plan 2027-2031	$288.5	$290.1	$152.1	$60.5	$47.6	$838.8

A complete listing of all CIP projects are provided in the budget document.

5-YEAR FORECAST OF CIP FUNDING REQUIREMENTS FY 2027 THROUGH FY 2031

	Purpose & Description	Year 1 FY 2026-2027	Year 2 FY 2027-2028	Year 3 FY 2028-2029	Year 4 FY 2029-2030	Year 5 FY 2030-2031	5-Year Total FY 2026-2027
1	TAX-SUPPORTED CIP FUNDING REQUIREMENTS:						
2	2020 General Obligation (GO) Bonds - Parks	$ 2,800,000	$ 8,000,000	$ -	$ -	$ -	$ 10,800,000
3	2022 General Obligations (GO) Bonds - Roads	99,724,000	76,143,000	32,366,000	11,251,000	-	219,484,000
4	Total Estiamte Tax-Supported GO Bonds	$ 102,524,000	$ 84,143,000	$ 32,366,000	$ 11,251,000	$ -	$ 230,284,000
5	OTHER TAX-SUPPORTED CIP FUNDING REQUIREMENTS:						
6	General Fund CIP	$ 4,880,000	$ 3,380,000	$ 4,880,000	$ 3,380,000	$ 3,380,000	$ 19,900,000
7	Park Development CIP	1,999,759	1,250,000	500,000	500,000	500,000	4,749,759
8	Park COs CIP	447,469	-	-	-	-	447,469
9	CDBG CIP	572,006	300,000	300,000	300,000	300,000	1,772,006
10	Total Estimated Other Tax-Supported CIP Funding Requirements	$ 7,899,234	$ 4,930,000	$ 5,680,000	$ 4,180,000	$ 4,180,000	$ 26,869,234
11	TOTAL ESTIMATED TAX-SUPPORTED CIP FUNDING REQUIREMENTS:	$ 110,423,234	$ 89,073,000	$ 38,046,000	$ 15,431,000	$ 4,180,000	$ 257,153,234

5-YEAR FORECAST OF CIP FUNDING REQUIREMENTS FY 2027 THROUGH FY 2031 - CONTINUED

		Year 1 FY 2026-2027	Year 2 FY 2027-2028	Year 3 FY 2028-2029	Year 4 FY 2029-2030	Year 5 FY 2030-2031	5-Year Total FY 2026-2027
12	NON-TAX SUPPORTED CIP FUNDING REQUIREMENTS:						
13	Water Utility System Improvements	$ 50,087,229	$ 27,450,000	$ 10,750,000	$ 21,250,000	$ 25,900,000	$ 135,437,229
14	Wastewater Utility System Improvements	80,275,000	110,050,000	74,250,000	3,850,000	4,500,000	272,925,000
15	Drainage Utility System Improvements	2,145,520	4,645,545	2,000,000	2,000,000	3,000,000	13,791,065
16	TIRZ #1 CIP	1,500,000	2,500,000	-	-	-	4,000,000
17	TIRZ #2 CIP	9,285,992	17,265,334	-	-	-	26,551,326
18	TIRZ #4 CIP	5,000,000	1,500,000	-	-	-	6,500,000
19	TOTAL NON-TAX SUPPORTED CIP FUNDING REQUIREMENTS:	$ 148,293,741	$ 163,410,879	$ 87,000,000	$ 27,100,000	$ 33,400,000	$ 459,204,620
20	FUTURE CO & GO BOND TAX-SUPPORTED CIP FUNDING REQUIREMENTS:						
21	Future COs (Public Works)	$ 23,750,000	$ 21,150,000	$ 27,050,000	$ 18,000,000	$ 6,000,000	$ 95,950,000
22	Future Bond Election	6,000,000	16,500,000	-	-	4,000,000	$ 26,500,000
23	TOTAL FUTURE CO & GO BOND TAX-SUPPORTED CIP FUNDING REQUIREMENTS:	$ 29,750,000	$ 37,650,000	$ 27,050,000	$ 18,000,000	$ 10,000,000	$ 122,450,000

5-YEAR FORECAST OF CIP FUNDING REQUIREMENTS FY 2027 THROUGH FY 2031 - CONTINUED

24	AGGREGATED TOTALS	Year 1 FY 2026-2027	Year 2 FY 2027-2028	Year 3 FY 2028-2029	Year 4 FY 2029-2030	Year 5 FY 2030-2031	5-Year Total FY 2026-2027
25	Total Tax-Supported CIP Funding	$ 102,524,000	$ 84,143,000	$ 32,366,000	$ 11,251,000	$ -	$ 230,284,000
26	Total Other-Tax Supported CIP Funding	7,899,234	4,930,000	5,680,000	4,180,000	4,180,000	26,869,234
27	Total Tax-Supported Non-Funded CIP	29,750,000	37,650,000	27,050,000	18,000,000	10,000,000	122,450,000
28	Total Non-Tax Supported CIP Funding	$ 148,293,741	$ 163,410,879	$ 87,000,000	$ 27,100,000	$ 33,400,000	$ 459,204,620
	TOTAL ESTIMATED TAX-SUPPORTED, NON-TAX SUPPORTED, AND FUTURE CO/GO BOND FUNDING REQUIREMENTS	$ 288,466,975	$ 290,133,879	$ 152,096,000	$ 60,531,000	$ 47,580,000	$ 838,807,854

TOTAL OUTSTANDING BOND DEBT & DEBT SERVICE REQUIREMENTS FOR FY 2026-27

City Council Meeting: August 1, 2026

Presented by: Andy Alejandro, Interim Deputy Finance Director

Holly R. Holt-Torres, Assistant Finance Director

TOTAL PRINCIPAL BOND DEBT OUTSTANDING AS OF AUGUST 1, 2026

TYPE OF BOND DEBT	PRINCIPAL OUTSTANDING	
General Obligation Bonds, Series 2013	$	1,525,000
General Obligation Refunding Bonds, Series 2013	$	7,090,000
General Obligation Refunding Bonds, Series 2014	$	2,860,000
General Obligation & Refunding Bonds, Series 2015	$	19,370,000
General Obligation Refunding Bonds, Series 2016	$	2,640,000
Certificates Obligation Bonds, Series 2020	$	25,280,000
General Obligation Refunding Bonds, Series 2020	$	1,085,000
General Obligation Bonds, Series 2022	$	27,115,000
General Obligation Bonds, Series 2023	$	37,480,000
Tax Increment Revenue Bonds, Series 2023	$	7,915,000
General Obligation Bonds, Series 2025	$	40,450,000
Certificates Obligation Bonds, Series 2025	$	75,540,000
TOTAL BOND DEBT OUTSTANDING:	**$**	**248,350,000**

TOTAL BOND DEBT OUTSTANDING BY REPAYMENT SOURCE AS OF AUGUST 1, 2026

SOURCE OF DEBT REPAYMENT	PRINCIPAL OUTSTANDING	% OF TOTAL
Property Tax – General Fund	$ 144,241,632	58.08%
Water Rates – Water Utility System	$ 39,853,439	16.05%
Wastewater Rates – Wastewater Utility System	$ 39,091,295	15.74%
Tax Increment Reinvestment Zone No. 1	$ 8,143,634	3.28%
Tax Increment Reinvestment Zone No. 2	$ 17,020,000	6.85%
TOTAL BOND DEBT OUTSTANDING:	**$ 248,350,000**	**100.00%**

TOTAL PRINCIPAL & INTEREST ON BOND DEBT AS OF AUGUST 1, 2026

TYPE OF BOND DEBT	PRINCIPAL OUTSTANDING	INTEREST UNTIL PAYOFF	TOTAL P&I DUE
General Obligation Bonds, Series 2013	$ 1,525,000	$ 186,683	$ 2,088,430
General Obligation Refunding Bonds, Series 2013	$ 7,090,000	$ 1,010,713	$ 9,084,419
General Obligation Refunding Bonds, Series 2014	$ 2,860,000	$ 164,600	$ 4,745,800
General Obligation & Refunding Bonds, Series 2015	$ 19,370,000	$ 3,808,225	$ 26,160,675
General Obligation Refunding Bonds, Series 2016	$ 2,640,000	$ 346,000	$ 3,091,600
Certificates Obligation Bonds, Series 2020	$ 25,280,000	$ 14,702,100	$ 41,612,950
General Obligation Refunding Bonds, Series 2020	$ 1,085,000	$ 134,000	$ 1,520,600
General Obligation Bonds, Series 2022	$ 27,115,000	$ 10,928,750	$ 40,422,300
General Obligation Bonds, Series 2023	$ 37,480,000	$ 19,032,750	$ 59,835,750
Tax Increment Revenue Bonds, Series 2023	$ 7,915,000	$ 5,763,350	$ 14,186,813
General Obligation Bonds, Series 2025	$ 40,450,000	$ 37,027,000	$ 72,216,000
Certificates Obligation Bonds, Series 2025	$ 75,540,000	$ 62,681,500	$ 143,299,213
TOTAL BOND DEBT OUTSTANDING:	$ 248,350,000	$ 155,785,670	$ 418,264,550

DEBT SERVICE PAYMENTS DUE IN FY 2026-27 BY REPAYMENT SOURCE

SOURCE OF DEBT REPAYMENT	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	% OF TOTAL
Property Tax – General Fund (I&S Debt Levy)	$ 7,329,323	$ 6,759,579	$ 14,088,902	63.39%
Water Rates – Water Utility System	$ 966,725	$ 1,978,723	$ 2,945,448	13.25%
Wastewater Rates – Wastewater Utility System	$ 892,861	$ 1,733,739	$ 2,626,600	11.82%
Tax Increment Reinvestment Zone No. 1	$ 1,126,091	$ 273,163	$ 1,399,254	6.30%
Tax Increment Reinvestment Zone No. 2	$ 355,000	$ 811,462	$ 1,166,462	5.25%
TOTAL DEBT SERVICE PAYMENT IN FY 2025-26:	$ 10,670,000	$ 11,556,666	$ 22,226,666	100.00%

PROPOSED FEES & RATES

PROPOSED BUDGET
FY 2026-27

PROPOSED NEW FEES & CHANGES FY 2026-27

1.	**Total Number of Fees & Charges**	**= 572**
2.	**Number of New Fees Proposed**	**= 1**
3.	**Number of Fees/Charges Unchanged**	**= 571**
4.	**Number of Fees Changed**	**= 1 (1 Decreased)**

A complete listing of all Fees & Charges are provided in the budget document.

ALL OTHER CITY FUNDS

PROPOSED BUDGET
FISCAL YEAR 2026-27

ALL OTHER CITY FUNDS

ALL OTHER 56 FUNDS TOTAL EXPENDITURES: $301,194,837

EXAMPLE OF OTHER FUNDS INCLUDE:

TIRZ #6 Fund	$	1,500,000
Park Development Fund		1,999,759
Storm Drainage CIP Fund		2,145,520
2020 GO Bond Fund		2,800,000
TIRZ #1 Fund		2,899,255
General Fund CIP		4,880,000
TIRZ #4 Fund		5,000,000
2025 CO Bond Water Fund		10,100,000
TIRZ #2 Fund		10,754,815
Debt Service Fund		14,542,101
Wastewater CIP Fund		20,275,000
Water CIP Fund		39,987,229
2023 CO Bond Fund (WWTP)		60,476,760
2022 Road Bond Fund		99,724,000

A complete listing of all other City Funds and expenditure details are provided in the budget document.

NEXT STEPS

- ❑ **Saturday, August 1, 2026 (5:00 p.m.)**
  - Presentation of Interim City Manager's Recommended Proposed Budget for Fiscal Year 2026-27
- ❑ **Thursday, August 13, 2026 (7:00 p.m.)**
  - Update on 2026 Cost of Service Study Results & Rate Recommendations for Water & Wastewater Service - (Raftelis Financial, City's Rate Consultant)
  - Review Certified Property Tax Rate Calculations Received From Hays County Tax Assessor-Collector (HCTAC)
  - Approval of Resolution to Consider Tax Rate Increase At A Future City Council Meeting

NEXT STEPS (CONTINUED)

❑ **Saturday, September 5, 2026 (5:30 p.m.)**

- Public Hearings - Budget, Fees, Utility Rates, & Property Tax Rates
- 1st Reading: Budget Adoption Ordinance
- 1st Reading: Property Tax Rate Adoption Ordinance
- 1st Reading: Property Tax Increase Ratification Ordinance

❑ **Tuesday, September 15, 2026 (7:00 p.m.)**

- Public Hearings - Budget, Fees, Utility Rates, & Property Tax Rates
- 2nd Reading: Budget Adoption Ordinance
- 2nd Reading: Property Tax Rate Adoption Ordinance
- 2nd Reading: Property Tax Increase Ratification Ordinance

NEXT STEPS (CONTINUED)

- **Tuesday, September 15, 2026**
  - Annual Update & Approval of City Policies:
    - Investment Policy
    - Personnel Policy
- **All Proposed Budget Information Will Be Posted on City's Webpage:**
  - **https://www.cityofkyle.gov/**

QUESTIONS & COMMENTS FROM CITY COUNCIL

CITY OF KYLE
ESTABLISHED 1880