

CITY COUNCIL MEMORANDUM

AGENDA ITEM

Budget Amendment

ORIGINATING DEPARTMENT

Finance

BACKGROUND INFORMATION

City Charter (Article VII, Section 71) states that all appropriations shall lapse at the end of the fiscal year to the extent that they shall not have been expended or lawfully encumbered. This section of the City Charter is an essential tool for effectively controlling departmental expenditures after the end of a fiscal year. However, during the course of each fiscal year, there are contracts and commitments that are entered into by the City during the current fiscal year and then completed in the next fiscal year.

In addition, various projects are also funded through the Capital Improvement Program (CIP). The CIP is primarily funded through the issuance of revenue bonds, general obligation bonds, and certificates of obligation. These funds can only be used for purposes outlined in the bond covenant and, by their very nature, span fiscal years.

DISCUSSION/CONCLUSION

A number of outstanding contracts and commitments for projects and/or services were not completed nor received by the City prior to the close of the fiscal year ending September 30, 2016. In order to complete contracted projects and/or services, FY 2016 appropriations need to be carried forward to the Annual Budget and Plan of Municipal Services for FY 2017 as a budget amendment.

The City of Killeen approves the CIP budget along with the Annual Budget and Plan of Municipal Services each year in September. Staff provides estimates based upon the best available information at that time, and the budget periodically needs to be amended as more accurate information becomes available. Changes in scope, schedules, or the project having remaining funds due to favorable bids or not enough funds due to unforeseen events requires that a budget amendment be approved by City Council.

FISCAL IMPACT

Upon approval, accounts will be amended in the FY 2017 budget as follows:

- An increase to General Fund expenditure accounts by \$202,150.
- An increase to Special Revenue Funds' revenue accounts by \$146,697.
- An increase to Special Revenue Funds' expenditure accounts by \$894,030.
- An increase to Capital Improvement Funds' expense accounts by \$7,233,774.
- An increase to Aviation expense accounts by \$65,761.
- An increase to Solid Waste expense accounts by \$20,428.
- A neutral impact to Water and Sewer expense accounts by \$0.
- An increase to Drainage Utility expense accounts by \$98,617.

An increase to Internal Service Fund expense accounts by \$3,311,075.

RECOMMENDATION

Staff recommends that the City Council approve the attached ordinance amending the Annual Budget and Plan of Municipal Services for FY 2017 to re-appropriate funds from the fiscal year ending September 30, 2016.