

## CITY COUNCIL MEMORANDUM

### AGENDA ITEM

**Budget Amendment**

### ORIGINATING DEPARTMENT

**Finance**

### BACKGROUND INFORMATION

City Charter (Article VII, Section 73) 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 city expenditures at 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 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; the projects typically span multiple fiscal years.

### DISCUSSION/CONCLUSION

There are a number of outstanding contracts and commitments for projects and/or services that were not completed or received by the City by the close of fiscal year ending September 30, 2015. In order to complete contracted projects and/or services, FY 2015 appropriations need to be carried over into the Annual Budget and Plan of Municipal Services for FY 2016 as a budget amendment.

The City of Killeen approves the CIP budget along with the Annual Budget and Plan of Municipal Services in September on an annual basis. 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, funding will be carried forward into the FY 2016 budget as follows:

The increase to the General Fund Budget is \$1,249,468.

The decrease to the Special Revenue Funds Budget is \$93,787.

The increase to the Capital Project Funds Budget is \$11,886,598

The increase to the Aviation Funds Budget is \$418,165.

The increase to the Solid Waste Funds Budget is \$94,326.

The increase to the Water and Sewer Fund Budget is \$1,601,493.

The increase to the Drainage Utility Fund Budget is \$138,032.

## **RECOMMENDATION**

Staff recommends that the City Council approve the attached ordinance amending the Annual Budget and Plan of Municipal Services for FY 2016 and to re-appropriate encumbered funds from fiscal year ending September 30, 2015.