



STAFF REPORT

DATE: January 18, 2022
TO: Kent Cagle, City Manager
FROM: Jonathan Locke, Executive Director of Finance
SUBJECT: Budget Amendment

BACKGROUND AND FINDINGS:

The budget amendment predominantly addresses four major initiatives that include carrying forward funds from FY 2021 to FY 2022 for contracts and commitments that were not completed in FY 2021; amending operational funds; appropriating funds for specific programs and grants; and capital improvement projects.

Carry Forward -

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. During the course of a fiscal year, there are contracts and commitments that are entered into that are not completed until the following fiscal year.

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 ended September 30, 2021. In order to complete contracted projects and/or services, FY 2021 appropriations need to be carried forward to the FY 2022 Annual Budget.

FY 2021 Carry Forwards	Revenue Budget
Special Revenue Funds	\$795,099
TOTAL	\$795,099

FY 2021 Carry Forwards	Expenditure Budget
General Fund	\$1,238,214
Internal Service Funds	24,750
Aviation Fund	29,164
Golf Capital Projects Fund	21,336
Solid Waste Fund	40,558
Water & Sewer Fund	87,301
Drainage Utility Fund	61,961
Special Revenue Funds	972,482
TOTAL	\$2,475,766

Operational Funds -

There are two operational fund items addressed in this budget amendment:

1. A Recreation Manager position was reclassified to a Community Engagement Coordinator position. The position was moved from Recreation Services to the City Manager’s Office for oversight of community engagement. This budget amendment moves the funding for the position.
2. In Aviation, a rate reconciliation study for \$45,000 was approved as a decision package during the FY 2022 Budget. However, the funds were inadvertently left out of the budget. This budget amendment appropriates the approved item.

Operational Items	Expenditure Budget
General Fund	\$0
Aviation Funds	45,000
TOTAL	\$45,000

Programs and Grants-

There are four programs and grants addressed in this budget amendment:

1. The American Rescue Plan Act of 2021 appropriated funding to provide housing, services and shelter to individuals experiencing homelessness and other vulnerable populations. The federal award is \$1,778,641. This budget amendment appropriates the revenues and expenditures for this grant.
2. The City of Killeen received a \$100,000 grant from PETCO in FY 2021 that was not expended. This budget amendment appropriates the fund balance to be used for eligible veterinary services.
3. TxDOT ARPA Airport grant for \$32,000 was awarded on October 28, 2021, after the budget was adopted. This budget amendment appropriates the revenue for the grant.
4. There is \$120,545 remaining in Bureau of Justice Assistance Coronavirus Emergency Supplemental Funding Direct Award from FY 2020. This budget amendment appropriates the remaining grant funds to be used to expand the public safety social distancing system.

FY 2021 Programs/Grants	Revenue Budget
Special Revenue Funds	\$1,778,641
Aviation Funds	32,000
Internal Service Funds	120,545
TOTAL	\$1,931,186

FY 2021 Programs/Grants	Expenditure Budget
Special Revenue Funds	\$1,878,641
Aviation Funds	0
Internal Service Funds	120,545
TOTAL	\$1,999,186

Capital Improvement Projects -

There are three capital improvement project items addressed in this budget amendment:

1. Sanitary Sewer owns a flatbed trailer that is no longer needed. The Fire Department needs the trailer to mount a generator on it and use it for other hauling capabilities. This budget amendment appropriates \$2,993, the Fair Market Value (FMV) of the trailer, to be paid by the Governmental CIP Fund to the Water and Sewer CIP Fund.
2. Additional funds of \$38,059 are needed for the HVAC system project at the Killeen-Ft. Hood Regional Airport. This appropriates the FAA's portion - \$32,959 and the transfer of funds to AIP Grant Fund to pay for the City's match - \$5,100 for the administrative areas that are grant ineligible.
3. Appropriate PFC application #12 - \$335,000 for wayfinding signage improvements and administrative costs approved by the FAA after the budget was submitted to City Council.

FY 2021 Programs/Grants/Miscellaneous	Revenue Budget
Airport Improvement (AIP) Grant	\$38,059
Water & Sewer CIP Fund	2,993
TOTAL	\$41,052

FY 2021 Programs/Grants/Miscellaneous	Expenditure Budget
Aviation Funds	\$5,100
Airport Improvement (AIP) Grant	38,059
Governmental CIP Fund	2,993
Passenger Facility Charge (PFC) Fund	335,000
TOTAL	\$381,152

THE ALTERNATIVES CONSIDERED:

- 1) Do not approve the ordinance amending the FY 2022 Annual Budget.
- 2) Approve the ordinance amending the FY 2022 Annual Budget.

Which alternative is recommended? Why?

Option 2 is recommended to approve the ordinance amending the FY 2022 Annual Budget.

CONFORMITY TO CITY POLICY:

The City's Financial Governance Policies, Section V. Budget Administration (B)(1) states that City Council may amend or change the budget by ordinance.

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

This budget amendment is for FY 2022, and includes:

- General Fund - increase of \$0 in revenues and \$1,238,214 in expenditures. Net result is decrease of \$1,238,214 in fund balance.
- Water and Sewer Fund - increase of \$0 in revenues and \$87,301 in expenses. Net result is a decrease of \$87,301 in fund balance.
- Solid Waste Fund - increase of \$0 in revenues and \$40,558 increase in expenses. Net result is a decrease of \$40,558 in fund balance.
- Drainage Fund - increase of \$0 in revenues and \$61,961 increase in expenses. Net result is a decrease of \$61,961 in fund balance.
- Aviation Funds - increase of \$32,000 in revenues and \$79,264 in expenses. Net result is a decrease of \$47,264 in fund balance.
- Special Revenue Funds - increase of \$2,573,740 in revenues and \$2,851,123 in expenditures.
- Internal Service Funds - increase of \$120,545 in revenues and \$145,295 in expenses.
- Capital Improvement Project Funds - increase of \$41,052 in revenues and \$397,388 in expenses.

Is this a one-time or recurring expenditure?

One-time

Is this expenditure budgeted?

Upon approval of the attached ordinance amending the FY 2022 Annual Budget.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

Upon approval of the attached ordinance amending the FY 2022 Annual Budget.

RECOMMENDATION:

City Council approve the ordinance amending the FY 2022 Annual Budget.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance