



## STAFF REPORT

**DATE:** January 16, 2018

**TO:** Ronald L. Olson, City Manager

**FROM:** Jonathan Locke, Executive Director of Finance

**VIA:** Miranda Drake, Director of Budget

**SUBJECT:** Budget Amendment

### **BACKGROUND AND FINDINGS:**

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. 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.

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, 2017. In order to complete contracted projects and/or services, FY 2017 appropriations need to be carried forward to the Annual Budget and Plan of Municipal Services for FY 2018 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 the City Council.

<b>FY 2017 Carry Forwards</b>	<b>Expenditure Budget</b>
General Fund	\$285,038
Special Revenue Funds	131,578
Capital Improvement Funds	12,774,116
Aviation Funds	388,718
Solid Waste Fund	125,000
Water and Sewer Fund	892,370

Drainage Utility Fund	416,945
Internal Service Fund	512,500
TOTAL	\$15,526,265

**THE ALTERNATIVES CONSIDERED:**

(1) Approve the attached ordinance amending the Annual Budget and Plan of Municipal Services for FY 2018 to re-appropriate funds from the fiscal year ending September 30, 2017.; (2) Do not approve the ordinance.

**Which alternative is recommended? Why?**

Staff recommends option 1 to approve the ordinance amending the Annual Budget and Plan of Municipal Services for FY 2018 to re-appropriate funds from the fiscal year ending September 30, 2017.

**CONFORMITY TO CITY POLICY:**

City Charter, Article VII., Section 71 and Section 73

**FINANCIAL IMPACT:**

Upon approval, accounts will be amended in the FY 2018 budget as follows:

An increase to General Fund expenditure accounts by \$285,038.  
 An increase to Special Revenue Funds' expenditure accounts by \$131,578.  
 An increase to Capital Improvement Funds' expenditure accounts by \$12,774,116.  
 An increase to Aviation expense accounts by \$388,718.  
 An increase to Solid Waste expense accounts by \$125,000.  
 An increase to Water and Sewer expense accounts by \$892,370.  
 An increase to Drainage Utility expense accounts by \$416,945.  
 An increase to Internal Service Fund expense accounts by \$512,500.

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

The carry forwards from FY 2017 to FY 2018 budget total \$15,526,265.

**Is this a one-time or recurring expenditure?**

This is a one-time expenditure.

**Is this expenditure budgeted?**

A budget amendment is required.

**If not, where will the money come from?**

The attached budget amendment recognizes the carry forward of FY 2017 expenditure budgets to the FY 2018 budget.

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

Upon approval of the budget amendment.

**RECOMMENDATION:**

Staff recommends that the City Council approve this ordinance amending the FY 2018 Annual Budget and Plan of Municipal Services of the City of Killeen to authorize the carry forward of FY 2017 expenditure budgets to the FY 2018 budget.

**DEPARTMENTAL CLEARANCES:**

City Attorney  
Finance

**ATTACHED SUPPORTING DOCUMENTS:**

Ordinance