



## STAFF REPORT

**DATE:** January 8, 2019

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

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

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

**SUBJECT:** Carry Forward 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. During the course of a fiscal year, there are contracts and commitments that are entered into by the City that begin in the current fiscal year and are 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 multiple fiscal years.

A number of outstanding contracts and commitments for projects and/or services were not completed or received by the City prior to the close of the fiscal year ending September 30, 2018. In order to complete contracted projects and/or services, FY 2018 expenditure budgets need to be carried forward to the Annual Budget and Plan of Municipal Services for FY 2019 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 require that a budget amendment be approved by the City Council.

<b>FY 2018 Carry Forward Amounts</b>	<b>Revenue Budget</b>
General Fund	\$ 127,350
Capital Improvement Funds	3,812,529
<b>TOTAL</b>	<b>\$3,939,879</b>

<b>FY 2018 Carry Forward Amounts</b>	<b>Expenditure Budget</b>
General Fund	\$ 1,123,348

Special Revenue Funds	175,539
Capital Improvement Funds	9,102,950
Aviation Funds	1,860,231
Water and Sewer Fund	250,460
Drainage Utility Fund	24,073
Internal Service Fund	3,214,741
TOTAL	\$15,751,342

### **THE ALTERNATIVES CONSIDERED:**

(1) Approve the attached ordinance amending the Annual Budget and Plan of Municipal Services for FY 2019 to re-appropriate funds from the fiscal year ending September 30, 2018; (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 2019 to re-appropriate funds from the fiscal year ending September 30, 2018.

### **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:**

Upon approval, accounts will be amended in the FY 2019 budget as follows:

An increase to General Fund revenue accounts by \$127,350.  
 An increase to General Fund expenditure accounts by \$1,123,348.  
 An increase to Special Revenue Funds' expenditure accounts by \$175,539.  
 An increase to Capital Improvement Funds' revenue accounts by \$3,812,529.  
 An increase to Capital Improvement Funds' expenditure accounts by \$9,102,950.  
 An increase to Aviation expense accounts by \$1,860,231.  
 An increase to Water and Sewer expense accounts by \$250,460.  
 An increase to Drainage Utility expense accounts by \$24,073.  
 An increase to Internal Service Fund expense accounts by \$3,214,741.

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

The carry forwards from the FY 2018 to FY 2019 budget for revenues total \$3,939,879 and for expenditures total \$15,751,342.

**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 2018 expenditure budgets to the FY 2019 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 the ordinance amending the FY 2019 Annual Budget and Plan of Municipal Services.

**DEPARTMENTAL CLEARANCES:**

City Attorney  
Finance

**ATTACHED SUPPORTING DOCUMENTS:**

Ordinance