



STAFF REPORT

DATE: January 19, 2021

TO: Kent Cagle, City Manager

FROM: Jonathan Locke, Executive Director of Finance

VIA: Miranda Drake, Director of Budget

SUBJECT: Budget Amendment

BACKGROUND AND FINDINGS:

This budget amendment predominantly addresses four major initiatives that include carrying forward funds from FY 2020 to FY 2021 for contracts and commitments that were not completed in FY 2020; appropriating funds for specific programs and grants; recognizing funds to be reimbursed for fire deployments and a TML insurance claim on the Transfer Station; and appropriating the Water & Sewer Revenue and Refunding Bonds issued in November 2020.

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 by the City that begin in the current fiscal year and are completed in the next 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, 2020. In order to complete contracted projects and/or services, FY 2020 appropriations need to be carried forward to the FY 2021 Annual Budget.

FY 2020 Carry Forwards	Revenue Budget
General Fund	\$54,809
Internal Service Funds	316,917
Aviation Fund	30,000
Drainage Fund	9,018
Airport Improvement Grant (AIP) Fund	1,916,149
TOTAL	\$2,326,893

FY 2020 Carry Forwards	Expenditure Budget
General Fund	\$581,754
Internal Service Funds	316,917

Aviation Fund	30,000
Water and Sewer Fund	42,011
Solid Waste Fund	81,781
Special Revenue Funds	207,437
Capital Improvement Funds	12,757,277
TOTAL	\$14,017,177

Programs and Grants-

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

1. Recreation Services entered into an agreement with Tivity Health to join the Silver Sneaker Health & Fitness Program in FY 2021. This budget amendment includes recognizing the associated revenues and expenditures estimated to be received in FY 2021.
2. Due to effects of COVID on the Hotel Occupancy Fund, City departments no longer receive a fee waiver to rent space at the Killeen Civic and Conference Center (KCCC). This budget amendment includes appropriating \$2,400 to rent a room at the KCCC for the employee awards banquet.
3. In recent past, Airport Improvement Program (AIP) grants requiring a grant match have been transferred from the Passenger Facility Charge (PFC) fund to the AIP grant fund. It has been determined this creates unnecessary hardship in accounting for grant activity. This budget amendment resolves the situation by returning the grant match and associated expense back to the Passenger Facility Charge (PFC) fund.
4. The budget amendment includes appropriating the Edward Byrne Memorial Justice Assistance Grant (JAG) for FY 2020. On November 10, 2020, the City Council approved the submission of the grant and authorized the City Manager to execute the interlocal agreement. Of the \$74,921 grant, \$37,835 will go to the City of Killeen to purchase computerized audio/visual equipment to improve training at the department's police academy; \$16,858 to the City of Temple; and \$20,228 to Bell County.
5. In addition, this budget amendment appropriates fund balance for the Federal and State Seizure funds. These funds are restricted in their use according to federal and state law.

FY 2021 Programs/Grants/Miscellaneous	Revenue Budget
General Fund	\$7,650
Special Revenue Funds	77,371
Airport Improvement Grant (AIP) Fund	(695,000)
TOTAL	(\$609,979)

FY 2021 Programs/Grants/Miscellaneous	Expenditure Budget
General Fund	\$7,650
Special Revenue Funds	566,047

Airport Improvement Grant (AIP) Fund	(695,000)
Passenger Facility Charge (PFC) Fund	(200,000)
TOTAL	(\$321,303)

Reimbursements -

There are two reimbursements to be recognized in this budget amendment:

1. The City of Killeen Fire Department is part of the Texas Intrastate Fire Mutual Aid System (TIFMAS) and the Texas A&M Engineering Extension Service (TEEX) Texas Task Force 1. Both groups require specialized training for specific rescue missions. Depending on the mission, the employees with the necessary qualifications are then deployed.

Due to multiple recent natural disasters, the Fire Department deployed several employees to assist with the California wildfires, hurricane Delta, and tropical cyclone Zeta. The City of Killeen will receive reimbursement from the applicable agencies for these expenditures. This budget amendment recognizes the expenditures and associated reimbursements related to the fire deployments.

2. Appropriating the revenue and offsetting expense for insurance proceeds received from Texas Municipal League for the Transfer Station Fire that occurred on August 18, 2020.

FY 2021 Reimbursements	Revenues
General Fund	\$177,047
Solid Waste Fund	309,362
TOTAL	\$486,409

FY 2021 Reimbursements	Expenditures
General Fund	\$177,047
Solid Waste Fund	309,362
TOTAL	\$486,409

Water & Sewer Bond Issue -

In November 2020, the City issued \$19 million in bonds (proceeds totaled \$22.2 million due to \$3.2 million bond premium) to address several water and sewer infrastructure projects and refunded nearly \$24 million in bonds to save on interest costs. This budget amendment recognizes the bond proceeds and creates the budget for the water and sewer infrastructure projects.

FY 2021 Water & Sewer Bond Issue	Revenue Budget
Water & Sewer Bond Fund	\$22,231,476
Water & Sewer Fund	23,957,191
TOTAL	\$46,188,667

FY 2021 Water & Sewer Bond Issue	Expense Budget
Water & Sewer Bond Fund	\$22,231,476
Water & Sewer Fund	23,957,191
TOTAL	\$46,188,667

THE ALTERNATIVES CONSIDERED:

- 1) Do not approve the ordinance amending the FY 2021 Annual Budget.
- 2) Approve the ordinance amending the FY 2021 Annual Budget.

Which alternative is recommended? Why?

Option 2 is recommended to approve the ordinance amending the FY 2021 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:

Upon approval, expenditure accounts will be amended in the FY 2021 Budget as follows:

- General Fund - increase of \$239,506 in revenues and \$766,451 in expenditures. Net result is a decrease of \$526,945 in fund balance.
- Water and Sewer Fund - increase of \$23,957,161 in revenues and \$23,999,202 in expenses. The bond refunding accounts for the majority of the increase in revenue and expense. Net result is a decrease of \$42,011 in fund balance.
- Solid Waste Fund - increase of \$309,362 in revenues and \$391,143 increase in expenses. Net result is a decrease of \$81,781 in fund balance.
- Drainage Fund - increase of \$9,018 in revenues for the sale of vehicle to General Fund.
- Aviation Fund - increase of \$30,000 in revenues and \$30,000 in expenses.
- Special Revenue Funds - increase of \$77,371 in revenues and \$773,484 in expenses.
- Internal Service Funds - increase of \$316,917 in revenues and \$316,917 in expenses.
- Capital Improvement Project Funds - increase of \$23,452,625 in revenues and \$34,093,753 in expenses. \$22.2 million of this amount is for the new Water & Sewer bond issue.

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

N/A

Is this a one-time or recurring expenditure?

N/A

Is this expenditure budgeted?

N/A

If not, where will the money come from?

N/A

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

N/A

RECOMMENDATION:

City Council approve the ordinance amending the FY 2021 Annual Budget.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Ordinance