



# City of Killeen

## Legislation Text

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File #: PH-16-050, Version: 1

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**HOLD** a public hearing and consider an ordinance amending the FY 2017 Annual Budget and Plan of Municipal Services of the City of Killeen for the transfer of unallocated Solid Waste funds to the General Fund.

### **AGENDA ITEM**

#### **FY 2017 Solid Waste and General Fund Budget Amendment**

#### **ORIGINATING DEPARTMENT**

**City Manager / Finance**

#### **BACKGROUND INFORMATION**

On January 26, 2016, the City Council approved the establishment of an internal service fund and a Fleet Funding Program (FFP). The FFP consists of two components, the Fleet Replacement Program for the purchase of fleet and fleet operations for the maintenance of fleet. The goal of the FFP is to ensure that adequate funds are available to purchase and maintain City vehicles. A total of \$5,500,000 was transferred into the internal service fund to start the program.

After the FFP was established, the outlook on the City's financial health changed significantly and the Fleet Replacement Program was terminated. The estimated \$1,377,665 remaining balance that was contributed towards the purchase of fleet was distributed on a pro-rata basis back to the original funding source.

#### **DISCUSSION/CONCLUSION**

The Solid Waste Fund received \$491,826 of the \$1,377,665 remaining balance. Since the Fleet Replacement Program was terminated, the Solid Waste Fund will also recognize a \$1,517,515 reduction in expenses for FY 2017. The reduction in expenses represents Solid Waste's contribution towards the Fleet Replacement Program. The total economic benefit for Solid Waste due to the termination of the Fleet Replacement Program is \$2,009,341 (\$491,826 returned contribution + \$1,517,515 expense reduction).

The Solid Waste Fund has a FY 2017 budgeted operating surplus of \$432,725 and a projected ending fund balance of \$4.1million or 24.7%. These operating results do not take into consideration the economic benefit derived from the closure of the Fleet Replacement Program that adds to the referenced budgeted surplus and fund balance.

Given the operating results above, the recommendation is to make a one-time transfer of the unallocated funds from the closure of the Fleet Replacement Program from Solid Waste to the General Fund. The recommended amount of the one-time transfer is \$1,677,216. This leaves \$332,125 (\$2,009,341 - \$1,677,216) for the purchase of two waste disposal trucks that were scheduled to be purchased as part of the Fleet Replacement Program. The transfer will cover the budgeted \$1.4 million shortfall in the General Fund

and increase the projected ending unassigned fund balance from \$14.7 million or 18.7% to \$16.3 million or 20.9%.

**FISCAL IMPACT**

The budget amendment will allow for the transfer of funds from the Solid Waste Fund to the General Fund. The following budget changes will be made:

<b>Revenues</b>				
Account Number	Description	Budget	Change	Amended
010-0000-371.10-0	Transfer from Solid	\$2,977,174	\$1,677,216	\$4,654,390
Total Revenues		\$2,977,174	\$1,677,216	\$4,654,390

<b>Expenses</b>				
Account Number	Description	Budget	Change	Amended
540-3460-439.44-1	FFP Equipment/Vel	\$1,320,000	(\$910,509)	\$409,491
540-3465-439.44-1	FFP Equipment/Vel	\$880,000	(\$607,006)	\$272,994
540-9595-439.95-0	Transfer to Genera	\$0	\$1,677,216	\$1,677,216
Total Expenses		\$2,200,000	\$159,701	\$2,359,701

**RECOMMENDATION**

Staff recommends that City Council approve the ordinance allowing a one-time transfer of unallocated Solid Waste funds to the General Fund.