



FINANCIAL GOVERNANCE POLICIES

DS-19-010

January 22, 2019

Background

- Financial Governance Policies are a comprehensive source for Killeen's financial policies.
 - ▣ Provide the basic framework for fiscal management.
 - ▣ Assists City Council and staff in evaluating current operations, proposed programs, and long-term financial stability.
- Adopted December 19, 2017.
- Requires an annual review to begin no later than January of each year.

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
Section I. Table of Contents Page 2	Improve readability of the document.	Summarized the Table of Contents to only include the Section headings.
Section VIII. Revenues A. Acceptance of Donated Property Page 19	Establish a process for accepting donations.	Inserted paragraph requiring the approval of the City Manager.

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
Section VIII. Revenues B. User Fees and Rates 1. User Fees and Rates Approved by City Council Page 19	Identify the user fees and rates that City Council must approve.	<ul style="list-style-type: none">-The user fees and rates that City Council approves are identified.-All other user fees and rates are delegated to the City Manager with parameters.
Section VIII. Revenues C. Support Services Page 20	Change administrative charges to Support Services for clarity and consistency.	<ul style="list-style-type: none">-Replaced administrative charges with Support Services.-Listed the departments and divisions that make up Support Services.

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
Section IX. Operating Expenditures C. Purchasing Page 24	<ul style="list-style-type: none">-Revise to match the City's Governing Standards and commonly used Local Government Code laws.-Remove reference to purchasing policy.	<ul style="list-style-type: none">-Added that the City Manager determines purchasing method.-Added common Local Government Code references.-Removed reference to the purchasing policy.
Section IX. Operating Expenditures E. Annual Appropriation Page 25	Revise how General Fund resources are allocated.	Included funding for street maintenance and Support Services prior to allocating to the Budget Categories.

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
<p>Section IX. Operating Expenditures E. Annual Appropriation (continued)</p> <p>Page 25-26</p>	<p>Revise how General Fund resources are allocated.</p>	<p>-Revised Budget Category allocation table.</p> <p>-Allowed for a 0.25% difference between allocation percent per policy and actual allocation percent.</p>
<p>Section IX. Operating Expenditures E. Annual Appropriation (continued)</p> <p>Page 26-27</p>	<p>Identify the five Budget Categories.</p>	<p>Revised department and division list to the assigned Budget Category.</p>

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
<p>Section XIII. Capital Equipment/Project Expenditures C. Capital Project Expenditures</p> <p>Page 40-42</p>	<p>Adoption of Capital Projects Policies.</p>	<p>-Added language requiring capital projects policies for consistency.</p> <p>-Removed policy statements.</p>
<p>Section XIII. Capital Equipment/Project Expenditures C. Capital Project Expenditures (continued)</p> <p>Page 43</p>	<p>Clarify use of Capital Projects Reserve Fund.</p>	<p>Deleted non-routine and one-time expenditures for clarity.</p>

Proposed Policy Changes

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Policy Change Location	Why Change is Required	Policy Change
Section XIV. Debt D. Affordability targets 1. General Obligation Bonds Page 47	Allow debt to be issued when interest and sinking rate is greater than 25% with voter approval.	Added language to allow debt issuance in excess of 25% threshold with voter approval.
Section XVII. Economic Development Funding Page 58-59	Adoption of Economic Development Policies.	-Added language requiring an economic development policy for consistency. -Removed policy statements.

Proposed Policy Changes

Policy Change Location	Why Change is Required	Policy Change
Section XXIII. Glossary Page 92	Adoption of Capital Projects Policies.	Defined terms for clarity and consistency.
Section XXIV. Appendices A. Purchasing Manual Page 98	The Purchasing Manual is a Standard Operating Procedure document that was replaced by the Financial Management Policies.	Removed reference to the Purchasing Manual.

Next Steps

- Receive City Council feedback.
- Bring item back at the February 5, 2019 Workshop for further discussion.
- Incorporate City Council changes and schedule item for February 19, 2019 Workshop for further discussion.
- Make necessary revisions and vote on the proposed changes at the February 26, 2019 Council Meeting.