



City of Killeen

Legislation Text

File #: RS-22-101, **Version:** 1

Consider a memorandum/resolution to approve revisions to the City of Killeen's Investment Policy.

DATE: July 19, 2022
TO: Kent Cagle, City Manager
FROM: Jonathan Locke, Executive Director of Finance
SUBJECT: Revisions to the City of Killeen's Investment Policy

BACKGROUND AND FINDINGS:

Texas Government Code, Chapter 2256, commonly referred to as the Public Funds Investment Act, governs the investment of public funds. The act requires the governing body to adopt an investment policy. The City's Investment Policy is incorporated into the Financial Governance Policy that is reviewed and readopted annually. The most recent version of the Financial Governance Policy was approved by City Council on February 22, 2022.

The Assistant Director of Finance position was added to the Finance Department during Fiscal Year 2021. The position acts on behalf of the Executive Director of Finance in his or her absence and is involved in the daily operations of the department. The Finance Department recommends incorporating the Assistant Director of Finance into the City's investment program.

The Investment Committee met on June 21, 2022, and approved revisions to the City's Investment Policy. There were three approved changes that incorporates the Assistant Director of Finance into the City's investment program. The changes include the following:

- 1) Section C. Investment Committee, 1. Members: The Investment Policy establishes the members of the Investment Committee as the Mayor, or designee, the City Manager, or designee, the Executive Director of Finance, the Controller, and a member designated by the Executive Director of Finance. The recommended revision is to remove a member designated by the Executive Director of Finance and replace with the Assistant Director of Finance.
- 2) Section D. Responsibility and Control, 1. Delegation: The Investment Policy identifies the positions that are investment officers. Only investment officers are authorized to deposit, withdraw, invest, and execute documentation for City investments. The current policy establishes the Executive Director of Finance and Controller as investment officers. The recommended revision is to add the Assistant Director of Finance.
- 3) Section D. Responsibility and Control, 2. Management and Internal Controls: The Investment Policy requires dual control of all investment activities and lists the Executive Director of Finance and

Controller as the two positions that maintain dual control. The recommended revision is to add the Assistant Director of Finance.

THE ALTERNATIVES CONSIDERED:

1. Do not approve the revisions to the City of Killeen’s Investment Policy.
2. Approve the revisions to the City of Killeen’s Investment Policy.

Which alternative is recommended? Why?

Alternative 2 is recommended to ensure the continuity of the investment program in the absence of the Executive Director of Finance or Controller.

CONFORMITY TO CITY POLICY:

Yes, The City of Killeen Investment Policy states that the Investment Policy will be reviewed and adopted by resolution of the City Council at least annually. The Investment Committee reviews and if necessary, recommends revisions to the Investment Policy each year to ensure compliance with the Public Funds Investment Act.

Texas Government Code 2256.005(e) states that the governing body of an investing entity shall review its investment policy not less often than annually. The statute requires the governing body to adopt a written instrument by rule, order, ordinance, or resolution stating that it has reviewed the investment policy and that the written instrument so adopted record any changes made to the investment policy.

FINANCIAL IMPACT:

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 revisions to the City of Killeen's Investment Policy.

DEPARTMENTAL CLEARANCES:

Finance

Legal

ATTACHED SUPPORTING DOCUMENTS:

Investment Policy Revisions