



City of Killeen

Legislation Text

File #: RS-23-024, **Version:** 1

Consider a memorandum/resolution to readopt the Financial Governance Policy, to include the Investment Policy, as amended.

DATE: February 7, 2023

TO: Kent Cagle, City Manager

FROM: Judith Tangalin, Executive Director of Finance

SUBJECT: Financial Governance Policy and Investment Policy Annual Review

BACKGROUND AND FINDINGS:

Killeen's Financial Governance Policy was first adopted by City Council on December 19, 2017. The governance policy establishes the framework for the fiscal management of the City and aids in the evaluation of current operations, proposed programs, and the long-term financial stability of the City.

The Financial Governance Policy requires an annual review to begin no later than January of each year. The Investment Policy is part of the Financial Governance Policy. Texas Government Code, Chapter 2256, known as the Public Funds Investment Act (PFIA), requires the Investment Policy to be reviewed and adopted by resolution at least annually.

The Investment Committee met on November 29, 2022, and approved revisions to the City's Investment Policy. There were five approved changes that will help further align the City's policy with the Public Funds Investment Act (PFIA). The changes include the following:

- 1) Section XXII(G)(2)(9) - Adding Interest-bearing banking deposits that are FDIC insured to the eligible investments section
- 2) Section XXII(G)(2)(10) - Addition of commercial paper as a permissible investment
- 3) Section XXII(H)(4) - Updating language as it relates to the Broker/Dealers and Approved List process
- 4) Section XXII(H)(5) - Updating language as it relates to the trade execution
- 5) Section XXII(K)(2) - Update to weighted average maturity and maximum investment terms

The review of the Financial Governance Policy began at the January 17, 2023, City Council Workshop. At the workshop, staff briefed City Council on proposed changes to the governance policy. The changes were the result of staff monitoring the application of the governance policy over the past year and identifying changes to improve the application of the policy.

Highlights of the requested changes include:

- Section VIII(B)(1), User Fees and Rates Approved by City Council - any ordinance imposing or increasing a fine or fee shall require a public hearing.

- Section XIII. Capital Equipment/Project Expenditures, C. Capital Project Expenditures, 1. CIP Budget Carryover - Added reference to City Charter (per City Charter Article V. Budget, Section 73).
- Section XXIII. Management of Monetary Donations, E. Animal Services Unit (ASU) - Changed director title from Executive Director of Recreation to Animal Services Director.

THE ALTERNATIVES CONSIDERED:

There are three alternatives to consider:

- 1) Readopt without amendments.
- 2) Revise the amendments and readopt.
- 3) Accept the amendments and readopt.

Which alternative is recommended? Why?

Option 3, accept the amendments and readopt the Financial Governance Policy, to include the Investment Policy.

CONFORMITY TO CITY POLICY:

Yes, the City of Killeen Financial Governance Policy document which includes the investment policy states that the policy will be reviewed and adopted by resolution of the City Council at least annually. The Investment Committee reviews the investment policy 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.

In addition, the Financial Governance Policy is a comprehensive source of financial policies developed within the parameters established by applicable provisions of the Texas Local Government Code, the Texas Government Code, the Texas Tax Code, the City of Killeen Charter, the Government Finance Officers Association, and the Governmental Accounting Standards Board.

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 readopt the Financial Governance Policy, to include the Investment Policy, as amended.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Financial Governance Policy