



City of Killeen

Legislation Text

File #: RS-24-032, **Version:** 1

Consider a memorandum/resolution to readopt the Financial Governance Policy, to include the Investment Policy, as amended and repeal resolutions 08-168R - Identity Theft Program and 18-026R Capital Projects Policy.

DATE: February 20, 2024

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 review of the Financial Governance Policy began at the February 6, 2024, 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.

In order to maintain one all-inclusive Financial Governance Policy, Staff recommends incorporating two independent policies into the current Financial Governance Policy and repealing resolutions 08-168R - Identity Theft Program and 18-026R Capital Project Policy. This will ensure the policies will be reviewed by Staff and City Council each year.

Highlights of the requested changes include:

- Section VIII(A), Acceptance of Donated Property - gifts must be approved by City Manager, added "or designee" to allow the City Manager to appoint a designee to assist in the approval of donated property
- Section VIII(B)(1), User Fees and Rates - clean up verbiage related to Fee Schedule and posting for public comment period
- Section VIII(C)(1). Amending residential water rate example with updated rates

- Section VIII(C)(2). Amending residential sewer rate example with updated rates
- Section X(A)(2). Clarify fund balance requirement
- Section XIV. Capital Projects Policy
 - Repeal resolution #18-026R and incorporate the Capital Projects Policy into the Financial Governance Policy
- Section XVII(E)(1). Internal Controls - Identity Theft Program
 - Repeal resolution #08-168R and incorporate the Identity Theft Program into the Financial Governance Policy
 - Update general information to include amendment and final rule effective June 30, 2014 that added the definition of “creditor”
 - Update New Account Activation section to include online via secured website as option for setting up new service

THE ALTERNATIVES CONSIDERED:

There are four alternatives to consider:

- 1) Readopt without amendments.
- 2) Revise the amendments, readopt, and do not repeal the resolutions as proposed.
- 3) Revise the amendments, readopt, and repeal the resolutions as proposed.
- 4) Accept the amendments, readopt, and repeal the resolutions as proposed.

Which alternative is recommended? Why?

Option 4, accept the amendments and readopt the Financial Governance Policy, to include the Investment Policy and repeal the resolutions as proposed.

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 revenue/expenditure in the current fiscal year? For future years?

N/A

Is this a one-time or recurring revenue/expenditure?

N/A

Is this revenue/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 revenue/expenditure?

N/A

RECOMMENDATION:

City Council readopt the Financial Governance Policy, to include the Investment Policy, as amended and repeal resolutions 08-168R - Identity Theft Program and 18-026R Capital Projects Policy.

DEPARTMENTAL CLEARANCES:

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Financial Governance Policy
Presentation