

# Mayor and Council Communication

**DATE:** 09/17/24

**M&C FILE NUMBER:** M&C 24-0805

**LOG NAME:** 13ADOPT\_FMPS\_FY2025

## **SUBJECT**

(ALL) Adopt Updated Financial Management Policy Statements for Fiscal Year 2025 with No Significant Changes to Existing Policies

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## **RECOMMENDATION:**

It is recommended that the City Council adopt the attached updated Financial Management Policy Statements for Fiscal Year 2025 with no significant changes to existing policies.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to adopt updated Financial Management Policy Statements (FMPS) for Fiscal Year (FY) 2025, effective October 1, 2024. The FMPS provide the foundation for strong fiscal management by providing guidance on consistent practices ensuring both short-term and long-term financial success for the City of Fort Worth.

The FMPS contain sections which provide policy-level guidance on such topics as revenues, expenditures, reserves, debt management, inter-fund loans, investments, grants, capital assets, accounting, auditing, financial reporting and internal controls. Each topic comprises its own section of the overall policy document and is reviewed and recommended for update from time to time.

The FMPS were initially adopted by the Mayor and City Council on January 15, 1994 and have been subject to annual review and revision since that time. Adoption of the FMPS comes under the auspices of the City's Charter, which outlines the need to adopt policies to administer and safeguard the City's financial resources.

The adoption of revised policies is intended to replace/supersede all previously adopted financial management policies.

In addition to the minor subject-specific changes noted below, each FMPS has been reviewed and edited for grammatical and formatting corrections and general wording changes and corrections for clarity and consistency.

Additions and updates to the FMPS for FY2025 provide standards ensuring best practices per the most current guidance from the Office of Management and Budget (OMB), the Governmental Accounting Standards Board (GASB), and Generally Accepted Accounting Principles (GAAP).

**While not particularly significant, the Revenue Policy for Fiscal Year 2025 defines an additional use of Surplus Governmental Funds:**

### **FMPS Section I - Revenue Policy**

#### **Section V - Policy**

##### **Subsection L**

- Replaced existing language, "Surplus Governmental Funds' investment income derived from resources other than bond or debt proceeds can be allocated to one-time initiatives, capital projects, or to remain in the General Debt Service Fund, as recommended by the City Manager" with, "Surplus Governmental Funds' investment income derived from resources other than bond or debt proceeds can remain in the General Debt Service Fund or may be allocated to following uses, as recommended by the City Manager:
  - One-time initiatives;
  - Capital projects; or
  - Move to the General Fund for the purpose of contributing to Unassigned Fund Balance"

One redlined and one updated copy of the consolidated FMPS are attached to this M&C for reference.

Changes to the Grants Management Policy will be communicated to department grant personnel through the Grants Roundtable scheduled September 19, 2024.

Adoption of this M&C and the attached FMPS also serves as the required re-adoption of the Investment Policy and Strategy documents for the City's General Portfolio, the Fort Worth Permanent Fund Trust and the Other Post-Employment Benefit Trust as part of the complete FMPS document rather than by a separate M&C as was the practice in the past.

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies approval of this recommendation will have no material effect on City Funds.

**Submitted for City Manager's Office by:** Reginald Zeno 8517

**Originating Business Unit Head:** Reginald Zeno 8517

**Additional Information Contact:** Anthony Rousseau 8338

Expedited