

**MINUTES  
FINANCE COMMITTEE  
MAY 24, 2021**

The meeting of the Finance Committee was called to order by Gabe Allen on May 24, 2021, at 4:00 p.m. The meeting was a hybrid meeting with some attendees present in the Johnnie Arolfo Civic Center Room 2 at 400 West Walker Street, League City, Texas and other members of the Committee or the public attending the meeting via videoconference.

Present at the meeting were

Gabriel Allen – Committee Chair	Kristine Polian – Director of Finance
Peggy Zahler – Committee Vice Chair	Deborah Jordan - Controller
Hank Dugie – Council Representative	Brandi Hamilton – Assistant Controller
Zak Kone- Committee Member	Michelle Villarreal – Deputy City Attorney
Traci Jacobs – Committee Member	Candace Brown – Internal Auditor
Deanna Legge – Committee Member	Angie Steelman – Director of Budget and Project Management
John Camp – Committee Member	Carlene Neeley – Executive Assistant
Francis Fontana – Committee Member	Leighanna Carroll – IT Specialist/Systems Analyst
	Scott Gruber - Meeder Investments
	Stephanie Harris, Belt Harris Pechacek, LLLP
	Larry Millican – Council Member
	John Bowen – Council Member

**Approval of minutes from the April 19, 2021, Meeting**

Francis Fontana requested that the spelling of his name be corrected in the Minutes. Peggy Zahler made a motion to waive the reading of the minutes and to approve the minutes as corrected. Francis Fontana seconded the motion. The motion passed, all-in-favor.

**Citizen Comments**

There were no citizen comments.

**Investment Report - Quarter Ended March 31, 2021**

Scott Gruber presented the City of League City Investment Report for the Quarter ending March 31, 2021. There were no questions from members, but a brief discussion ensued. He also gave a brief overview of the 4B Investment History approach. There were no questions and no discussion.

**4th Quarter Financial Report and Budget Amendment**

Angie Steelman presented the 4<sup>th</sup> Quarter Financial Report (through September 30, 2020). This report was presented to City Council on April 27, 2021, to support the budget amendment for Fiscal Year 2020. She also presented the 4th Quarter Budget Amendment for FY20 as approved by City Council on April 27, 2021. There were no questions from members, but a brief discussion ensued.

**Comprehensive Financial Annual Report - Year Ended September 30, 2020**

Stephanie Harris presented the official independent auditor's report as part of the Comprehensive Financial Annual Report. The Independent Auditors issued an "unmodified" opinion, the highest level of assurance that they can provide, indicating that the financial statements are materially correct and that all financial disclosures required by Generally Accepted Accounting Principles have been included. She also reviewed the results of the Single Audit, required whenever the city expends more than \$750,000 in Federal grant expenditures for the year, which also received an

unmodified opinion on the City's compliance with its Federal Grant Program. Following the review, Peggy Zahler asked whether there were any accounting changes coming from FASB that would change the way accounting was done. A short discussion ensued.

### **Arbitrage Reports**

Deborah Jordan summarized the results of the 3 arbitrage reports that were distributed with the packet, the last three from 2020. Since the bonds are tax free, if the interest earned on the proceeds are more than the interest paid, the city must rebate that difference to the federal government. Because interest rates have been so low, the negative arbitrage reports mean that there has been no need to rebate. This trend is expected to continue. The reports are prepared every 10 years based on the bond issues dates, which control the number we receive each year. Kristine explained that this data is provided for information purposes only.

### **Roles and Responsibilities**

Kristine Polian began the discussion by saying this item was put on the agenda to allow continued discussion of the topic in an open forum. After some discussion by the members on their opinions of where the committee currently stands in this regard, Hank Dugie made a motion to create a sub-committee to define the roles and responsibilities of the Finance Committee with respect to the Internal Auditor to provide a report at the next Committee meeting. The motion was seconded by Gabe Allen and passed all in favor. Hank Dugie, Peggy Zahler, Francis Fontana, and John Camp will form the sub-committee with staff support provided by Kristine Polian, Candace Brown, and Michelle Villarreal. Hank Dugie will schedule the initial meeting.

### **Points of Action**

Covered as part of the Roles and Responsibilities discussion.

### **Staff Comments**

There were no staff comments.

### **Committee Member Comments**

There were no committee member comments.

### **Adjournment**

Peggy Zahler made a motion to adjourn. Hank Dugie seconded the motion. The meeting was adjourned at approximately 5:25 p.m.



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Chairperson