

**CITY COUNCIL FINANCE AND AUDIT COMMITTEE**  
**CALLED MEETING**  
**CITY HALL - TEJAS ROOM**  
**550 LANDA STREET**  
**March 28, 2022 @ 4:20 P.M.**

**MINUTES**

Finance and Audit Committee Members Present: Mayor Rusty Brockman, Mayor Pro Tem Justin Meadows, Councilman Harry Bowers

Absent: None

Guest Presenter: Robert Belt (Belt Harris & Pechacek)

City Staff Present: Jared Werner (Assistant City Manager), Sandy Paulos (Finance Director) Angie Harris (Accounting Manager), Jennifer Gates (Grants Coordinator), Greg Gutierrez (Budget Supervisor), Carren Ridge (Treasury Supervisor), Claudia O'Connell (Budget Analyst)

Called to Order: March 28<sup>th</sup>, 2022 @ 4:24 P.M.

- 1) Approval of minutes from the December 13, 2021 Finance and Audit Committee meeting.  
*Mayor Brockman noted a correction to be made. Councilman Bowers was listed as present for the December meeting but was absent. Councilman Bowers moved to approve the corrected minutes. Mayor Pro Tem Meadows seconded. Minutes were approved.*
  
- 2) Presentation and discussion with the City's outside auditor, Belt Harris and Pechacek, regarding the FY 2021 Audit and Annual Financial Report (AFR).  
*Angie Harris briefly explained that the FY 2021 Audit was complete and noted that the audit focused on internal controls to safeguard assets more so than in past audits. Angie then introduced Robert Belt from the independent auditor, Belt, Harris and Pechacek. Robert first recognized Finance staff for their hard work and assistance with the FY 2021 audit. He briefly presented and defined the required auditor's disclosure and management letters and stated there were no findings or deficiencies found. Robert also noted the new GASB 87 accounting standard for reporting capital leases that will be effective for the FY 2022 audit. He then went on to briefly discuss the single audit, required when the City is awarded over 750k in federal grants. He stated there was nothing noteworthy found in that audit as well. Robert then briefly discussed the auditor's opinion letter, highlighting the excellent financial position the City is in. He noted the City has about 207 days' worth of expenditures in reserve and the minimum is 60 days. The audit of the proprietary funds was to be expected with nothing noteworthy to report. Mayor Pro Tem Meadows asked about the auditor's contract, when it is up for renewal, and how that process would work. Jen Gates responded with the contract term of 5 years. Angie mentioned that since it is a professional services contract, it would not have to go out for bid. Jared mentioned that this type of contract would, however, need be approved by council due to cost. Councilman Bowers asked Robert Belt if the new GASB 87 standard included capital leases paid to the City or from the City. Robert replied with "both". Angie noted that she is currently working with the Purchasing Manager on gathering all capital lease data, preparing for the FY 2022 audit.*

- 3) Presentation and possible direction to staff regarding the ARPA pre-application responses and proposed formal application and evaluation process.

*Jared presented an overview of the ARPA funds received and the federal guidance that was released in January 2022 regarding the distribution and utilization of the funds, citing the different SDOH for which the funds must be invested. He then went on to recap the ARPA community roundtable in January and noted the recurring themes from the meeting. It was concluded to focus the funds on capital investments and gather information from local non-profits regarding prospective projects. Jared discussed the pre-application process and its objectives. The City issued 23 pre-application invitations to local non-profits for proposed capital improvement projects and received 8 responses for a total of 18.3M (7 capital related, 1 service related)*

*Jennifer Gates then discussed each response received, their objectives, the funding gap, and which SDOH would be supported by the project.*

*Mayor Pro Tem Meadows and Councilman Bowers then asked for a list of all the non-profits that were sent pre-application invitations. Bowers also asked how, and if any of, these funds are considered for City use i.e., transportation initiatives, program management. Jared explained that a portion could be utilized for the City to address those needs.*

*Next, Jared explained ideas on a formal application process and funding considerations and asked the members if they would like to move forward with the formal application process. All three members agree to move forward.*

- 4) Presentation and discussion regarding the FY 2022 First Quarter Financial Report.

- 5) Presentation and discussion regarding the FY 2022 First Quarter Investment Report.

*Due to time constraints, items 4 & 5 were not presented. However, Sandy Paulos notified the members that the information is included in the slide presentation handout they had been given and the FY 2022 First Quarter Investment Report was on the agenda for the following council meeting.*

Meeting Adjourned:

5:03 pm