

**MINUTES OF THE
MONTGOMERY COUNTY EMERGENCY COMMUNICATION DISTRICT
BOARD OF MANAGERS**

REGULAR MEETING

May 16, 2019

LOCATION: 9-1-1 Board Room
150 Hilbig Road, Conroe, Texas

BOARD ATTENDING

PRESENT: Paul Virgadamo, President
Robert Hudson, Vice President
Ryan Gable, Secretary
Jack Yates, Treasurer
James Simon, Member
John Young, Ex-Officio Member

NOT PRESENT: Larry Foerster, Legal Counsel

IN ATTENDANCE: Jon Watson, CPA, BrooksWatson & Co PLLC
Chip VanSteenberg, Executive Director
Roberto Gutierrez, Systems Manager
Andrea Wilson, Community Relations Manager
Terri Gill, Executive Assistant
Rick Erickson, The Woodlands Fire Department
Denise Jimenez, Montgomery County Sheriff's Office
Randy Johnson, Montgomery County Hospital District
Sarah Cottar, Montgomery County Hospital District
Shawn Trainor, Montgomery County Hospital District
Richard Derr, Oak Ridge North

Mr. Paul Virgadamo, President, called the meeting to order at 12:00 p.m., noting Mr. Larry Foerster was unable to attend.

Public Comments

No one requested to address the Board.

Annual Audit for Fiscal Year 2018 conducted by BrooksWatson PLLC

Mr. Virgadamo noted item one of the agenda, consider and take action on annual audit for fiscal year 2018 conducted by BrooksWatson PLLC.

Mr. Chip VanSteenberg, Executive Director, introduced Mr. Jon Watson with BrooksWatson and Company.

Mr. Watson distributed copies of his presentation to the board members, noting he would review the high points of the audit. BrooksWatson completed the audit for the year ended September 30, 2018. The audit was completed consistent with generally accepted auditing standards (GAAS).

The components of the financial report are:

- Auditor's Opinion
- Management's Discussion and Analysis
- Basic Financial Statements
 - o Financial Statements
 - o Notes to the Financial Statements
- Required Supplementary Information
 - o TCDRS Pension Schedules
 - o OPEB Funding Schedules
- Other Supplementary Information
 - o Budgetary Comparison Schedule

There are four possible outcomes for the independent auditor's report. The district received an unmodified opinion, which is the best report, the highest level of assurance, no material inconsistencies that the auditor is aware of.

For the fiscal year ended September 30, 2018, the total assets exceed total liabilities by \$6,922,819, an increase of \$95,022. The unrestricted net position was \$4,622,565 or 105% of operating expenses. The net pension liability was \$1,254,900, a decrease of \$155,484.

Revenues exceeded budget by \$213,344, and expenses were under budget by \$323,984, for a net overall positive budget variance of \$915,274.

The district's net pension liability is \$1,254,900, and the current funded ratio is 75.18%.

Mr. Watson asked if there were any questions.

Mr. VanSteenberg asked, to put money aside in trust to offset these future liabilities, what type of instrument or dedication is required to show the funds as untouchable. Mr. Watson replied the mechanics of putting the monies away properly, whether in a revocable trust, he could not answer. Mr. Watson stated he would research the legalities of the matter and provide more information, as to whether a trust or sinking fund. Mr. VanSteenberg stated he would also confer with Mr. Larry Foerster.

Mr. VanSteenberg addressed the items from the SAS 115 letter, there were three notes:

- Closing Process, as long as there are audit adjustments this item will be included
- Deficit Cash Position, pertains to year-end payments
- Dual Signers on Checks, the district may want to establish a policy.

Mr. Virgadamo noted for the record he would abstain from voting on this matter.

Mr. Virgadamo asked if there were questions, and being none, requested a motion. Chief Robert Hudson made the motion to approve the annual audit for fiscal year 2018. Mr. James Simon seconded the motion.

The motion carried with all in favor.

Exercise an Option to Extend the Depository Bank Services Agreement with First Financial Bank for One Year

Mr. Virgadamo noted item two of the agenda, consider and take action to exercise an option to extend the depository bank services agreement with First Financial Bank for one year.

Mr. VanSteenberg stated the district has been with First Financial Bank since July 2016. The initial term was for two years and included the ability to extend the original term for three one-year terms. The district applied one

extension last year and would like to exercise the second one-year option. The service has been excellent, and the district is very happy with First Financial Bank.

Mr. Virgadamo asked if there were any questions, being none, requested a motion. Mr. Jack Yates made the motion to exercise an option to extend the depository bank services agreement with First Financial Bank for one year. Chief Hudson seconded the motion.

The motion carried with all in favor.

Discussion of Preliminary Budget for Fiscal Year 2020

Mr. Virgadamo noted item three of the agenda, discussion of preliminary budget for fiscal year 2020.

Mr. VanSteenberg distributed copies of the proposed budget, stating this is a very preliminary look at the district's budget for fiscal year 2020. Mr. VanSteenberg noted the numbers presented do not reflect the audit adjustments and will fluctuate a bit.

Mr. VanSteenberg stated the revenue budgeted for fiscal year 2020 will include a slight decrease, we do this for the purpose of being as conservative as possible.

The preliminary budget for fiscal year 2020 includes \$4,712,100 in total revenues, a 0.2% increase over the prior year. Total operating expenses are \$4,316,900, a decrease of 0.3% from the prior year.

Mr. VanSteenberg noted page two of the handout, stating the key to the budget can be found in just a few line items. This particular group of expenditures is referred to as "Cost of Services" and includes some larger expenditures, 9-1-1 trunks and exchanges, as well as call-taking contracts. These are a significant portion of the budget. Page three includes personnel related costs, another significant part of the budget. The district is adding a position for fiscal year 2020. A retirement is coming on June 30th, and that position will be reworked, going from executive level to entry-level by reworking the job duties and requirements. The district is moving forward with hiring the Training Coordinator. In spite of the staff additions, the personnel costs are anticipated to decrease.

Mr. VanSteenberg stated the capital plan will include significant upgrades to the 9-1-1 system, and the carry-forward of the PSAP grants. The capital plan also includes a line item for "Land" and proposing a long-term study next year to look at 9-1-1 in the future. Perhaps it is time to think about where MCECD will be located in the future.

Mr. VanSteenberg asked if there were any questions, adding a special meeting will be scheduled in June.

Discussion only, no action was taken.

Executive Director's Report on Items of Community Interest for Which No Action Will Be Taken

Mr. Virgadamo noted item four of the agenda, executive director's report on items of community interest for which no action will be taken.

Mr. VanSteenberg reported on the following items:

- System Audit of the 9-1-1 System: We believe as a result of the system audit we will need to replace some equipment, which we expect will take place in the fall, and will be followed by a software upgrade.
- Black and Vetch: Preparing a study to follow-up on the study done for the hospital district, call handling analysis and staffing analysis and extend that to all the PSAPs.
- Mr. Roberto Gutierrez, Systems Manager, has been working with all the PSAPs on back-up testing, reviewing back-up plans, ensuring back-up procedures are working.
- Remodel at the MC-EOC: the remodel is complete and will be tested later this month.
- GIS/Database group is conducting a street name audit and is addressing differences as they come up.

- The Junior First Responder Camp is in its fourth year, thirty have registered for this year, with seven on the waiting list.
- MCECD partnered with the other 9-1-1 agencies in our region for a movie campaign. Text to 9-1-1 and Smart911 ads will show at theaters in Montgomery County.
- Rave alerts have been very busy with the storms, which gives us an opportunity to refine internal procedures.

Discussion only, no action was taken.

Consent Agenda

Mr. Virgadamo noted items five through nine of the consent agenda, noting the items may be taken separately or as a whole.

Mr. Simon made a motion to approve the consent agenda in its entirety. Constable Gable seconded the motion. The motion carried with all in favor.

The meeting adjourned at 12:30 p.m.

*These minutes were approved at regularly scheduled board meeting on September 18, 2019.
If needed, an official, signed copy may be obtained at the MCECD office.*