



Montgomery County ESD No. 10

Magnolia Fire Department

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DATE: August 31, 2023

THE BOARD OF COMMISSIONERS OF MONTGOMERY COUNTY EMERGENCY SERVICES DISTRICT NO. 10 (the "District") met in a regular session, open to the public, at the Magnolia Fire Department, Station 181, 18215 Buddy Riley Blvd, Magnolia, Texas 77354 on Thursday, August 31, 2023, at 10:00 a.m. inside the boundaries of the District.

AGENDA ITEM:

1. Call meeting to order.

At 10:00 a.m., Commissioner Smith Called to order the Regular Meeting of the Montgomery County Emergency Services District #10 (the "District") and the roll was called of the duly appointed officer's to-wit:

2. Roll Call, Pledge of Allegiance, Pledge of Texas and Invocation.

Larry Smith	President	Present
Charles McDonald	Vice President	Present
Jeffrey Cunningham	Assistant Secretary/Treasurer	Present
Kelly Violette	Secretary/Treasurer	Present
Laurie Clifton	Board Member	Present

5 Commissioners were present, thus constituting a quorum.

Also present were Fire Chief Jeffrey Hevey; Business Manager Eloise Roberson; District Legal counsel John Peeler of Coveler & Peeler, PC; Assistant Office Manager Joanna Padilla; and auditor Jon Watson from Brooks Watson & Co.

3. To receive Public Comment. Texas law and District policy establish that members of the public may offer comments on any subject of concern to the public. District policy establishes time limits to address the Board: 3 minutes for items on the agenda; 2 minutes for items not on the agenda; or 1 minute if the person has spoken on the same topic at any of the two preceding meetings. Anyone who interrupts the meeting intending to prevent or disrupt the Board from conducting the meeting by interjecting comments after the Public Comment item has concluded are subject to removal from the meeting and premises under Texas law after receiving reasonable warning from the presiding officer.

No Public Comments Received.

4. To meet in Closed Session pursuant to Government Code §551.071 to consult with legal counsel regarding pending or contemplated litigation, settlement offers or on matters which require confidentiality under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas and Tax Code §323.3022 to discuss sales tax matters.

No Closed Session was held.

5. To address financial matters including depositories, audits, Investment Policy and investments, financial reports, tax reports, and to pay District bills.

Jon Watson presented the financial audit for the year ending December 31, 2022. Mr. Watson noted that the 2022 audit was much more complex than prior District audits due to the District becoming the direct employer of fire

suppression and administrative staff at the beginning of 2022. The change was referred to during discussion as the District's "transition" to being the direct provider of fire suppression services after many prior years of contracting for the services. Commissioner Cunningham inquired about the frequency of similar departmental transitions, such as going from a contracted volunteer fire department to a department staffed with full-time District employees. Mr. Watson stated that they happen from time to time, but emphasized the importance of bookkeeping during such transitions. He noted that the audit encompassed over 200 hours of staff time with multiple staff working on the project. He further noted that the audit was performed in accordance with Generally Accepted Auditing Standards (GAAS). Mr. Watson informed the Board of the four possible outcomes for the audit: Unmodified, Modified, Disclaimed, and Adverse.

He stated that the District received an unmodified opinion, which is the best outcome with the highest level of assurance.

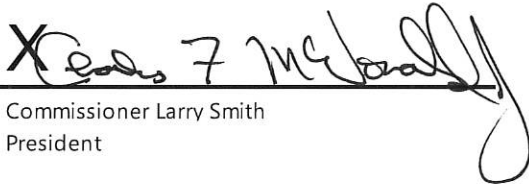
Commissioner McDonald made a motion to pay the invoice for the auditor, seconded by Commissioner Clifton. Motion was approved by a vote of 5 to 0.

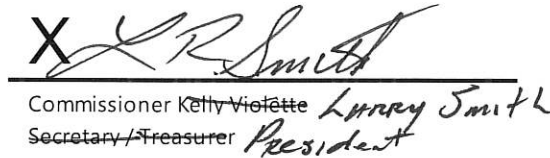
Commissioner McDonald made a motion to approve the audit report as presented and to authorize immediate filing with Montgomery County Commissioners Court in the normal manner, seconded by Commissioner Violette. The motion was approved by a vote of 5 to 0.

Mr. Peeler reported that he would immediately instruct his staff to email the audit to the County Judge's Office, as is the practice for filing ESD audits in Montgomery County.

6. Adjournment.

With no further business to come before the Board, the Board unanimously agreed to adjourn the meeting at 10:24 a.m.

X 
Commissioner Larry Smith
President

X 
Commissioner Kelly Violette
Secretary/Treasurer

Larry Smith
President