

Minutes

*VILLAGE FIRE DEPARTMENT
REGULAR MONTHLY BOARD MEETING*

Wednesday, March 27, 2024, 6:00 P.M.

1. CALL TO ORDER

A regular fire commission meeting of the Village Fire Department was held on March 27, 2024, at 901 Corbindale Houston, Texas 77024. It began at 6:00 p.m. and was presided over by Matt Woodruff. The secretary was present.

Present & Voting Were:

City of Hedwig Village
City of Bunker Hill Village
City of Spring Valley Village
City of Piney Point Village
City of Hunters Creek
City of Hilshire Village

Commissioner Matt Woodruff, Chair
Commissioner Keith Brown, Vice Chair (6:05)
Commissioner Henry Kollenberg, Treasurer
Commissioner Allen Carpenter, Secretary
Commissioner Rob Adams, Member (6:15)
Commissioner Robert (Bob) Buesinger, Member (6:07)

Present Were:

City of Hedwig Village
City of Piney Point Village
City of Spring Valley Village
City of Hilshire Village
Village Fire Department

Alternate Mayor Tom Jinks
Alternate Aliza Dutt (6:32)
Alternate John Lisenby
Alternate Mike Garofalo
Interim Fire Chief, Howard Miller
Administrative Staff, Marlo Longoria & Katherine Stuart
Attorney Brandon Morris
Auditor, Robert Belt
TMRS, Kenneth Oliver

Randle Law Firm
Belt Harris Pechacek
Texas Municipal Retirement System

Not Present Were:

City of Bunker Hill Village
City of Hunters Creek

Alternate Clara Towsley
Alternate Fidel Sapien

Commissioner Woodruff requests that Agenda Item 7b be taken out of order. Commissioner Kollenberg moved and was seconded by Commissioner Buesinger.

Motion passed unanimously

7b. Robert Belt's presentation of the special audit (*article 1*)

Mr. Robert Belt Certified Public Accountant stated that the Board had approved the proposed new scope of work in November 2023 for the 2022 special audit. He presented the timeline of requests, findings, and best practices for the department.

Budget Amendments - Budget amendments were presented as the updated total amended budget amount rather than presenting the specific amounts that were being changed. Because the change is the primary issue being considered for approval, the dollar amount of the change should be specifically stated. When presenting budget amendments for approval, the best practice would be to

present the original budget, the requested change (the amendment), the final amended budget, and an explanation for why the change was necessary.

Budget preparation - He also stated that in some instances the original budget was prepared in less detail than the general ledger. Presentation of the budget and general ledger at the same level of detail facilitates a comparison of the actual results to the budget and aids the department in identifying where differences are occurring.

Budget Amendments and Authorization – Minutes showed approval of budget amendments.

Budget Amendments and Authorization – per the interlocal – Interlocal Agreement and budget amendment were being followed.

Letters of Authorization – Best practice is that the department should keep a copy of any letters of Authorization from the participating cities.

Budget Compliance- The Department expenditures exceeded the final budget amount authorized in most line items, which does not appear to conform to the interlocal agreement. While the total budget expense variances, after including offsetting fuel revenue, were a favorable \$83,274, the legal level of budgetary control appears to be at the expense line-item level of the final amended budget as approved by the participating cities.

It appears important to note that while \$83,274 was the overall favorable budget to actual variance, the reason for the positive variance was that the Department did not incur planned capital outlay expenses, which resulted in a positive variance of \$220,779 for capital outlay. The reason why this is relevant is that most operating expenses tend to be reoccurring each year, whereas capital outlay tends to be large one-time purchases. Accordingly, resolving an excessive operating expense by forgoing planned capital purchases likely results in pushing a disparity in operating expense to revenue imbalance in future years.

Discussion on the draft Special Audit and budget practices continued.

Commissioner Woodruff stated the cities set the rules and the commission has to abide by them, therefore, we have to put policies and procedures into place that ensure we have appropriate controls in place, and we comply with the interlocal agreement.

7a. Texas Municipal Retirement System

Mr. Kenneth Oliver presented the current Village Fire Department benefit overview, an overview of the new bill signed by Governor Abbot (*Article 2*), and what Updated Services Credit (USC) means to Village Fire Department. (*Article 3*).

Effective May 27, 2023, different type of COLA calculations the Texas Legislature amended the TMRS Act to provide participating cities with a new repeating COLA option. (*Article 2*)

Information Updated Service Credit (*Article 3*)

1. COMMENTS FROM THE PUBLIC (Comments are limited to 3 minutes each)

None

2. CONSENT AGENDA – All Consent Agenda items listed are considered to be routine by the Board of Commissioners and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member requests, in which event the item will be removed from the Consent Agenda and considered in its normal sequence on the agenda.

A. Approval of Minutes –

3-27-2024

Village Fire Department

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- Minutes - February 24, 2024 – Regular Monthly Meeting

B. Approval of Bills Paid –

- February 2024

Commissioner Brown made a motion to approve the items presented in the consent agenda. Seconded by Commissioner Adams.

4. REPORTS and POSSIBLE ACTION

- A. Steering Committee report and possible action –** Alternate Lisenby presented the following information main roof discussion.

Roof – any items related to the roof

Commissioner Brown made a motion to ratify a motion on the action made last week with respect to the roof, seconded by Commissioner Carpenter.

- B. Treasurer’s Financial Reports – February 2024**

Commissioner Kollenberg presented the Treasurer’s Financial Report for February 2024. He stated that he would recommend the staff send out the monthly report received from Oliver Rainey & Wojtek, LLP (ORW) to the commission when received.

- C. Fire Chief’s Report – Events of February 2024, Monthly Performance; Staffing, Record of Calls, Response Times, etc.**

1. Staffing

Captain DePaul injured his right arm and had surgery. He is on light duty.

Jeremy Royster had surgery on his knee. His physical therapy is going well.

The new hire process is underway to fill two vacancies.

2. Apparatus and Equipment

- Engine 1 was taken to the shop for preventative maintenance.

- Ladder 1 had a flat on one of the front tires.

3. Major incidents

3/16/2024 Hedwig House Fire

February 2024 Incidents

Fire Incidents: 69

EMS type Incidents: 78

Service Calls Non-Emergency: 17

HFD Calls: 17

Total incidents: 181

Average Response Time: 4 Minutes 17 Seconds

EMS 1st response time: (Natl Standard is 6:30)

Fire: (Natl Standard is 6:50)

4. Major Projects (2024):

Main Roof: Still working out the details before the work can begin.

Finance Consultant Clair Bogard is working with the staff to provide financial guidance and best practices.

Hydrant Testing: Hunters Creek Village is all that is left.

Business Pre-fire Planning has started for this year.

Buffalo Bayou Regatta. Village FD and SVPD water rescue teams assisted.

Get to know your fire department event, 6:00 pm.

5. Other activities

6. Discussion and consideration items:

Dispatch solution to staffing shortage and issues with upcoming shortage. (Agenda Item)

TMRS (Agenda Item)

5. CONSIDERATION OF CONTRACTS/AGREEMENTS – The Board will discuss and consider possible action on the following:

C. Oliver Rainey & Wojtek, LLP – engagement letter 2024-2025

Commissioner Woodruff stated the village fire will continue with the accountant on a month-to-month basis until we decide the VFD needs them on a long-term basis.

No action was taken.

D. Clair Bogard – agreement

No action was taken

6. CONSIDERATION OF RESOLUTIONS- The Board will discuss and consider possible action on the following:

None

7. DISCUSSION ITEMS/PRESENTATION OF SPECIAL REPORTS - The Board will discuss and consider possible action on the following:

Agenda items were taken out of order and moved to the beginning of the meeting.

A. Texas Municipal Retirement System

B. Robert Belt – Special Audit

8. DISCUSSION OF AND POSSIBLE ACTION ON THE FOLLOWING - The Board will discuss and consider possible action on the following:

A. 2023 Carryover – US Digital

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Marlo Longoria presented the information on the US Digital invoice and stated the \$21,732.30 is a 2023 expense and it will be paid in 2024.

No action was taken.

B. Part-time dispatcher

Commissioner Woodruff suggested that the commission consider authorizing the Fire Chief to hire part-time dispatcher(s) as long as not one of them exceeds the terms the council specified.

Commissioner Adams requested an update on the potential dispatch partnership with Memorial Village PD.

Chief Miller stated he is still looking into combining dispatch and the possible cost of equipment. The original quote was \$260,000. He stated he did however find out that MVPD still has their Motorola equipment, so he is going to see if it is compatible. The department is only given one unit of HFD's equipment, so that equipment will need to be where the console is located.

The VFD council, Mr. Morris stated in the offer letter that there needs to be a specific language that defines the part-time guidelines such as the hours and eligibility. He stated the departmental guidelines don't differentiate between full-time and Part-time employees.

Chief Miller stated that the employee guidelines will be posted on SharePoint and the guidelines will be updated accordingly.

Commissioner Brown made a motion to authorize the Fire Chief to hire part-time dispatcher(s) as needed subject to the part-time dispatcher working no more than 30 hours a week or 1000 hours within the given year of their employment. Seconded by Commissioner Buesinger.

Motion passed unanimously

9. EXECUTIVE SESSION - The Board of Commissioners will retire into Executive Session as authorized by Chapter 551; Texas Government Code, to seek legal advice related to the following matters:

Commissioner Woodruff requested to table 9A moved by Commissioner Brown, and seconded by Commissioner Buesinger

Motion passed unanimously

- A.** Executive session pursuant to Section 551.074 authorizing a governmental body to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee to:

- (1) Finance Position
- (2) Administrator
- (3) Administrative Specialist

10. ACTION – CLOSED SESSION – The Board of Directors will reconvene in open session to consider and take any actions necessary on items discussed in Executive Session

No action

11. FUTURE TOPICS

Commissioner Woodruff requested any future items be submitted before the next meeting.

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12. NEXT MEETING DATE

April 24, 2024

13. ADJOURNMENT

Commissioner Woodruff asked for a motion to adjourn at 8:08 p.m. Commissioner Carpenter moved, seconded by Commissioner Buesinger.

Audit link to 3/27/2024

https://us02web.zoom.us/rec/play/3zf2QbQlYE8p3VMKNymoMs7E9Z3_RF8wq8idPMn9hjxyd_aLGrGunTrbbgzA3VGWo-2r_jIQiBvz-HY.kJZGBERarI5BDL9b

Passcode: 2ZQ=92qk

DRAFT

VILLAGE FIRE DEPARTMENT

*Independent Accountants' Report on the
Application of Agreed-Upon Procedures*

For the Year Ended December 31, 2022

By:

Belt Harris Pechacek, LLLP

Certified Public Accountants

3210 Bingle Rd., Suite 300

Houston, Texas 77055

Tel (713) 263-1123, Fax (713) 263-1550

VILLAGE FIRE DEPARTMENT
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INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

To the Board of Commissioners of the
Village Fire Department:

Background

The background and timeline related to development of the proposed scope of work was as follows:

May 24, 2023 - During the presentation to the Board of Commissioners (the “Commissioners”) on the results of the financial statement audit of the Village Fire Department (the “Department”) for the year ended December 31, 2022, the Board of Commissioners requested that we perform additional procedures to address the Commissioners’ concerns.

May 31, 2023 - We provided a PDF copy of the Department’s trial balance and general ledger to the Commissioners and requested guidance to get direction from the Commissioners on the specific accounts and or transactions that were of concern.

Various dates - We followed up on the May 31, 2023 to request feedback in approximately 30 to 45 days intervals.

On or about October 27, 2023 - Several City Administrators contacted us with questions and indicated that our initial email requesting guidance on the matter was deferred to them to provide us the requested feedback.

October 30, 2023 - We met with the City Administrators of the participating cities and condensed the discussions down to questions and concerns.

October 31, 2023 - We prepared a proposed scope of work for consideration which was circulated to the City Administrators to ensure the information was appropriately condensed and met their approval.

November 2, 2023 – The final edited proposed scope of work email was sent to the Department and City Administrators.

November 30, 2023 – We received notification from the Department indicating that the Commissioners had approved the proposed scope of work.

As of the date of this report, March 23, 2024, we were awaiting documentation related to one City’s approval of budget amendments to finalize report.

DRAFT

Report

We have performed the procedures enumerated in the Results of Agreed-Upon Procedures Performed (Exhibit 1), which were agreed to by the Commissioners related to the Village Fire Department's (the Department) operations for the year ended December 31, 2022.

The sufficiency of these procedures is solely the responsibility of the Commissioners. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit 1, either for the purpose for which this report has been requested or for any other purpose.

We were engaged by the Department to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the results of these procedures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Department and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be, and should not be, used by anyone other than these specified parties.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 23, 2024

VILLAGE FIRE DEPARTMENT**RESULTS OF AGREED-UPON PROCEDURES**

For the Year Ended December 31, 2022

Budget**1. Budget Amendments*****Procedure(s):***

Obtain original budget and final budget and compare for any changes to ensure that all budget changes (amendments) were identified.

Result(s) and Finding(s):

- A. There were two amendments to the budget:
 - a. Amendment 01-2022, May 16, 2022 – Exhibit 4
 - b. Amendment 02-2022, September 6, 2022 – Exhibit 5
- B. Budget amendments were presented as the updated total amended budget amount rather than presenting the specific amounts that were being changed. Because the change is the primary issue being considered for approval, the dollar amount of the change should be specifically stated. When presenting budget amendments for approval, the best practice would be to present the original budget, the requested change (the amendment), the final amended budget, and an explanation for why the change was necessary.
- C. We prepared Exhibit 2 to calculate the actual proposed change (amendment) to the budget as well as to separately identified the total amount of intra-budget transfers (reduction of the original budget).
 - a. Amendment 1 increased budget expenses by a gross amount of \$575,209. Included within Amendment 1 was \$59,095 of intra-budget transfers (reduction of original budget) for a net budget increase of \$516,114. As noted in item B, the method of presentation (lack of disclosure of the change amount), would have required a user to recalculate each change to determine the intra-budget transfers amount.
 - i. We noted that while the budget amount for Employee Retirement was reduced, there was an ending unfavorable variance which exceeded the reduction. The budget amount for the account needed to be increased rather than decreased. (See green shading on Exhibit 2.)
 - b. Amendment 2 totaled \$150,000. This amendment was solely related to Bunker Gear.
- D. We noted in some instances that the original budget was prepared in less detail than the general ledger. The block of general ledger accounts shaded on Exhibit 2 did not have a related budget amount. These accounts were consolidated into an aggregated category of maintenance and office supplies. Presentation of the budget and general ledger at the same level of detail facilitates a comparison of the actual results to the budget and aids in the identification of where differences are occurring. As noted in Exhibit 2, Column 9, in total maintenance of equipment and office expense exceeded the budget by \$29,131 and \$348, respectively.

VILLAGE FIRE DEPARTMENT

RESULTS OF AGREED-UPON PROCEDURES

For the Year Ended December 31, 2022



2. Budget Amendments Authorization

Procedure(s):

Trace all budget amendments to the minutes of the Commissioners’ meeting to ensure approval.

Result(s) and Finding(s):

E. May 16, 2022 - Commissioners voted to approved budget amendment 01-2022. Excerpts from the minutes are as follows:

2C. 2021 overage and inter-budgetary transfers

Chief Foster stated staffing the second ambulance 12 hours a day with overtime starting August 2021 and \$4000 a month for the Covid test this is the primary reason for the 2021 deficit of **\$120,822**.

Commissioner Nash asked how the deficit would be funded. In response, the Commission suggested the deficit should be presented to the cities and the payment would be determined. The village fire department did not have a source of funding for the deficit.

Commission Folloder stated the cities received federal funding for Covid relief and suggested the cities could potentially provide the village fire department with the covid relief funding received.

Per the request of Commissioner Byrne, the 2021 and 2022 amendments were combined.

Commissioner Byrne asked for a motion to accept the 2022 amendment for **\$515,846** and 2021 **\$120,822** deficit as presented. Commissioner Brown moved; seconded by Commissioner Nash.

Roll call:

Hilshire: Aye

Piney Point: Aye

Bunker Hill: Aye

Hunters Creek: Aye

Hedwig: (left @ 5:48 p.m.)

Spring Valley: Aye

MOTION CARRIED UNANIMOUSLY

F. September 6, 2020 - Commissioners voted to approve budget amendment 02-2022.

C. Bunker gear replacement- Fire Department

Commissioner Presswood made a motion to amend the budget to move the ambulance revenue to line item “bunker gear” up to 150k not to increase the money assessed to the cities. Commissioner Nash moved; seconded by commissioner Brown.

Alternate Bothe “Aye,” Commissioner Adams and Alternate Bergen “Noes.”

VILLAGE FIRE DEPARTMENT

RESULTS OF AGREED-UPON PROCEDURES

For the Year Ended December 31, 2022

3. Budget Amendments Authorization – per Interlocal Agreement

Procedure(s):

Review the Interlocal Agreement and ensure procedures outlined for budget amendments were followed.

Result(s) and Finding(s):

- A. The Village Fire Department Interlocal Cooperation Agreement dated December 20, 1978 - Article 5.01.d addresses the process for intra (moving monies within the budget) budget transfers which requires approval by at least 70% of the voting strength of the Cities. The excerpt from the agreement is as follows:

d. Disburse the collected funds for the purposes and to the extent authorized in the budget approved by the contracting cities to procure and provide those services contemplated by this Agreement. Any intra-budget transfer of funds, regardless of amount, from a budgeted reserve for major capital items, and any intra-budget transfer of other funds or combination or accumulation of intra-budget transfers of such other funds in excess of \$10,000.00 **must first be approved by the favorable vote of the governing bodies of contracting cities representing at least seventy percent (70%) of the total fiscal voting strength of all such contracting cities in the Village Fire Department, as such fiscal voting strength is defined and determined by Sections 5.02 and 6.02 of this Agreement. All non-budgeted expenditures, regardless of amount, must first be approved by the governing body of each of the contracting cities. It is specifically provided, however, that the expenditure of funds from a budget contingency account would not constitute a non-budgeted expenditure. (Amend #1 4/1/1983)**

Funds budgeted as a reserve for major capital items shall be shown in the budget under an account entitled "Reserve For Major Capital Items". Such funds shall be invested by the **Board of Commissioners** in short term certificates of deposit or other interest bearing accounts. The interest earned on such funds shall be credited to and become a part of the budgeted account "Reserve For Major Capital Items". **(Amend #1 4/1/1983)**

For the purpose of this agreement, the term "major capital items" shall mean fire fighting or emergency ambulance vehicles or apparatus having a value in excess of \$10,000.00. The funds budgeted to the account "Reserve For Major Capital Items", and all earnings thereon, may be expended only for major capital items, unless their expenditure for some other purpose, **which must relate to the affairs of the Village Fire Department**, is first approved by the governing bodies of contracting cities **representing at least seventy percent (70%) of the total fiscal voting strength of all such contracting cities in the Village Fire Department, as such fiscal voting strength is defined and determined by Sections 5.02 and 6.02 of this Agreement. (Amend #1 4/1/1983)**

In its submittal of each proposed budget, the Board of Commissioners shall indicate to the contracting cities its estimate of the amount of funds, budgeted and earned, which will be in the account "Reserve For Capital Items" **account** at the end of the then current fiscal year, and may request that such amount, together with such additional amount as the Board of Commissioners may deem appropriate, but budgeted under such account for the **next** succeeding year. **(Amend #1 4/1/1983)**

VILLAGE FIRE DEPARTMENT**RESULTS OF AGREED-UPON PROCEDURES****For the Year Ended December 31, 2022**

- B. The Department represented that all participating cities approved both budget amendments, and accordingly would have exceeded 70% of the voting strength.
- C. We requested evidence of approval from the Department by participating cities of budget amendments 01-2022 and 02-2022. The Department was unable to locate all the letters issued by the participating cities within the Department. The Department subsequently requested the missing evidence of approval from the applicable cities and was able to provide support for all but one city. The remaining city confirmed directly with us by email both amendments were approved and indicated they would be forwarding evidence of approval, which we are awaiting. The Department should retain documentation of each city's approval of budget amendments.

4. Budget Compliance***Procedure(s):***

Review the budget to actual to determine level of compliance with the final amended budget.

Result(s) and Finding(s):

See Exhibit 2 for variance with the final amended budget.

The Department expenditures exceeded the final budget amount authorized in most line items, which does not appear to conform to the interlocal agreement. While the total budget expense variances, after including offsetting fuel revenue, were a favorable \$83,274, the legal level of budgetary control appears to be at the expense line-item level of the final amended budget as approved by the participating cities.

It appears important to note that while \$83,274 was the overall favorable budget to actual variance, the reason for the positive variance was that the Department did not incur planned capital outlay expenses, which resulted in a positive variance of \$220,779 for capital outlay. The reason why this is relevant is that most operating expenses are reoccurring each year, whereas capital outlay tends to be large one-time purchases. Accordingly, resolving a excessive operating expenses by forgoing planned capital purchases, likely results in pushing a disparity in operating expense to revenues imbalance to future years.

VILLAGE FIRE DEPARTMENT**RESULTS OF AGREED-UPON PROCEDURES****For the Year Ended December 31, 2022****5. Bunker Gear Appropriations*****Procedure(s):***

Determine where monies for bunker gear were appropriated and how the appropriations were used.

Result(s) and Finding(s):

On March 2, 2023, the Department made a request to reallocate 2022 appropriations for bunker gear as follows:

From: Mario Longoria

Date: March 3, 2023

Re: 2023 Budget Amendment 2023-02

During a special fire commission board meeting on March 2, 2023, the Village Fire Department Board of Commissioners unanimously approved increasing 2023 Budget line items:

- Computer/ Radios Equipment *Radio (system cost) from \$29,000 to \$100,000 to fund the additional 8 radios and accountability software; and
- Protective Gear from \$55,000 to \$125,000 to fund the 29 sets of bunker gear that were allocated in 2022 and some additional helmets/boots for firefighters.

Though these purchases were originally budgeted in 2022, the purchases were not finalized in 2022 and must be purchased in 2023. A significant portion of these funds are available through a 2022 surplus. However, due to overages in other categories in the 2022 Budget, the Village Fire Department now requires a budget amendment and additional funding for the above items in the 2023 Budget.

VILLAGE FIRE DEPARTMENT

RESULTS OF AGREED-UPON PROCEDURES

For the Year Ended December 31, 2022

The following is a summary of the net general ledger activity (offsetting entries were removed to aid our analysis) for the 2022 Calendar year for account 15030 Protective and Bunker Gear:

11320 - Village Fire Department						
General Ledger						
January 1, 2022 - December 31, 2022						
Date	Reference	Journal	Description	Beginning Balance	Current Amount	Period End Balance
			15030 Protective & Bunker Gear	0.00		
01/26/22	11945		Delta Industrial Service		575.05	
01/26/22	11968		Delta Industrial Service		3,110.00	
04/06/22			GLOVES		1,527.76	
04/07/22	13011		Metro Fire		406.00	
05/25/22	13070		HELMENT - KENDALL		1,311.52	
07/08/22			EMPLOYEES- HELMENT		3,999.00	
07/08/22			EMPLOYEE BOOTS		370.00	
07/08/22			WPSG- FIRE STORE		795.36	
07/12/22	13102		BOOTS AND 11.5 WIDE		407.00	
07/15/22			Delta Industrial Service- 10 YEAR NEXT		36,713.76	
09/16/22			DATE 2032		5,393.98	
09/28/22			Delta Industrial Service BOOTS		650.00	
10/03/22			Delta Industrial Service		1,190.20	
11/29/22	13207				50.00	
12/12/22	13213		Delta Industrial Service0 ANDERSON,		16,265.56	
12/13/22	13216		MATALLANA,GAMEZ,GARCIA		2,801.00	
12/31/22	61				10.00	
12/31/22	61		Post 2022 expenses paid in 2023		4,077.64	
			Totals for 15030		79,653.83	79,653.83

VILLAGE FIRE DEPARTMENT

RESULTS OF AGREED-UPON PROCEDURES

For the Year Ended December 31, 2022

The following is a comparison of budget and actual activity for account 15030 Protective and Bunker Gear:

	Budget	Actual	Favorable (unfavorable)
Original budget	26,000.00	79,653.83	(53,653.83)
Budget amendment 2	150,000.00		
Final Amended budget	176,000.00	79,653.83	96,346.17

The Department had a remaining unused balance in account 15030 Protective and Bunker Gear of \$96,346.17.

Like most local governments, unspent budgeted appropriations lapse at the end of the budget year. Accordingly, if a large item was budgeted but not received during the budget year, a government would need to request again the item in the next year's budget or amended budget. A common example is a police car that is budgeted in year 1, but while the car is ordered in year 1, manufacturing delays results in the vehicle delivery in year 2. Based on the year 2 delivery the police car will be expensed in year 2 and a budget amendment would be necessary in year 2. In theory the amount originally budgeted for the car was unused in year 1 and the unspent monies were rolled forward into year 2, as part of beginning fund balance.

In theory, unspent budget appropriations for Protective and Bunker Gear of \$96,346 should have been available to re-budget in the 2023 fiscal year as \$96,346 was unspent out of the amended appropriations. Additionally, the unspent appropriations in total for all Capital Outlays was \$220,779.68. While this money should have theoretically been available, the Department overspent in the Personnel category by \$49,649 and overspent in General Expenses category by \$87,959. In summary, while there may have been theoretical surplus related to bunker gear, the amounts were used to fund budget overages in other areas. In total, the net budget variance for all categories was \$83,274 which did not exceed the budget amount remaining in protective gear.

In summary, one of the general concerns noted to us was "where did the bunker gear money go?", but based on the analysis in the paragraph above and previous discussion on budget variances it appears the more appropriate question is "how and why did the Department spend more than authorized in all the accounts?" as noted with negative amounts in red in Exhibit 2, Column 8.

Exhibit 2

Summary of Budget Activity and Comparison of Budget to Actual

Fiscal year ended December 31, 2022

Account	Description	1 Original Budget	2 Budget Amend 1	3 Intra Amount	4 Budget After Amend 1 +2 Column 1 +2	5 Budget Amend 2	6 Budget After Amend 2 Column 4+5	7 Actual Results	8 Variance with final budget Column 7-6	9 Variance of shaded accounts
01-17110	Miscellaneous	7,200.00	(2,200.00)	(2,200.00)	5,000.00	0.00	5,000.00	0.69	4,999.31	
01-17110-002	Legal Notices & Advert.		0.00			0.00		4,620.47	(4,620.47)	
01-17110-005	Licenses and Permits		0.00			0.00		1,254.00	(1,254.00)	
01-17110-009	Other Misc. Expense		0.00			0.00		1,008.43	(1,008.43)	
01-17120	Postage/Printing/Stationery		0.00			0.00		0.00	0.00	
01-17120-001	Office Supplies		0.00			0.00		10,108.58	(10,108.58)	
01-17120-002	Postage & Freight		0.00			0.00		550.00	(550.00)	
01-17120-003	Printing		0.00			0.00		1,614.53	(1,614.53)	
01-17120-004	Maint. Contracts-Office Equip		0.00			0.00		67,086.71	(67,086.71)	
01-17120-005	Coffee Bar & Refreshments		0.00			0.00		6,193.38	(6,193.38)	
01-17120-006	Postage Meter Rental		0.00			0.00		1,573.90	(1,573.90)	
01-17120-008	Office Equipment		0.00			0.00		12,576.20	(12,576.20)	
01-17120-009	Other Office Expenses		0.00			0.00		3,762.01	(3,762.01)	
	Office Expense/Postage/printing	128,200.00	(18,200.00)	(18,200.00)	110,000.00	0.00	110,000.00		110,000.00	(348.21)
01-17120-010	Bank Service Charges		0.00			0.00		6,876.84	(6,876.84)	
01-17130	Professional Services	126,150.00	5,294.00		131,444.00	0.00	131,444.00	171,913.76	(40,469.76)	
01-17140	Public Utilities	65,000.00	(4,357.00)	(4,357.00)	60,643.00	0.00	60,643.00	85,716.48	(25,073.48)	
01-17150	Rent	10.00	0.00		10.00	0.00	10.00	10.00	0.00	
01-17160	State Certification Fees	6,000.00	0.00		6,000.00	0.00	6,000.00	4,943.66	1,056.34	
01-17170	Training Programs	33,000.00	(3,000.00)	(3,000.00)	30,000.00	0.00	30,000.00	23,103.77	6,896.23	
	EMS Training	17,000.00	0.00		17,000.00	0.00	17,000.00		17,000.00	
01-17170-004	Other Training Expenses		0.00			0.00		674.01	(674.01)	
01-17170-005	Tech Seminars-Off Premises		0.00			0.00		1,696.26	(1,696.26)	
01-17170-006	Training Exams		0.00			0.00		12,026.22	(12,026.22)	
01-17170-007	Training Sup/Fees-On Premises		0.00			0.00		389.84	(389.84)	
01-17170-008	Out-of-Town Expenses		0.00			0.00		4,487.41	(4,487.41)	
01-17180	Uniforms	20,000.00	0.00		20,000.00	0.00	20,000.00	22,159.13	(2,159.13)	
Subtotal [59340]	General Expenses	825,626.00	40,315.00	(38,257.00)	865,941.00	0.00	865,941.00	953,899.69	(87,958.69)	
Subgroup : [59370]	Capital Outlay									
	Contingency-Facility	40,000.00	0.00		40,000.00	0.00	40,000.00		40,000.00	
01-15020	Misc. Tools, Equip.,& Hose	75,000.00	0.00		75,000.00	0.00	75,000.00	72,795.31	2,204.69	
01-15030	Protective & Bunker Gear	26,000.00	0.00		26,000.00	150,000.00	176,000.00	79,653.83	96,346.17	
	Computer/Radio	89,400.00	0.00		89,400.00	0.00	89,400.00		89,400.00	
01-15040	Radio Purchases		0.00			0.00		7,171.18	(7,171.18)	
Subtotal [59370]	Capital Outlay	230,400.00	0.00	0.00	230,400.00	150,000.00	380,400.00	159,620.32	220,779.68	
	Total expenses	7,273,447.00	516,114.00	(59,095.00)	7,789,561.00	150,000.00	7,939,561.00	7,856,286.84	83,274.16	
	Gross budget amendment 1 (Column 2 plus 3)				575,209.00					

**Village Fire Department
2022 Proposed Budget Budget Summary**

CAPITAL EXPENDITURES:

CONTINGENCY - FACILITY	40,000	
MISC. TOOLS & EQUIP./HOSE:	75,000	DEFIB. (2)
PROTECTIVE GEAR	26,000	
COMPUTER/RADIO EQUIPMENT	89,400	
		\$230,400.00

PERSONNEL EXPENDITURES:

Salaries	4,261,343	
457 Plan Contribution	84,227	
Salaries - Overtime	110,000	
Professional Certification	50,000	
FICA	344,408	
Life/Disability Insurance	26,000	
Retirement	324,599	
Hospitalization	941,760	
Meal Allowance	35,000	
Workers Compensation	40,084	
Total Rewards Adjustment	0	
		\$6,217,421

OPERATIONAL EXPENDITURES

Ambulance Medical Supplies	62,000	
Building Supplies & Maintenance	45,000	
Chemicals	0	
Emergency Contingency	20,000	
Dues/Subscriptions	8,000	
Fire Prevention/Public Relations	15,000	
GAS & OIL	45,000	
INSURANCE - CASUALTY	49,066	
Miscellaneous	7,200	
Office Expenses/Postage/Printing/Stationary	128,200	EQUIPMENT MAINT. CONTRACTS
Professional Services	126,150	
Public Utilities	65,000	
Rent	10	
State Certification Fees	6,000	
Training Programs	33,000	
EMS Training	17,000	
Uniforms	20,000	
Maintenance of Equipment	179,000	

		\$825,626
OPERATING BUDGET		\$7,273,447

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CAPITAL REPLACEMENT FUND 2

Escrow	<u>180,000</u>	<u>\$180,000</u>
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FACILITY FUND 4

Escrow	<u>0</u>	<u>\$0</u>
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\$180,000

TOTAL BUDGET

\$7,453,447

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Village Fire Department 2022 Budget Budget Summary Amendment-

* 001-2022

<u>GENERAL FUND</u>	Current Approved	Notes	Budget Amendment
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CAPITAL EXPENDITURES:

Contingency- Facility	40,000		40,000.00
Misc. Tools, Equipment, & Hose	75,000	DEFIB. (2)	75,000.00
Protective Gear (Bunker Gear)	26,000		26,000.00
Computer/ Radios Equipment *Radio(system cost)	89,400		89,400.00
Total Capital Expenditures	\$230,400		\$230,400

PERSONNEL EXPENDITURES:

Salaries	4,261,343		4,445,838.75
457 Plan Contribution	84,227	\$4,345,570	87,916.78
Salaries - Overtime	110,000		353,000.00
Professional Certification	50,000		50,000.00
FICA	344,676		377,661.80
Life/Disability Insurance	26,000		26,216.00
Retirement	324,599		303,761.60
Hospitalization	941,760		957,960.00
Meal Allowance	35,000		35,000.00
Workers Compensation	40,084		55,865.00
Total Rewards Adjustment	0		
Total Personnel Expenditures	\$6,217,689		\$6,693,220

OPERATIONAL EXPENDITURES

Ambulance Medical Supplies	62,000		62,000.00
Building Supplies & Maintenance	45,000		45,000.00
Chemicals	0		-
Emergency Contingency	20,000		20,000.00
Dues/Subscriptions	8,000		2,500.00
Fire Prevention/Public Relations	15,000		10,000.00
GAS & OIL	45,000		98,932.28
INSURANCE - CASUALTY	49,066		49,765.00
Miscellaneous	7,200		5,000.00
Office Expenses/Postage/Printing/Stationary	128,200	EQUIPMENT MAINT. CONTRACTS	110,000.00
Professional Services	126,150		131,444.12
Public Utilities	65,000		60,643.00
Rent	10		10.00
State Certification Fees	6,000		6,000.00
Training Programs	33,000		30,000.00
EMS Training	17,000		17,000.00
Uniforms	20,000		20,000.00
Maintenance of Equipment	179,000		197,646.72
Total Operational Expenditures	\$825,626		\$865,941

TOTAL	\$7,273,715		\$7,789,561
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CAPITAL REPLACEMENT FUND 2

Escrow	180,000		180,000
TOTAL	\$180,000		\$180,000

FACILITY FUND 4

Escrow

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TOTAL	<u>0</u>	<u>0</u>
	<u>\$0</u>	<u>\$0</u>

TOTAL BUDGET	<u>\$7,453,715</u>	<u>\$7,969,561</u>
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* The 2022 Budget is amended by \$515,846.00 due to changes highlighted above.

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Village Fire Department 2022 Budget Summary Amendment- Protective Gear

GENERAL FUND
Current Approved
* 002-2022 Budget Amendment

CAPITAL EXPENDITURES:

Contingency- Facility	40,000.00	40,000.00
Misc. Tools, Equipment, & Hose	75,000.00	75,000.00
Protective Gear (Bunker Gear)	26,000.00	176,000.00
Computer/ Radios Equipment *Radio(system cost)	89,400.00	89,400.00
Total Capital Expenditures	\$230,400	\$380,400

PERSONNEL EXPENDITURES:

Salaries	4,445,838.75	4,445,838.75
457 Plan Contribution	87,916.78	87,916.78
Salaries - Overtime	353,000.00	353,000.00
Professional Certification	50,000.00	50,000.00
FICA	377,661.80	377,661.80
Life/Disability Insurance	26,216.00	26,216.00
Retirement	303,761.60	303,761.60
Hospitalization	957,960.00	957,960.00
Meal Allowance	35,000.00	35,000.00
Workers Compensation	55,865.00	55,865.00
Total Rewards Adjustment		
Total Personnel Expenditures	\$6,693,220	\$6,693,220

OPERATIONAL EXPENDITURES

Ambulance Medical Supplies	62,000.00	62,000.00
Building Supplies & Maintenance	45,000.00	45,000.00
Chemicals	-	-
Emergency Contingency	20,000.00	20,000.00
Dues/Subscriptions	2,500.00	2,500.00
Fire Prevention/Public Relations	10,000.00	10,000.00
GAS & OIL	98,932.28	98,932.28
INSURANCE - CASUALTY	49,765.00	49,765.00
Miscellaneous	5,000.00	5,000.00
Office Expenses/Postage/Printing/Stationary	110,000.00	110,000.00
Professional Services	131,444.12	131,444.12
Public Utilities	60,643.00	60,643.00
Rent	10.00	10.00
State Certification Fees	6,000.00	6,000.00
Training Programs	30,000.00	30,000.00
EMS Training	17,000.00	17,000.00
Uniforms	20,000.00	20,000.00
Maintenance of Equipment	197,646.72	197,646.72
Total Operational Expenditures	\$865,941	\$865,941

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	TOTAL	\$7,789,561	\$7,939,561
<u>CAPITAL REPLACEMENT FUND 2</u>			
Escrow		180,000	180,000
	TOTAL	\$180,000	\$180,000
<u>FACILITY FUND 4</u>			
Escrow		0	0
	TOTAL	\$0	\$0
<u>TOTAL BUDGET</u>		\$7,969,561	\$8,119,561

* The 2022 Budget is amended by \$150K due to changes highlighted above and the change will not increase the City assessments and will be funded by EMS revenue.

During a special meeting on September 6, 2022, a Motion to amend the 2022 budget to move an amount of \$150,000 from the ambulance billing fund revenue to a budgeted line item for protective gear, increasing said line item from \$26,000 to \$176,000 in order to replace bunker gear that has PFAS with the proviso that the amendment will not increase the Cities' assessment but will be funded by the current ambulance billing revenue funds.



New Repeating COLA Option is Available for Cities

Effective May 27, 2023, the Texas Legislature amended the TMRS Act to provide participating cities with a new repeating COLA option.

Currently, a COLA must be calculated retroactively by looking back to the cumulative change in the Consumer Price Index (CPI) since each retiree's retirement date, commonly called the "catch-up." The retroactive calculation makes granting a COLA more expensive for cities that have never provided a COLA and for most cities that currently provide a COLA and are already "caught up."

The new non-retroactive repeating COLA option eliminates the retroactive calculation by only looking back to the change in the CPI for the one-year period that ends 12 months before the COLA's effective date (the "New COLA Option").

In almost every case, the New COLA Option will be slightly less expensive for a city than a repeating COLA calculated retroactively. While the impact of the New COLA Option on each retiree depends on many factors, no retiree's current monthly benefit will be reduced.

However, adopting any repeating COLA, with or without the retroactive calculation, is still expensive. Even without the retroactive expense, the city still must advance fund all COLAs for both current and future retirees.

A city does not have to adopt the New COLA Option. All current repeating or ad hoc COLA options with the retroactive calculation are still in place. Details about current COLA options can be found [here](#).

Following are key provisions and examples of the New COLA Option.

Key Provisions

- All repeating COLAs adopted using the non-retroactive option must be effective on January 1, 2024, 2025, or 2026. To adopt the New COLA Option, a city must pass an ordinance and provide it to TMRS by the December 31 preceding the January 1 effective date.
- Adopting the New COLA Option replaces any previous COLA and remains in effect until the city adopts any ordinance impacting COLAs.
- Because the New COLA Option is calculated based on the CPI during the year that ends 12 months before the COLA's effective date, each retiree will receive the same percentage increase to their monthly benefit. For example, if a city adopts a non-retroactive 50% repeating COLA effective January 1, 2024, each eligible retiree's benefit increase will be 3.23% (50% of 6.45% inflation during 2022).



- Cities can only use the New COLA Option to maintain or increase their COLA CPI percentage; they cannot decrease it.

If a city does not provide a repeating COLA

Cities that do not provide a repeating COLA as of January 1, 2023, can pass an ordinance to adopt a non-retroactive repeating COLA of 30%, 50%, or 70% of CPI.

The cost impact for cities that have never adopted a COLA will be modestly less under the New COLA Option as compared to the cost of the retroactive repeating COLA options of the same CPI percentage. The cost impact for cities that have previously adopted any COLA, will vary depending upon the city's COLA history.

If a city provides a repeating COLA

Cities that have a 30% or 50% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain or increase the COLA percentage with the non-retroactive calculation. Whether the COLA cost for a city would decrease or increase depends on the city's COLA history.

Cities that have a 70% retroactive repeating COLA as of January 1, 2023, can pass a new ordinance to maintain the 70% COLA with the non-retroactive calculation. The non-retroactive repeating 70% COLA will be slightly less expensive than the retroactive repeating 70% COLA.

Request a COLA cost analysis from TMRS

To request a COLA cost analysis, email cityservices@tmrs.com. TMRS' plan change tool that calculates the cost of COLAs will be available in July.

Updated Service Credit (USC) is a TMRS financial credit that can increase your benefit at retirement based on changes in your salary or your city's retirement plan.

Who can receive USC? To receive USC, your city must provide it. To find out if your city does, go to the "For Members" tab on tmrs.com, click on Plan Design, and search for your city.

How is USC Calculated? TMRS calculates USC each January by comparing your current TMRS retirement cash balance to a hypothetical balance using your city's current plan design and your average salary for the last few years. If the hypothetical cash balance is greater, you will be awarded USC.

To determine your average salary, the most recent year of salary isn't used, and the three prior years are averaged together. For example, salaries used to calculate your USC in 2023 would be 2021, 2020, and 2019.

TMRS uses that average monthly salary and your city's current plan to determine what your cash balance would be if you had made that salary and received those benefits for your entire city tenure and received 3% annual interest on your account. A city may also include any time you worked for another TMRS city in the USC calculation.

If that hypothetical cash balance is greater than your actual cash balance, the difference is multiplied by the USC percentage your city has adopted, either 50%, 75%, or 100%. USC earns 5% annual interest and can be replaced by a higher USC in the future.

USC is added to your TMRS cash balance when you retire and is included in retirement estimates that you can run on [MyTMRS](https://tmrs.com). You can also call the Member Service Center at 800-924-8677 or schedule an appointment with our Member Education team to review your account.

Member Service Center

800-924-8677

Fax • 512-476-5576

Website

tmrs.com

Mailing Address

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