

CROCKETT COMMUNITY SERVICES DISTRICT

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MINUTES OF BUDGET & FINANCE COMMITTEE MEETING MAY 26, 2020

CALL TO ORDER: The meeting was called to order at 3:18 PM by Director Peterson. Also present were Director Mackenzie, General Manager McDonald, and Recreation Dept. Manager Wilson.

PUBLIC COMMENTS: None

1. CONSIDER AUDITOR TO PERFORM FY 19/20 AUDIT: The committee considered making a recommendation on which auditor should perform the District's upcoming Fiscal Year (FY) 19/20 audit. Mr. Peterson said it was customary for an auditor to perform the District's audit for at least three years. Mr. Mackenzie felt that we were happy with our previous auditor Dennis Lorette and we should consider returning to his services as they were less expensive. The proposal from David Farnsworth to perform the upcoming audit for FY 19/20 is \$10,428. Dennis Lorette was invited to submit a proposal this year, but we have not yet received his proposal. The committee asked that the question be carried to the board to make the decision which auditor to select.
2. LIABILITY INSURANCE COST ALLOCATION BASED ON EXPOSURE: Mr. McDonald presented a report on the General Liability insurance cost break down between the departments by risk-based exposure rather than the currently followed Operations & Maintenance (O&M) budget-based allocation. Mr. Peterson expressed concern that the Maintenance Department has no funding available to pay its share of liability expenses using the risk exposure methodology. Mr. Mackenzie said there is benefit of moving to a risk-based model and said the recreation department should be responsible for maintenance costs if that is where the risk is at rather than having the sanitary departments shoulder this cost. Mr. McDonald will bring this issue up under the financial report at tomorrow's meeting to gather feedback from the rest of the board.
3. COST ALLOCATION RATES: It was the consensus of the committee to keep the same formulas for the Cost Allocation Rate table in place. Mr. McDonald will update the tables using the same formulas and bring the draft Cost Allocation Rate table for FY 20/21 back to the committee.
4. AUTHORIZE TRANSFER OF \$8K FOR MEMORIAL HALL ACQUISITION: Mr. Wilson asked where the \$8,000 would come from to reimburse the Recreation Department. Mr. Peterson said that the money would come from the Property Tax funds, not from the fundraising efforts from the Walk of Honor or other direct donations. Mr. McDonald will investigate the transfer and work to make sure it meets the wishes of the Budget & Finance Committee.
5. PRELIMINARY FY 20/21 BUDGET REVIEW: Mr. McDonald presented the 10-month budget report and preliminary FY 20/21 budget to the commission. While the Port Costa Sanitary Department is over budget, the District is under budget and as such there will be no need to adopt a revised District budget for FY 19/20. He said total expenses in the District's adopted budget for FY 19/20 was \$3,532,335 and that the estimated year-end total will be below that at \$3,245,944. Mr. Peterson asked about the \$5,937 in reported revenue under the Maintenance Department Bridgehead cost center. Mr. McDonald explained this includes a \$5,000 pass-thru donation to the Dog Park Project.

Mr. Peterson asked if it is prudent to do all the capital replacement projects listed under the recreation budget, such as replacing the curtain in the auditorium, knowing the coronavirus pandemic shutdown will affect revenue coming in. Mr. McDonald said the large Community Center ADA entrance project has been postponed but that staff felt that smaller items, especially those funded from Return-to-Source Funds, should continue as to not fall behind on the 5-year capital schedule. Mr. McDonald and Mr. Wilson will review the capital projects list before the final budget is presented in June. Mr. McDonald said our auditor recommended a more detailed written manager's report to accompany the budget, to make the financial numbers easier to understand, but due to our limited staff resources this was not possible. The committee reviewed and accepted the budget report. Mr. McDonald anticipates only minor adjustments will be made to the final proposed budget to be presented on June 24.

6. OTHER BUDGETARY ISSUES OF CONCERN: Mr. Mackenzie reiterated his concern that commissions have delegated authority to direct staff to spend money for their respective department, he strongly believes final authority should rest with the Board. Mr. McDonald said that review of the policy on delegated authority is a backlogged item that the Board has previously expressed interest in reviewing. He said the Budget & Finance Committee would be the proper group to discuss the financial aspects of the policy and form recommendations on changes. The question on prioritizing the revision of the policy can be added to the Future Agenda items list at tomorrow's Board meeting.

ADJOURNMENT: The meeting was adjourned at 4:08 PM.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dale McDonald', with a large, stylized initial 'D'.

Dale McDonald
May 27, 2020