

CROCKETT COMMUNITY SERVICES DISTRICT

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MINUTES OF BUDGET & FINANCE COMMITTEE MEETING AUGUST 20, 2020

CALL TO ORDER: The meeting was called to order at 11:01 AM by Director Peterson. Also present was Director MacKenzie and General Manager McDonald.

PUBLIC COMMENTS: None

1. PURCHASING AND MATERIAL POLICY: Proposal to modify the Purchasing and Materials Policy of the District was presented by Mr. McDonald. The committee supports submitting the proposed additions to Regional Government Services (RGS) for comment and to have them confirm the proposed policy changes meets Federal, State, and local procurement standards. It was suggested that the purchasing authority limits in the policy be standardized and that updates to the purchasing limits can be modified in the future by Board resolution. The committee supports increasing the General Manager's authority for spending from \$5K to \$10K at the same time the purchasing and material policy is revised.
2. CAPITALIZATION THRESHOLD: Mr. McDonald asked that the capitalization threshold in the District's Capital Asset Capitalization Policy be increased to meet the Government Finance Officers Association (GFOA) best practices recommended minimum threshold of \$5K, up from the current \$1K. The committee supports the increase and recommends submittal of policy change to the Board.
3. CAPITAL INVENTORY AND DEPRECIATION SCHEDULE: Discussion on the need to develop capital inventory list of fixed assets as recommended by our independent auditor and required by Government Accounting Standards Board (GASB) statements. Mr. McDonald estimates that it will take a consultant 10 days to gather information on capital assets and create an inventory list to include year of purchase, cost, life of the capital asset, and its accumulated depreciation. He said consulting costs could be lowered by having staff do most of the leg work in developing the list. The total cost of the project in staff and consulting costs is estimated between \$5K and \$12K. Mr. Peterson said the General Manager will have to go through all the records as he is the only one who will know what to look for. Mr. McDonald will begin the project and will submit a consultant contract to the Board once draft capital list has been created and historical records found.
4. DELEGATION OF AUTHORITY: Mr. MacKenzie said his main concern is that the Board must have final authority on issues that concern the District and that the current policy gives too much authority to the Commissions for too many items. He believes the Commissions serve an important role but that they are an advisory body only and as such the policy should reflect this. Mr. Peterson said the policy was developed when the District was young, it has served its purpose well over the years, but it may be time to revisit. Mr. McDonald will review the policy and will suggest modifications that will confirm Board authority over critical issues. Mr. Peterson suggested getting feedback from the Commissions on management's suggestions then bringing it to the full Board for consideration.

5. OTHER BUDGETARY ISSUES OF CONCERN: Mr. McDonald reported that the District's property insurance renewal for 2020 was received and the premium increased 51%, from \$5,734 to \$8,677. Much of the increase was due to the increased appraisal value and replacement cost for the Crockett Sanitary Department Equalization Tank. We had expected a 15-20% rate increase across the board due to various property losses incurred in California over the last few years. Mr. McDonald shared with the committee that the CalPERS retirement Employer Normal Cost Rate for FY 21-22 will be lower than this current year; it will be 8.65%, down from 8.794% for the classic miscellaneous plan. The list of Contra Costa County LAFCO Municipal Service Review suggestions to improve the transparency of our District financials is still pending development. Staff hopes it can begin to integrate the list of changes into the FY 20/21 financial reports, but more accounting resources will be required to complete all recommended items.

ADJOURNMENT: The meeting was adjourned at 11:55 AM.

Respectfully submitted,

Dale McDonald
August 25, 2020