

FINANCE COMMITTEE MEETING MINUTES

Via Teleconference

Tuesday, July 7, 2020

1:00 p.m.

1. Call to Order/Roll Call.

Committee Chair Chris Deppe called to order the Finance Committee meeting at 1:05 p.m. Committee Members present at roll call included: Rachelle Sherris-Watt, Mike Logan, Jim Watt, Karl Kruger, and Rob Firmin.

Staff present included: Interim General Manager Bill Lindsay, Interim Chief of Police Walt Schuld, District Finance and Business Manager Katherine Korsak, and District Clerk of the Board Lynelle M. Lewis.

2. Public Comment.

None.

3. Approve Meeting Minutes of June 2, 2020.

- Director Sherris-Watt made a motion to approve the Finance Committee Minutes of June 2, 2020 and it was seconded by Committee Member Jim Watt. The motion carried (6-0) by the following roll call vote: AYES (Sherris-Watt, Logan, Kruger, Watt, Firmin, and Deppe); and NOES (None).

4. Presentation of the Fiscal Year 2018-2019 Audited Financial Statements by Steven Chang and Review and Discussion of These Financial Statements.

Auditor Steven Chang of Lamorena & Chang highlighted the audited financial statements for the fiscal year ending June 30, 2019. Overall, Mr. Chang rendered a clean audit opinion and said there were no material findings related to internal controls. Next, Mr. Chang reported on his expanded review of legal expenses based on concerns raised about the lack of detail on legal invoices. Mr. Chang said that based on his review of the documentation, he did not have an issue with the invoices and would prepare a memo to address the concerns about legal invoices. In concluding, Mr. Chang pointed out that a footnote disclosure in the audit document needed updating, and he would send an updated document to staff.

Public Comment. A. Stevens Delk asked about the source of “other tax income” on page 10. David Spath asked about the difference in the total expenditures total on page 39 and 41 and about the cash balance on page 39. Mr. Chang said he would review the numbers and provide the information to staff.

The Committee raised the following questions/concerns: clarification on the unfunded reserve account balance; why the 2019 restricted funds for a police car purchase (\$20,000) and for temporary relocation of the police station (\$50,000) were not shown in the audit; why the restricted funds are not reflected in the Fiscal Year 2020-21 Budget; and clarification on the unrestricted reserve balance (page 34). The Committee urged staff to get clarification on the

unrestricted fund balance. Mr. Lindsay asked committee members to send their questions about the audit to Mr. Chang, Mr. Lindsay, and Ms. Korsak prior to the July 9th Board meeting.

5. Review and Discuss Police Department Vehicle Purchase Financing Options and Consider Recommendation to the Board.

Finance and Business Manager summarized the staff recommendation to execute a five-year lease/purchase agreement for the procurement and equipping of five (5) Ford hybrid police vehicles for an annual cost of \$65,340 and a total five-year cost of \$326,725. The purchase is through the Folsom Ford's State and Local Government Sales Program. Interim Police Chief Schuld reported that the Police Department has a fleet of seven police vehicles all of which are past their life cycle except for the administrative vehicle. He said repair costs have continued to go up significantly for the last three fiscal years and the new vehicles come with a full three-year 36,000-mile warranty which will significantly reduce repair costs. Additionally, he noted that each new vehicle is projected to save \$2,800 per year in fuel costs.

The Committee raised several questions such as: why the quote was from a Sacramento County dealer versus one from Contra Costa County; why lease financing versus a straight purchase; does the District have sufficient finances for this purchase; and what happened to funds that were supposed to be set aside to purchase a vehicle every two years. The Committee expressed concerns about such a large expenditure at this time and the need for acquiring five new vehicles. Staff explained that the Sacramento dealer offered lower rates through a state contract and the lease option is less costly. Chief Schuld announced that he had instituted a fleet management plan and is in the process of writing a fleet management policy. He explained the benefits of leasing the five new cars versus purchasing one new car were reduced repair costs along with liability and safety concerns.

Chair Deppe called for public comment, there were no speakers, and public comment was closed.

- Committee Member Firmin made a motion to vote on the staff recommendation on the table for police cars to forward to the Board and it was seconded by Committee Member Mike Logan. The motion carried (3-2-1) by the following roll call vote: AYES (Firmin, Logan, and Deppe); NOES (Kruger and Watt); and ABSTAINED (Sherris-Watt).

6. Schedule the Next Meeting.

The next Finance Committee meeting was tentatively scheduled for October 20, 2020 at 1:00 p.m. Agenda topics will include a quarterly budget review and discussion of a 115 Trust. Suggestions for other agenda topics should be sent to the General Manager.

Adjournment

Chair Deppe adjourned the meeting at 3:35 p.m.

SUBMITTED BY:

Lynelle M. Lewis, District Clerk of the Board

APPROVED: October 20, 2020

Bill Lindsay, Interim General Manager

Chris Deppe, President of the Board