



MUNICIPAL SERVICES AUTHORITY (MSA) AGENDA

Agenda materials may be viewed on the Agency's web site or by contacting the Executive Director prior to the meeting.

REGULAR MEETING
April 16, 2015
1:30 p.m.

Larkspur City Hall
City Council Chambers
400 Magnolia Avenue.
Larkspur, CA 94939

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA

3. PUBLIC COMMENT

Each speaker is limited to two minutes. If you are addressing the Board on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2). However, the Board's general policy is to refer items to staff for attention, or have a matter placed on a future Board agenda for a more comprehensive action or report.

4. APPROVAL OF CONSENT AGENDA

Consent agenda items are considered to be routine and will be enacted by one motion. There will be no separate discussion on these items unless members of the Executive Committee, staff or public request specific items to be removed for separate action.

- A. Approval of **August 23, 2014 Minutes** *Action*
- B. Approval of **Audited FY2014 Financial Statements** *Action*
- C. Approval of **FY2016 Budget** *Action*

5. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through January 2015 *Information*

6. OLD BUSINESS

- A. Dental Pool Update – Potential Agencies; Renewal Strategy; and Self-Funding *Information*

7. NEW BUSINESS - None

8. ADJOURN

The next Regular Meeting will take place on August 20, 2015 at 1:00 p.m. at Walnut Creek.

Americans with Disabilities Act

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Richard Averett at (650) 587-7301. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**MUNICIPAL SERVICES AUTHORITY
BOARD OF DIRECTORS MINUTES
AUGUST 21, 2014**

The Municipal Services Authority held a regular meeting of the Board of Directors on August 21, 2014 at the Dublin Civic Center. The meeting was called to order at 1:30 p.m.

1. CALL TO ORDER

Members Present: Steve Rogers, Chair
Dan Schwarz, Member
Members Absent: Ken Nordhoff, Vice-Chair
Other Attendees: Deirdre Dolan, Chris Foss, Mike Garvey, Herb Pike
Richard Averett, Executive Director
Jennifer Bower, Director of Human Resources
Steve Gedestad, Julia Manzanares, and Briana Overgaard, Keenan and Associates

A. Election of Officers

Action: Nomination of Rogers as Chair. Moved and seconded (Schwarz/Rogers) to elect Rogers as Chair.

AYES: Schwarz, Rogers

NOES: None

ABSTAIN: None

Action: Nomination of Nordhoff as Vice-Chair. Moved and seconded (Schwarz/Rogers) to elect Nordhoff as Vice-Chair.

AYES: Schwarz, Rogers

NOES: None

ABSTAIN: None

2. CHANGES TO THE ORDER OF AGENDA AND PUBLIC COMMENT – None and none.

3. APPROVAL OF CONSENT AGENDA

A. Approval of **May 15, 2014** Minutes

Action: Moved and seconded (Schwarz/Rogers) to approve consent agenda.

AYES: Schwarz, Rogers

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through June 2014

The Executive Director reviewed the agency's financial reports through June, noting that due to additional member contributions and savings from the adopted budget have resulted in an increase in net position. The net position is expected to be reduced after auditor adjustments for IBNR. This is an information item and no action was taken.

5. OLD BUSINESS

A. Approval of Amendments to the MSA JPA Agreements and Bylaws. The Executive Director noted that upon recommendation of JPA Counsel, the proposed amendments make the agreement more consistent in language and purpose. Both Member agencies have approved the amendments. Mr. Gedestad reported that three agencies had joined the dental program, and they are talking with American Canyon. The industry standard 5% to 10% surcharge for leaving one plan for another is being negotiated.

Action: Moved and seconded (Schwarz/Rogers) to approve amendments to the MSA JPA Agreements and Bylaws.

AYES: Schwarz, Rogers

NOES: None

ABSTAIN: None

6. NEW BUSINESS - None

- 7. ADJOURNMENT** – It was requested that MSA representatives be agendized for the RGS and LGS Boards of Directors. The meeting adjourned at 1:57 p.m. The next regular meeting is scheduled for October 23, 2014 at 12:00 p.m. in Larkspur.



TO: BOARD OF DIRECTORS **BOD Meeting: 4-16-2015**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 4B**
SUBJECT: APPROVAL OF AUDIT REPORT FOR FISCAL YEAR ENDING JUNE 30, 2014

RECOMMENDATION

Review and approve the independent audit reports for fiscal year (FY) 2014.

BACKGROUND

The outside audit firm of James Marta and Company was retained to complete the FY2014 audit. Copies of the June 30, 2014 audited financial statements for all three JPAs, along with copies of the June 30, 2014 audit reports, Management Letters and Board Communications and additional detail on the responses to auditor's comments have been included in the Finance Committee meeting packet. Audited financial statements are also posted to the JPA web site.

AUDIT RESULTS

Audit results are summarized below, with more information and analysis in the Management Discussion and Analysis section of the audit report. The FY2014 results reflect the continuing investment made to enhance capacity and financial sustainability of the JPAs, and the impact of retrospective period adjustments of the former liability carrier. The positive net financial position of the JPAs will permit a continued ability to provide quality services to our clients and employees.

MSA FINANCIAL HIGHLIGHTS

- Net income increased \$24,946 over the prior fiscal year.
- Member Agencies contributed \$500,000 to MSA claims reserves above budgeted Member shares.
- Net Unrestricted Assets at the end of the fiscal year are \$374,334, considerably below the minimum target of \$1,050,000. This change is primarily due to the assumption by MSA of prior period claims expenses of RGS and LGS totaling \$888,139 and adjusted \$160,079 for Claims Incurred But Not Reported (IBNR), an industry standard estimate of potential liability for claims that may have occurred in during FY2014 but are not yet reported. Total unpaid claims and claims adjustment expenses are \$1.2 million.



TO: BOARD OF DIRECTORS
FROM: RICHARD AVERETT, Executive Director
SUBJECT: APPROVAL OF FY2016 BUDGET FOR MSA

BOD Meeting: 04-16-2015
Item: 4C

RECOMMENDATION

Review and approve the proposed FY2016 Budget for MSA.

BACKGROUND

The Fiscal Year (FY) 2016 proposed MSA budget has been prepared in accordance with overall direction provided by the Boards of Director. Budgets are presented in a format similar to P&L financial reports provided to the Board at their regular meetings. Several budget assumptions have been made in developing these budgets. They are:

- Each Member Agency’s budget is prepared separately, with RGS providing most operational services and all administrative staffing. Therefore, LGS and MSA reimburse RGS for administrative/overhead costs.
- Revenue and expenditures have been budgeted consistent with projected FY2015 levels, with the exception of a projected five increase in insurance premium costs and a five percent increase in Member revenue.

Net Equity minimum target for FY2015 was \$1,050,000. Staff projects that net equity will fall short of the MSA target because of audit adjustments for claims allowances in FY2014. Staff is proposing the same target level for FYE 2016, and is separately proposing additional contributions from LGS and RGS to MSA in order to restore MSA reserves to the target level by the end of the 2015 fiscal year. Additional claims liabilities could again reduce reserves below target levels.

FY2014 FINANCIAL PERFORMANCE

The MSA unaudited FY2014 results show net income increasing \$629,625 due to additional contributions received from Member Agencies of \$125,000 and \$375,000 and from operating expenditure savings of \$129,625.

FY2015 PROJECTED FINANCIAL PERFORMANCE

The MSA 2015 budget was adopted in May 2014, with a net gain of \$193,000. Projected FYE is a gain of \$236,000. The primary reason for the net gain increase is insurance premium costs being below budgeted amounts.

FY2016 PROPOSED BUDGET

FY2016 proposed budget for MSA is for a net gain of \$244,000 more than expenditures. Expenses are budgeted at FY2015 Projected levels with the exception of a five percent increase in insurance premium costs. The MSA revenue budget is proposed to increase five percent. Therefore, the RGS Administrative budget reflects an increase for MSA Member Agencies’ dues.



TO: BOARD OF DIRECTORS
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: FINANCIAL REPORT ANALYSIS

BOD Meeting: 04-16-2015
Item: 5A

RECOMMENDATION

No action is required of the Board. These are informational, preliminary financial reports through January 2015 month-end, and do not incorporate the FY2014 audited net equity. Thus, the attached reports are draft and unaudited.

NET POSITION ANALYSIS

Through January 2015, the net income for MSA was \$147,802, on track to end the fiscal year slightly ahead of the budgeted net income over ordinary expenses. Additional Member contributions of \$500,000 were received during fiscal year 2014 in order to bolster claims reserves.

BALANCE SHEET ANALYSIS

Through January 2015, total equity for MSA was \$1,796,663. As noted above, this figure is over half a million dollars higher than budgeted due to additional Member contributions at the end of last year and operational savings during the fiscal year.

4:43 PM

02/20/15

Accrual Basis

Municipal Services Authority

Profit & Loss

July 2014 through January 2015

	<u>Jul 14</u>	<u>Aug 14</u>	<u>Sep 14</u>	<u>Oct 14</u>	<u>Nov 14</u>	<u>Dec 14</u>	<u>Jan 15</u>	<u>TOTAL</u>
Income								
440410 · Member Contributions	36,250.00	36,250.00	36,250.00	36,250.00	36,250.00	36,250.00	36,250.00	253,750.00
440420 · Misc Revenue	0.00	0.00	0.00	0.00	4,240.00	0.00	3,414.44	7,654.44
Total Income	<u>36,250.00</u>	<u>36,250.00</u>	<u>36,250.00</u>	<u>36,250.00</u>	<u>40,490.00</u>	<u>36,250.00</u>	<u>39,664.44</u>	<u>261,404.44</u>
Expense								
520100 · Broker Expense	3,166.66	3,166.66	3,166.66	3,166.66	3,166.66	3,166.66	3,166.66	22,166.62
520200 · Admin Fee Expense	3,333.37	3,333.33	3,333.33	3,333.33	3,333.33	3,333.33	3,333.33	23,333.35
520300 · Gen Liability Insur Exp	5,111.83	5,111.83	5,111.83	5,111.83	5,111.83	5,111.83	5,111.83	35,782.81
520400 · Worker Comp Insur Exp	4,617.08	4,617.08	4,617.08	4,617.08	4,617.08	4,617.08	4,617.08	32,319.56
Total Expense	<u>16,228.94</u>	<u>16,228.90</u>	<u>16,228.90</u>	<u>16,228.90</u>	<u>16,228.90</u>	<u>16,228.90</u>	<u>16,228.90</u>	<u>113,602.34</u>
Net Income	<u><u>20,021.06</u></u>	<u><u>20,021.10</u></u>	<u><u>20,021.10</u></u>	<u><u>20,021.10</u></u>	<u><u>24,261.10</u></u>	<u><u>20,021.10</u></u>	<u><u>23,435.54</u></u>	<u><u>147,802.10</u></u>

Municipal Services Authority
Balance Sheet
As of January 31, 2015

	<u>Jan 31, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	4,000.00
110040 · CalTrust Med Term Fund	412,565.00
Total Checking/Savings	<u>416,565.00</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	1,352,326.19
Total Accounts Receivable	<u>1,352,326.19</u>
Other Current Assets	
130100 · Prepaid Expenses	27,772.01
Total Other Current Assets	<u>27,772.01</u>
Total Current Assets	<u>1,796,663.20</u>
TOTAL ASSETS	<u>1,796,663.20</u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
260001 · IBNR - GL	50,000.00
260002 · IBNR - WC	147,042.00
Total Long Term Liabilities	<u>197,042.00</u>
Total Liabilities	197,042.00
Equity	
320000 · Unrestricted Net Assets	1,451,819.10
Net Income	147,802.10
Total Equity	<u>1,599,621.20</u>
TOTAL LIABILITIES & EQUITY	<u>1,796,663.20</u>