



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
August 27, 2015
1:20 p.m.

Leshner Center for the Arts
Encore Room
1601 Civic Drive
Walnut Creek, CA 94596

1. CALL TO ORDER

A. Election of Officers

Action

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 **April 16, 2015** Minutes

Action

5. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through June 2015

Information

B. Actuarial Study of the Self-Insurance Program

Information

C. Review of MSA Insurance Reserves

Information

6. OLD BUSINESS

A. Dental Pool Update

Information

B. PACE Medical Benefit JPA Update

Information

7. NEW BUSINESS – None.

8. ADJOURN

The next Meeting will take place on November 19, 2015 at 1:00 p.m. in Yountville.

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
APRIL 16, 2015**

The Municipal Services Authority held a regular meeting of the Board of Directors on April 16, 2015 at the Larkspur City Council Chambers. The meeting was called to order at 1:47 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair
Dan Schwarz, Vice-Chair
Steve Rogers, Member

Other Attendees: Julie Carter, Mike Garvey, Steve Rogers
Richard Averett, Executive Director
Jennifer Bower, Director of Human Resources
Steve Gedestad, Keenan and Associates
Briana Overgaard, Keenan and Associates

2. CHANGES TO THE ORDER OF AGENDA – None

3. PUBLIC COMMENT – None

4. APPROVAL OF CONSENT AGENDA

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

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

AYES: Nordhoff, Schwarz, Rogers

NOES: None

ABSTAIN: None

5. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through January 2015.
Executive Director Averett presented the FYTD financials through January 2015, noting that operating revenue less expenditures were adding net equity. While no actual claims expenses have been paid this fiscal year, it is likely additional claims liabilities would be accrued by fiscal year end. This is an information item and no action was taken.

6. OLD BUSINESS

- A. Dental Pool Update
Steve Gedestad with Keenan & Associates provided an overview of the program to date: six agencies involved, 450 lives covered, positive (i.e. low) loss ratio so far. All six will renew next January 1. The County of Mendocino is considering joining the program as early as 7/1/2015. They are self-funded, with 1000 employees. This is an information item and no action was taken.

7. NEW BUSINESS – None

- 8. ADJOURNMENT** – The meeting adjourned at 1:55 p.m. The next regular meeting is scheduled for August 20, 2015 at 1:00 p.m. in Walnut Creek.



TO: EXECUTIVE COMMITTEE
FROM: Richard Averett, Executive Director/Chief Financial Officer
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 08-27-2015
Item: 5A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through June 2015, and are attached for review.

ANALYSIS

All reports are draft and unaudited. Accruals for earned but not paid leave time are posted to the financials monthly. The Authorities receive advance payments from a few clients which precede the provision of contracted services. These are posted in the deferred revenue liability account. Upon invoicing for services rendered the deferred revenue is reversed and revenue is recognized. Both the advance and true up invoices are reflected in accounts receivable until paid to assist with tracking payments and collections. While this invoicing and collections process helps staff track and manage client revenues, accounting standards consider this to reflect a temporary overstatement of assets and liabilities. There is no impact on net position of either agency.

Through June 2015, the net income for the JPA was \$1,316,494. Through the same period, net equity for the JPA was \$1,690,828. Net income and net equity as stated here both include the mid-year additional contributions from Member Agencies to the insurance pool for claims reserve. Both statements also reflect the release of MSA workers' compensation and general liability reserves in excess of required, as presented in the actuarial study just completed for claims incurred since MSA formation. Liabilities for the period prior to MSA formation are likely to be restated upward from current level of \$888,139. This information is provided by CJPIA, the insurance pool in which RGS and LGS participated before joining MSA. This information has been requested for the FY2015 audit.

Municipal Services Authority
Profit & Loss
July 2014 through June 2015

	<u>TOTAL</u>
Income	
440410 · Member Contributions	1,221,465
440420 · Misc Revenue	7,654
Total Income	<u>1,229,119</u>
Expense	
520100 · Broker Expense	38,000
520200 · Admin Fee Expense	40,000
520300 · Gen Liability Insur Exp	61,342
520400 · Worker Comp Insur Exp	55,405
550100 · Claims Expense - GL	(25,000)
550200 · Claims Expense - WC	(257,121)
Total Expense	<u>(87,374)</u>
Net Income	<u><u>1,316,494</u></u>

Municipal Services Authority
Balance Sheet
As of June 30, 2015

	<u>Jun 30, 15</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	4,000
110040 · CalTrust Med Term Fund	542,800
Total Checking/Savings	<u>546,800</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	2,107,167
Total Accounts Receivable	<u>2,107,167</u>
Total Current Assets	<u>2,653,967</u>
TOTAL ASSETS	<u><u>2,653,967</u></u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
260001 · IBNR - GL	25,000
260002 · IBNR - WC	50,000
260010 · Workers Comp Claims Liab - LGS	25,074
260011 · General Liability Claims - LGS	59,868
260020 · Workers Comp Claims Liab - RGS	157,719
260021 · General Liability Claims - RGS	645,478
Total Long Term Liabilities	<u>963,139</u>
Total Liabilities	963,139
Equity	
320000 · Unrestricted Net Assets	374,334
Net Income	1,316,494
Total Equity	<u>1,690,828</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,653,967</u></u>



TO: BOARD OF DIRECTORS **BOD Meeting: 08-27-2015**
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR **Item: 5B**
SUBJECT: ACTUARIAL STUDY OF THE SELF-INSURANCE PROGRAM

RECOMMENDATION

No action is required of the Board. This is an informational report which estimates outstanding losses as of June 30, 2015 as well as predicts ultimate limited losses as well as paid losses for FY2016 and FY2017 for Municipal Services Authority (MSA). A full copy of the report is available upon request.

BACKGROUND

An actuarial report of Municipal Services Authority's outstanding losses as well as projected losses was requested by the authority's auditing firm, James Marta and Company. The firm of Glicksman Consulting, LLC was retained to perform the actuarial study. The actuarial report examines the period beginning with the Regional Government Services Authority and Local Government Service Authority's separation from California Joint Powers Insurance Authority (CJPIA) and joining to form the Municipal Services Authority JPA.

FINANCIAL IMPACT

The study estimates MSA's outstanding losses to be \$75,000 for FY2016. This amount is \$282,121 below the Authority's incurred but not reported (IBNR) claims reserve, as estimated by the auditors in the absence of an actuarial study.