

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
May 19, 2016
2:15 p.m.

Central Marin Police Authority
Community Room
250 Doherty Drive
Larkspur, CA 94939

1. CALL TO ORDER

2. 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.

3. 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 **February 18, 2016** Minutes

Action

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through March 2016

Information

B. Approve FY2017 Budget

Action

C. Authorization to Extend External Auditor Engagement

Action

5. OLD BUSINESS - None

6. NEW BUSINESS - None

7. ADJOURN

The next Meeting will take place on August 18, 2016 at 1:00 p.m. in 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
FEBRUARY 18, 2016**

Draft Action Minutes

The Municipal Services Authority held a regular meeting of the Board of Directors on February 18, 2016 at the Dublin Civic Center Regional Meeting Room. The meeting was called to order at 3:49 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair

Dan Schwarz, Vice-Chair

Steve Rogers, Member

Other Attendees: Richard Averett, Executive Director

Jennifer Bower, Director of Administrative Services

Julie Carter, RGS Executive Committee Member

Tara Sanders, Deputy Clerk of the Board

2. PUBLIC COMMENT – None.

3. APPROVAL OF CONSENT AGENDA

A. Approval of **November 19, 2015** Minutes

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

AYES: Nordhoff, Schwarz, Rogers

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

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

This is an information item and no action was taken. Executive Director Averett reviewed the financial performance of the agency and summarized the results for all three agencies, noting net gain for six months has been just under \$400,000 and, fund balances or net equity for RGS approximately \$1,000,000; LGS \$500,000; and MSA at \$1,800,000. The overall fund balance is \$3,300,000. MSA is in good shape, is preparing for exposures, and has had no major new claims since forming.

5. OLD BUSINESS – None.

6. NEW BUSINESS

A. Considered Amendment to the Restated Joint Powers Agreement to provide that the JPA will indemnify Member Agencies and to add Associate Membership status

Executive Director Averett requested time to review with JPA counsel to determine if achievement of the objectives of these actions can be better serviced by taking these actions, given that LGS and RGS are the only member agencies. After discussion with counsel and Executive Director, this item was continued to the next meeting for further review.

Action: Moved and seconded (Rogers/Schwarz) to continue.

AYES: Nordhoff, Schwarz, Rogers

NOES: None

ABSTAIN: None

B. Authorized the Appointment of a Board Secretary

Action: Moved and seconded (Rogers/Schwarz) to appoint Tiffany Buraglio as Board Secretary.

AYES: Nordhoff, Schwarz, Rogers

NOES: None

ABSTAIN: None

- 7. ADJOURNMENT** – The meeting adjourned at 3:45 p.m. The next regular meeting is scheduled for May 19, 2016 at 1:00 p.m. in Larkspur.



**MUNICIPAL
SERVICES
AUTHORITY**

SERVING PUBLIC AGENCIES SINCE 2012

TO: EXECUTIVE COMMITTEE
FROM: Richard Averett, Executive Director/CFO
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 05-19-2016
Item: 4A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through March 2016, and are attached for review.

ANALYSIS

Fiscal year to-date (FYTD), the net income for the JPA was \$376,397 after receiving an additional \$200,000 contribution to insurance reserves from a Member Agency. Through the same period, net equity for the JPA was \$2,067,225. Financial performance has been positively impacted by budgeted and additional equity contributions and low claims and moderately increased premium expense.

1:52 PM

05/02/16

Accrual Basis

Municipal Services Authority
Profit & Loss
July 2015 through March 2016

	<u>Jul 15</u>	<u>Aug 15</u>	<u>Sep 15</u>	<u>Oct 15</u>	<u>Nov 15</u>	<u>Dec 15</u>	<u>Jan 16</u>	<u>Feb 16</u>	<u>Mar 16</u>	<u>TOTAL</u>
Income										
440410 · Member Contributions	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>238,083</u>	<u>38,083</u>	<u>542,750</u>
Total Income	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>38,083</u>	<u>238,083</u>	<u>38,083</u>	<u>542,750</u>
Expense										
520100 · Broker Expense	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>3,639</u>	<u>32,750</u>
520200 · Admin Fee Expense	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>3,333</u>	<u>30,000</u>
520300 · Gen Liability Insur Exp	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>4,967</u>	<u>44,706</u>
520400 · Worker Comp Insur Exp	<u>5,437</u>	<u>5,437</u>	<u>5,437</u>	<u>5,437</u>	<u>5,437</u>	<u>5,437</u>	<u>5,437</u>	<u>12,399</u>	<u>5,437</u>	<u>55,897</u>
520600 · Actuarial Services	<u>0</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,000</u>
Total Expense	<u>17,377</u>	<u>20,377</u>	<u>17,377</u>	<u>17,377</u>	<u>17,377</u>	<u>17,377</u>	<u>17,377</u>	<u>24,339</u>	<u>17,377</u>	<u>166,353</u>
Net Income	<u><u>20,707</u></u>	<u><u>17,707</u></u>	<u><u>20,707</u></u>	<u><u>20,707</u></u>	<u><u>20,707</u></u>	<u><u>20,707</u></u>	<u><u>20,707</u></u>	<u><u>213,745</u></u>	<u><u>20,707</u></u>	<u><u>376,397</u></u>

Municipal Services Authority
Balance Sheet
As of March 31, 2016

	<u>Mar 31, 16</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Union Bank Cash	4,000
Total Checking/Savings	<u>4,000</u>
Accounts Receivable	
120100 · Due From/To RGS-LGS	2,984,234
Total Accounts Receivable	<u>2,984,234</u>
Other Current Assets	
130100 · Prepaid Expenses	42,130
Total Other Current Assets	<u>42,130</u>
Total Current Assets	<u>3,030,364</u>
TOTAL ASSETS	<u>3,030,364</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	1,690,828
Net Income	376,397
Total Equity	<u>2,067,225</u>
TOTAL LIABILITIES & EQUITY	<u>3,030,364</u>

TO: BOARD OF DIRECTORS
FROM: RICHARD AVERETT, Executive Director
SUBJECT: APPROVAL OF FY2017 BUDGET

BOD Meeting: 05-19-2016
Item: 4B

RECOMMENDATION

Review and approve the proposed FY2017 Budget.

BACKGROUND

Fiscal Year (FY) 2017 proposed budget for Local Government Services Authority was prepared in accordance with overall direction provided by the Executive Committee and Board of Directors. The budget is presented in a format similar to P&L financial reports provided to the Executive Committee at their regular meetings. Several budget assumptions have been made in developing these budgets. They are:

- Each JPA'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.
- Due to the anticipated termination of MTC services during the last quarter of FY2016, and the anticipated ending of services to TAM and SBWMA during FY2017, the sharp reduction and elimination of LGS operating revenue, RGS will bear almost all of the allocation of administrative costs and is not expected to make additional contributions to MSA reserves.

Net Equity minimum target for FY2016 is \$1,050,000. Staff projects that net equity will be over \$2.1 million by the end of FY2016 and over \$2.3 by FYE 2017. However, final resolution of prior claims under the CJPIA pool is expected to use a significant portion of expensed but unpaid claims reserves and a portion of net equity.

FY2015 FINANCIAL PERFORMANCE

FY2015 results show net income of \$1,316,493 due to additional Member contributions of almost \$1 million to MSA claims reserves.

FY2016 PROJECTED FINANCIAL PERFORMANCE

The 2016 budget was adopted in May 2015, with a net gain of \$244,000. Projected FYE net gain is \$434,000 attributable to premium and additional Member contributions for claims reserves and low actual claims expenses and modest fee increases.

FY2017 PROPOSED BUDGET

The proposed budget is for a net equity gain of \$244,000. Carrier premium rates for the next fiscal year are not known at this time, but are expected to slightly reduce this net gain projection. Also, changes in claims, actual or IBNR, would also affect FYE equity.

Municipal Services Authority

FY2017 Profit Loss Budget

	FY 15 Actual	FY 16 Budget	FYE16 Projected	FY16 Variance	FY17 Budget
Income					
440410 · Member Contributions	1,229,119	457,000	657,000	200,000	457,000
Total Income	1,229,119	457,000	657,000	200,000	457,000
Expense					
520100 · Broker Expense	38,000	38,000	44,000	6,000	38,000
520200 · Admin Fee Expense	40,000	40,000	40,000		40,000
520300 · Gen Liability Insur Exp	61,342	65,000	60,000	(5,000)	65,000
520400 · Worker Comp Insur Exp	55,405	60,000	75,000	15,000	60,000
520600 · Legal		10,000		(10,000)	10,000
520600 · Actuarial Services			4,000	4,000	
550100 · Claims Expense - GL	(25,000)				
550200 · Claims Expense - WC	(257,121)				
Total Expense	(87,374)	213,000	223,000	10,000	213,000
Net Income	1,316,493	244,000	434,000	190,000	244,000



**MUNICIPAL
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SERVING PUBLIC AGENCIES SINCE 2012

TO: EXECUTIVE COMMITTEE **EC Meeting: 5-19-2016**
FROM: RICHARD AVERETT, Executive Director **Item: 4C**
**SUBJECT: AUTHORIZE EXECUTIVE DIRECTOR TO EXTEND EXTERNAL AUDITOR
ENGAGEMENT**

RECOMMENDATION

Authorize the Executive Director to extend external auditor engagement for one additional year.

BACKGROUND

The engagement with James Marta and Associates was approved for independent audit of fiscal years 2013 through 2015. JPA policy allows for the possibility of a two-year extension. This engagement was for RGS, LGS and MSA. Three fiscal year financial reports have been performed for the JPAs and staff is requesting the Executive Committee extend the engagement for the FY2016 audits. The firm has performed well and gained a sound understanding of the needs of all three JPAs. Given the current workload on staff, it is requested that a one-year extension be approved so staff can focus the time and expense necessary to solicit and select a new auditor to higher priority work.

FISCAL IMPACT

The three-year engagement used a cost of living escalator for the second and third year services. The last year of audit costs total \$26,250 and the fourth year costs would be \$28,800.