



LOCAL AND REGIONAL GOVERNMENT
SERVICES AUTHORITIES

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LGS EXECUTIVE COMMITTEE AGENDA

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

REGULAR MEETING
June 9, 2011
10:00 a.m.

Cavallo Point
The Lodge at the Golden Gate
601 Murray Circle, Suite 2404, Fort Baker
Sausalito, Ca 94965

1. CALL TO ORDER

2. CHANGES TO THE ORDER OF AGENDA

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 **April 14, 2011** Minutes

Action

4. TREASURER'S REPORT

A. Review of Month-End Financial Reports through April 2011

Information

B. Approval of Payments and Deposits made for March and April 2011

Action

C. Approval of Investments Report through May 2011

Action

D. Authorize Board Chair to Approve FY2011 Audit Engagement

Action

E. Approve Recommendation to Board of FY2012 Budget

Action

5. OLD BUSINESS

A. None

6. NEW BUSINESS

A. Update on Clients and Prospective Members

Discussion

B. Regularly Scheduled Meetings Calendar

Discussion

C. Approval of JPA Membership Guidelines

Action

D. Approval of new JPA member agency - Walnut Creek

Action

7. PUBLIC COMMENT

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

8. NEXT MEETING: July 14th or August 11th at 4:00 p.m. via teleconference.

9. ADJOURN

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.

- A. Client and Prospective Client Update – Staff has had discussions with several potential new clients including SolTrans, Cities of Belmont, East Palo Alto, Walnut Creek and Burlingame. The City of Walnut Creek has informally inquired about joining the JPAs. A discussion ensued regarding the JPAs' needs for long-term growth and stability. Member discussion ensued about how the JPAs are developing a talent pool, and the appropriate number and geographic diversity of JPA members in order to more effectively govern the JPAs and represent California local agencies. Parity among Committee Members also was discussed relative to considerations for adding Member Agencies. The Chair requested this item be placed on the June 9, 2011 agenda for further discussion. Chair Garvey and Executive Director will develop an agenda item to address JPA Membership.
- B. Regularly Scheduled Meetings – The Members reviewed the scheduled upcoming meeting, discussed and expressed a desire to cancel the May 12th meeting if no subsequent business required a meeting. The next scheduled meeting date would be the annual meeting on June 9th at Cavallo Point. This item was for discussion only, and no action was taken.

7. PUBLIC COMMENT – None.

8. NEXT MEETING – The May 12th meeting is cancelled if there are no items needing the Committee's attention. The next meeting would be at 10:00 a.m. on June 9th, 2011 at Cavallo Point.

9. ADJOURNED - Meeting adjourned at 4:33 p.m.



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TO: EXECUTIVE COMMITTEE
FROM: RICHARD H. AVERETT, CFO/TREASURER
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 6-9-11

Item: 4A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through April 2011 month-end, and are attached for review. All reports are draft and unaudited.

P&L ANALYSIS

Through April 2011, the net income for the JPAs was as follows:

- LGS net income equals \$304,162 for the fiscal-year-to-date (FYTD). The balance sheet shows Total Equity of \$1,311,670.
- RGS net income equals \$457,835 for the FYTD. The balance sheet shows Total Equity of \$809,224.
- Combined LGS/RGS net income equals \$761,997 for the 2010 FYTD. Combined Total Equity equals \$2,120,894.

Accruals for earned but not paid leave time have not been posted to the financials. These accruals are posted at the conclusion of the fiscal year. The results shown are preliminary estimates. Combined financial performance has continued to be positive since ‘turning the corner’ in March 2007, because increased client services revenue has outstripped more modestly increasing support expenses. However, those support costs have increased more markedly in recent months in order to maintain service levels for a rapidly increasing customer and employee base. Support cost increases include outside accounting and technology services, and office, HR and analytical staff services.

Several factors could dampen future financial performance:

1. Loss of a major client (with 10 or more assigned staff) would negatively impact financial performance. TJPA, with 12 assigned staff, will be leaving the JPAs early in the next fiscal year.
2. Several smaller client projects will be completed over the next several months. Normal attrition is expected to be replaced by new and repeat client project/interim work, as Executive Committee Members and staff continue to communicate to the public sector about JPA services.
3. Support services cost increases traditionally lag increases in client services provided. Due to growth in clients and employees, support services costs are or will increase for Human Resources management, financial services and administrative support. These increases will remain below client revenues, but may moderate the pace of net gain experienced in FY2010.
4. Historically low interest rates have reduced earnings, and are expected to remain depressed for some time.

**Local Government Services
Profit & Loss by Class
July 2010 through April 2011**

	<u>Admin - JPAs</u>	<u>C-IV</u>	<u>Lincoln</u>	<u>MEA</u>	<u>MTC</u>	<u>MTD</u>	<u>RntPk</u>	<u>SBWMA</u>	<u>TAM</u>
Ordinary Income/Expense									
Income									
440301 · Client Billings	0.00	0.00	102,488.72	0.00	1,852,433.68	11,233.89	117,183.93	143,870.57	1,536,178.26
440410 · Client Administrative Fees	0.00	19,256.17	0.00	215,959.19	0.00	132,186.40	0.00	750.00	0.00
440600 · General Liability/EAP	0.00	0.00	0.00	0.00	0.00	0.00	0.00	354.00	0.00
480000 · Miscellaneous	13,276.12	0.00	0.00	0.00	1,455.00	0.00	0.00	6,375.00	0.00
Total Income	<u>13,276.12</u>	<u>19,256.17</u>	<u>102,488.72</u>	<u>215,959.19</u>	<u>1,853,888.68</u>	<u>143,420.29</u>	<u>117,183.93</u>	<u>151,349.57</u>	<u>1,536,178.26</u>
Expense									
511010 · Salaries - Regular	5,842.76	14,998.52	66,352.83	193,706.25	1,130,045.48	132,095.81	62,981.10	106,643.32	805,494.20
512002 · Medicare Employer Expense	0.00	219.22	971.66	2,811.93	16,244.71	1,960.33	815.09	1,551.90	11,674.92
512005 · Health Insurance Expense	0.00	1,089.10	526.40	4,693.56	117,368.61	3,429.30	10,864.07	13,464.07	60,895.83
512006 · Dental Insurance Expense	0.00	228.22	598.87	1,761.80	15,957.68	2,236.90	685.48	1,771.14	10,518.50
512007 · Vision Insurance Expense	0.00	44.63	134.50	137.52	3,757.92	486.04	265.90	397.40	2,422.40
512008 · Life Insurance Expense	0.00	40.90	173.72	552.54	3,501.54	413.56	0.00	356.44	2,725.67
512009 · Long Term Disability Expense	0.00	70.46	297.98	923.34	6,014.88	711.82	0.00	614.36	4,675.41
512010 · Stars 401A Expense	0.00	0.00	0.00	7,558.38	147.25	0.00	0.00	0.00	0.00
512012 · Calpers Retirement Expense	1,778.40	2,495.20	5,229.05	15,083.42	182,714.31	11,443.89	10,465.50	9,368.16	133,718.81
512014 · Short Term Disability Expense	0.00	69.92	284.84	827.17	5,979.98	706.46	0.00	596.00	4,309.32
512015 · Unemployment Insurance Expense	8,550.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
512017 · Bad Debt Expense	0.00	0.00	0.00	0.00	0.01	0.00	0.00	3.80	0.00
520107 · ADP Payroll Fees	-50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
520501 · Professional Dues & Membership	2,756.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
520801 · Mileage Reimbursement	0.00	0.00	0.00	0.00	3,500.00	0.00	0.00	0.00	0.00
521109 · Interest Expense	443.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
529997 · Administrative Services - RGS	-6,044.75	0.00	10,234.61	0.00	7,457.00	0.00	0.00	0.00	213,828.82
Total Expense	<u>13,276.12</u>	<u>19,256.17</u>	<u>84,804.46</u>	<u>228,055.91</u>	<u>1,492,689.37</u>	<u>153,484.11</u>	<u>86,077.14</u>	<u>134,766.59</u>	<u>1,250,263.88</u>
Net Ordinary Income	0.00	0.00	17,684.26	-12,096.72	361,199.31	-10,063.82	31,106.79	16,582.98	285,914.38
Other Income/Expense									
Other Expense									
529998 · Allocated Admin. Services - RGS	0.00	0.00	0.00	21,565.87	185,242.15	14,292.08	11,692.02	15,101.91	153,483.47
Total Other Expense	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>21,565.87</u>	<u>185,242.15</u>	<u>14,292.08</u>	<u>11,692.02</u>	<u>15,101.91</u>	<u>153,483.47</u>
Net Other Income	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>-21,565.87</u>	<u>-185,242.15</u>	<u>-14,292.08</u>	<u>-11,692.02</u>	<u>-15,101.91</u>	<u>-153,483.47</u>
Net Income	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>17,684.26</u></u>	<u><u>-33,662.59</u></u>	<u><u>175,957.16</u></u>	<u><u>-24,355.90</u></u>	<u><u>19,414.77</u></u>	<u><u>1,481.07</u></u>	<u><u>132,430.91</u></u>

Local Government Services
Profit & Loss by Class
July 2010 through April 2011

	<u>TJPA</u>	<u>TOTAL</u>
Ordinary Income/Expense		
Income		
440301 · Client Billings	1,790,466.59	5,553,855.64
440410 · Client Administrative Fees	0.00	368,151.76
440600 · General Liability/EAP	4,128.00	4,482.00
480000 · Miscellaneous	93,286.00	114,392.12
Total Income	<u>1,887,880.59</u>	<u>6,040,881.52</u>
Expense		
511010 · Salaries - Regular	1,236,429.10	3,754,589.37
512002 · Medicare Employer Expense	18,110.83	54,360.59
512005 · Health Insurance Expense	93,389.67	305,720.61
512006 · Dental Insurance Expense	13,436.06	47,194.65
512007 · Vision Insurance Expense	3,041.40	10,687.71
512008 · Life Insurance Expense	4,064.73	11,829.10
512009 · Long Term Disability Expense	6,558.74	19,866.99
512010 · Stars 401A Expense	14,961.58	22,667.21
512012 · Calpers Retirement Expense	203,934.21	576,230.95
512014 · Short Term Disability Expense	5,594.82	18,368.51
512015 · Unemployment Insurance Expense	0.00	8,550.00
512017 · Bad Debt Expense	0.00	3.81
520107 · ADP Payroll Fees	0.00	-50.00
520501 · Professional Dues & Membership	0.00	2,756.00
520801 · Mileage Reimbursement	0.00	3,500.00
521109 · Interest Expense	0.00	443.71
529997 · Administrative Services - RGS	83,434.15	308,909.83
Total Expense	<u>1,682,955.29</u>	<u>5,145,629.04</u>
Net Ordinary Income	204,925.30	895,252.48
Other Income/Expense		
Other Expense		
529998 · Allocated Admin. Services - RGS	189,712.67	591,090.17
Total Other Expense	<u>189,712.67</u>	<u>591,090.17</u>
Net Other Income	<u>-189,712.67</u>	<u>-591,090.17</u>
Net Income	<u><u>15,212.63</u></u>	<u><u>304,162.31</u></u>

Local Government Services
Balance Sheet
As of April 30, 2011

	<u>Apr 30, 11</u>
ASSETS	
Current Assets	
Checking/Savings	
110010 · Wells Fargo - Cash	-91,992.42
Total Checking/Savings	<u>-91,992.42</u>
Accounts Receivable	
131320 · Accounts Receivable - Trade	866,337.52
Total Accounts Receivable	<u>866,337.52</u>
Other Current Assets	
143006 · Due from RGS	1,792,202.24
Total Other Current Assets	<u>1,792,202.24</u>
Total Current Assets	<u>2,566,547.34</u>
TOTAL ASSETS	<u><u>2,566,547.34</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
221001 · Calpers Retirement Liab	25,127.57
221003 · 457/401A Retirement Liab	11,047.30
221006 · FSA Health & Day Care	3,896.34
221009 · General Liability Insurance	-1,000.00
221015 · Health Insurance Liability	-36,402.42
221016 · Long Term Disability Liability	142.64
221017 · Short Term Disability Liability	-232.47
221023 · Dental Insurance Liability	-6,036.15
221024 · Vision Insurance Liability	-1,476.81
221025 · Life Insurance/AD&D Liability	62.38
230060 · Accrued Salaries, Wages & Taxes	178,969.11
240010 · Deferred Revenue	609,000.00
240011 · Refundable Deposits	240,402.70
250001 · Accrued Vacation, Sick & Admin	489,513.37
250002 · Contra Vacation, Sick and Admin	-258,136.08
Total Other Current Liabilities	<u>1,254,877.48</u>
Total Current Liabilities	<u>1,254,877.48</u>
Total Liabilities	1,254,877.48
Equity	
370000 · Fund Bal Unreserved/Unrestrictd	624,464.63
3900 · Retained Earnings	383,042.92
Net Income	304,162.31
Total Equity	<u>1,311,669.86</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,566,547.34</u></u>



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TO: EXECUTIVE COMMITTEE
FROM: RICHARD H. AVERETT, CFO/Treasurer
SUBJECT: PAYMENTS MADE IN MARCH AND APRIL 2011

EC Meeting: 6-9-11

Item: 4B

RECOMMENDATION

Review and approve expenditures made by the JPA for the period(s) indicated.

BACKGROUND

The Executive Committee reviews and approves expenditures made by the JPA on a monthly basis. This approval process is a component of the JPA's internal controls.

The following procedures are being implemented to maintain effective internal controls.

1. Invoices are received by the JPA fiscal agent, McGilloway Ray Brown & Kaufman Accounting and Consulting (MRBK);
2. The fiscal agent reviews for accuracy, including reviewing payments for employee benefits against payroll and employee census data, and prepares checks and supporting documentation for Executive Director;
3. The Executive Director reviews and signs/authorizes the check or electronic payment;
4. MRBK prepares and submits to our bank, Wells Fargo, a wire transfer record, and the Executive Director electronically reviews and approves each wire; and
5. All payments are brought to the next Executive Committee meeting for review and approval.

FISCAL IMPACT

The net impact of all payments and deposits made this period maintains a minimal bank cash balance consistent with meeting funding obligations, while maximizing interest earnings in the Local Agency Investment Fund (LAIF) and CalTrust medium term and short term investment pools. Note that any apparent negative balances at the end of a month are due to timing of expenses consistent with accrual accounting. Staff seeks to minimize bank charges at all times.

The fiscal impact of approving the attached list of expenditures is included in the approved FY2011 budget or in subsequently approved action by the Executive Committee.

Local Government Services

Account QuickReport

As of April 30, 2011

110010 - Wells Fargo - Cash	Type	Date	Num	Name	Memo	Clr	Amount	Balance
								-77,300.28
	Deposit	03/01/2011			Deposit	√	32,002.79	-45,297.49
	Deposit	03/02/2011			Deposit	√	900.00	-44,397.49
	Deposit	03/04/2011			Deposit	√	163,204.73	118,807.24
	Check	03/04/2011	EFT	ADP Net Checks	02/28 Payroll	√	-123,329.27	-4,522.03
	Check	03/04/2011	EFT	ADP FWH/SWH/Med	02/28 Payroll	√	-39,875.46	-44,397.49
	Deposit	03/07/2011			Deposit	√	10,830.59	-33,566.90
	Check	03/07/2011	EFT	Unified Trust	2/28 401/457 Deductions	√	-9,569.13	-43,136.03
	Check	03/07/2011	EFT	Unified Trust	2/28 401/457 Deductions	√	-1,261.46	-44,397.49
	Deposit	03/08/2011			Deposit	√	11,299.65	-33,097.84
	Check	03/08/2011	EFT	Unified Trust	2/28 401/457 Deductions	√	-10,071.25	-43,169.09
	Check	03/08/2011	EFT	Unified Trust	2/28 401/457 Deductions	√	-1,228.40	-44,397.49
	Deposit	03/10/2011			Deposit	√	35,054.32	-9,343.17
	Check	03/11/2011	1727	CalPers - Retirement	Employer Code 1816 022811 plus survivor benefits	√	-29,542.37	-38,885.54
	Deposit	03/11/2011			Deposit	√	511.61	-38,373.93
	Check	03/11/2011	EFT	Wells Fargo	Service Charges	√	-171.31	-38,545.24
	Check	03/11/2011	EFT	ADP Fees	02/28 Payroll	√	-340.30	-38,885.54
	Check	03/14/2011	1728	Allied Administrators	Mar premium Employer I.D. 79360	√	-5,653.38	-44,538.92
	Check	03/15/2011	1730	Flex-Plan Services, Inc.	Feb 28 Contributions	√	-3,538.07	-48,076.99
	Deposit	03/16/2011			Deposit	√	5,653.38	-42,423.61
	Deposit	03/17/2011			Deposit	√	29,542.37	-12,881.24
	Deposit	03/21/2011			Deposit	√	191,550.59	178,669.35
	Check	03/21/2011	EFT	ADP Net Checks	03/15 Payroll	√	-144,241.14	34,428.21
	Check	03/21/2011	EFT	ADP FWH/SWH/Med	03/15 Payroll	√	-47,309.45	-12,881.24
	Deposit	03/22/2011			Deposit	√	12,753.79	-127.45
	Check	03/22/2011	EFT	Unified Trust	3/15 401/457 Deductions	√	-10,211.60	-10,339.05
	Check	03/22/2011	EFT	Unified Trust	3/15 401/457 Deductions	√	-1,323.73	-11,662.78
	Check	03/22/2011	EFT	Unified Trust	3/15 401/457 Deductions-Daniels	√	-60.00	-11,722.78
	Check	03/25/2011	1731	CalPers - Retirement	Employer Code 1816 022811 plus survivor benefits	√	-33,888.06	-45,610.84
	Deposit	03/29/2011			Deposit	√	33,888.06	-11,722.78
	Check	03/30/2011	1732	Vision Service Plan	Apr premiums 12 275218 0001	√	-1,240.22	-12,963.00
	Check	03/30/2011	1733	CalPers	H2011041816000-Apr Premium	√	-37,338.70	-50,301.70
	Check	03/30/2011	1734	Allied Administrators	VOID: Apr premium Employer I.D. 79360	√	0.00	-50,301.70
	Check	03/30/2011	1735	Reliance	Mar Prepaid premiums	√	-5,529.97	-55,831.67
	Check	03/31/2011	1736	Flex-Plan Services, Inc.	Mar 15 Contributions	√	-3,538.05	-59,369.72
	Check	03/31/2011	1737	Allied Administrators	Apr premium Employer I.D. 79360	√	-5,107.22	-64,476.94
	Deposit	04/01/2011			Deposit	√	12,050.69	-52,426.25
	Check	04/01/2011	EFT	ADP Fees	03/31 Payroll	√	-315.16	-52,741.41
	Deposit	04/04/2011			Deposit	√	3,538.05	-49,203.36
	Deposit	04/05/2011			Deposit	√	42,445.92	-6,757.44

Local Government Services
Account QuickReport
As of April 30, 2011

Type	Date	Num	Name	Memo	Clr	Amount	Balance
Deposit	04/06/2011			Deposit	√	159,806.45	153,049.01
Check	04/06/2011	EFT	ADP Net Checks	03/31 Payroll	√	-152,276.48	772.53
Check	04/06/2011	EFT	ADP Net Checks	03/31 Payroll-Burnworth Garnishment	√	-2,000.00	-1,227.47
Check	04/07/2011	1738	CalPers - Retirement	Employer Code 1816 033111 plus survivor benefits	√	-36,792.76	-38,020.23
Deposit	04/07/2011			Deposit	√	63,407.09	25,386.86
Check	04/07/2011	EFT	AIG Retirement	3/31 401/457 Deductions	√	-10,738.48	14,648.38
Check	04/07/2011	EFT	ADP FWH/SWH/Med	03/31 Payroll	√	-51,310.41	-36,662.03
Check	04/07/2011	EFT	AIG Retirement	3/31 401/457 Deductions	√	-1,358.20	-38,020.23
Deposit	04/08/2011			Deposit	√	1,358.20	-36,662.03
Check	04/08/2011	EFT	RGS	ZBA Transfer	√	-1,358.20	-38,020.23
Check	04/08/2011	EFT	RGS	ZBA Transfer	√	-10,528.67	-48,548.90
Deposit	04/11/2011			Deposit	√	10,738.48	-37,810.42
Check	04/11/2011	EFT	Wells Fargo	Service Charges	√	-209.81	-38,020.23
Deposit	04/12/2011			Deposit	√	12,096.68	-25,923.55
Check	04/12/2011	EFT	Unified Trust	3/15 401/457 Deductions-Daniels	√	-10,738.48	-36,662.03
Check	04/12/2011	EFT	Unified Trust	3/15 401/457 Deductions-Daniels	√	-1,358.20	-38,020.23
Check	04/15/2011	1745	Flex-Plan Services, Inc.	Mar 31 Contributions		-3,871.39	-41,891.62
Deposit	04/15/2011			Deposit	√	38,442.13	-3,449.49
Check	04/15/2011	EFT	ADP Fees	03/31 Payroll	√	-409.15	-3,858.64
Deposit	04/21/2011			Deposit	√	145,914.57	142,055.93
Check	04/21/2011	EFT	ADP Net Checks	04/15 payroll	√	-143,914.57	-1,858.64
Check	04/21/2011	EFT	ADP Net Checks	04/15 payroll-Burnworth garnishment	√	-2,000.00	-3,858.64
Deposit	04/22/2011			Deposit	√	58,679.66	54,821.02
Check	04/22/2011	EFT	Unified Trust	4/15 401/457 Deductions	√	-10,515.05	44,305.97
Check	04/22/2011	EFT	Unified Trust	4/15 401/457 Deductions	√	-1,328.41	42,977.56
Check	04/22/2011	EFT	ADP FWH/SWH/Med	04/15 Payroll	√	-46,836.20	-3,858.64
Check	04/27/2011	1739	CalPers - Retirement	Employer Code 1816 041511 plus survivor benefits		-33,915.12	-37,773.76
Check	04/27/2011	1740	CalPers	H2011051816000-May Premium		-34,666.05	-72,439.81
Check	04/27/2011	1741	Vision Service Plan	May premiums 12 275218 0001		-1,262.38	-73,702.19
Check	04/27/2011	1742	Allied Administrators	May premium Employer I.D. 79360		-5,858.57	-79,560.76
Bill Pmt -Check	04/27/2011	1743	Co of Santa Clara BAERS	Bay Area ERS Annual Membership Fee FY 2010-2011		-2,756.00	-82,316.76
Deposit	04/29/2011			Deposit	√	328.40	-81,988.36
Check	04/29/2011	EFT	ADP Fees	04/15 Payroll	√	-328.40	-82,316.76
Check	04/30/2011	1744	Reliance	April Contributions		-5,804.27	-88,121.03
Check	04/30/2011	1746	Flex-Plan Services, Inc.	Apr 15 Contributions		-3,871.39	-91,992.42
Check	04/30/2011	1747	CalPers - Retirement	VOID: Employer Code 1816 043011 plus survivor b	√	0.00	-91,992.42
Total 110010 - Wells Fargo - Cash						-14,692.14	-91,992.42
TOTAL						-14,692.14	-91,992.42



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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P.O. Box 1350 · Carmel Valley, CA 93924 · 831.308.1508

TO: EXECUTIVE COMMITTEE
FROM: RICHARD H. AVERETT, CFO/Treasurer
SUBJECT: INVESTMENT REPORT

EC Meeting: 6-9-11
Item: 4C

RECOMMENDATION

Review and accept JPA investments made through May 2011.

BACKGROUND

The JPA Board of Directors approved an updated investment policy June 10, 2010, authorizing investments in Federal Treasures and Agency Notes, as well as allowing cash-flow loans to other public agencies. Federal notes can be for up to five-year maturities in accordance with California Code. The Board had previously approved an updated investment policy on June 10, 2009, enabling the agency to invest in bank sweep accounts, the Local Agency Investment Fund (LAIF), timed deposits such as Certificates of Deposit (CDs), and the California Investment Trust pool (CalTrust). RGS and LGS LAIF and CalTrust investment activity has been consolidated into a RGS LAIF account and a RGS CalTrust account.

Investments in LAIF began in June 22, 2007. Investments in CalTrust Medium Term began in late-January 2009, and investment in CalTrust Short Term began in November 2010. Investment activity for the current period is summarized in the attached material.

Loans and advances to other public agencies began first quarter of fiscal year 2011. Two agencies are currently included: Gold Coast Health Plan (GCHP) and California Joint Powers Insurance Authority (CJPIA). GCHP is a new JPA and will receive earned cash flow for services beginning in June 2011. RGS is providing support and staffing services, and charging five percent on advances made. GCHP has already begun making payments to RGS from funds advanced to them, paying 5% on funds due more than 30 days. CJPIA approved an aggregate retrospective deposit repayment plan that permitted member agencies to prepay retrospective deposits and receive a discount of two percent per year. LGS and RGS prepaid the full obligations (\$135,095), saving \$9,288. Later in FY2011, CJPIA announced current year calculations for retrospective obligations. RGS and LGS are contesting these charges.

FISCAL IMPACT

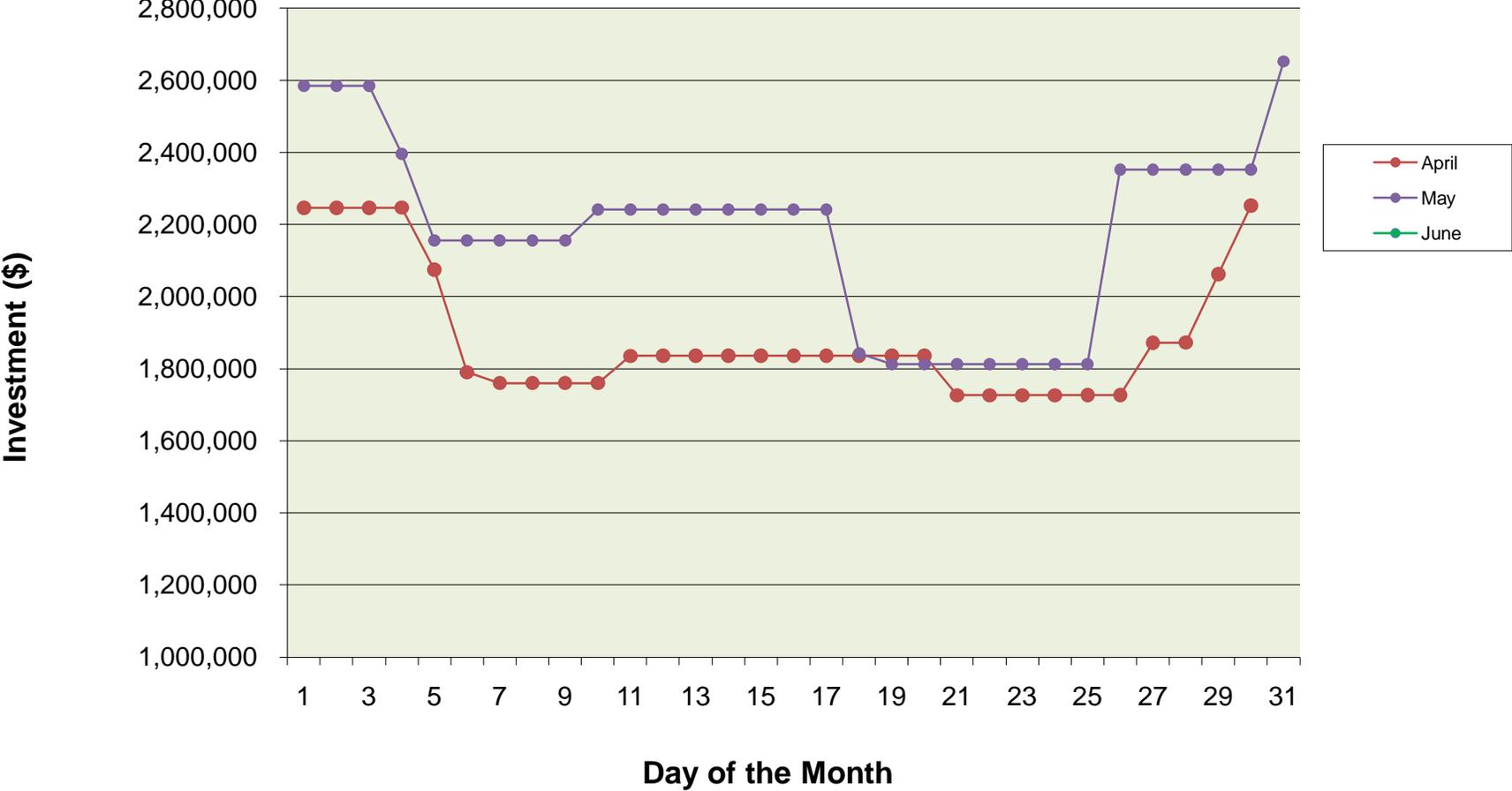
The impact of investment activity with Other Agencies, LAIF and CalTrust this period is projected to yield more each month than the \$1,250 budgeted. Fiscal year 2011 budgeted earnings are \$15,000 and fiscal-year-to-date preliminary earnings are already exceeding budgeted earnings revenue. We are continuing to invest the maximum cash available, leaving only the minimum checking account balances needed to cover obligations.

LAIF and CalTrust interest rates have resumed their moderate declines. CalTrust medium term investments are currently yielding approximately 92 basis points more than LAIF, and CalTrust short term investments are currently yielding 10 basis points more than LAIF. The Board of Directors annually reviews the investment policy at their June meetings.

INVESTMENT REPORT FY2011

Date	APRIL				MAY				JUNE					
	<u>JPIA,COHS</u>		<u>CalTrust</u>	<u>LAIF</u>	<u>Combined</u>	<u>CalTrust</u>		<u>LAIF</u>	<u>Combined</u>	<u>JPIA,COHS</u>		<u>CalTrust Short & Medium</u>	<u>LAIF</u>	<u>Combined</u>
	<u>CIV</u>					<u>Short & Medium</u>				<u>CIV</u>				
1	716,939	1,251,066	278,566	2,246,572	876,602	1,397,958	309,683	2,584,242	-	-	-	-	-	
2	717,019	1,251,066	278,566	2,246,651	876,703	1,397,958	309,683	2,584,344	-	-	-	-	-	
3	717,098	1,251,066	278,566	2,246,731	876,805	1,397,958	309,683	2,584,446	-	-	-	-	-	
4	717,178	1,251,066	278,566	2,246,811	688,121	1,397,958	309,683	2,395,762	-	-	-	-	-	
5	544,461	1,251,066	278,566	2,074,094	688,197	1,397,958	69,683	2,155,838	-	-	-	-	-	
6	544,517	1,061,066	184,566	1,790,150	688,273	1,397,958	69,683	2,155,914	-	-	-	-	-	
7	544,574	1,061,066	154,566	1,760,206	688,348	1,397,958	69,683	2,155,989	-	-	-	-	-	
8	544,630	1,061,066	154,566	1,760,262	688,424	1,397,958	69,683	2,156,065	-	-	-	-	-	
9	544,686	1,061,066	154,566	1,760,318	688,500	1,397,958	69,683	2,156,141	-	-	-	-	-	
10	544,742	1,061,066	154,566	1,760,375	688,576	1,482,958	69,683	2,241,217	-	-	-	-	-	
11	544,798	1,061,066	229,566	1,835,431	688,652	1,482,958	69,683	2,241,293	-	-	-	-	-	
12	544,854	1,061,066	229,566	1,835,487	688,728	1,482,958	69,683	2,241,368	-	-	-	-	-	
13	544,910	1,061,066	229,566	1,835,543	688,803	1,482,958	69,683	2,241,444	-	-	-	-	-	
14	544,966	1,061,066	229,566	1,835,599	688,879	1,482,958	69,683	2,241,520	-	-	-	-	-	
15	545,023	1,061,066	229,683	1,835,771	688,955	1,482,958	69,683	2,241,596	-	-	-	-	-	
16	545,079	1,061,066	229,683	1,835,828	689,031	1,482,958	69,683	2,241,672	-	-	-	-	-	
17	545,135	1,061,066	229,683	1,835,884	689,107	1,482,958	69,683	2,241,748	-	-	-	-	-	
18	545,191	1,061,066	229,683	1,835,940	689,183	1,082,958	69,683	1,841,824	-	-	-	-	-	
19	545,247	1,061,066	229,683	1,835,996	689,259	1,082,958	39,683	1,811,899	-	-	-	-	-	
20	545,303	1,061,066	229,683	1,836,052	689,335	1,082,958	39,683	1,811,975	-	-	-	-	-	
21	545,360	1,061,066	119,683	1,726,108	689,410	1,082,958	39,683	1,812,051	-	-	-	-	-	
22	545,416	1,061,066	119,683	1,726,165	689,486	1,082,958	39,683	1,812,127	-	-	-	-	-	
23	545,472	1,061,066	119,683	1,726,221	689,562	1,082,958	39,683	1,812,203	-	-	-	-	-	
24	545,528	1,061,066	119,683	1,726,277	689,638	1,082,958	39,683	1,812,279	-	-	-	-	-	
25	545,584	1,061,066	119,683	1,726,333	689,714	1,082,958	39,683	1,812,355	-	-	-	-	-	
26	545,641	1,061,066	119,683	1,726,390	689,790	1,622,958	39,683	2,352,431	-	-	-	-	-	
27	545,697	1,207,066	119,683	1,872,446	689,866	1,622,958	39,683	2,352,507	-	-	-	-	-	
28	545,753	1,207,066	119,683	1,872,502	689,942	1,622,958	39,683	2,352,583	-	-	-	-	-	
29	545,809	1,207,066	309,683	2,062,558	690,018	1,622,958	39,683	2,352,659	-	-	-	-	-	
30	545,866	1,397,066	309,683	2,252,615	690,094	1,622,958	39,683	2,352,735	-	-	-	-	-	
31					989,593	1,622,958	39,683	2,652,234						
	BUDGETED EARNINGS	Proj'd CT mo. Int.	Proj'd LAIF mo. Int.	CUMULATIVE Budget/Proj'd	BUDGETED EARNINGS	Proj'd CT mo. Int.	Proj'd LAIF mo. Int.	CUMULATIVE Budget/Proj'd	BUDGETED EARNINGS	Proj'd CT mo. Int.	Proj'd LAIF mo. Int.	CUMULATIVE Budget/Proj'd		
Budget Est. Earr	\$1,250			\$12,500	\$1,250			\$13,750	\$1,250			\$15,000	\$25,194	
	\$3,026			\$21,357	\$3,837			\$25,194				\$25,194		

COMBINED INVESTMENTS





LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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TO: EXECUTIVE COMMITTEE **EC Meeting: 6-9-11**
FROM: RICHARD H. AVERETT, Executive Director/CFO/Treasurer **Item: 4D**
SUBJECT: AUTHORIZE BOARD CHAIR TO APPROVE FY2011 AUDIT ENGAGEMENT

RECOMMENDATION

Authorize the Chair of the Board of Directors to execute an audit engagement agreement with the CPA firm Mayer Hoffman McCann P.C. for performance of the JPA's FY2011 independent audit.

BACKGROUND

The outside audit firm of Mayer Hoffman McCann, P.C. was retained three years ago and has completed the last four audits of both Local and Regional Government Services Authorities. All audit reports are posted to the JPA's web site. The attached engagement letter is for completion of the fiscal year 2011 audit.

Recent fiduciary and management controversies in several public agencies have heightened concern for all public agencies. The City of Bell and their out-sized compensation packages and project accountability are one of many examples of the challenges we must face to assure transparency and stewardship. And auditors play a role in that assurance. Mayer Hoffman McCann P.C. performed the annual audit for the City of Bell, and it appears that Bell's staff and governing body colluded to block audit findings. As a result of the perception that the auditors failed in their role to identify discrepancies, Mayer Hoffman accelerated and enhanced their standard peer review to assess their adherence to California municipal auditing standards. Another nationally recognized municipal audit firm was asked to review Mayer Hoffman's practices of their 30 California offices and 2,000 accounting, tax and advisory personnel. The firm was found to have complied with auditing standards; however, the firm and all municipal auditing firms are changing testing methods to improve assurance that agencies comply with approved regulations, procedures and internal compensation decisions.

Also as a result of these controversies, the State Controller has begun reporting public agencies' compensation. This effort in transparency will help demonstrate the compliance by the vast majority of public agencies. RGS and LGS are not required to submit salary information to the State Controller, so have asked our auditor to do additional testing of key Administrative staff compensation to ensure that we are operating within the specifically authorized direction of our governing body (for the Executive Director) or the Executive Director (for all other staff).

FISCAL IMPACT

The rate for performing the annual audit has increased by \$175 to \$8,675 per agency, and are included in the 2012 fiscal year budget.



Mayer Hoffman McCann P.C.

An Independent CPA Firm

2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

April 29, 2011

Board of Directors
Local Government Services Authority
P.O. Box 1350
Carmel Valley, CA 93924

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide Local Government Services Authority (the "Authority") for the year ended June 30, 2011. This letter, which incorporates the attached Terms and Conditions, constitutes the entire agreement between the parties with respect to Mayer Hoffman McCann P.C.'s performance of the professional services described herein.

ENGAGEMENT OBJECTIVES

We will audit the financial statements, the business-type activities, which comprise the basic financial statements of the Local Government Services Authority for the year ended June 30, 2011. The document we submit to you will include Management's Discussion and Analysis required by generally accepted accounting principles that will be subjected to certain limited procedures, but will not be audited.

OUR RESPONSIBILITIES

The objective of our audit is the expression of an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the additional information referred to above when considered in relation to the financial statements taken as a whole.

We will also provide a report, which does not include an opinion, on internal controls related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal controls and compliance will include a statement that the report is intended solely for the information and use of management, those charged with governance, others within the organization, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specific parties.

Audit

Our audit will be conducted in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of Local Government Services Authority and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any

reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations that are attributable to the or to acts by management or employees acting on behalf of the Authority.

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors that come to our attention, and we will inform you of any fraudulent financial reporting or misappropriation of assets that comes to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Internal Control

Our audit will include obtaining an understanding of the Authority and its environment, including internal controls sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures to be performed.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal controls or to identify control deficiencies. However, we will inform those charged with governance of any matters involving internal control and its operation that we

consider to be significant deficiencies or material weaknesses under standards established by the American Institute of Certified Public Accountants. Material weaknesses involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. In addition, we will inform you of any *deficiencies* or other matters involving internal control, if any, as required by *Government Auditing Standards*.

Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with applicable laws and regulations and the provisions of contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

The services described above do not relieve management or those charged with governance of their responsibilities.

THOSE CHARGED WITH GOVERNANCE

As defined by U.S. generally accepted auditing standards, you are responsible for overseeing the strategic direction of the Authority and obligations related to the accountability of the Authority. These responsibilities include, but are not limited to, overseeing the financial reporting process, resolving disagreements between management and us regarding financial reporting, appointing us to perform the services incorporated in this letter and informing us about all known or suspected fraud involving the Authority. In turn, we will provide you with any communications as required by U.S. generally accepted auditing standards.

MANAGEMENT'S RESPONSIBILITIES

You are responsible for management decisions and functions, and for designating a qualified management-level individual to oversee any bookkeeping services, tax services, or other services we provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities and compliance with laws, regulations, contracts, and agreements. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with U. S. generally accepted accounting principles.

You are responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. We will advise you about appropriate accounting principles and their application and may assist you in the

preparation of your financial statements but the responsibility for the financial statements remains with you. As part of our engagement, we may propose standard, adjusting, or correcting journal entries to your financial statements. You are responsible for reviewing the entries and understanding the nature of any proposed entries and the impact they have on the financial statements. Further, you are responsible for designating a qualified management-level individual to be responsible and accountable for overseeing these services.

This responsibility includes the establishment and maintenance of adequate records and effective internal control over financial reporting, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are also responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws and regulations.

During the course of our engagement, we will request information and explanations from management regarding the Authority's operations, internal controls, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide certain representations in a written representation letter, including acknowledging that you have reviewed and approved the financial statements and related notes and accept full responsibility for them. The procedures we will perform in our engagement and the conclusions we reach as a basis for our report will be heavily influenced by the written and oral representations that we receive from management. In view of the foregoing, the Authority agrees to release our firm, its shareholders and other personnel from any liability and costs relating to our services under this letter resulting from false or misleading representations made to us by any member of the Authority's management.

We understand that your employees will prepare all confirmations and schedules we request and will locate any documents selected by us for testing.

OTHER SERVICES

If you intend to include these financial statements and our report in an offering or other document at some future date, you agree to seek our prior written consent to do so at that time. You agree to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Any time you intend to publish or otherwise reproduce these financial statements and our report and make reference to our Firm name in any manner in connection therewith, you agree to provide us with printer's proofs or masters for our review and approval before printing or other reproduction. You will also provide us with a copy of the final reproduced material for our

Local Government Services Authority
P.O. Box 1350
Page 5 of 6
April 29, 2011

approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter.

As a result of our prior or future services to you, we might be requested to provide information or documents to you or a third party in a legal, administrative, or arbitration or similar proceeding in which we are not a party. If this occurs, our efforts in complying with such requests will be deemed billable to you as a separate engagement. We shall be entitled to compensation for our time and reasonable reimbursement for our expenses (including legal fees) in complying with the request. For all requests, we will observe the confidentiality requirements of our profession and will notify you promptly of the request.

ENGAGEMENT FEES

The fees for the services previously outlined will be \$8,675. The fees include costs for travel and out-of-pocket costs such as report production, typing, postage, and a pre and post audit conference call with those in governance, if requested. Should attendance at a board meeting be required, additional expenses would be billed to the Authority. The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. In addition, fees for any related projects, such as proposed business combinations or research and/or consultation on special business or financial issues, will be billed separately from the fee referred to above and will be subject to separate arrangements.

We consider telephone calls and meetings on accounting and reporting matters to be an integral part of the engagement and no additional fees are charged for these services. If, however, there is a significant transaction or new accounting issue that requires us to spend a substantial amount of time that clearly was not anticipated in our fee proposal, there may be additional billing.

The fee estimate above assumes no adjustments will be necessary for routine accounting entries normally made before the beginning of the engagement. If, for any reason, we are asked to assist in the preparation of these entries, before beginning this service, we will provide an estimate of the time required to perform such services and the additional fees to be billed.

Invoices will be submitted as the work progresses and a final invoice will be submitted upon completion of the services. Invoices are payable upon receipt. If our invoices for this, or any other engagement you may have with us, are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS

This letter and the attached Terms and Conditions set forth the rights and responsibilities of the parties with respect to the services to be provided. The attachment is an integral part of this agreement. This engagement is being undertaken solely for the benefit of the parties to this agreement, and no other person shall be entitled to enforce the terms of this agreement.

Local Government Services Authority
P.O. Box 1350
Page 6 of 6
April 29, 2011

Enclosed, as required by *Government Auditing Standards*, is a copy of the report and letter of comments, if any, on the most recent peer review of our firm.

The undersigned is the engagement shareholder responsible for supervising the engagement and signing the report.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

MAYER HOFFMAN McCANN P.C.

Michael A. Harrison, CPA
Shareholder

MAH/sd
Enclosures

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

LOCAL GOVERNMENT SERVICES AUTHORITY

MANAGEMENT

GOVERNANCE

By _____

By _____

Title Executive Director/CFO

Title _____

Date _____

Date _____



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

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(352) 372-6300
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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of
Mayer Hoffman McCann P.C.

We have examined management's assertion regarding the California Municipal Audit Practice of Mayer Hoffman McCann P.C. that:

"the system of quality control for the accounting and auditing practice applicable to municipal audits performed by the California offices of Mayer Hoffman McCann P.C. in effect for the year ended October 31, 2010, has been designed to meet the requirements of the quality control standards and requirements set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States, referred to as generally accepted governmental auditing standards (GAGAS); U.S. generally accepted auditing standards (GAAS); Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the California Business and Professional Code. The system of quality control was also complied with during the year ended October 31, 2010, to provide the firm with reasonable assurance of complying with the applicable professional standards"

Mayer Hoffman McCann P.C.'s management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion; however, our examination does not provide a legal determination on compliance with the requirements of specified laws, regulations or rules.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the criteria set forth above.

Carr Riggs & Ingram

Gainesville, Florida
March 3, 2011



Harold L. Monk, Jr., CPA, CFE
Engagement Partner

Experience

Harold L. Monk, Jr. is a partner in the firm of Carr, Riggs & Ingram, LLC, in Gainesville, Florida. Born and raised in Gainesville, he graduated from the University of Florida in 1968 majoring in accounting. He worked as an internal auditor for the University of Florida for one year before joining a large local firm in 1969. In 1977, Harold was a founding partner of Davis, Monk & Company which merged with CRI in 2010. Harold is a Certified Public Accountant licensed in Florida and is a Certified Fraud Examiner.

Active professionally, Harold is the immediate past **Chair of the Auditing Standards Board of the AICPA**. He has served the Florida Institute of Certified Public Accountants as a member of numerous committees, and as a member of the Board of Governors, and as a CPE Discussion Leader. Harold was recognized as an "Outstanding Seminar Leader" for seven years by the FICPA, and was recognized as one of the top twenty instructors nationally for numerous years by the American Institute of CPAs. Harold continues to be an active speaker throughout the country on accounting and auditing issues. He has also served as a technical investigating officer for the Florida State Board of Accountancy. For several years, he chaired the joint task force for the Auditor General's office and the Florida State Board of Accountancy responsible for reviewing governmental audits filed within the State. In 2002 US Comptroller General Davis Walker appointed him the Advisory Council for the GAO.

Harold is the 2010 recipient of the AICPA's **Gold Medal for Distinguished Service**, the highest award the AICPA gives to a member.

Numerous articles authored by Harold have been featured in **state and national publications** and he has authored or co-authored "Advanced Auditing for Partners and Managers" (AICPA), "Compliance Auditing" (AICPA), "Guide to Single Audits" (PPC), "Audits of Local Governments" (PPC), "Preparing Non Profit Financial Statements" (PPC), "Annual Accounting and Auditing Update" (PPC) and "Maximizing Single Audit Efficiency" (PPC).

Education

BSBA, Accounting, University of Florida

Professional Affiliations

American Institute of Certified Public Accountants (AICPA)

Florida Institute of Certified Public Accountants (FICPA)



Davis, Kinard & Co., P.C.
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September 26, 2008

To the Shareholders of
Mayer Hoffman McCann P.C.
and the Center for Public Company Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mayer Hoffman McCann P.C. (the firm) applicable to non-SEC issuers in effect for the year ended April 30, 2008. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system, and compliance with it, are the responsibilities of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Mayer Hoffman McCann P.C. in effect for the year ended April 30, 2008, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of complying with applicable professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments relating to certain policies and procedures or compliance with them. The matters in the letter were not considered to be of sufficient significance to affect the opinion expressed in this report.

Davis, Kinard & Co., P.C.

DAVIS, KINARD & CO., P.C.

FOR MORE INFORMATION CONTACT:

American Institute of Certified Public Accountants
220 Leigh Farm Road
Durham, North Carolina 27707-8110

Attachment to the Peer Review Report of Mayer Hoffman McCann P.C.

Description of the Peer Review Process

Overview

Firms enrolled in the AICPA Center for Public Company Audit Firms (the Center) Peer Review Program have their system of quality control periodically reviewed by independent peers. These reviews are system and compliance oriented with the objective of evaluating whether:

The reviewed firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers has been designed to meet the requirements of the Quality Control Standards established by the AICPA.

The reviewed firm's quality control policies and procedures applicable to non-SEC issuers were being complied with to provide the firm with reasonable assurance of complying with professional standards.

A peer review is based on selective tests and directed at assessing whether the design of and compliance with the firm's system of quality control for its accounting and auditing practice applicable to non-SEC issuers provides the firm with reasonable, but not absolute, assurance of complying with professional standards. Consequently a peer review on the firm's system of quality control is not intended to, and does not, provide assurance with respect to any individual engagement conducted by the firm or that none of the financial statements audited by the firm should be restated.

The Center's Peer Review Committee (PRC) establishes and maintains peer review standards. At regular meetings and through report evaluation task forces, the PRC considers each peer review, evaluates the reviewer's competence and performance, and examines every report, letter of comments, and accompanying response from the reviewed firm that states its corrective action plan before the peer review is finalized. The Center's staff plays a key role in overseeing the performance of peer reviews working closely with the peer review teams and the PRC.

Once the PRC accepts the peer review reports, letters of comments, and reviewed firms' responses, they are maintained in a file available to the public. In some situations, the public file also includes a signed undertaking by the firm agreeing to specific follow-up action requested by the PRC.

Firms that perform audits or play a substantial role in the audit of one or more SEC issuers, as defined by the Public Company Accounting Oversight Board (PCAOB), are required to be registered with and have their accounting and auditing practice applicable to SEC issuers inspected by the PCAOB. Therefore, we did not review the firm's accounting and auditing practice applicable to SEC issuers.

Planning the Review of the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

To plan the review of Mayer Hoffman McCann P.C., we obtained an understanding of (1) the nature and extent of the firm's accounting and auditing practice, and (2) the design of the firm's system of quality control sufficient to assess the inherent and control risks implicit in its practice. Inherent risks were assessed by obtaining an understanding of the firm's practice, such as the industries of its clients and other factors of complexity in serving those clients, and the organization of the firm's personnel into practice units. Control risks were assessed by obtaining an understanding of the design of the firm's system of quality control, including its audit methodology, and monitoring procedures. Assessing control risk is the process of evaluating the effectiveness of the reviewed firm's system of quality control in preventing the performance of engagements that do not comply with professional standards.

Performing the Review of the Firm's Accounting and Auditing Practice Applicable to Non-SEC Issuers

Based on our assessment of the combined level of inherent and control risks, we identified practice units and selected engagements within those units to test for compliance with the firm's system of quality control. The engagements selected for review included engagements performed under *Government Auditing Standards*, audits of Employee Benefit Plans and audits of engagements subject to the Federal Deposit Insurance Corporation Improvement Act. The engagements selected for review represented a cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagement reviews included examining working paper files and reports and interviewing engagement personnel.

The scope of the peer review also included examining selected administrative and personnel files to determine compliance with the firm's policies and procedures for the elements of quality control pertaining to independence, integrity, and objectivity; personnel management; and acceptance and continuance of clients and engagements. Prior to concluding the review, we reassessed the adequacy of scope and conducted an exit conference with firm management to discuss our findings and recommendations.



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TO: EXECUTIVE COMMITTEE **BOD Meeting: 6-9-11**
FROM: RICHARD H. AVERETT, Executive Director **Item: 4E**
SUBJECT: APPROVAL OF RECOMMENDATION TO ADOPT FY2012 BUDGET

RECOMMENDATION

Approval of a recommendation to the Board of Directors to adopt the Proposed FY2012 Budget.

BACKGROUND

The Fiscal Year (FY) 2012 proposed budget has been prepared in accordance with direction provided by the Executive Committee and Board of Directors. The budget is presented in the Profit and Loss (P&L) format provided to the Executive Committee at their regular meetings. Several budget assumptions have been made in developing the budget. They are:

1. Each JPA's budget is prepared separately, with RGS providing most operational services and all administrative staffing. Therefore, LGS reimburses RGS for administrative/overhead costs.
2. Client expenditures and reimbursement revenues for existing and potential clients are not budgeted in the next fiscal year unless there is a very high likelihood the "potential" business will be realized.
3. Costs are budgeted fully, and revenues are budgeted in accordance with client contracts.

FY2010 FINANCIAL PERFORMANCE

The LGS and RGS FY2009 budgets were adopted with projected addition to retained earnings of \$263,800 and \$68,500 respectively. Audited results show LGS adding \$309,835 and RGS adding \$227,635 for a net combined addition to retained earnings of \$537,470 in FY2010.

FY2011 FINANCIAL PERFORMANCE

The LGS and RGS FY2011 budgets were adopted with projected addition to retained earnings of \$456,100 and \$101,300 respectively. Through April (ten months of the fiscal year), combined financial performance is better than last year and this year's budget. Because year-end accruals are expected to be higher than they were last year (due to the addition of several dozen staff for Gold Coast Health Plan), the budget includes an allowance for accruals that is most likely to be higher than actual accruals. Current year-end performance is estimated to add \$230,000 and \$162,000 or \$392,000 combined addition to retained earnings.

This year's continued financial success is noteworthy because administrative expenses have increased for accounting, HR and IT services to support client needs. This year's performance confirms the conclusion of the last three years: Providing scalable services to public agencies and sharing with our clients the savings of economies of scale, can be done affordably and sustainably.

FY2012 PROPOSED BUDGET

The proposed FY2012 budget is balanced, with revenues exceeding expenditures by a combined \$108,800. All major clients (those for whom the JPAs assign multiple staff) at the end of FY2011, except Transbay Joint Powers Authority, are budgeted to remain JPA clients through the fiscal year. Many new clients and additional client services were added during FY2011 that are budgeted to continue in FY2012.

Administrative support services are provided by the Executive Director/CFO, an hourly Director of Human Resources, HR Technician, Project Coordinator and Executive Assistant, and contract financial, administrative support and technology services.

Local Government Services FY2012 Budget

Ordinary Income/Expense	C-IV				Lincoln			
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget
Income								
440301 · Client Billings						122,986		122,986
440410 · Client Administrative Fees	85,810	19,256	8,000					
440600 · General Liability/EAP								
480000 · Miscellaneous	13							
Total Income	85,823	19,256	8,000	0	0	122,986	0	122,986
Expense								
511010 · Salaries - Regular	63,402	14,999				79,623		79,623
512002 · Medicare Employer Expense	924	219				1,166		1,166
512005 · Health Insurance Expense	5,543	1,089				632		632
512006 · Dental Insurance Expense	2,013	228				719		719
512007 · Vision Insurance Expense	312	45				161		161
512008 · Life Insurance Expense	218	41				208		208
512009 · Long Term Disability Expense	376	70				358		358
512010 · Stars 401A Expense						0		0
512012 · Calpers Retirement Expense	11,150	2,495				6,275		6,275
512014 · Short Term Disability Expense	373	70				342		342
512015 · Unemployment Insurance Expense		8,550						
512017 · Bad Debt Expense								
520107 · ADP Payroll Fees								
520501 · Professional Dues & Membership								
520302 · Legal Services						360		360
520503 · Conferences & Meetings	1,500							
520801 · Mileage Reimbursement								
521109 · Interest Expense								
522798 · Miscellaneous Expense								
529997 · Administrative Services - RGS						12,282		
Total Expense	85,810	27,806	8,000	0	0	102,125	0	89,844
Net Ordinary Income	13				0	20,861	0	33,143
Other Income/Expense								
Other Expense								
529998 · Allocated Admin. Services - RGS								11,559
Total Other Expense	0	0	0	0	0	0	0	11,559
Net Other Income	0	0	0	0	0	0	0	-11,559
Net Income	13	0	0	0	0	20,861	0	21,584

Local Government Services FY2012 Budget

Ordinary Income/Expense	Marin Energy Auth.				MTC			
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget
Income								
440301 · Client Billings			636,000		1,590,996	2,222,920	1,600,000	2,222,920
440410 · Client Administrative Fees	7,097	275,000			2,328			
440600 · General Liability/EAP								
480000 · Miscellaneous					10,894	7,746		
Total Income	7,097	275,000	636,000	0	1,604,218	2,230,666	1,600,000	2,222,920
Expense								
511010 · Salaries - Regular	6,198	213,077	410,000		972,517	1,456,055	1,053,043	1,456,055
512002 · Medicare Employer Expense	90	3,093	5,945		14,327	19,494	14,517	19,494
512005 · Health Insurance Expense		5,163	23,000		102,868	140,842	101,908	140,842
512006 · Dental Insurance Expense		1,938	7,500		13,042	19,149	13,756	19,149
512007 · Vision Insurance Expense		151	2,000		3,115	4,510	3,128	4,510
512008 · Life Insurance Expense		608	2,000		3,040	4,202	3,124	4,202
512009 · Long Term Disability Expense		1,016	2,500		5,182	7,218	5,387	7,218
512010 · Stars 401A Expense	296	8,314				177		177
512012 · Calpers Retirement Expense	513	16,592	65,000		167,694	219,977	172,860	219,977
512014 · Short Term Disability Expense		910	2,000		5,183	7,176	5,320	7,176
512015 · Unemployment Insurance Expens								
512017 · Bad Debt Expense								
520107 · ADP Payroll Fees								
520501 · Professional Dues & Membership						2,707		2,707
520302 · Legal Services					-156		-220	
520503 · Conferences & Meetings								
520801 · Mileage Reimbursement						4,200		4,200
521109 · Interest Expense								
522798 · Miscellaneous Expense								
529997 · Administrative Services - RGS					8,049	8,948	10,640	58,758
Total Expense	7,097	250,862	519,945	0	1,294,860	1,894,654	1,383,463	1,944,464
Net Ordinary Income	0	24,138	116,055	0	309,358	336,012	216,537	278,457
Other Income/Expense								
Other Expense								
529998 · Allocated Admin. Services - RGS	624	23,722	77,957		140,966	262,291	149,333	259,968
Total Other Expense	624	23,722	77,957	0	140,966	262,291	149,333	259,968
Net Other Income	-624	-23,722	-77,957	0	-140,966	-262,291	-149,333	-259,968
Net Income	-624	416	38,098	0	168,392	73,721	67,204	18,489

Local Government Services FY2012 Budget

Ordinary Income/Expense	Marin Transp. Dist.				Rohnert Park			
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget	FY10	FY11 Proj'd	FY'11 Budget	FY12 Budget
Income								
440301 · Client Billings		13,481		22,468	12,323	140,621	107,500	70,310
440410 · Client Administrative Fees	23,727	195,000		330,000	8,568			
440600 · General Liability/EAP								
480000 · Miscellaneous								
Total Income	23,727	208,481	0	352,468	20,891	140,621	107,500	70,310
Expense								
511010 · Salaries - Regular	19,767	158,515		250,000	12,479	75,577	75,000	37,789
512002 · Medicare Employer Expense	288	2,352		3,625	160	978	1,097	489
512005 · Health Insurance Expense		4,115		6,859	2,092	13,037	7,945	6,518
512006 · Dental Insurance Expense	175	2,684		4,474	136	823	1,283	411
512007 · Vision Insurance Expense	40	583		972	53	319	292	160
512008 · Life Insurance Expense	32	496		827			256	
512009 · Long Term Disability Expense	56	854		1,424			440	
512010 · Stars 401A Expense							1,451	
512012 · Calpers Retirement Expense	3,313	13,733		30,000	2,215	12,559	6,206	6,279
512014 · Short Term Disability Expense	56	848		1,413			436	
512015 · Unemployment Insurance Expens								
512017 · Bad Debt Expense								
520107 · ADP Payroll Fees								
520501 · Professional Dues & Membership		600		1,000				
520302 · Legal Services								
520503 · Conferences & Meetings								
520801 · Mileage Reimbursement								
521109 · Interest Expense								
522798 · Miscellaneous Expense								
529997 · Administrative Services - RGS		-3,600		-23,292				
Total Expense	23,727	181,181	0	277,301	17,135	103,293	94,406	51,646
Net Ordinary Income	0	27,300	0	75,166	3,756	37,328	13,094	18,664
Other Income/Expense								
Other Expense								
529998 · Allocated Admin. Services - RGS	2,085	17,150		56,419	1,836	14,030	12,358	15,489
Total Other Expense	2,085	17,150	0	56,419	1,836	14,030	12,358	15,489
Net Other Income	-2,085	-17,150	0	-56,419	-1,836	-14,030	-12,358	-15,489
Net Income	-2,085	10,149	0	18,748	1,920	23,298	736	3,175

Local Government Services FY2012 Budget

Ordinary Income/Expense	SBWMA				TAM			
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget
Income								
440301 · Client Billings	162,381	172,645	164,223	172,645	1,744,094	1,843,414	1,622,781	1,843,414
440410 · Client Administrative Fees	5,750	900	7,667	900				
440600 · General Liability/EAP	1,416	425	1,416	425				
480000 · Miscellaneous	5,500	7,981	3,833	9,000		4,680		
Total Income	175,047	181,951	177,139	182,969	1,744,094	1,848,094	1,622,781	1,843,414
Expense								
511010 · Salaries - Regular	124,138	127,972	123,252	127,972	980,941	1,051,593	1,034,247	1,051,593
512002 · Medicare Employer Expense	1,749	1,862	1,756	1,862	14,154	14,010	14,123	14,010
512005 · Health Insurance Expense	15,373	16,157	15,272	16,157	61,904	73,075	59,561	73,075
512006 · Dental Insurance Expense	2,065	2,125	2,053	2,125	12,100	12,622	11,975	12,622
512007 · Vision Insurance Expense	469	477	467	477	2,775	2,907	2,829	2,907
512008 · Life Insurance Expense	413	428	409	428	3,187	3,271	3,177	3,271
512009 · Long Term Disability Expense	711	737	704	737	5,464	5,610	5,446	5,610
512010 · Stars 401A Expense	2,267		2,322					
512012 · Calpers Retirement Expense	11,637	11,336	11,529	11,336	163,737	161,063	165,516	161,063
512014 · Short Term Disability Expense	702	715	697	715	5,119	5,171	5,115	5,171
512015 · Unemployment Insurance Expense								
512017 · Bad Debt Expense								
520107 · ADP Payroll Fees						-50		
520501 · Professional Dues & Membership								
520302 · Legal Services								
520503 · Conferences & Meetings								
520801 · Mileage Reimbursement								
521109 · Interest Expense								
522798 · Miscellaneous Expense								
529997 · Administrative Services - RGS					104,245	256,595		256,595
Total Expense	159,523	161,809	158,461	161,809	1,353,627	1,585,867	1,301,989	1,585,917
Net Ordinary Income	15,524	20,141	18,678	21,160	390,467	262,227	320,792	257,497
Other Income/Expense								
Other Expense								
529998 · Allocated Admin. Services - RGS	15,382	18,122	16,529	18,197	153,257	224,180	159,287	244,371
Total Other Expense	15,382	18,122	16,529	18,197	153,257	224,180	159,287	244,371
Net Other Income	-15,382	-18,122	-16,529	-18,197	-153,257	-224,180	-159,287	-244,371
Net Income	142	2,019	2,149	2,964	237,210	38,047	161,505	13,126

Local Government Services FY2012 Budget

Ordinary Income/Expense	TJPA				Marin Tele. Auth.	WTA
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget	FY10	FY10
Income						
440301 · Client Billings	1,858,433	2,148,560	2,038,068	179,047	64,078	
440410 · Client Administrative Fees	84,296		92,154			
440600 · General Liability/EAP	15,136	4,954	16,606	413		
480000 · Miscellaneous	32,010	116,863		9,739		9,000
Total Income	1,989,875	2,270,377	2,146,828	189,198	64,078	9,000
Expense						
511010 · Salaries - Regular	1,316,599	1,490,726	1,419,216	124,227	44,146	
512002 · Medicare Employer Expense	19,242	21,733	21,233	1,811	562	
512005 · Health Insurance Expense	90,321	112,068	96,846	9,339	1,892	
512006 · Dental Insurance Expense	13,709	16,123	15,052	1,344	563	
512007 · Vision Insurance Expense	3,287	3,650	3,535	304	173	
512008 · Life Insurance Expense	4,512	4,878	4,971	406	153	
512009 · Long Term Disability Expense	7,263	7,870	7,987	656	261	
512010 · Stars 401A Expense	15,323	17,954	16,892	1,496		
512012 · Calpers Retirement Expense	230,069	245,441	253,412	20,453	8,065	
512014 · Short Term Disability Expense	6,144	6,714	6,756	559	259	
512015 · Unemployment Insurance Expens						9,000
512017 · Bad Debt Expense						
520107 · ADP Payroll Fees						
520501 · Professional Dues & Membership						
520302 · Legal Services						
520503 · Conferences & Meetings						
520801 · Mileage Reimbursement					-23	
521109 · Interest Expense	403	532		44		
522798 · Miscellaneous Expense						
529997 · Administrative Services - RGS	124,340	100,121				
Total Expense	1,831,215	2,027,810	1,845,900	160,641	56,051	9,000
Net Ordinary Income	158,660	242,567	300,928	28,557	8,027	0
Other Income/Expense						
Other Expense						
529998 · Allocated Admin. Services - RGS	174,854	227,655	200,367	26,122	4,924	791
Total Other Expense	174,854	227,655	200,367	26,122	4,924	791
Net Other Income	-174,854	-227,655	-200,367	-26,122	-4,924	-791
Net Income	-16,194	14,911	100,561	2,436	3,103	-791

Local Government Services
FY2012 Budget

Ordinary Income/Expense	TOTAL			
	FY10	FY11 Proj'd	FY11 Budget	FY12 Budget
Income				
440301 · Client Billings	5,432,306	6,664,600	6,168,572	4,633,800
440410 · Client Administrative Fees	217,577	490,200	107,821	330,900
440600 · General Liability/EAP	16,552	5,400	18,022	800
480000 · Miscellaneous	57,417	137,300	3,833	18,700
Total Income	5,723,851	7,297,500	6,298,248	4,984,200
Expense				
511010 · Salaries - Regular	3,540,188	4,668,100	4,114,758	3,127,300
512002 · Medicare Employer Expense	51,497	64,900	58,671	42,500
512005 · Health Insurance Expense	279,993	366,200	304,532	253,400
512006 · Dental Insurance Expense	43,804	56,400	51,619	40,800
512007 · Vision Insurance Expense	10,225	12,800	12,251	9,500
512008 · Life Insurance Expense	11,556	14,100	13,937	9,300
512009 · Long Term Disability Expense	19,312	23,700	22,464	16,000
512010 · Stars 401A Expense	17,886	26,400	20,665	1,700
512012 · Calpers Retirement Expense	598,392	689,500	674,523	455,400
512014 · Short Term Disability Expense	17,835	21,900	20,324	15,400
512015 · Unemployment Insurance Expense	9,000	8,600		0
512017 · Bad Debt Expense		0		0
520107 · ADP Payroll Fees		-100		0
520501 · Professional Dues & Membership		3,300		3,700
520302 · Legal Services	-156	400	-220	400
520503 · Conferences & Meetings	1,500	0		0
520801 · Mileage Reimbursement	-23	4,200		4,200
521109 · Interest Expense	403	500		0
522798 · Miscellaneous Expense		0		0
529997 · Administrative Services - RGS	236,634	374,300	10,640	292,100
Total Expense	4,838,047	6,335,200	5,304,164	4,271,700
Net Ordinary Income	885,805	949,714	986,084	679,501
Other Income/Expense				
Other Expense				
529998 · Allocated Admin. Services - RGS	494,718	787,200	615,831	632,100
Total Other Expense	494,718	787,200	615,831	632,100
Net Other Income	-494,718	-787,200	-615,831	-632,100
Net Income	391,086	162,514	370,253	47,401



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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TO: EXECUTIVE COMMITTEE
FROM: RICHARD H. AVERETT, EXECUTIVE DIRECTOR
SUBJECT: CLIENT REPORT

EC Meeting: 6-09-11

Item: 6A

CURRENT CLIENTS:

The following is a listing of the 30 LGS and RGS current clients. LGS has 50 positions supporting clients and RGS has 62 positions supporting clients and JPA administration. The Marin Energy Authority has assumed employer-of-record duties effective May 1. Staff has been added for the Gold Coast Health Plan, MTC, MTD and other existing clients, absorbing the loss of five MEA positions.

The JPAs have exercised their right to terminate the contract with Transbay Joint Powers Authority (TJPA). Services will cease to be provided after July 20, 2011, as soon as TJPA can assume employer-of-record duties. To put in perspective the impact of this loss, the charges to TJPA for cost recovery amount to 27% of the total LGS/RGS Administration expenses through April 2011. TJPA and four other large clients contribute 80% of the total Admin expense, while the remaining 24 clients contribute 20%. Staff is developing new approaches to communicate with those parties most likely to be aware of new agencies and small existing agencies that could benefit by our performing employer-of-record, payroll and benefits administration services.

Cities/Counties

Calistoga	Davis	Dublin
Gilroy	Larkspur	Lincoln
Rohnert Park	San Bruno	San Mateo City
San Mateo County	San Rafael	Sausalito
Stockton	Vallejo	Walnut Creek

Other Agencies

Consortium IV	Gold Coast Health Plan
Marin Emergency Radio Authority	Marin General Services Authority
Marin Municipal Water District	Marin Telecommunications Authority
Marin Transit	Menlo Park Fire Protection District
Metropolitan Transportation Commission	Sonoma-Marín Area Rail Transit District
South Bayside Waste Management Authority	Transbay Joint Powers Authority
Transportation Authority of Marin	Twin Cities Police Authority
Ventura County Transportation Commission	

POTENTIAL CLIENTS AND CHANGES TO CURRENT CLIENT SERVICES:

We have discussed use of the JPAs with SMART, SolTrans and the City of Burlingame. We recently joined the California Contract Cities Association and attended their annual conference in May. 35 JPA fliers were provided to Jim Nantell for his panel participation at the Shared Services Summit on May 5.

**Local Government Services
Position Allocation Chart**

Contracting Organization LGS employee, FTE, and Position Title	Employee Name	TAM LGS	TJPA LGS	MTC LGS		Total FTE	Total Position count
Accountant	Sylvia Wong		1.00			1.00	1.00
Administrative Assistant	Kimberly Sow			1.00		1.00	1.00
Assistant Program Coordinator	Rachel Zack			1.00		1.00	1.00
Associate Project Delivery Manager	Bill Whitney	1.00				1.00	1.00
Associate Project Delivery Manager	Dan Cherrier	1.00				1.00	1.00
Arterial Operations Coordinator	Vansi Tabjulu			1.00		1.00	1.00
Chief of Staff/Clerk of the Board	Nila Gonzales		1.00			1.00	1.00
Climate Initiative Coordinator	Brenda Dix			1.00		1.00	1.00
Climate Initiative Public Information Officer	Craig Noble			1.00		1.00	1.00
Clipper Customer Service Administrator	Rosemary Rentschler			1.00		1.00	1.00
Contract Compliance Manager/Finance Coordinator	Sara Gigliotti		1.00			1.00	1.00
Contract Compliance Officer	Eddie Phillips		1.00			1.00	1.00
Contract Coordinator	Winnie Chung			1.00		1.00	1.00
Contract Coordinator	Michele Gillaspie			1.00		1.00	1.00
Contract Coordinator	Alice Trrong			1.00		1.00	1.00
Engineering Manager	Ed Sum		1.00			1.00	1.00
Executive Assistant	Denise Merleno	1.00				1.00	1.00
Executive Director TAM	Dianne Steinhauer	1.00				1.00	1.00
Executive Director TJPA	Maria Ayerdi-Kaplan		1.00			1.00	1.00
FastTrack Administrator	Manuel Espiritu			1.00		1.00	1.00
Finance and Administration Specialist	Grace Zhaung	1.00				1.00	1.00
Finance and Systems Accountant	Araceli Fierro		1.00			1.00	1.00
511 Coordinator	Stefanie Hom			1.00		1.00	1.00
511 Transit	Alysha Nachtigall			1.00		1.00	1.00
Information Technology Manager	Mike Daniels		1.00			1.00	1.00
Junior Planner	Rebecca Armenta		1.00			1.00	1.00
Landscape Architect Planner	Anna Young			1.00		1.00	1.00
Manager of Finance and Administration	Li Zhang	1.00				1.00	1.00
Manager of Programming and Legislation	David Chan	1.00				1.00	1.00
Planning GIS Coordinator	Michael Ziyambi			1.00		1.00	1.00
Planning Manager						0.00	0.00
Principal Engineer	Brian Dykes		1.00			1.00	1.00
Project Delivery Manager	Bill Gamlen	1.00				1.00	1.00
Receptionist	Nannette Brown	1.00				1.00	1.00
Regional Rideshare Program Coordinator	Barbara Laurenson			0.60		0.60	1.00
Regional Transportation Funding Coord	Amy Burch			1.00		1.00	1.00
Senior Program Manager	Bob Beck		1.00			1.00	1.00
Senior Transportation Planner	Suzanne Loosen	0.50				0.50	1.00
Toll Revenue Auditor	Raymond Woo			1.00		1.00	1.00
Translink Program Coordinator/Contract Analyst	Kimpreet Puar			1.00		1.00	1.00
Transportation Human Services Coordinator	Drennen Shelton			1.00		1.00	1.00
Transportation Investment Manager	Adam Crenshaw			1.00		1.00	1.00
Traveler Information Coordinator	Andrew Pease			1.00		1.00	1.00
LGS FTE per Client Total		9.50	11.00	20.60	0.00	41.10	
Total Positions		10	11	21	0	42.00	42.00

**Local Government Services
Position Allocation Chart**

Contracting Organization		SBWMA	Marin Transit	Rohnert Park	Lincoln	Total FTE	Total Position count
LGS employee, FTE, and Position Title	Employee Name	LGS	LGS	LGS	LGS		
Accounting & Administrative Specialist	Amber Johnson		1.00			1.00	1.00
City Engineer	Bruce Burnworth				1.00	1.00	1.00
Director of Public Works	Mark Miller Leaving 6/4/11				1.00	1.00	1.00
Finance and Grant Manager	Lauren Gradia		1.00			1.00	1.00
Interim Project Manager	Johnny Chung			0.80		0.80	1.00
Recycling Program Manager	Cliff Feldman	1.00				1.00	1.00
Senior Transit Planner	Mary Archer		1.00			1.00	1.00
Senior Transit Planner	Robert Betts		1.00			1.00	1.00
LGS FTE per Client Total		1.00	4.00	0.80	2.00	7.80	
Total Positions		1	4	1	2	8.00	8.00
Legend	Yellow: Pending selection; not in counts.		New clients (under small projects)				
6/1/11	Pink: Pending separation from employment		Clients Leaving: MEA				
	Green: FTE counts/totals		Tangerine Position counts/totals				

**Total
50.00**

LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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TO: EXECUTIVE COMMITTEE **EC Meeting: 6-9-11**
FROM: RICHARD H. AVERETT, CFO/TREASURER **Item: 6B**
SUBJECT: EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETINGS

Meeting Schedule for the next 12 Months

The following are regularly scheduled meetings for the upcoming year, along with special topics to be discussed. All meetings are conducted by teleconference on the second Thursday of each month, starting at 4:00 p.m. with the exception of the annual Budget Review and Adoption meeting, which will be conducted in person, in conjunction with JPA Board meetings, starting at 10:00 a.m.

Date	EXEC COMM	BOD	Special Topic	Location	Notes
June 9 (Thursday)	Yes	Yes	FY12 Budget, Investment Policy, Rules & Regs, Conflict of Interest Policy (even years only)	Location: Cavallo Point, Marin County	
July 14 (Thursday)	Yes			Teleconference	Recommend Cancelling
August 11 (Thursday)	Yes			Teleconference	
September 8 (Thursday)	Yes			Teleconference	
October 13 (Thursday)	Yes			Teleconference	
November 10 (Thursday)	Yes			Teleconference	
December 8 (Thursday)	Yes			Teleconference	
2012					
January 12 (Thursday)	Yes			Teleconference	
February 9 (Thursday)	Yes			Teleconference	
March 8 (Thursday)	Yes			Teleconference	
April 12 (Thursday)	Yes			Teleconference	
May 10 (Thursday)	Yes			Teleconference	



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TO: EXECUTIVE COMMITTEE **EC Meeting: 6-09-11**
FROM: MICHAEL P. GARVEY, EXECUTIVE COMMITTEE CHAIR **Item: 6C**
SUBJECT: JPA MEMBERSHIP

RECOMMENDATION

Review and approve guidelines for the Executive Committee to use in considering additions to and replacements of JPA member agencies.

BACKGROUND

The JPA currently has five member agencies, each with a representative on the JPA Board of Directors. The Board of Directors appoints members of the Executive Committee, which currently is composed of the five Board Members and one former municipal executive.

Below are sections of the JPA Agreement that address Membership. In short, there are no limits or criteria for JPA Member composition other than the member agency must be a public entity approved by two-thirds of the members of the Executive Committee. The Board of Directors is composed of one representative of each Member Agency. The Executive Committee membership shall not exceed seven, and members need not be Member Agency representatives.

For the first eight years of the JPA's existence, Membership consisted of two or three agencies, with the Board appointing its representatives and a former City Manager from a founding Member Agency to the Executive Committee. By California law, a JPA must have two or more member agencies or be dissolved. The Executive Committee sought additional member agencies that:

- Believed the JPA service model was a valuable asset for local governments;
- Were relatively stable political entities that could provide a modest amount of their executive administrator's time for leadership and governance of the JPA;
- Would, through their JPA representative, assist in making the services of the JPA known to their colleagues; and
- Represented diverse geographic areas of the Bay Area.

The JPAs now have five Member Agencies and six Executive Committee members, twenty-nine client agencies and over 100 employees. It is only during the last two years the JPAs have been financially able to 'compensate' its member agencies for their staffs' performance of governance responsibilities by sponsoring training activities. This sponsorship has been well received and has led to increased interest from public agencies in becoming JPA Members, and this has led the Executive Committee to have an interest in establishing guidelines for its future growth in Member Agencies.

Number of Members – The Agreement does not establish a maximum number of Member Agencies (and thus Board of Directors). More members increases the name recognition of the JPAs, but also increases the potential cost of training sponsorships, governance challenges (e.g. meeting quorums and divergent interests) and complicates the selection process for Executive Committee members (which is limited to

seven members). Growth in Membership most likely will be associated with increased client revenue, so funding for training sponsorships is likely to parallel the growth in Membership. Observation of the functioning of other public boards and committees seems to indicate a positive relationship between the number of members and governance outcomes up to a certain number, then an inverse relationship in governance efficiency if the board or committee has too many members. The research does not provide a precise number of when this change occurs. In recognition of this relationship and because the number of Executive Committee members is limited by the Joint Powers Agreement, *it is recommended that the guideline for the number of member agencies be limited to not more than twenty public agencies.* If the Committee selects a guideline number of six members or greater, *it is also recommended that they recommend to the Board of Directors an annual selection of Executive Committee members* at their June meeting, to ensure the Board Members have an active voice in the more day-to-day governance that the Executive Committee provides. This process could be nothing more than a June Board agenda confirming the Executive Committee members, making whatever adjustments need to be made for vacancies or retirements.

Member Stability – This informal criteria is subjective, but none the less has been a helpful criteria when membership was limited to a very few and the JPA could possibly be adversely impacted by one strong agency. That consideration remains noteworthy, but is not as critical as membership grows. Additional members serve to buffer the impacts of each other. *It is recommended the Executive Committee continue to seek politically stable member agencies who value the administrative nature and purpose of the JPAs.*

Member Involvement in Governance and Outreach – It is conceivable that agencies may join the JPA for the training support offered to members, but not participate in JPA governing or outreach activities. When JPA Board Members do not also serve on the Executive Committee, their involvement in JPA business may be minimal. While it might be difficult to determine what would constitute reciprocal involvement for the training offered, it is important to do so for two reasons: more members that do not contribute to JPA growth but do use JPA training dollars would result in less training support for those members who do participate in governing and outreach; and those members not participating could be taking the place of members who would participate in JPA governance and outreach. So while it may be difficult to gauge compliance with expectations, it is important to have explicit guidelines so that the Executive Committee can terminate member agencies that do not contribute to the success of the JPAs. *It is recommended the Executive Committee include in its membership guidelines expectations that training or any other support services is provided to Member Agencies in exchange for Member Agencies' services of JPA governance and outreach, and that the Executive Committee has the authority, by two-thirds majority vote, to cancel an Agency's JPA Membership if continued membership is not in the best interest of the JPA.* Such cancellation would not terminate any service contracts an affected agency might have with the JPAs.

Member Diversity – A diversity of members, by geography and type and size of agency, is an effective way to broaden the awareness in the public sector about the services offered by the JPA. *It is recommended the Executive Committee attempt to have a JPA Membership that represent small and larger agencies that have similar or greater powers than the JPA, and that are from the State's major population centers.*

Parallel JPA Memberships – As the Committee is aware, LGS and RGS are separate but related public agencies, with different purposes. RGS is a joint powers authority formed to provide service delivery for regional programs benefiting the regional public interest, including management, financial, and professional services. LGS is a joint powers authority formed to maximize the efficiency and effectiveness of service delivery at the local and sub regional level, including management, financial and professional services. Early in the lives of the agencies, staff and the Board observed that, although both

agencies wanted to serve other public agencies, neither had the ability to provide all services to each agency's clients. They also noted that, in light of the similarity of the purposes and functions of LGS and RGS, sharing administration and related overhead would eliminate redundancy, reducing the costs of operations and services. In recognition of those observations, and to allow the agencies to jointly serve the same clients agencies, the JPAs entered into a Cooperation Agreement between LGS and RGS. Under the terms of the agreement, LGS and RGS share administrative staff and all other overhead expenses, as well as jointly provide staffing and consulting services to clients.

Although LGS and RGS continue to pursue their separate purposes, because of the interwoven nature of the administration of the two agencies and their cooperation in providing services to clients, it is important that memberships of the two JPAs remain the same or closely parallel so potential conflicts between the two JPAs over allocations, services, personnel or other issues not undermine the agencies' best interest. Significant divergence in the memberships of the two agencies could lead to tension over the sharing of costs and administrative staffing; resolving those tensions might require either greater separation of those functions or an effort to allocate costs between the agencies, which would be impracticable, an additional expense of operations, and frustrate the JPAs' purposes. *It is recommended the membership of both LGS and RGS remain the same or as close to the same as possible so that the purpose and function of both JPAs is best served. It is further recommended that the Executive Committee take a case-by-case approach to reviewing any potential new members who only desire to join one of the two entities to ensure that a divergence in membership will not meaningfully diminish the benefits obtained from shared administration and overhead and will not frustrate the performance of the JPAs under the Cooperation Agreement.*

Common Powers - Under Article I, section 4, of the Amended and Restated Joint Powers Agreement, the JPA can exercise the common powers of its Members.

- (a) To exercise the common powers of its Members in providing services for the operation of a public agency or other entity, including related and incidental services.

Therefore, in order to retain maximum flexibility the powers of a prospective Member agency would need to be equal to or greater than the least powers commonly possessed by its Members. *It is recommended that prospective member agencies possess powers equal to or greater than the powers common to its members so that JPA powers remain broad to allow the greatest flexibility in meeting future challenges.*

Summary of recommendations

It is recommended that the Executive Committee approve the following JPA membership guidelines:

1. *Limit the number of member agencies to not more than twenty public agencies;*
2. *Recommend to the Board of Directors that the Board annually approve the Executive Committee members;*
3. *Seek politically stable member agencies who value the administrative nature and purpose of the JPAs;*
4. *Provide that the Executive Committee has the authority, by two-thirds majority vote, to cancel an Agency's JPA Membership;*
5. *Strive for a diverse JPA Membership;*
6. *Strive to maintain the same or close to the same membership for both LGS and RGS; and*
7. *Maintain JPA powers at their current level by selecting new members with equal or greater agency powers.*

FISCAL IMPACT

There is no direct impact of approving these guidelines.

From the Joint Powers Agreement as Amended and Restated

**ARTICLE II.
ORGANIZATION**

1. **Membership.** The Members of LGS shall be the original parties hereto (which have not withdrawn from LGS), and such other public entities as may join LGS after execution of this Agreement. Public entities may join if approved by two-thirds of the members of the Executive Committee of the LGS Board on terms and conditions approved by the Executive Committee. New members shall be included within the term “Members” following execution of an Addendum to this Agreement executed by the new member and the Chair of the Executive Committee. Following execution of such an Addendum, the new member shall be subject to the provisions of this Amended and Restated Agreement.

2. **Designation of LGS Board of Directors.** The LGS Board of Directors shall consist of one representative of each Member. Each shall serve as a director. No additional compensation shall be provided for such service, although directors’ expenses shall be reimbursable. A meeting of the Board of Directors shall be called at least once per year for the purpose of selecting Executive Committee members, amending Authority Bylaws, approving the budget, and other such business as appropriate. All voting power shall reside in the Board of Directors, with those powers necessary to carry out the day-to-day business of the JPA delegated to the Executive Committee.

3. **Executive Committee.** The regular management of the Authority shall be vested in an Executive Committee consisting of no more than seven individuals selected by the Directors at the annual meeting, with up to two Alternate committee members also chosen by the Directors. Members of the Executive Committee may, but need not, be on the Board of Directors.



LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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TO: EXECUTIVE COMMITTEE **EC Meeting: 6-9-11**
FROM: RICHARD H. AVERETT, Executive Director **Item: 6D**
SUBJECT: APPROVING CITY OF WALNUT CREEK AS A BOARD MEMBER

RECOMMENDATION

Approve adding the City of Walnut Creek as a Local Government Services Authority Board Member, effective upon the City's action to join. Authorize the Chair to enter into a membership agreement by execution of the attached Addendum.

BACKGROUND

The Amended and Restated Joint Powers Agreement authorizes the Executive Committee to approve new members to the JPA Board of Directors. If the Executive Committee approves adding a new member it does so by executing an Addendum to the Amended and Restated Joint Powers Agreement Creating the Local Government Services Authority, and authorizes the Chair to enter into a membership agreement by execution of the Addendum. A two-thirds vote of the Executive Committee is required.

If approved by the Executive Committee and Walnut Creek City Council, Walnut Creek's membership status would be effective immediately. At today's Board meeting – to be scheduled immediately after today's Executive Committee meeting - the Board could consider appointing the Walnut Creek City Manager to the Executive Committee.

FISCAL IMPACT

Approving this Addendum has no fiscal impact unless the Committee elects to offer to sponsor two City employees at the 2011 Berkeley Executive Seminar. The cost of those sponsorships, including room and board, would be approximately \$10,600. Funding is available in the proposed FY2012 budget.

**ADDENDUM
TO
AMENDED AND RESTATED JOINT POWERS AGREEMENT
CREATING THE LOCAL GOVERNMENT SERVICES AUTHORITY**

RECITALS

WHEREAS, the Members entered into an Amended and Restated Joint Powers Agreement Creating the Local Government Services Authority ("LGS"), effective January 27, 2005.

WHEREAS, Article II, Section 1 of said agreement provides that public entities may join as members of LGS if approved by two-thirds of the members of the Executive Committee of the LGS Board on terms and conditions approved by the Executive Committee.

WHEREAS, Article II, Section 1 further provides that new members shall be included within the term "members" following the execution of an addendum to the Amended and Restated Joint Powers Agreement Creating the Local Government Services Authority.

WHEREAS, said addendum shall be executed by the new member and the Chair of the Executive Committee.

AGREEMENT

NOW, THEREFORE, LGS, through the Chair of its Executive Committee, and the City of Walnut Creek enter into this Addendum to memorialize and acknowledge the addition of the City of Walnut Creek as a member of LGS.

A complete copy of the Amended and Restated Joint Powers Agreement Creating the Local Government Services Authority is available on the JPA's website, by email and by post.

The City of Walnut Creek acknowledges it will be subject to the provisions of the Amended and Restated Joint Powers Agreement Creating the Joint Local Government Services Authority following execution of this Addendum by both parties.

CITY OF WALNUT CREEK

Dated: _____ By: _____
City Manager

LOCAL GOVERNMENT SERVICES AUTHORITY

Dated: _____ By: _____
Chair of the Executive Committee

APPROVED AS TO FORM

Dated: _____ By: _____
Legal Counsel
LOCAL GOVERNMENT SERVICES AUTHORITY