



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

## LGS EXECUTIVE COMMITTEE AGENDA

*Agenda materials may be viewed in the meeting location of the Association of Bay Area Governments' (ABAG) office and City of Larkspur's office prior to the meeting.*

### REGULAR MEETING

**June 10, 2010**

**10:05 a.m.**

### Cavallo Point

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

#### 1. CALL TO ORDER

- A. Selection of Officers

*Action*

#### 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 15, 2010** Minutes
- B. Approval of management services agreement with the City of Rohnert Park

*Action*

*Action*

#### 4. TREASURER'S REPORT

- A. Review of Month-End Financial Reports through April 2010
- B. Approval of Payments and Deposits made for March and April 2010
- C. Approval of Investments Report through May 2010
- D. Recommend Approval of Audit for Fiscal Year 2009 with SAS 114 Letter
- E. Recommend Approval of 2011 Budget

*Information*

*Action*

*Action*

*Action*

*Action*

#### 5. OLD BUSINESS

- A. STARS Update

*Information*

#### 6. NEW BUSINESS

- A. Update on Clients and Prospective Members
- B. Regularly Scheduled Meetings Calendar
- C. Approval of new JPA member agency

*Discussion*

*Discussion*

*Action*

#### 7. PUBLIC COMMENT

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

#### 8. NEXT MEETING: **July 8th or August 12th at 9:30 a.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.

**LOCAL GOVERNMENT SERVICES  
JOINT POWERS AUTHORITY  
EXECUTIVE COMMITTEE MINUTES**

The Local Government Services Joint Powers Authority held a regular committee meeting by teleconference on **April 15, 2010** at San Mateo County Transit District, Executive Conference Rm. 3rd Floor, 1250 San Carlos Ave., San Carlos, CA 94070; Association of Bay Area Governments, Executive Director's Office, 101 Eighth St., Oakland, CA 94604; and Larkspur City Hall, Finance Director's Office, 400 Magnolia Avenue, Larkspur, CA 94939. The meeting was called to order at **9:33 a.m.**

**1. ROLL CALL**

- A. Members: Mike Garvey, LGS Chair  
Amy Koenig, Alternate Member  
Herb Pike, Alternate Member  
Other Attendees: Richard Averett, LGS Executive Director/CFO

**2. CHANGES TO THE ORDER OF AGENDA - None**

**3. APPROVAL OF CONSENT AGENDA**

- A. Approval of **February 11, 2010** Minutes. Alternate Member Koenig requested this item pulled from the Consent Agenda for a separate vote, so she could recuse herself due to her absence from the last meeting.

**ACTION:** **M/S Pike/Garvey** to approve the minutes of the February 11, 2010 Minutes as presented.

**AYES:** Chair Garvey, Alternate Member Pike

**NOES:** None

**ABSTAIN:** Alternate Member Koenig

- B. Approval of remaining Consent Agenda (management services agreement with the Marin Energy Authority).

**ACTION:** **M/S Pike/Koenig** to approve the consent agenda item as presented.

**AYES:** Chair Garvey, Alternate Member Pike, Alternate Member Koenig

**NOES:** None

**ABSTAIN:** None

**4. TREASURER'S REPORT**

- A. Review of month-end financial reports through February 2010. The Executive Director reviewed the financial reports and noted the need for reserves to meet future obligations and uncertainties. The Director also noted that the JPAs Administrative Fees to clients are now less than 10% for full-time staff. The reports were accepted as presented.

- B. Approval of Payments and Deposits made January and February 2010.

**ACTION:** **M/S Pike/Koenig** to approve the payments and deposits as presented.

**AYES:** Chair Garvey, Alternate Member Koenig, Alternate Member Pike

**NOES:** None

**ABSTAIN:** None

- C. Approval of Investments Report through March 2010.

**ACTION:** **M/S Pike/Koenig** to approve the investments report as presented.

**AYES:** Chair Garvey, Alternate Member Koenig, Alternate Member Pike

**NOES:** None

**ABSTAIN:** None

**5. OLD BUSINESS**

- A. STARS defined contribution plan benefits update. The Executive Director updated the Committee on negotiations with the provider (UTC) and the difficulty of having few assets, but needing cost-competitive pricing for participants. Alternate Members Pike and Koenig also commented on negotiations and on the need to implement soon or risk losing participants to other providers. The Director noted that he is still spending time on the project and RGS and ABAG are still incurring outside legal costs, albeit at a slower rate, to ensure proper plan set-up.

**6. NEW BUSINESS**

- A. Client and Prospective Client Update. The Executive Director noted the increasing number of clients and staff as summarized in the new report format accompanying the position listing.

B. Regularly Scheduled Meetings – The Members reviewed the scheduled upcoming meeting, discussed and expressed a desire to cancel the May 13th meeting if no subsequent business required a meeting, with the next scheduled meeting date June 10<sup>th</sup>, annual meeting. This item was for discussion only, and no action was taken.

C. Approval of new JPA member agency, the City of San Rafael.

**ACTION:** M/S Koenig/Garvey to approve the new JPA member agency.

**AYES:** Chair Garvey, Alternate Member Koenig, Alternate Member Pike

**NOES:** None

**ABSTAIN:** None

D. Approval of the Grant Funding Program. At the request of the Executive Director, these topics were deferred to the RGS Executive Committee as the funding source for grants and marketing expenses.

7. **PUBLIC COMMENT** – None

8. **NEXT MEETING** – The May 13th meeting is cancelled if there are no items needing the Committee's attention. The next meeting would be June 10th, 2010 annual meeting at 10:00 a.m. Cavallo Point, Marin County

9. **ADJOURNED** - Meeting adjourned at 11:01 a.m.



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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**TO:** EXECUTIVE COMMITTEE **EC Meeting: 6-10-10**  
**FROM:** RICHARD H. AVERETT, Executive Director **Item: 3B**  
**SUBJECT: CLIENT AGREEMENT – CITY OF ROHNERT PARK**

## **RECOMMENDATION**

Approve authorizing the Executive Director to execute a Client Agreement with the City of Rohnert Park.

## **BACKGROUND**

The City Manager requested the JPAs provide Interim Projects Manager services for up to one year, and Interim Human Resources Manager services for up to six months.

The Interim Projects Manager is expected to work approximately 32 hours per week. The candidate for this position desired to remain in CalPERS retirement system and otherwise qualified to be in PERS, so this position is in Local Government Services Authority.

The Interim HR Manager is expected to work approximately 20 hours per week. The candidate for this position was already an RGS employee and remains in Regional Government Services Authority's 401(a) retirement plan.

The JPA's standard agreement form was used and JPA legal counsel has approved the agreement as to form. The agreements are included with the agenda packets posted to the JPA's website. Client services began in early May.

## **FISCAL IMPACT**

The hourly rate being charged the City is sufficient to pay all salary and benefit, insurance and administrative costs of the JPA.



Business: 650/587-7300  
Fax: 650/587-7311

Email: [RAverett@LGS.ca.gov](mailto:RAverett@LGS.ca.gov)  
PO Box 1350  
Carmel Valley, CA 93924

Email: [JBower@LGS.ca.gov](mailto:JBower@LGS.ca.gov)  
PO Box 1077  
Camarillo, CA 93011-1077

## **AGREEMENT FOR MANAGEMENT AND ADMINISTRATIVE SERVICES**

This Agreement for Management Services (“Agreement”) is made and entered into as of the 27<sup>th</sup> day of April 2010, by and between the City of Rohnert Park, a municipal agency (“AGENCY”), and **Local Government Services Authority (LGS)**, a joint powers authority, (each individually a “Party” and, collectively, the “Parties”).

### **RECITALS**

THIS AGREEMENT is entered into with reference to the following facts and circumstances:

- A. That AGENCY desires to engage LGS to render certain services to it;
- B. That LGS is a management and administrative services provider and is qualified to provide such services to AGENCY; and
- C. That AGENCY has elected to engage the services of LGS upon the terms and conditions as hereinafter set forth.

### **TERMS AND CONDITIONS**

**Section 1. Services.** The services to be performed by LGS under this Agreement shall include those services set forth in **Exhibit A**, which is by this reference incorporated herein and made a part hereof as though it were fully set forth herein.

Where in conflict, the terms of this Agreement supersede and prevail over any terms set forth in **Exhibit A**.

**1.1 Standard of Performance.** LGS shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in which LGS is engaged in the geographical area in which LGS practices its profession. LGS shall prepare all work products required by this Agreement in a substantial, first-class manner and shall conform to the standards of quality normally observed by a person practicing in LGS’s profession.

**1.2 Assignment of Personnel.** LGS shall assign only competent personnel to perform services pursuant to this Agreement. In the

event that AGENCY, in its sole discretion, at any time during the term of this Agreement, desires the reassignment of any such persons, LGS shall consider reassigning such person or persons. LGS's Executive Director will notify AGENCY's Chief Executive Officer in writing prior to assigning a different LGS employee to provide services other than the initial LGS Staff identified on Exhibit A.

**1.3 Time.** LGS shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary to meet the standard of performance provided in above and to satisfy LGS's obligations hereunder in Exhibit A.

**Section 2. Term of Agreement and Termination.** Services shall commence on or about the date specified in Exhibit A and shall continue until the date anticipated in Exhibit A to terminate, at which time it may be extended by mutual consent of the Parties for up to one-year intervals until terminated. This agreement may be terminated by either Party, with or without cause, upon 30 days written notice. AGENCY has the sole discretion to determine if the services performed by LGS are satisfactory to the AGENCY, which determination shall be made in good faith. If the AGENCY determines that the services performed by LGS are not satisfactory, the AGENCY may terminate this agreement by giving written notice to LGS. Upon receipt of notice of termination by either Party, LGS shall cease performing duties on behalf of AGENCY on the termination date specified and the compensation payable to LGS shall include only the period for which services have been performed by LGS.

**Section 3. Compensation.** Payment under this Agreement shall be as provided in Exhibit A.

**Section 4. Effective Date.** This Agreement shall become effective on the date first herein above written.

**Section 5. Relationship of Parties.**

**5.1** It is understood that the relationship of LGS to AGENCY is that of an independent contractor and all persons working for or under the direction of LGS are its agents or employees and not agents or employees of AGENCY. AGENCY and LGS shall, at all times, treat all persons working for or under the direction of LGS as agents and employees of LGS, and not as agents or employees of the AGENCY. AGENCY shall have the right to control LGS only insofar as the results of LGS's services rendered pursuant to this agreement and assignment of personnel pursuant to Section 1.

**5.2** LGS shall provide services under this Agreement through one or more employees of LGS qualified to perform services contracted for

by AGENCY. Key LGS staff who will provide services to the AGENCY are indicated in Exhibit A. The Executive Director will not reassign any of the staff indicated in Exhibit A without first consulting with the AGENCY. The Executive Director will consult with AGENCY on an as-needed basis to assure that the services to be performed are being provided in a professional manner and meet the objectives of AGENCY.

- 5.3 AGENCY shall not have the ability to direct how services are to be performed, specify the location where services are to be performed, or establish set hours or days for performance of services, except as set forth in Exhibit A.
- 5.4 AGENCY shall not have any right to discharge any employee of LGS from employment.
- 5.5 LGS shall, at its sole expense, supply for its employees providing services to AGENCY pursuant to this Agreement any and all benefits, such as worker's compensation, disability insurance, vacation pay, sick pay, or retirement benefits; obtain and maintain all licenses and permits usual or necessary for performing the services; pay any and all taxes incurred as a result of the employee(s) compensation, including estimated taxes, FICA and other employment taxes; and provide AGENCY with proof of payment of taxes on demand.

**Section 6. Insurance Requirements.** Before beginning any work under this Agreement, LGS, at its own cost and expense, shall procure "occurrence coverage" insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by LGS and its agents, representatives, employees, and subcontractors. LGS shall provide proof satisfactory to AGENCY of such coverage that meets the requirements of this section and under forms of insurance satisfactory in all respects to the AGENCY. LGS shall maintain the insurance policies required by this section throughout the term of this Agreement. The cost of such insurance shall be paid by LGS. LGS shall not allow any subcontractor to commence work on any subcontract until LGS has obtained all insurance required herein for the subcontractor(s) and provided evidence thereof to AGENCY. Verification of the required insurance shall be submitted and made part of this Agreement prior to execution.

- 6.1 **Workers' Compensation.** LGS shall, at its sole cost and expense, maintain statutory Workers' Compensation Insurance and Employer's Liability Insurance for any and all persons employed directly or indirectly by LGS. The statutory Workers' Compensation Insurance and Employer's Liability Insurance shall be provided

with limits of not less than ONE MILLION DOLLARS (\$1,000,000.00) per accident. In the alternative, LGS may rely on a self-insurance program to meet those requirements, but only if the program of self-insurance complies fully with the provisions of the California Labor Code. The insurer, if insurance is provided, or LGS, if a program of self-insurance is provided, shall waive all rights of subrogation against the AGENCY and its officers, officials, employees, and volunteers for loss arising from work performed under this Agreement where the subject loss is not proximately caused by the actions of or failure to act by a AGENCY officer, agent or employee or any person or entity other than the parties to the agreement.

An endorsement shall state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits, except after 15 days' prior written notice has been given to the AGENCY.

## **6.2 Commercial General and Automobile Liability Insurance.**

**6.2.1 General requirements.** LGS, at its own cost and expense, shall maintain commercial general and automobile liability insurance for the term of this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence, combined single limit coverage for risks associated with the work contemplated by this Agreement. LGS shall additionally maintain commercial general liability in an amount not less than TWO MILLION DOLLARS (\$2,000,000) aggregated for bodily injury, personal injury, and property damage. If a Commercial General Liability Insurance or an Automobile Liability form or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the work to be performed under this Agreement or the general aggregate limit shall be at least twice the required occurrence limit. Such coverage shall include but shall not be limited to, protection against claims arising from bodily and personal injury, including death resulting therefrom, and damage to property resulting from activities contemplated under this Agreement, including the use of owned and non-owned automobiles.

**6.2.2 Minimum scope of coverage.** Commercial general coverage shall be at least as broad as Insurance Services Office Commercial General Liability occurrence form CG 0001 or GL 0002 (most recent editions) covering comprehensive General Liability and Insurance Services

Office form number GL 0404 covering Broad Form Comprehensive General Liability. Automobile coverage shall be at least as broad as Insurance Services Office Automobile Liability form CA 0001 (ed. 12/90) Code 8 and 9. No endorsement shall be attached limiting the coverage.

**6.2.3 Additional requirements.** Each of the following shall be included in the insurance coverage or added as an endorsement to the policy:

- a. AGENCY and its officers, employees, agents, and volunteers shall be covered as insureds with respect to each of the following: liability arising out of activities performed by or on behalf of LGS including the insured's general supervision of LGS; products and completed operations; premises owned, occupied, or used by LGS; and automobiles owned, leased, or used by LGS. The coverage shall contain no special limitations on the scope of protection afforded to AGENCY or its officers, employees, agents, or volunteers.
- b. The insurance shall cover on an occurrence or an accident basis, and not on a claims-made basis.
- c. An endorsement must state that coverage is primary insurance with respect to the AGENCY and its officers, officials, employees and volunteers, and that no insurance or self-insurance maintained by the AGENCY shall be called upon to contribute to a loss under the coverage.
- d. An endorsement shall state that coverage shall not be suspended, voided, cancelled by either party, or reduced in coverage or in limits, except following reasonable notice to the AGENCY.

**6.3 Professional Liability Insurance.** Upon written request of AGENCY, LGS, at its own cost and expense, shall maintain for the period covered by this Agreement professional liability insurance for licensed professionals performing work pursuant to this Agreement in an amount not less than ONE MILLION DOLLARS (\$1,000,000) covering the licensed professionals' errors and omissions.

**6.3.1** Any deductible or self-insured retention shall not exceed \$1,000 per claim.

**6.3.2** An endorsement shall state that coverage shall not be suspended, voided, canceled by either party, reduced in

coverage or in limits, except after 15 days' prior written notice has been given to the AGENCY.

- 6.3.3** The following provisions shall apply if the professional liability coverages are written on a claims-made form:
- a. The retroactive date of the policy must be shown and must be before the date of the Agreement.
  - b. Insurance must be maintained and evidence of insurance must be provided for at least five years after completion of the Agreement or the work, so long as commercially available at reasonable rates.
  - c. If coverage is canceled or not renewed and it is not replaced with another claims-made policy form with a retroactive date that precedes the date of this Agreement, LGS must provide extended reporting coverage for a minimum of 5 years after completion of the Agreement or the work. The AGENCY shall have the right to exercise, at LGS's sole cost and expense, any extended reporting provisions of the policy, if LGS cancels or does not renew the coverage.
  - d. A copy of the claim reporting requirements must be submitted to the AGENCY prior to the commencement of any work under this Agreement.

#### **6.4 All Policies Requirements.**

**6.4.1 Acceptability of insurers.** All insurance required by this section is to be placed with insurers with a Bests' rating of no less than A:VII.

**6.4.2 Verification of coverage.** Prior to beginning any work under this Agreement, LGS shall furnish AGENCY with notifications of coverage and with original endorsements effecting coverage required herein. The notifications and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The AGENCY reserves the right to require complete, certified copies of all required insurance policies, at any time.

**6.4.3 Subcontractors.** LGS shall include all subcontractors as insureds under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein.

**6.4.4 Variation.** The AGENCY may approve a variation in the foregoing insurance requirements, upon a determination

that the coverages, scope, limits, and forms of such insurance are either not commercially available, or that the AGENCY'S interests are otherwise fully protected.

**6.4.5 Deductibles and Self-Insured Retentions.** LGS shall disclose to and obtain the approval of AGENCY for the self-insured retentions and deductibles before beginning any of the services or work called for by any term of this Agreement.

During the period covered by this Agreement, only upon the prior express written authorization of AGENCY'S Chief Executive Officer, LGS may increase such deductibles or self-insured retentions with respect to AGENCY, its officers, employees, agents, and volunteers. The AGENCY'S Chief Executive Officer may condition approval of an increase in deductible or self-insured retention levels with a requirement that LGS procure a bond, guaranteeing payment of losses and related investigations, claim administration, and defense expenses that is satisfactory in all respects to each of them.

**6.4.6 Notice of Reduction in Coverage.** In the event that any coverage required by this section is reduced, limited, or materially affected in any other manner, LGS shall provide written notice to AGENCY at LGS's earliest possible opportunity and in no case later than five days after LGS is notified of the change in coverage.

**6.5 Remedies.** In addition to any other remedies AGENCY may have if LGS fails to provide or maintain any insurance policies or policy endorsements to the extent and within the time herein required, AGENCY may, at its sole option exercise any of the following remedies, which are alternatives to other remedies AGENCY may have and are not the exclusive remedy for LGS's breach:

- Obtain such insurance and deduct and retain the amount of the premiums for such insurance from any sums due under the Agreement;
- Order LGS to stop work under this Agreement or withhold any payment that becomes due t hereunder, or both stop work and withhold any payment, until LGS demonstrates compliance with the requirements hereof; and/or
- Terminate this Agreement.

## **Section 7. Legal Requirements.**

- 7.1 Governing Law.** The laws of the State of California shall govern this Agreement.
- 7.2 Compliance with Applicable Laws.** LGS and any subcontractors shall comply with all laws applicable to the performance of the work hereunder.
- 7.3 Other Governmental Regulations.** To the extent that this Agreement may be funded by fiscal assistance from another governmental entity, LGS and any subcontractors shall comply with all applicable rules and regulations to which AGENCY is bound by the terms of such fiscal assistance program.
- 7.4 Licenses and Permits.** LGS represents and warrants to AGENCY that LGS and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals of whatsoever nature that are legally required to practice their respective professions and that LGS is authorized by law to provide the services contemplated by this agreement. LGS represents and warrants to AGENCY that LGS and its employees, agents, and subcontractors shall, at their sole cost and expense, keep in effect at all times during the term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions.
- 7.5 Nondiscrimination and Equal Opportunity.** LGS shall not discriminate, on the basis of a person's race, religion, color, national origin, age, physical or mental handicap or disability, medical condition, marital status, sex, or sexual orientation, against any employee, applicant for employment, subcontractor, bidder for a subcontract, or participant in, recipient of, or applicant for any services or programs provided under this Agreement. LGS shall comply with all applicable federal, state, and Local laws, policies, rules, and requirements related to equal opportunity and nondiscrimination in employment, contracting, and the provision of any services that are the subject of this Agreement.

## **Section 8. Keeping and Status of Records.**

- 8.1 Records Created as Part of LGS's Performance.** All reports, data, maps, models, charts, studies, surveys, photographs, memoranda, plans, studies, specifications, records, files, or any other documents or materials, in electronic or any other form, that LGS prepares or obtains pursuant to this Agreement and that relate to the matters covered hereunder shall be the property of the

AGENCY. LGS hereby agrees to deliver those documents to the AGENCY upon termination of the Agreement. It is understood and agreed that the documents and other materials, including but not limited to those described above, prepared pursuant to this Agreement are prepared specifically for the AGENCY and are not necessarily suitable for any future or other use.

**8.2 Confidential Information.** LGS shall hold any confidential information received from AGENCY in the course of performing this Agreement in trust and confidence and will not reveal such confidential information to any person or entity, either during the term of the Agreement or at any time thereafter. Upon expiration of this Agreement, or termination as provided herein, LGS shall return materials which contain any confidential information to AGENCY. For purposes of this paragraph, confidential information is defined as all information disclosed to LGS which relates to AGENCY past, present, and future activities, as well as activities under this Agreement, which information is not otherwise of public record under California law. AGENCY shall notify LGS what information and documents are confidential and thus subject to this section 8.2.

**8.3 LGS's Books and Records.** LGS shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks, and other records or documents evidencing or relating to charges for services or expenditures and disbursements charged to the AGENCY under this Agreement for a minimum of 3 years, or for any longer period required by law, from the date of final payment under this Agreement.

**8.4 Inspection and Audit of Records.** Any records or documents that Section 8.2 of this Agreement requires LGS to maintain shall be made available for inspection, audit, and/or copying at any time during regular business hours, upon oral or written request of the AGENCY. Under California Government Code Section 8546.7, if the amount of public funds expended under this Agreement exceeds \$10,000.00, the Agreement shall be subject to the examination and audit of the State Auditor, at the request of AGENCY or as part of any audit of the AGENCY, for a period of 3 years after final payment under the Agreement.

**Section 8. Non-assignment.** This Agreement is not assignable either in whole or in part without the written consent of the other party.

**Section 9. Amendments.** This Agreement may be amended or modified only by written agreement signed by both Parties.

**Section 10. Validity** The invalidity, in whole or in part, of any provisions of this Agreement shall not void or affect the validity of any other provisions of this Agreement.

**Section 11. Governing Law/Attorneys Fees**. This Agreement shall be governed by the laws of the State of California and any suit or action initiated by either party shall be brought in San Mateo County, California. In the event of litigation between the Parties hereto to enforce any provision of the Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs of litigation.

**Section 12. Mediation**. Should any dispute arise out of this Agreement, the Parties shall meet in mediation and attempt to reach a resolution with the assistance of a mutually acceptable mediator. Neither Party shall be permitted to file legal action without first meeting in mediation and making a good faith attempt to reach a mediated resolution. The costs of the mediator, if any, shall be paid equally by the Parties. If a mediated settlement is reached, neither Party shall be deemed the prevailing party for purposes of the settlement and each Party shall bear its own legal costs.

**Section 13. Entire Agreement**. This Agreement, including Exhibit A, comprises the entire Agreement.

**Section 14. Indemnity**

**14.1 LGS's indemnity obligations**. LGS will defend and indemnify AGENCY, and hold it harmless, from any claim, demand or liability that is related to, or results from the manner in which LGS has performed this Agreement. Thus, LGS's indemnity obligations will arise when any claim or demand is made against AGENCY which premises AGENCY'S liability, in whole or in part, upon any of the following:

- a. the quality or character of the work of LGS's employees or subcontractors;
- b. the negligent acts or omissions of LGS or its officers, directors, employees, or agents; or
- c. the willful misconduct of LGS or its officers, directors, employees, or agents.

Further, LGS will defend and indemnify AGENCY, and hold it harmless, from any claim, demand or liability that is related to, or results from an assertion that as a result of providing services to AGENCY, an LGS employee or a person performing work pursuant to this agreement is entitled to benefits from, or is covered by, the Social Security retirement system or the California Public Employee Retirement Systems. Notwithstanding the foregoing, however, LGS's obligation for any payments to such a claimant shall be

limited to those payments which AGENCY may be required to pay.

**14.2 AGENCY'S indemnity obligations.** AGENCY shall indemnify, defend and hold harmless LGS and its officers, directors, employees and agents from any and all claims and lawsuits where such persons are named in the lawsuit solely by virtue of the position they hold with AGENCY, or solely because of a duty any of them performs while in that position.

It is the intent of the parties here to define indemnity obligations that are related to or arise out of AGENCY'S actions as a governmental entity. Thus, AGENCY shall be required to indemnify and defend only under circumstances where a cause of action is stated against LGS, its employees or agents:

- a. which is unrelated to the skill they have used in the performance of the duties delegated to them under this Agreement;
- b. when the allegations in such cause of action do not suggest the active fraud or other misconduct of LGS, its employees, or agents; and
- c. where an AGENCY employee, if he had been acting in a like capacity, otherwise would be acting within the scope of that employment.

Whenever AGENCY owes a duty hereunder to indemnify LGS, its employees or agents, AGENCY further agrees to pay LGS a reasonable fee for all time spent by any LGS employee, or spent by any person who has performed work pursuant to this agreement, for the purpose of preparing for or testifying in any suit, action, or legal proceeding in connection with the services she has provided under this Agreement.

**Section 15. Notices.** All notices required by this Agreement shall be given to AGENCY and LGS in writing, by first class mail, postage prepaid, addressed as follows:

AGENCY: City of Rohnert Park  
130 Avram Avenue  
Rohnert Park, CA 94928

LGS: Local Government Services Authority  
P. O. Box 1350  
Carmel Valley, CA 94061

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date first written by their respective officers duly authorized on their behalf.

DATED: \_\_\_\_\_, 2010 **ROHNERT PARK**

By: \_\_\_\_\_  
Daniel Schwarz, Interim City Manager

APPROVED AS TO FORM:

DATED: \_\_\_\_\_, 2010 By: \_\_\_\_\_  
Michelle Marchetta Kenyon, City Attorney

DATED: \_\_\_\_\_, 2010 **LOCAL GOVERNMENT SERVICES**

By: \_\_\_\_\_  
Richard H. Averett, Executive Director

APPROVED AS TO FORM:

DATED: \_\_\_\_\_, 2010 By: \_\_\_\_\_  
Sky Woodruff, Authority Counsel

## **EXHIBIT A SCOPE OF SERVICES**

LGS shall assign an LGS employee or employees to serve as the AGENCY's Interim Projects Manager which position requires performing the functions as described below:

- Perform the functions as assigned.
- Be reasonably available to perform the services during the normal work week, as agreed upon.
- Meet regularly and as often as necessary for the purpose of consulting about the scope of work performed.
- Perform related Projects Manager work as required.

Such employee(s) may perform services at the AGENCY offices available in Rohnert Park or at other locations.

LGS will provide Projects Manager services for up to one year from the date services commence pursuant to this agreement, subject to the provisions of Section 2 related to termination.

## **COMPENSATION**

1. **Fees.** The AGENCY agrees to pay to LGS the full cost of compensation and support, as shown in Exhibit A, for the assigned LGS employee(s). Compensation is shown on an hourly basis.

LGS and AGENCY acknowledge and agree that compensation paid by AGENCY to LGS under this Agreement is based upon LGS's costs of providing the services required hereunder, including salaries and benefits of employees. Consequently, the parties agree that adjustments to the hourly rate shown below for "LGS Staff" will be made for changes to the salary and/or benefits costs provided by LGS to such employee. The parties further agree that compensation hereunder is intended to include the costs of contributions to any pensions and/or annuities for which LGS may be obligated for its employees or may otherwise be contractually obligated.

2. **Reimbursement of LGS's Administrative Cost.** The AGENCY shall reimburse LGS for overhead as part of the hourly rate specified below, and direct external costs. Support overhead costs are those expenses necessary to administering this Agreement, and are included in the hourly rate. Direct external costs will be invoiced to the AGENCY when received and without mark-up. These external costs will be due upon receipt.
3. **Terms of Payment.** LGS shall submit invoices monthly for the prior month's services. Invoices shall be sent approximately 10 days after the end of the month for which services were provided and are due and shall be delinquent if not paid

within 20 days of receipt. Delinquent payments will be subject to a late payment carrying charge computed at a periodic rate of 1% per month, which is an annual percentage rate of 12%, which will be applied to any unpaid balance owed commencing 7 days after the payment due date. Additionally, in the event the AGENCY fails to pay any undisputed amounts due to LGS within 15 days after payment due date, then the AGENCY agrees that LGS shall have the right to consider said default a total breach of this Agreement and the duties of LGS under this Agreement may be terminated by LGS upon 10 working days advance written notice.

4. **Hiring LGS Employees.** Should the AGENCY desire to offer permanent or temporary employment to an LGS employee who is either currently assigned to the AGENCY or has been assigned to the AGENCY within the previous six months, said AGENCY will be charged a fee equal to the full-time cost of the LGS employee for one month, using the most recent LGS bill rate for the LGS employee's services to the Agency. This fee is to recover LGS' expenses in recruiting the former and replacement LGS staff.

Payment Address. All payments due LGS shall be paid to:  
LGS  
C/O McGilloway & Ray Accounting and Consulting  
2511 Garden Road, Suite A-180  
Monterey, CA 93940-5381.

#### **LGS STAFF**

<b>NAME</b>	<b>POSITION</b>	<b>HOURLY RATE</b>
John Chung	Interim Projects Mgr.	\$89.30

Total annual cost for this agreement is expected to be \$123,000 and it is anticipated that the Projects Manager will work approximately 32 hours a week. The start date for the services to be performed is on or about April 28, 2010, and this agreement is anticipated to remain in force through April 30, 2011 unless extended by mutual consent of both parties.



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

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

**EC Meeting: 6-10-10**  
**Item: 4A**

## RECOMMENDATION

No action is required of the Executive Committee. These are informational financial reports through April 2010 month-end, and are attached for review. All reports are draft and preliminary.

## P&L ANALYSIS

Through April 2010, the net income for the JPAs was as follows:

- LGS net income equals \$417,859 for the fiscal-year-to-date (FYTD). The balance sheet shows Total Equity of \$1,042,324.
- RGS net income equals \$235,352 for the FYTD. The balance sheet shows Total Equity of \$295,086.
- Combined LGS/RGS net income equals \$653,211 for the 2010 FYTD. Combined Total Equity equals \$1,337,409.

Accruals for earned but not paid leave time have not been posted to the financials. This usually occurs at the conclusion of the fiscal year. The results shown are preliminary estimates. Combined financial performance has continued the positive trend begun March 2007. This increase is the result of increased client services revenue outstripping more modestly increasing support costs for accounting, technology and administrative services.

Several factors are or could dampen future fiscal performance:

1. Loss of a major client (with 10 or more assigned staff) would negatively impact financial performance. No such loss is anticipated through the remainder of the current fiscal year. Consortium IV has already eliminated the need for one training position, with the remaining four positions scheduled for elimination in July 2010. The loss of C-IV staffing is expected to be more than offset by MEA staffing increases.
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 cost increases are expected for Human Resources management, financial services and administrative support. These increases will remain well below client revenues, but are expected to moderate the high net gain shown to-date.
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 2009 through April 2010

	<u>Admin - JPAs</u>	<u>C-IV</u>	<u>MTA</u>	<u>MTC</u>	<u>SBWMA</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
440301 · Client Billings	0.00	0.00	64,078.00	1,295,469.25	133,659.07
440410 · Client Administrative Fees	0.00	71,452.40	-8,043.50	2,328.00	5,750.00
440600 · General Liability/EAP	0.00	0.00	0.00	0.00	1,180.00
480000 · Miscellaneous	0.00	0.00	0.00	8,275.00	3,750.00
<b>Total Income</b>	<u>0.00</u>	<u>71,452.40</u>	<u>56,034.50</u>	<u>1,306,072.25</u>	<u>144,339.07</u>
<b>Expense</b>					
511010 · Salaries - Regular	-0.02	52,762.80	44,145.78	797,462.77	103,001.45
512002 · Medicare Employer Expense	0.00	768.89	562.14	11,556.07	1,460.69
512005 · Health Insurance Expense	2.58	4,434.48	1,891.69	82,078.55	12,760.60
512006 · Dental Insurance Expense	0.00	1,670.00	881.90	10,931.46	1,714.98
512007 · Vision Insurance Expense	6.61	252.87	173.18	2,518.86	390.01
512008 · Life Insurance Expense	678.80	180.96	153.13	2,484.34	342.28
512009 · Long Term Disability Expense	4.96	311.71	260.80	4,281.14	588.68
512010 · Stars 401A Expense	0.00	0.00	0.00	0.00	1,927.52
512011 · Stars 457 Expense	0.00	0.00	0.00	0.00	0.00
512012 · Calpers Retirement Expense	-1,475.18	9,261.32	8,065.36	137,958.80	9,621.24
512014 · Short Term Disability Expense	3.23	309.37	258.71	4,230.65	582.40
512015 · Unemployment Insurance Expense	0.00	0.00	0.00	0.00	0.00
520202 · Bank Fees & Services	178.42	0.00	0.00	0.00	0.00
520302 · Legal Services	0.00	0.00	0.00	-155.50	0.00
520503 · Conferences & Meetings	0.00	1,500.00	0.00	0.00	0.00
520801 · Mileage Reimbursement	0.00	0.00	-23.42	0.00	0.00
521109 · Interest Expense	89.69	0.00	0.00	0.00	0.00
529997 · Administrative Services - RGS	510.91	0.00	0.00	7,519.07	0.00
<b>Total Expense</b>	<u>0.00</u>	<u>71,452.40</u>	<u>56,369.27</u>	<u>1,060,866.21</u>	<u>132,389.85</u>
<b>Net Ordinary Income</b>	0.00	0.00	-334.77	245,206.04	11,949.22
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
529998 · Allocated Admin. Services - RGS	0.00	0.00	3,336.41	77,766.33	8,594.26
<b>Total Other Expense</b>	<u>0.00</u>	<u>0.00</u>	<u>3,336.41</u>	<u>77,766.33</u>	<u>8,594.26</u>
<b>Net Other Income</b>	<u>0.00</u>	<u>0.00</u>	<u>-3,336.41</u>	<u>-77,766.33</u>	<u>-8,594.26</u>
<b>Net Income</b>	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>-3,671.18</u></u>	<u><u>167,439.71</u></u>	<u><u>3,354.96</u></u>

**Local Government Services**  
**Profit & Loss by Class**  
July 2009 through April 2010

	<u>TAM</u>	<u>TJPA</u>	<u>WTA</u>	<u>Unclassified</u>	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
440301 · Client Billings	1,388,021.82	1,544,057.78	0.00	0.00	4,425,285.92
440410 · Client Administrative Fees	0.00	62,832.00	0.00	0.00	134,318.90
440600 · General Liability/EAP	0.00	12,580.00	0.00	0.00	13,760.00
480000 · Miscellaneous	0.00	32,010.00	9,000.00	0.00	53,035.00
<b>Total Income</b>	<u>1,388,021.82</u>	<u>1,651,479.78</u>	<u>9,000.00</u>	<u>0.00</u>	<u>4,626,399.82</u>
<b>Expense</b>					
511010 · Salaries - Regular	809,564.40	1,099,066.08	0.00	0.00	2,906,003.26
512002 · Medicare Employer Expense	11,713.54	16,066.93	0.00	0.00	42,128.26
512005 · Health Insurance Expense	50,415.06	74,128.08	0.00	0.00	225,711.04
512006 · Dental Insurance Expense	10,021.06	11,533.96	0.00	0.00	36,753.36
512007 · Vision Insurance Expense	2,364.36	2,699.21	0.00	0.00	8,405.10
512008 · Life Insurance Expense	2,649.48	3,763.31	0.00	0.00	10,252.30
512009 · Long Term Disability Expense	4,541.58	6,051.07	0.00	0.00	16,039.94
512010 · Stars 401A Expense	0.00	12,794.59	0.00	0.00	14,722.11
512011 · Stars 457 Expense	0.00	0.00	0.00	0.00	0.00
512012 · Calpers Retirement Expense	137,844.44	191,894.90	0.00	0.00	493,170.88
512014 · Short Term Disability Expense	4,262.43	5,118.57	0.00	0.00	14,765.36
512015 · Unemployment Insurance Expense	0.00	0.00	9,000.00	0.00	9,000.00
520202 · Bank Fees & Services	0.00	0.00	0.00	0.00	178.42
520302 · Legal Services	0.00	0.00	0.00	0.00	-155.50
520503 · Conferences & Meetings	0.00	0.00	0.00	0.00	1,500.00
520801 · Mileage Reimbursement	0.00	0.00	0.00	0.00	-23.42
521109 · Interest Expense	0.00	0.00	0.00	0.00	89.69
529997 · Administrative Services - RGS	54,961.04	95,797.70	0.00	0.00	158,788.72
<b>Total Expense</b>	<u>1,088,337.39</u>	<u>1,518,914.40</u>	<u>9,000.00</u>	<u>0.00</u>	<u>3,937,329.52</u>
<b>Net Ordinary Income</b>	299,684.43	132,565.38	0.00	0.00	689,070.30
<b>Other Income/Expense</b>					
<b>Other Expense</b>					
529998 · Allocated Admin. Services - RGS	82,645.78	98,332.63	535.87	0.00	271,211.28
<b>Total Other Expense</b>	<u>82,645.78</u>	<u>98,332.63</u>	<u>535.87</u>	<u>0.00</u>	<u>271,211.28</u>
<b>Net Other Income</b>	<u>-82,645.78</u>	<u>-98,332.63</u>	<u>-535.87</u>	<u>0.00</u>	<u>-271,211.28</u>
<b>Net Income</b>	<u><u>217,038.65</u></u>	<u><u>34,232.75</u></u>	<u><u>-535.87</u></u>	<u><u>0.00</u></u>	<u><u>417,859.02</u></u>

**Local Government Services**  
**Balance Sheet**  
 As of April 30, 2010

**ASSETS**

**Current Assets**

**Checking/Savings**

110010 · Wells Fargo - Cash -52,546.22

**Total Checking/Savings** -52,546.22

**Accounts Receivable**

131320 · Accounts Receivable - Trade 562,434.59

**Total Accounts Receivable** 562,434.59

**Other Current Assets**

143006 · Due from RGS 1,603,507.55

**Total Other Current Assets** 1,603,507.55

**Total Current Assets** 2,113,395.92

**TOTAL ASSETS** 2,113,395.92

**LIABILITIES & EQUITY**

**Liabilities**

**Current Liabilities**

**Accounts Payable**

222001 · Accounts Payable - RGS 49,623.47

**Total Accounts Payable** 49,623.47

**Other Current Liabilities**

214055 · Due to RGS 8,043.50

221001 · Calpers Retirement Liab 24,333.35

221003 · 457/401A Retirement Liab 8,594.17

221006 · FSA Health & Day Care 2,486.72

221009 · General Liability Insurance -500.00

221015 · Health Insurance Liability -27,234.90

221016 · Long Term Disability Liability -1,620.77

221017 · Short Term Disability Liability -1,486.41

221023 · Dental Insurance Liability -3,140.53

221024 · Vision Insurance Liability 39.57

221025 · Life Insurance/AD&D Liability -911.61

230060 · Accrued Salaries, Wages & Taxes 137,469.46

240010 · Deferred Revenue 479,750.00

240011 · Refundable Deposits 240,000.00

250001 · Accrued Vacation, Sick & Admin 387,422.31

250002 · Contra Vacation, Sick and Admin -231,796.06

**Total Other Current Liabilities** 1,021,448.80

**Total Current Liabilities** 1,071,072.27

**Total Liabilities** 1,071,072.27

**Equity**

370000 · Fund Bal Unreserved/Unrestrictd 209,129.99

3900 · Retained Earnings 415,334.64

Net Income 417,859.02

**Total Equity** 1,042,323.65

**TOTAL LIABILITIES & EQUITY** 2,113,395.92



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

**TO:** EXECUTIVE COMMITTEE  
**FROM:** RICHARD H. AVERETT, CFO/Treasurer  
**SUBJECT:** PAYMENTS MADE IN MARCH AND APRIL 2010

**EC Meeting: 6-10-10**  
**Item: 4B**

## **RECOMMENDATION**

Review and approve expenditures made by the JPA for the months of March and April 2010.

## **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 investment pool. 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 FY2010 budget or in subsequently approved action by the Executive Committee.

**Local Government Services**  
**Account QuickReport**  
As of March 31, 2009

Type	Date	Num	Name	Memo	Amount	Balance
<b>110010 - Wells Fargo - Cash</b>						<b>-32,601.75</b>
Check	03/02/2009	1503	Vision Service Plan	March premiums	-823.06	-33,424.81
Deposit	03/02/2009		RGS	ZBA transfer	1,911.67	-31,513.14
Deposit	03/03/2009		RGS	ZBA transfer	3,898.09	-27,615.05
Deposit	03/04/2009		RGS	ZBA transfer	26,791.99	-823.06
Check	03/05/2009	1502	CalPers	H2009031816000	-22,581.25	-23,404.31
Deposit	03/05/2009		RGS	ZBA transfer	130,905.12	107,500.81
Check	03/05/2009	EFT	ADP FWH/SWH/Med	2/28/09 payroll taxes	-29,226.13	78,274.68
Check	03/05/2009	EFT	ADP FWH/SWH/Med	2/28/09 payroll garnishment	-100.00	78,174.68
Check	03/05/2009	EFT	ADP Net Checks	2/28/09 payroll	-101,578.99	-23,404.31
Deposit	03/06/2009		RGS	ZBA transfer	29,499.65	6,095.34
Check	03/06/2009	EFT	AIG Retirement	2/28/09 457	-6,216.77	-121.43
Check	03/06/2009	EFT	AIG Retirement	2/28/09 401	-701.63	-823.06
Deposit	03/09/2009		RGS	ZBA transfer	823.06	0.00
Check	03/13/2009	1504	CalPers - Retirement	02/15/09	-25,204.95	-25,204.95
Check	03/13/2009	1505	Flex-Plan Services, Inc.	Feb 28th premiums	-1,911.67	-27,116.62
Bill Pmt -Check	03/13/2009	EFT	ADP Fees	02/28 payroll	-265.10	-27,381.72
Deposit	03/13/2009		RGS	ZBA Deposit	25,470.05	-1,911.67
Deposit	03/17/2009		RGS	ZBA Deposit	1,911.67	0.00
Deposit	03/19/2009		RGS	ZBA Deposit	135,030.98	135,030.98
Check	03/19/2009	EFT	ADP FWH/SWH/Med	03/15 payroll	-30,662.08	104,368.90
Check	03/19/2009	EFT	ADP Net Checks	03/15 payroll	-104,268.90	100.00
Check	03/19/2009	EFT	ADP FWH/SWH/Med	03/15 payroll garnishment	-100.00	0.00
Check	03/20/2009	EFT	AIG Retirement	3/15/09 401	-701.63	-701.63
Check	03/20/2009	EFT	AIG Retirement	3/15/09 457	-6,216.77	-6,918.40
Deposit	03/20/2009		RGS	ZBA Deposit	7,091.72	173.32
Check	03/20/2009	EFT	Wells Fargo	Bank service fee	-173.32	0.00
Check	03/23/2009	1506	Allied Administrators	Apr 09 premium	-3,619.69	-3,619.69
Check	03/25/2009	1507	Flex-Plan Services, Inc.	March 15 premiums	-1,911.67	-5,531.36
Check	03/25/2009	1508	CalPers - Retirement	02/28/09	-25,224.15	-30,755.51
Deposit	03/25/2009		RGS	ZBA Deposit	3,619.69	-27,135.82
Deposit	03/26/2009		RGS	ZBA Deposit	27,135.82	0.00
Check	03/27/2009	EFT	ADP Fees	03/15/09 Payroll	-236.55	-236.55
Check	03/27/2009	1511	Department of Homeland Security	Form I-129 Vamsi Tabjulu	-320.00	-556.55
Check	03/27/2009	1512	Department of Homeland Security	CIS Education & Training Fee Vamsi Tabjulu	-1,500.00	-2,056.55
Check	03/27/2009	1513	Department of Homeland Security	CIS Fraud Detection Fee Vamsi Tabjulu	-500.00	-2,556.55
Deposit	03/27/2009		RGS	ZBA Deposit	236.55	-2,320.00
Check	03/30/2009	1509	Reliance	April premiums	-4,118.39	-6,438.39
Deposit	03/31/2009		RGS	ZBA Deposit	4,118.39	-2,320.00
Total 110010 - Wells Fargo - Cash					<u>30,281.75</u>	<u>-2,320.00</u>
<b>TOTAL</b>					<u><b>30,281.75</b></u>	<u><b>-2,320.00</b></u>

**Local Government Services**  
**Account QuickReport**  
As of April 30, 2009

110010 - Wells Fargo - Cash	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>
							<b>-2,320.00</b>
	Check	04/06/2009	EFT	ADP FWH/SWH/Med	03/31 payroll taxes	-33,692.17	-36,012.17
	Check	04/06/2009	EFT	ADP Net Checks	03/31 payroll	-112,059.56	-148,071.73
	Check	04/06/2009	EFT	ADP FWH/SWH/Med	03/31 payroll garnishment	-100.00	-148,171.73
	Deposit	04/06/2009			ZBA Deposit	145,851.73	-2,320.00
	Check	04/07/2009	EFT	AIG Retirement	3/31/09 401	-774.37	-3,094.37
	Check	04/07/2009	EFT	AIG Retirement	3/31/09 457	-7,461.23	-10,555.60
	Deposit	04/07/2009			ZBA Depos	8,235.60	-2,320.00
	Check	04/08/2009	1510	CalPers	H2009041816000	-22,795.14	-25,115.14
	Deposit	04/09/2009			ZBA Depos	22,795.14	-2,320.00
	Check	04/10/2009	1514	CalPers - Retirement	03/15/09	-25,405.09	-27,725.09
	Check	04/10/2009	1515	Flex-Plan Services, Inc.	March 31 premiums	-1,911.67	-29,636.76
	Check	04/10/2009	1516	Vision Service Plan	April premiums	-823.06	-30,459.82
	Bill Pmt -Check	04/10/2009	EFT	ADP Fees	3/31 payroll	-267.65	-30,727.47
	Deposit	04/10/2009			ZBA Depos	267.65	-30,459.82
	Check	04/11/2009	1517	Lopez, Elizabeth	Reimburse March mileage	-15.63	-30,475.45
	Deposit	04/13/2009			ZBA Depos	1,911.67	-28,563.78
	Deposit	04/14/2009			ZBA Depos	27,740.72	-823.06
	Deposit	04/15/2009			ZBA Depos	823.06	0.00
	Bill Pmt -Check	04/17/2009	EFT	ADP Fees	4/15 payroll	-239.10	-239.10
	Deposit	04/20/2009			ZBA Depos	163.55	-75.55
	Check	04/20/2009	EFT	Wells Fargo	Bank service fee	-163.55	-239.10
	Check	04/21/2009	EFT	ADP Net Checks	04/15 payroll	-109,795.18	-110,034.28
	Check	04/21/2009	EFT	ADP FWH/SWH/Med	04/15 p/r taxes	-32,208.48	-142,242.76
	Check	04/21/2009	EFT	ADP FWH/SWH/Med	04/15 payroll garnishment Pare	-100.00	-142,342.76
	Check	04/21/2009	EFT	AIG Retirement	04/15/09 401 EFT	-731.44	-143,074.20
	Check	04/21/2009	EFT	AIG Retirement	04/15/09 457 EFT	-7,457.35	-150,531.55
	Deposit	04/21/2009			ZBA Depos	142,103.66	-8,427.89
	Check	04/22/2009	1519	Nachtigall, Alysha	Retro Pay For 2/2/09 to 4/15/09	-2,575.48	-11,003.37
	Deposit	04/22/2009			ZBA Depos	8,188.79	-2,814.58
	Check	04/23/2009	1518	Allied Administrators	May premium	-3,894.78	-6,709.36
	Check	04/24/2009	1523	Flex-Plan Services, Inc.	April 15th premiums	-1,911.67	-8,621.03
	Deposit	04/24/2009			ZBA Depos	4,133.88	-4,487.15
	Deposit	04/27/2009			ZBA Depos	2,575.48	-1,911.67
	Check	04/30/2009	1525	Lopez, Elizabeth	Reimburse April mileage	-43.52	-1,955.19
						<u>364.81</u>	<u>-1,955.19</u>
Total 110010 - Wells Fargo - Cash						<u>364.81</u>	<u>-1,955.19</u>
<b>TOTAL</b>						<u><b>364.81</b></u>	<u><b>-1,955.19</b></u>



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

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: 6-10-10**  
**Item: 4C**

## **RECOMMENDATION**

Review and accept JPA investments made through May 2010.

## **BACKGROUND**

The JPA Board of Directors approved an updated investment policy June 10, 2009, enabling the agency to invest in four vehicles: 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, and investments in CalTrust began in late-January 2009. Investment activity for the current quarter is shown in the attached table and chart.

## **FISCAL IMPACT**

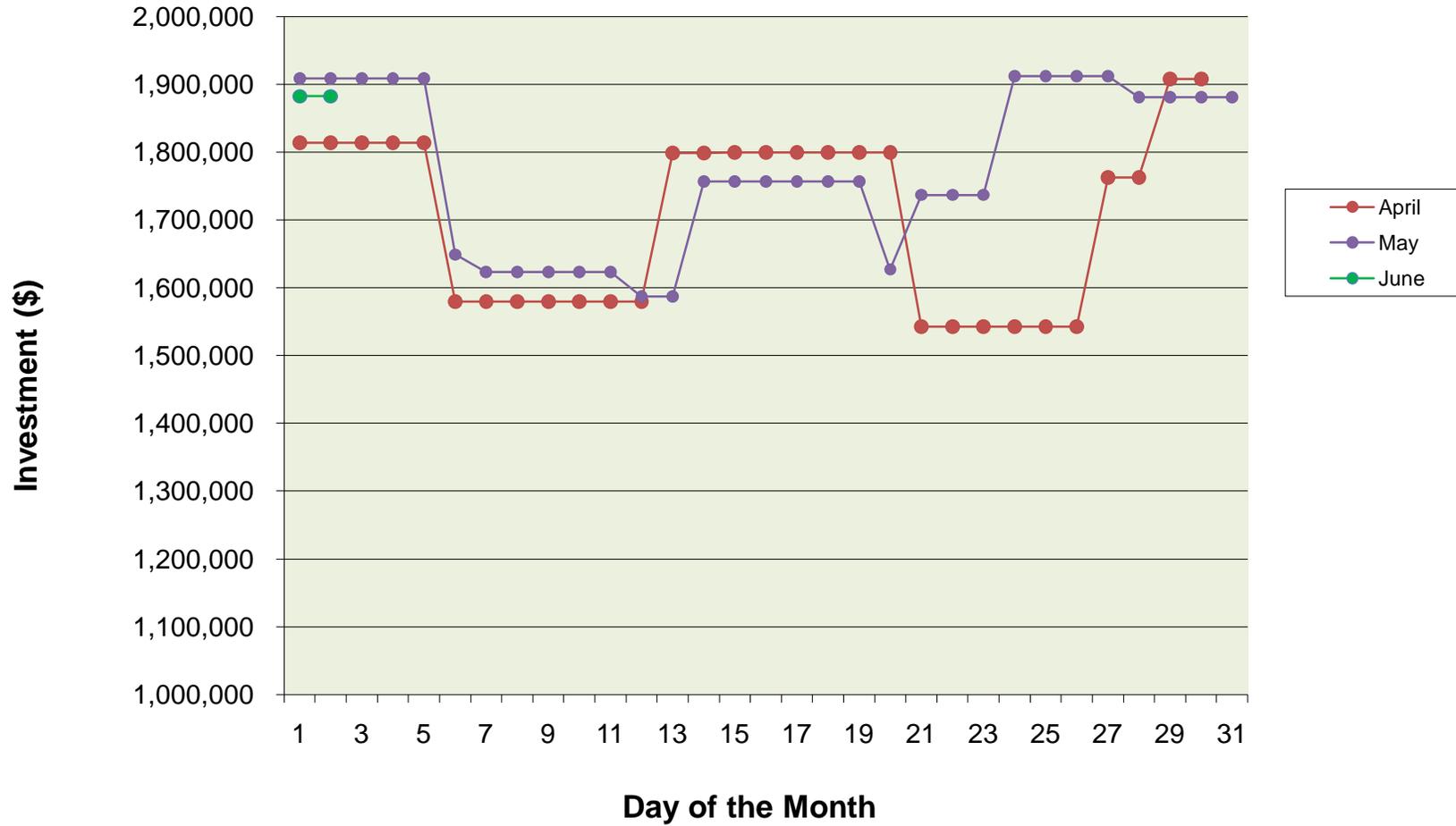
The impact of JPA LAIF and CalTrust investment activity this period is projected to yield approximately \$1,600 per month. Budgeted investment earnings are \$1,375 per month. Fiscal year 2010 earnings are expected to end the year about \$600 to \$700 below the budgeted amount of \$16,500 primarily because of declining interest earnings, partially offset by positive cash flow, close management of cash, and additional funds invested in CalTrust on March 1 and May 28, 2010. We are continuing to invest the maximum cash available, leaving only the minimum checking account balances needed to cover obligations.

Interest rate declines are moderating, and no significant decrease or increase is foreseen in the near-term. CalTrust medium term investments are currently yielding 85 to 100 basis points more than LAIF. The near-term strategy has been to increase Caltrust medium term investments and research safe alternative investment vehicles. The Board of Directors annually reviews the investment policy at their June meetings, wherein staff is recommending an update to the policy allowing investment 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 years maturity in accordance with CA Code, and are currently yielding four to five times LAIF's current yield.

## INVESTMENT REPORT FY2010

Date	Other	APRIL			Other	MAY			Other	JUNE		
		CalTrust	LAIF	Combined		CalTrust	LAIF	Combined		CalTrust	LAIF	Combined
1	-	1,061,643	752,012	1,813,655		1,062,983	845,968	1,908,951		1,314,349	567,968	1,882,317
2	-	1,061,643	752,012	1,813,655		1,062,983	845,968	1,908,951		1,314,349	567,968	1,882,317
3	-	1,061,643	752,012	1,813,655		1,062,983	845,968	1,908,951				
4	-	1,061,643	752,012	1,813,655		1,062,983	845,968	1,908,951				
5	-	1,061,643	752,012	1,813,655		1,062,983	845,968	1,908,951				
6	-	1,061,643	518,012	1,579,655		1,062,983	585,968	1,648,951				
7	-	1,061,643	518,012	1,579,655		1,062,983	559,968	1,622,951				
8	-	1,061,643	518,012	1,579,655		1,062,983	559,968	1,622,951				
9	-	1,061,643	518,012	1,579,655		1,062,983	559,968	1,622,951				
10	-	1,061,643	518,012	1,579,655		1,062,983	559,968	1,622,951				
11	-	1,061,643	518,012	1,579,655		1,062,983	559,968	1,622,951				
12	-	1,061,643	518,012	1,579,655		1,062,983	523,968	1,586,951				
13	-	1,061,643	737,012	1,798,655		1,062,983	523,968	1,586,951				
14	-	1,061,643	737,012	1,798,655		1,062,983	693,968	1,756,951				
15	-	1,061,643	737,968	1,799,611		1,062,983	693,968	1,756,951				
16	-	1,061,643	737,968	1,799,611		1,062,983	693,968	1,756,951				
17	-	1,061,643	737,968	1,799,611		1,062,983	693,968	1,756,951				
18	-	1,061,643	737,968	1,799,611		1,062,983	693,968	1,756,951				
19	-	1,061,643	737,968	1,799,611		1,062,983	693,968	1,756,951				
20	-	1,061,643	737,968	1,799,611		1,062,983	563,968	1,626,951				
21	-	1,061,643	480,968	1,542,611		1,062,983	673,968	1,736,951				
22	-	1,061,643	480,968	1,542,611		1,062,983	673,968	1,736,951				
23	-	1,061,643	480,968	1,542,611		1,062,983	673,968	1,736,951				
24	-	1,061,643	480,968	1,542,611		1,062,983	848,968	1,911,951				
25	-	1,061,643	480,968	1,542,611		1,062,983	848,968	1,911,951				
26	-	1,061,643	480,968	1,542,611		1,062,983	848,968	1,911,951				
27	-	1,061,643	700,968	1,762,611		1,062,983	848,968	1,911,951				
28	-	1,061,643	700,968	1,762,611		1,312,983	567,968	1,880,951				
29	-	1,061,643	845,968	1,907,611		1,312,983	567,968	1,880,951				
30	-	1,061,643	845,968	1,907,611		1,312,983	567,968	1,880,951				
31						1,312,983	567,968	1,880,951				
Market Value-Gain (Loss)			-	-	Market Value		567,968	(1,312,983)	Market Value		-	-
	<u>BUDGETED</u>	<u>Proj'd CT</u>	<u>Proj'd LAIF</u>	<u>CUMULATIVE</u>	<u>BUDGETED</u>	<u>Proj'd CT</u>	<u>Proj'd LAIF</u>	<u>CUMULATIVE</u>	<u>BUDGETED</u>	<u>Proj'd CT</u>	<u>Proj'd LAIF</u>	<u>CUMULATIVE</u>
	<u>EARNINGS</u>	<u>mo. Int.</u>	<u>mo. Int.</u>	<u>Budget/Proj'd</u>	<u>EARNINGS</u>	<u>mo. Int.</u>	<u>mo. Int.</u>	<u>Budget/Proj'd</u>	<u>EARNINGS</u>	<u>mo. Int.</u>	<u>mo. Int.</u>	<u>Budget/Proj'd</u>
<b>Budget</b>	\$1,375			\$13,750	\$1,375			\$15,125	\$1,375			\$16,500
<b>Est. Earn.</b>		\$1,340	\$290	\$12,607	\$0	1366	301	\$14,274				\$14,274

# COMBINED INVESTMENTS





# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

**TO:** EXECUTIVE COMMITTEE **EC Meeting: 06-10-10**  
**FROM:** RICHARD H. AVERETT, CFO/Treasurer **Item: 4D**  
**SUBJECT: APPROVAL OF AUDIT REPORTS FOR FISCAL YEAR ENDING JUNE 30, 2009**

## **RECOMMENDATION**

Review and approve the independent audit reports for fiscal year 2009, along with review of accompanying SAS 114 Letter.

## **BACKGROUND**

The outside audit firm of Mayer Hoffman McCann, P.C. was retained to complete the fiscal year (FY) 2007 and FY 2008 audits of both Local and Regional Government Services Authorities. Mayer Hoffman was retained to perform the FY2009 audits, and the audits were finalized distributed electronically and in hardcopy form earlier this year. All audit reports are posted to the JPA's web site.

## **AUDIT RESULTS**

Summaries of LGS and RGS audit results are below, with more information and analysis in the Management Discussion and Analysis section of each audit report. Overall, the FY2009 audit results indicate continuation of very positive financial results based on a sound business model. These financial results better enable the JPAs to provide quality services to our clients and employees.

### *LGS FINANCIAL HIGHLIGHTS*

- Total net assets increased \$278,316 in FY2009 and \$322,081 in FY2008.
- Revenues from client reimbursements for services provided increased in FY2009 by 988,831 FY2008 and increased in FY2008 by \$927,453 from the 2007 fiscal year.
- Total operating expenditures in FY2009 increased \$1.03 million and in FY2008 increased \$566,867 from the 2007 fiscal year.
- Net assets at the end of FY2009 were \$624,466 and at the end of FY2008 were \$346,150.

### *RGS FINANCIAL HIGHLIGHTS*

- Total net assets increased \$54,380 in FY2009 and increased \$11,138 in FY2008.
- Revenues from client reimbursements for services provided increased \$236,881 in FY2009 from fiscal year 2008 and \$1.08 million in FY2008 from fiscal year 2007.
- Total operating expenditures increased \$193,639 in FY2009 and increased \$1.07 million in FY2008 from FY2007.
- Net assets at the end of the fiscal year were \$59,734 in FY2009 and were \$5,354 in FY2008.



Mayer Hoffman McCann P.C.

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To the Audit Committee and Management  
Local Government Services Authority

We have audited the financial statements of Local Government Services Authority ("Authority") for the year ended June 30, 2009, and have issued our report thereon dated February 10, 2010. Professional standards require that we provide you with the following information related to our audit.

### **Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated March 30, 2009, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of Local Government Services Authority. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you. Fieldwork was finished in August 2009. Significant risks of material misstatement addressed by our auditing procedures included:

- Fraud risk for cash receipts and cash disbursements
- Risk of improper revenue recognition
- Risk of unallowable expenses

### **Significant Audit Findings**

We did not identify any deficiencies in internal control we consider to be a material weakness.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Local Government Services Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant judgments and estimates reflected in the Authority's financial statements and disclosures include:

- Estimates involving revenues and expenses to be accrued as of year end.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

The following audit adjustments were made as of June 30, 2009:

1. Cash held by Regional Government Services Authority in LAIF was reported as an addition to cash that had been recorded on the Authority's records as a due from other governments.
2. Currently, it is the practice of the Authority to record some compensated absences when earned and some compensated absences when time off is requested by employees (direct billing). When a liability is set up, a receivable from the contracting agency should be recorded rather than a contra account. In accordance with GAAP, compensated absences should be recorded as a liability when earned by the employees and not only when time off is requested by the Authority's employees. As a result of applying GAAP to compensated absences, a compensated liability was set up and a corresponding expense was recorded. Additionally, an unbilled receivable from contracting agencies was set up and corresponding revenue was recorded.
3. Reduced accounts receivable and deferred revenue accounts for billings which had been recorded in QuickBooks as of year-end, but were not earned or received as of June 30, 2009.

The above entries did not have an effect on the change in net assets.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated February 10, 2010.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the business unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Audit Committee and management of Local Government Services Authority and is not intended to be and should not be used by anyone other than these specified parties.

*Mayer Hoffman McCann P.C.*

Irvine, California  
February 10, 2010

LOCAL GOVERNMENT SERVICES AUTHORITY

Basic Financial Statements

Years ended June 30, 2009 and 2008

LOCAL GOVERNMENT SERVICES AUTHORITY

Basic Financial Statements

Years ended June 30, 2009 and 2008

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Board of Directors  
Local Government Services Authority  
Carmel Valley, California

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Local Government Services Authority (the "Authority") as of and for the years ended June 30, 2009 and 2008 as listed in the table of contents. These basic financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it.

*Mayer Hoffman McCann P.C.*

Irvine, California  
February 10, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**LOCAL GOVERNMENT SERVICES AUTHORITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Years ended June 30, 2009 and 2008**

The following discussion and analysis of the financial performance of Local Government Services Authority ("Authority") provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2009 and 2008. Please read it in conjunction with the financial statements identified in the accompanying table of contents.

**FINANCIAL HIGHLIGHTS**

- Total net assets increased \$278,316 in FY2009 and increased \$322,081 in FY2008.
- Revenues from client reimbursements for services provided increased \$988,831 in FY2009 from fiscal year 2008 and \$927,453 in FY2008 from fiscal year 2007.
- Total operating expenditures increased \$1.03 million in FY2009 from the 2008 fiscal year and increased \$566,867 in FY2008 from FY2007.
- Net assets at the end of the fiscal year are \$624,466 in FY2009 and were \$364,150 in FY2008.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

**Using the Accompanying Financial Statements**

The annual report consists of three parts – *management's discussion and analysis* (this section), the *basic financial statements*, and *notes to the basic financial statements*:

The basic financial statements include the following:

- The Statement of Net Assets provides both *long-term* and *short-term* information about the Authority's overall financial status.
- The Statement of Revenues, Expenses and Changes in Net Assets reports the revenues and expenses of the Authority for the fiscal year on an accrual basis of accounting and relates this to the increase in the net assets of the Authority.
- The Statement of Cash Flows reports the Authority's operating cash flow and reconciles operating income to the net cash provided by operating activities.

The notes to the financial statements provide additional information about the nature of the Authority's activities and operations and its significant accounting policies, as well as, more detailed explanations about some of the information contained in the basic financial statements.

The Authority operates as an enterprise, meaning that charges for services are expected to cover all expenses. Therefore, the Authority uses *proprietary fund* statements.

*Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates in a manner similar to a private business.

**Government Fund Reporting:**

Figure A-1 summarizes the major features of government financial statements, including the portion of the government they cover and the types of information they contain. Because the Authority is an enterprise fund, the financial statements adhere to the Proprietary Funds format.

Figure A-1  
Major Features of Government-wide and Fund Financial Statements

	Government-wide <u>Statements</u>	Fund Statements		
		<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Authority government (except fiduciary funds) and the Authority's component units	The activities of the Authority that are not proprietary or fiduciary	Activities the Authority operates similar to private businesses	Instances in which the Authority is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Modified accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the Authority's fiduciary funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid.

Reporting the Authority as a Whole

The accompanying **basic financial statements** include two statements that present financial data for the Authority as a whole. One of the most important questions asked about the Authority's finances is, "Is the Authority, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Authority as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the

*accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Authority's net assets and changes in them. You can think of the Authority's net assets – the difference between assets and liabilities – as one way to measure the Authority's financial health, or *financial position*. Over time, *increases and decreases* in the Authority's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other factors, however, such as changes client needs/agreements for services and changes in the Authority's cost structure, to assess the *overall health* of the Authority.

In the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, the Authority services are presented as Business-type activities:

- Business-type activities – The Authority charges a fee to customers to help it cover all of the cost of the services accounted for in the fund.

#### Reporting the Authority's Proprietary Fund

The **accompanying basic financial statements** provide detailed information on the Authority's only fund – and thus the Authority as a whole. The Authority Board may establish other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain grants or other money. The Authority's one fund is a *proprietary fund*.

*Proprietary funds* – When an agency charges customers for the services it provides – whether to outside customers or to other units of the agency – these services are generally reported in proprietary funds. Required financial statements for proprietary funds include a Statement of Net Assets; a Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows.

**LOCAL GOVERNMENT SERVICES AUTHORITY**  
**Statement of Net Assets**  
**June 30, 2007, 2008 & 2009**

Table 1

	<b>Business-Type Activities</b>		
	2007	2008	2009
<b><u>ASSETS</u></b>			
Current Assets	\$1,345,769	\$1,223,463	\$1,400,816
Capital Assets	-	-	-
Total assets	<u>\$1,345,769</u>	<u>\$1,223,463</u>	<u>\$1,400,816</u>
<b><u>LIABILITIES:</u></b>			
Long-term Debt Outstanding	419,087	209,781	290,567
Liabilities	902,613	667,532	485,783
Total Liabilities	<u>\$1,321,700</u>	<u>\$877,313</u>	<u>\$776,350</u>
<b><u>NET ASSETS:</u></b>			
Invested in Capital Assets- Net of Debt	-	-	-
Reserved	-	-	-
Unreserved	<u>24,069</u>	<u>346,150</u>	<u>624,466</u>
Total Net Assets	<u>24,069</u>	<u>346,150</u>	<u>624,466</u>
Total net assets and liabilities	\$1,345,769	\$1,223,463	\$1,400,816

The increase in net assets is an indication that the overall financial position of the Authority improved during each of the last two years; by \$278,316 in FY2009 and by \$322,081 in FY2008, as indicated in the Changes in Net Assets Table 2 below. The net assets of the Authority's business-type activities increased by 80 percent in 2009 and by over 1300 percent in 2008. The net assets (financial position) of the Authority changed as a result of client revenues increasing more than payroll and administrative expenditures increased as described below for the business-type activities of the Authority.

A summary of the statement of activities follows:

**Change in Net Assets – Year Ended  
June 30, 2007, 2008 & 2009  
Table 2**

	<b>Business - Type Activities</b>		
	2007	2008	2009
<b><u>Operating Revenues</u></b>			
Charges for services	\$ 3,474,887	\$ 4,402,340	\$ 5,391,171
Total revenues	<u>\$ 3,474,887</u>	<u>\$ 4,402,340</u>	<u>\$ 5,391,171</u>
<b><u>Operating Expenses</u></b>			
Salaries and benefits	3,125,837	3,731,748	4,541,129
Professional services	41,819	1,219	0
Administration	345,736	347,292	571,726
Total expenses	<u>3,513,392</u>	<u>4,080,259</u>	<u>5,112,855</u>
Change in net assets	(38,505)	322,081	278,316
Beginning net assets	62,574	24,069	346,150
Ending net assets	<u>\$ 24,069</u>	<u>\$ 346,150</u>	<u>\$ 624,466</u>

**Business-Type Activities**

Revenues of the Authority’s operations (see Table 2) increased by 22 percent in FY2009 and by 27 percent in FY2008. Operating expenses increased by 25 percent in FY2009 from FY2008, and increased by 16 percent from FY2007 to FY2008.

**LONG-TERM DEBT**

At the end of the 2006 fiscal year, the Authority (JPA) ended its services agreements with the City of San Carlos. The Authority and the City determined that the Authority owed the City a net \$74,722 for Human Resources and Financial services provided by the City. The two parties agreed to a payment schedule, with the balance to be paid within two years of March 1, 2008, accruing interest at five percent per year. This note was paid in full during FY2008. Additional information on the Authority’s long-term debt can be found in the notes to the accompanying basic financial statements.

**BUDGET VERSUS ACTUAL PERFORMANCE**

In FY2009, the primary reason for the variances from budget was the growth in client services during the fiscal year. This growth is reflected in revenues and expenditures significantly (46 percent and 43 percent, respectively) above budgeted levels. The budget was adopted anticipating a \$128,600 addition to net earnings. Client growth and controlled administrative expenditures resulted in a more than doubling of the budgeted addition to net earnings.

**Budget Performance – Budget vs. Actual**

**June 30, 2009**

**Table 3**

<b>Budget Performance</b>			
<b>Budget vs. Actual</b>			
	FY09 Budget	FY09 Actual	Variance
<b>Operating Revenues</b>			
Charges for Services	\$3,700,800	\$5,391,171	\$1,690,371
<b>Total Revenues</b>	<u>\$3,700,800</u>	<u>\$5,391,171</u>	<u>\$1,690,371</u>
<b>Operating Expenses</b>			
Salaries and Benefits	3,140,300	4,541,129	(1,400,829)
Professional Services	17,000	0	17,000
Administration	414,900	571,726	(156,826)
<b>Total Expenses</b>	<u>3,572,200</u>	<u>5,112,855</u>	<u>(1,540,655)</u>
<b>Net Addition/(Reduction) in net Assets</b>	\$128,600	\$278,316	\$149,716

Future Financial Performance

No existing major client is anticipated to discontinue JPA services in fiscal year 2010. However, JPA support services remain structured so that changes in service demand can quickly adjust up or down to client needs. Therefore, we do not expect normal fluctuations in the number of clients or level of client services provided to significantly impact the JPA's financial position. Additional client growth has historically more than offset decreased revenue from projects completed during the year.

Since restructuring its administrative functions during fiscal year 2008, the JPA has experienced sustained financial performance. The JPA has been successful in adding new clients to replace completed client assignments. Management is not aware of any other commitments or conditions that may have a significant impact on the financial condition or operating results of the Authority after the date of the financial statements presented.

Contacting the Authority's Financial Management

This financial report is designed to provide our customers and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Local Government Services Authority, PO Box 1350, Carmel Valley, CA 93924.

## BASIC FINANCIAL STATEMENTS

LOCAL GOVERNMENT SERVICES AUTHORITY

Statements of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and investments (note 2)	\$ 806,662	\$ 733,844
Accounts receivable	<u>594,154</u>	<u>489,619</u>
Total current assets	<u>1,400,816</u>	<u>1,223,463</u>
Total assets	<u>1,400,816</u>	<u>1,223,463</u>
 <u>Liabilities</u>		
Current liabilities:		
Accounts payable	147,249	175,411
Due to other governments	-	49,623
Deferred revenue	-	129,000
Client deposits	241,679	243,571
Compensated absences - current portion (note 3)	<u>96,855</u>	<u>69,927</u>
Total current liabilities	<u>485,783</u>	<u>667,532</u>
Noncurrent liabilities:		
Compensated absences - long term (note 3)	<u>290,567</u>	<u>209,781</u>
Total noncurrent liabilities	<u>290,567</u>	<u>209,781</u>
Total liabilities	<u>776,350</u>	<u>877,313</u>
 <u>Net Assets</u>		
Net assets:		
Unrestricted	<u>624,466</u>	<u>346,150</u>
Total net assets	<u>\$ 624,466</u>	<u>\$ 346,150</u>

See accompanying notes to the basic financial statements.

LOCAL GOVERNMENT SERVICES AUTHORITY  
 Statements of Revenues, Expenses and Changes in Net Assets  
 Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ <u>5,391,171</u>	\$ <u>4,402,340</u>
Total operating revenues	<u>5,391,171</u>	<u>4,402,340</u>
Operating expenses:		
Salaries & benefits	4,541,129	3,731,748
Professional services	-	1,219
Administration	<u>571,726</u>	<u>347,292</u>
Total operating expenses	<u>5,112,855</u>	<u>4,080,259</u>
Change in net assets	278,316	322,081
Net assets at beginning of year	<u>346,150</u>	<u>24,069</u>
Net assets at end of year	<u>\$ 624,466</u>	<u>\$ 346,150</u>

See accompanying notes to the basic financial statements.

LOCAL GOVERNMENT SERVICES AUTHORITY

Statements of Cash Flows

Years ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 5,155,744	\$ 4,609,087
Cash paid to suppliers for goods and services	(599,888)	(298,740)
Cash paid to employees for services	<u>(4,433,415)</u>	<u>(3,796,406)</u>
Net cash provided by (used for) operating activities	<u>122,441</u>	<u>513,941</u>
Cash flows from noncapital financing activities:		
Cash paid to other governments	(49,623)	-
Principal paid	<u>-</u>	<u>(74,721)</u>
Net cash provided by (used for) operating activities	<u>(49,623)</u>	<u>(74,721)</u>
Net increase (decrease) in cash and cash equivalents	72,818	439,220
Cash and cash equivalents at beginning of year	<u>733,844</u>	<u>294,624</u>
Cash and cash equivalents at end of year	<u>\$ 806,662</u>	<u>\$ 733,844</u>
Reconciliation of change in net asset to net cash provided by (used for) operating activities:		
Change in net assets	<u>\$ 278,316</u>	<u>\$ 322,081</u>
Adjustments to reconcile change in net asset to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable	(104,535)	119,176
Increase (decrease) in accounts payable	(28,162)	49,771
Increase (decrease) in deferred revenue	(129,000)	129,000
Increase (decrease) in client deposits	(1,892)	(41,429)
Increase (decrease) in compensated absences	<u>107,714</u>	<u>(64,658)</u>
Total adjustments	<u>(155,875)</u>	<u>191,860</u>
Net cash provided by (used for) operating activities	<u>\$ 122,441</u>	<u>\$ 513,941</u>

There were no noncash financing or investing activities for the period ended June 30, 2009 and 2008.

See accompanying notes to the basic financial statements.

# LOCAL GOVERNMENT SERVICES AUTHORITY

## Notes to the Basic Financial Statements

Years ended June 30, 2009 and 2008

### (1) Summary of Significant Accounting Policies

#### Nature of Business

The Local Government Services Authority (the "Authority") was organized March 1, 2001 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide services for public agencies and other non-profit entities at reduced net costs.

Members of the Authority currently include the City of Larkspur and the Association of Bay Area Governments (ABAG). A two-member board consisting of one representative from each member controls the Authority. None of the member entities exercise specific control over budgeting and financing of the Authority's activities beyond their representation on the board. Accounting services are provided by McGilloway, Ray, Brown & Kaufman.

The following is a summary of the significant accounting policies of the Authority:

#### Basis of Accounting

The Authority is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The Authority utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

The Authority applies all applicable GASB pronouncements in accounting and reporting for proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

#### Investments

For financial reporting purposes, investments are adjusted to their fair value whenever the difference between fair market value and the carrying amount is material. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

Cash Equivalents

For the purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less.

Receivables

The Authority extends credit to customers in the normal course of operations. The Authority did not experience any significant bad debt losses; accordingly, no provision has been made for doubtful accounts, and accounts receivable is shown at full value.

Compensated Absences

The Authority has a PTO (paid time off) policy in effect. It is the Authority's policy to permit employees to accumulate earned but unused vacation leave. Vacation hours can accrue up to a maximum of two times the annual allowable amount, subject to the individual employment agreement. The Authority pays all earned vacation pay upon termination. All accumulated vacation pay is recorded as an expense and a liability at the time the benefit is earned.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications and format changes have been made to prior year amounts to conform to the current year presentation.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments

Cash and investments held by the Authority at June 30, 2009 consist of the following:

Deposits with financial institutions	\$ (54,895)
Investments	<u>861,557</u>
Total cash and investments	<u>\$806,662</u>

Cash and investments held by the Authority at June 30, 2008 consist of the following:

Deposits with financial institutions	\$ 366
Investments	<u>733,478</u>
Total cash and investments	<u>\$ 733,844</u>

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for California local governments by the California Government code. The Authority's investment policy is more restrictive as to investment vehicles permitted for use by the Authority. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Investment Types <u>Authorized by State Law</u>	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage Of Portfolio	*Maximum Investment In One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	No	180 days	40%	30%
Commercial Paper	No	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	25%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	No	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds (JPA)	Yes	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	40 million	None

\*Based on state law requirements or investment policy requirements, whichever is more restrictive.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity for year ended June 30, 2009:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
CalTRUST investment pool	\$ 605,020	605,020	-	-	-
State investment pool (LAIF)	<u>256,537</u>	<u>256,537</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 861,557</u>	<u>861,557</u>	<u>-</u>	<u>-</u>	<u>-</u>

Information about the sensitivity of the fair values of the Authority's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity for year ended June 30, 2008:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>	<u>More Than 60 Months</u>
State investment pool (LAIF)	<u>\$ 733,478</u>	<u>733,478</u>	<u>-</u>	<u>-</u>	<u>-</u>

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Authority's investment policy, or debt agreements, and the actual rating as of year end June 30, 2009 for each investment type was as follows.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
CalTRUST investment pool	\$605,020	N/A	-	-	-	605,020
State investment pool (LAIF)	<u>256,537</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,537</u>
Total	<u>\$861,557</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>861,557</u>

Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of year end June 30, 2008 for each investment type was as follows.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State investment pool (LAIF)	<u>\$733,478</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>733,478</u>

Concentration of Credit Risk

The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represent 5% or more of total Authority investments for the years ended June 30, 2009 and 2008, respectively.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do

# LOCAL GOVERNMENT SERVICES AUTHORITY

## Notes to the Basic Financial Statements

(Continued)

### (2) Cash and Investments, (Continued)

#### Custodial Credit Risk, (Continued)

not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

#### Investment in State Investment Pool

The Authority is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

#### Investment in CalTRUST Investment Pool

The Authority is a voluntary participant in the Investment Trust of California (CalTRUST), a public joint powers authority formed to pool and invest the funds of public agencies. CalTRUST invests in fixed income securities eligible for investment pursuant to California Government Code Sections 53601 and 53635. Investment guidelines adopted by the board of Trustees may further restrict the types of investments held by the Trust. Leveraging within the Trust's portfolios is prohibited. The fair value of the Authority's investment in this pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by CalTRUST for the entire CalTRUST portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by CalTRUST, which are recorded on an amortized cost basis.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(3) Long-Term Debt

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2009</u>	<u>Portion Due Within One Year</u>
Compensated absences	<u>279,708</u>	<u>221,134</u>	<u>113,420</u>	<u>387,422</u>	<u>96,855</u>
Total	<u>\$279,708</u>	<u>221,134</u>	<u>113,420</u>	<u>387,422</u>	<u>96,855</u>

The following is a schedule of changes in long-term liabilities for the year ended June 30, 2008:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>	<u>Portion Due Within One Year</u>
Note Payable:					
City of San Carlos	<u>\$74,721</u>	<u>-</u>	<u>74,721</u>	<u>-</u>	<u>-</u>
Subtotal	<u>74,721</u>	<u>-</u>	<u>74,721</u>	<u>-</u>	<u>-</u>
Compensated absences	<u>344,366</u>	<u>196,300</u>	<u>260,958</u>	<u>279,708</u>	<u>69,927</u>
Subtotal	<u>344,366</u>	<u>196,300</u>	<u>260,958</u>	<u>279,708</u>	<u>69,927</u>
Total	<u>\$419,087</u>	<u>196,300</u>	<u>335,679</u>	<u>279,708</u>	<u>69,927</u>

Note Payable to City of San Carlos

The contract for services between the Authority and the City of San Carlos was mutually terminated as of July 1, 2006. Upon termination of services, the Authority is to pay the City of San Carlos \$104,721, payable over 3 years. The note called for a schedule of principal payments beginning March 1, 2007, and interest to be paid on the remaining balance accrued as of March 1, 2007, at an interest rate of 5% per annum. The note was paid off ahead of schedule, during the fiscal year ended June 30, 2008.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(4) Defined Benefit Pension Plan (PERS)

Plan Description

The Authority contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, California 95814.

Contributions

The participant's portion to contribute is 7% of their annual covered salary. The Authority has designated four groups of employees for whom the Authority makes the contributions required of Agency employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statute and individual employment agreement.

For each of the fiscal years shown below, the Authority has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2008 to June 30, 2009 has been determined by an actuarial valuation of the plan as of June 30, 2006. The Authority's covered payroll for PERS was \$3,326,873 for the year ended June 30, 2009, while the Authority's total payroll for all employees was \$3,509,121 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2009, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2008 to June 30, 2009.

*Three-Year Trend Information*

<u>Fiscal Year</u>	<u>Employer Contribution Rate</u>	<u>Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	11.856%	\$ 426,687	100%	-
6/30/08	11.079%	510,198	100%	-
6/30/09	10.484%	607,004	100%	-

## LOCAL GOVERNMENT SERVICES AUTHORITY

### Notes to the Basic Financial Statements

(Continued)

#### (5) Deferred Compensation Plans

The Authority has established a deferred compensation plan in accordance with Internal Revenue Code Section 457(b), whereby employees may elect to defer portions of their compensation in a self-directed investment plan for retirement. Plan assets are invested in each individual's name with a deferred compensation plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant. All employees are eligible for plan participation.

The Authority believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority has formally established a trust in accordance with Internal Revenue Code Section 457(g) for all of its deferred compensation plans to provide protection from the claims of the employer's general creditors. Accordingly deferred compensation assets placed in the trust are not reflected in these financial statements.

The Authority has also established a defined contribution plan in accordance with Internal Revenue Code Section 401(a). The employer may match employee contributions up to 5% on behalf of the employee subject to individual employment agreement. Plan assets are invested in each individual's name with the defined contribution plan provider. Distributions are made upon the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the participant.

The Authority believes it has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority has formally established a trust in accordance with Internal Revenue Code Section 401(f) for its defined contribution plan to provide protection from the claims of the employer's general creditors. Accordingly defined contribution assets placed in the trust are not reflected in these financial statements.

#### (6) Liability, Insured Programs and Workers' Compensation Protection

##### *Description of Self-Insurance Pool Pursuant to Joint Powers Agreement*

The Authority is a member of the California Joint Powers Insurance Authority (Cal JPIA). Cal JPIA is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of Cal JPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverages. Cal JPIA's pool began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a 9-member Executive Committee.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(6) Liability, Insured Programs and Workers' Compensation Protection, (Continued)

*Self-Insurance Programs of the Authority*

General Liability Each member government pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between police and non-police. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$30,000 of each occurrence is charged directly to the member's primary deposit; (2) costs from \$30,000 to \$750,000 and the loss development reserves associated with losses up to \$750,000 are pooled based on the member's share of losses under \$30,000; (3) losses from \$750,000 to \$2,000,000 and the associated loss development reserves are pooled based on payroll; (4a) costs of covered claims from \$2,000,000 to \$50,000,000 are paid under reinsurance and excess insurance policies (4b) subject to a \$3,000,000 annual aggregate deductible (4c) and a quota-sharing agreement whereby Cal JPIA is financially responsible for 40% of losses occurring within the \$2,000,000 to \$10,000,000 layer. The costs associated with 4a-c are estimated using actuarial models and pre-funded as part of the primary and retrospective deposits.

The overall policy limit for each member including all layers of coverage is \$50,000,000 per occurrence. Costs of covered claims for subsidence losses are paid by excess insurance with the following sub-limits per member: \$25,000,000 per occurrence with a \$15,000,000 annual aggregate.

Workers' Compensation The Authority also participates in the workers' compensation pool administered by Cal JPIA. Each member pays a primary deposit to cover estimated losses for a fiscal year (claims year). After the close of a fiscal year, outstanding claims are valued. A retrospective deposit computation is then made for each open claims year. Claims are pooled separately between public safety and non-public safety. Costs are allocated to members by the following methods within each of the four layers of coverage: (1) the first \$50,000 of each loss is charged directly to the member's primary deposit; (2) losses from \$50,000 to \$100,000 and the loss development reserve associated with losses up to \$100,000 are pooled based on the member's share of losses under \$50,000; (3) losses from \$100,000 to \$2,000,000 and the loss development reserves associated with those losses are pooled based on payroll; (4) losses from \$2,000,000 up to statutory limits are paid under an excess insurance policy. Protection is provided per statutory liability under California Workers' Compensation law.

Employer's Liability losses are pooled among members to \$2,000,000, coverage from \$2,000,000 to \$4,000,000 is purchased as part of an excess insurance policy, and losses from \$4,000,000 to \$10,000,000 are pooled among members.

## LOCAL GOVERNMENT SERVICES AUTHORITY

### Notes to the Basic Financial Statements

(Continued)

#### (6) Liability, Insured Programs and Workers' Compensation Protection, (Continued)

##### *Purchased Insurance*

Property Insurance The Authority participates in the all-risk property protection program of Cal JPIA. This insurance protection is underwritten by several insurance companies. The Authority property is currently insured according to a schedule of covered property submitted by the Authority to the Cal JPIA. The Authority property currently has all-risk property insurance protection in the amount of \$0. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Earthquake and Flood Insurance The Authority purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Cal JPIA. There is a deductible of 5% of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance The Authority purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Cal JPIA. Premiums are paid annually and are not subject to retroactive adjustments.

##### *Adequacy of Protection*

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

#### (7) Post Employment Benefit Plan

Employees who retire from the Authority with 10 years of service are eligible to receive health care benefits covering themselves and any qualified members. The Authority pays 100% of the single rate premium charged to active employees under a health benefit plan administered by the Public Employee's Retirement System (PERS) in which the individual is able to select, on an annual basis, an insurance carrier from a number of insurance carriers. There were no expenses for post-employment health care benefits for fiscal years 2009 and 2008, respectively.

LOCAL GOVERNMENT SERVICES AUTHORITY

Notes to the Basic Financial Statements

(Continued)

(8) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009, that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the Authority's future financial statements.

Governmental Accounting Standards Board Statement No. 45

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local government employers. This statement is not effective until June 30, 2010. The Authority anticipates that the effect of this statement will not be significant to its financial statement presentation since the total of employees is small and the vesting period is 10 years.



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

**TO:** EXECUTIVE COMMITTEE **BOD Meeting: 6-10-10**  
**FROM:** RICHARD H. AVERETT, Executive Director **Item: 4E**  
**SUBJECT: APPROVAL OF RECOMMENDATION TO ADOPT FY2011 BUDGET**

## **RECOMMENDATION**

Approval of a recommendation to the Board of Directors to adopt the Proposed FY2011 Budget.

## **BACKGROUND**

The Fiscal Year (FY) 2011 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.

## **FY2009 FINANCIAL PERFORMANCE**

The LGS and RGS FY2009 budgets were adopted with projected addition to retained earnings of \$128,600 and \$21,200 respectively. At this time last year, estimated year-end performance was anticipated to yield a gain of \$296,800 and \$33,100 or a combined addition to retained earnings of \$329,900. Audited results show LGS adding \$278,316 and RGS adding \$54,380 for a net combined addition to retained earnings of \$333,100 in FY2009.

## **FY2010 FINANCIAL PERFORMANCE**

The LGS and RGS FY2009 budgets were adopted with projected addition to retained earnings of \$263,800 and \$68,500 respectively. During the fiscal year, the Executive Committee was advised that performance would significantly exceed budget. Year-end accruals have not been posted, but estimates have been inserted in the LGS and RGS budgets in order to better estimate net retained earnings. Current year-end performance is estimated to add \$417,400 and \$235,300 or \$652,700 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, while billing rates were again reduced on a per person basis. This year's performance confirms the conclusion of the last two years: Providing scalable services to public agencies and sharing the savings of economies of scale with our clients, can be done affordably and sustainably.

## **FY2011 PROPOSED BUDGET**

The proposed FY2011 budget is balanced, with revenues exceeding expenditures by a combined \$557,400. All major clients (those for whom the JPAs assign multiple staff), except C-IV, are budgeted to remain JPA clients through the fiscal year. Several new clients and additional client services were added during FY2010 that are budgeted to continue in FY2011. One new client, Marin Energy Authority, was added late in the year and is not budgeted in FY2011 at its full expected 20.5-position strength. Another new client, Ventura County Organized Health Care System, is at the final agreement drafting stage. Therefore, it is not budgeted in FY2011. Should this project be successful it will result in forty additional positions.

Administrative support services are provided by the Executive Director/CFO, an hourly Director of Human Resources and Administrative Assistant, and contract financial, administrative support and technology services. Administrative initiatives for the coming year included the following:

- 1) Increase part-time administrative staffing to better support recent growth in clients and employees.
- 2) Implement the new STARS defined contribution plans.
- 3) Update Financial Policies and Procedures.
- 4) Contract with one new major (four or more assigned personnel) client.

## Local Government Services FY2011 Budget

	C-IV				Marin Energy Auth.				Marin Tele. Auth.			
	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget
<b>Ordinary Income/Expense</b>												
<b>Income</b>												
440301 - Client Billings							636,000		59,417	64,078	55,000	
440410 - Client Administrative Fees	10,798	85,600		8,000								
440600 - General Liability/EAP												
480000 - Miscellaneous												
<b>Total Income</b>	10,800	85,600	0	8,000	0	0	0	636,000	59,400	64,100	55,000	0
<b>Expense</b>												
511010 - Salaries - Regular	8,028	63,175					410,000		45,632	45,049	37,000	
512002 - Medicare Employer Expense	114	920					5,945		580	562	537	
512005 - Health Insurance Expense	832	5,174					23,000		2,721	2,932	2,300	
512006 - Dental Insurance Expense	273	1,998					7,500		875	882	750	
512007 - Vision Insurance Expense	49	298					2,000		170	173	200	
512008 - Life Insurance Expense	23	217					2,000		153	153	200	
512009 - Long Term Disability Expense	40	373					2,500		261	261	250	
512010 - Stars 401A Expense												
512012 - Calpers Retirement Expense	1,399	11,075					65,000		8,537	8,065	6,845	
512014 - Short Term Disability Expense	39	370					2,000		259	259	200	
512015 - Unemployment Insurance Expense												
520202 - Bank Fees & Services												
520302 - Legal Services												
520508 - Licenses & Fees												
520503 - Conferences & Meetings		2,000										
520801 - Mileage Reimbursement									90	-23		
521109 - Interest Expense												
529997 - Administrative Services - RGS												
<b>Total Expense</b>	10,800	85,600	0	8,000	0	0	0	519,900	59,300	58,300	48,300	0
<b>Net Ordinary Income</b>	0	0	0	0	0	0	0	116,100	100	5,800	6,700	0
<b>Other Income/Expense</b>												
<b>Other Expense</b>												
529998 - Allocated Admin. Services - RGS	0	0	0	0			77,957		5,050	3,296	5,903	
<b>Total Other Expense</b>	0	0	0	0			78,000		5,000	3,300	5,900	0
<b>Net Other Income</b>	0	0	0	0			-78,000		-5,000	-3,300	-5,900	0
<b>Net Income</b>	0	0	0	0			38,100		-4,900	2,500	800	0

## Local Government Services FY2011 Budget

	MTC				Rohnert Park				SBWMA			
	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget
<b>Ordinary Income/Expense</b>												
<b>Income</b>												
440301 - Client Billings	1,564,165	1,544,515	1,410,000	1,600,000		21,500		107,500	155,442	160,023		164,223
440410 - Client Administrative Fees	4,959	3,104	5,000						11,000	7,667		7,667
440600 - General Liability/EAP									1,396	1,416		1,416
480000 - Miscellaneous		9,223							1,000	3,833		3,833
<b>Total Income</b>	<b>1,569,100</b>	<b>1,556,800</b>	<b>1,415,000</b>	<b>1,600,000</b>	<b>0</b>	<b>21,500</b>	<b>0</b>	<b>107,500</b>	<b>168,800</b>	<b>172,900</b>	<b>0</b>	<b>177,100</b>
<b>Expense</b>												
511010 - Salaries - Regular	996,244	993,436	900,000	1,053,043		14,000		75,000	119,528	123,252		123,252
512002 - Medicare Employer Expense	14,234	13,695	13,050	14,517		219		1,097	1,739	1,756		1,756
512005 - Health Insurance Expense	78,787	96,140	70,000	101,908		1,909		7,945	14,459	15,272		15,272
512006 - Dental Insurance Expense	11,263	12,977	10,000	13,756		257		1,283	2,041	2,053		2,053
512007 - Vision Insurance Expense	2,789	2,951	2,400	3,128		58		292	459	467		467
512008 - Life Insurance Expense	2,790	2,947	2,400	3,124		51		256	397	409		409
512009 - Long Term Disability Expense	4,796	5,082	4,000	5,387		88		440	682	704		704
512010 - Stars 401A Expense	482					290		1,451	2,295	2,322		2,322
512012 - Calpers Retirement Expense	175,164	163,075	165,000	172,860		1,441		6,206	12,028	11,529		11,529
512014 - Short Term Disability Expense	4,760	5,019	4,200	5,320		87		436	677	697		697
512015 - Unemployment Insurance Expense												
520202 - Bank Fees & Services												
520302 - Legal Services	156	-207		-220								
520508 - Licenses & Fees	2,320											
520503 - Conferences & Meetings												
520801 - Mileage Reimbursement	44											
521109 - Interest Expense	48											
529997 - Administrative Services - RGS	7,541	10,038	4,000	10,640								
<b>Total Expense</b>	<b>1,301,400</b>	<b>1,305,200</b>	<b>1,175,100</b>	<b>1,383,500</b>	<b>0</b>	<b>18,400</b>	<b>0</b>	<b>94,400</b>	<b>154,300</b>	<b>158,500</b>	<b>0</b>	<b>158,500</b>
<b>Net Ordinary Income</b>	<b>267,700</b>	<b>251,600</b>	<b>239,900</b>	<b>216,500</b>	<b>0</b>	<b>3,100</b>	<b>0</b>	<b>13,100</b>	<b>14,500</b>	<b>14,400</b>	<b>0</b>	<b>18,600</b>
<b>Other Income/Expense</b>												
<b>Other Expense</b>												
529998 - Allocated Admin. Services - RGS	133,350	89,802	151,858	149,333		1,271		12,358	13,329	10,172		16,529
<b>Total Other Expense</b>	<b>133,400</b>	<b>89,800</b>	<b>151,900</b>	<b>149,300</b>	<b>0</b>	<b>1,300</b>	<b>0</b>	<b>12,400</b>	<b>13,300</b>	<b>10,200</b>	<b>0</b>	<b>16,500</b>
<b>Net Other Income</b>	<b>-133,400</b>	<b>-89,800</b>	<b>-151,900</b>	<b>-149,300</b>	<b>0</b>	<b>-1,300</b>	<b>0</b>	<b>-12,400</b>	<b>-13,300</b>	<b>-10,200</b>	<b>0</b>	<b>-16,500</b>
<b>Net Income</b>	<b>134,300</b>	<b>161,800</b>	<b>88,000</b>	<b>67,200</b>	<b>0</b>	<b>1,800</b>	<b>0</b>	<b>700</b>	<b>1,200</b>	<b>4,200</b>	<b>0</b>	<b>2,100</b>

## Local Government Services FY2011 Budget

	TAM				TJPA				WTA				
	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	FY09	FY10 Proj'd	FY10 Budget	FY11 Budget	
<b>Ordinary Income/Expense</b>													
<b>Income</b>													
440301 - Client Billings	1,593,497	1,622,781	1,600,000	1,622,781	1,779,805	1,852,789	1,800,000	2,038,068					
440410 - Client Administrative Fees	150				124,794	83,776	123,000	92,154					
440600 - General Liability/EAP					15,018	15,096	15,000	16,606					
480000 - Miscellaneous						28,717				12,000			
<b>Total Income</b>	<b>1,593,600</b>	<b>1,622,800</b>	<b>1,600,000</b>	<b>1,622,800</b>	<b>1,919,600</b>	<b>1,980,400</b>	<b>1,938,000</b>	<b>2,146,800</b>	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Expense</b>													
511010 - Salaries - Regular	985,057	1,034,247	1,000,000	1,034,247	1,276,141	1,290,196	1,300,000	1,419,216					
512002 - Medicare Employer Expense	14,375	14,123	14,500	14,123	18,640	19,303	18,850	21,233					
512005 - Health Insurance Expense	76,616	59,561	85,000	59,561	62,349	88,042	63,000	96,846					
512006 - Dental Insurance Expense	14,053	11,975	14,600	11,975	11,814	13,684	11,300	15,052					
512007 - Vision Insurance Expense	3,199	2,829	3,300	2,829	2,691	3,214	2,600	3,535					
512008 - Life Insurance Expense	3,309	3,177	3,400	3,177	4,250	4,519	4,200	4,971					
512009 - Long Term Disability Expense	5,657	5,446	5,800	5,446	6,943	7,261	6,800	7,987					
512010 - Stars 401A Expense	916				13,300	15,356	13,000	16,892					
512012 - Calpers Retirement Expense	177,027	165,516	185,000	165,516	233,013	230,374	240,500	253,412					
512014 - Short Term Disability Expense	5,239	5,115	5,500	5,115	5,818	6,141	6,000	6,756					
512015 - Unemployment Insurance Expense										12,000			
520202 - Bank Fees & Services					-26								
520302 - Legal Services	-184												
520508 - Licenses & Fees													
520503 - Conferences & Meetings													
520801 - Mileage Reimbursement													
521109 - Interest Expense					1,679								
529997 - Administrative Services - RGS	553	50,530			144,600	112,586							
<b>Total Expense</b>	<b>1,285,800</b>	<b>1,352,500</b>	<b>1,317,100</b>	<b>1,302,000</b>	<b>1,781,200</b>	<b>1,790,700</b>	<b>1,666,300</b>	<b>1,845,900</b>	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Ordinary Income</b>	<b>307,800</b>	<b>270,300</b>	<b>282,900</b>	<b>320,800</b>	<b>138,400</b>	<b>189,700</b>	<b>271,700</b>	<b>300,900</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other Income/Expense</b>													
<b>Other Expense</b>													
529998 - Allocated Admin. Services - RGS	135,434	95,915	171,712	159,287	163,136	116,477	207,986	200,367		706			
<b>Total Other Expense</b>	<b>135,400</b>	<b>95,900</b>	<b>171,700</b>	<b>159,300</b>	<b>163,100</b>	<b>116,500</b>	<b>208,000</b>	<b>200,400</b>	<b>0</b>	<b>700</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Other Income</b>	<b>-135,400</b>	<b>-95,900</b>	<b>-171,700</b>	<b>-159,300</b>	<b>-163,100</b>	<b>-116,500</b>	<b>-208,000</b>	<b>-200,400</b>	<b>0</b>	<b>-700</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income</b>	<b>172,400</b>	<b>174,400</b>	<b>111,200</b>	<b>161,500</b>	<b>-24,700</b>	<b>73,200</b>	<b>63,700</b>	<b>100,500</b>	<b>0</b>	<b>-700</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Local Government Services  
FY2011 Budget**

	<b>TOTAL</b>			
	<b>FY09</b>	<b>FY10 Proj'd</b>	<b>FY10 Budget</b>	<b>FY11 Budget</b>
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
440301 - Client Billings	5,152,326	5,265,687	4,865,000	6,168,572
440410 - Client Administrative Fees	151,701	180,147	128,000	107,820
440600 - General Liability/EAP	16,414	16,512	15,000	18,022
480000 - Miscellaneous	1,000	53,773	0	3,833
<b>Total Income</b>	<b>5,321,400</b>	<b>5,516,100</b>	<b>5,008,000</b>	<b>6,298,200</b>
<b>Expense</b>				
511010 - Salaries - Regular	3,430,631	3,563,355	3,237,000	4,114,757
512002 - Medicare Employer Expense	49,682	50,578	46,937	58,670
512005 - Health Insurance Expense	235,765	269,030	220,300	304,533
512006 - Dental Insurance Expense	40,320	43,826	36,650	51,620
512007 - Vision Insurance Expense	9,357	9,991	8,500	12,252
512008 - Life Insurance Expense	10,922	11,473	10,200	13,937
512009 - Long Term Disability Expense	18,379	19,213	16,850	22,462
512010 - Stars 401A Expense	16,993	17,969	13,000	20,665
512012 - Calpers Retirement Expense	607,168	591,077	597,345	674,523
512014 - Short Term Disability Expense	16,792	17,689	15,900	20,323
512015 - Unemployment Insurance Expense	0	12,000	0	0
520202 - Bank Fees & Services	-26	0	0	0
520302 - Legal Services	-29	-207	0	-220
520508 - Licenses & Fees	2,320	0	0	0
520503 - Conferences & Meetings	0	2,000	0	0
520801 - Mileage Reimbursement	134	-23	0	0
521109 - Interest Expense	1,727	0	0	0
529997 - Administrative Services - RGS	152,693	173,153	4,000	10,640
<b>Total Expense</b>	<b>4,592,800</b>	<b>4,781,100</b>	<b>4,206,700</b>	<b>5,304,200</b>
<b>Net Ordinary Income</b>	<b>728,600</b>	<b>735,000</b>	<b>801,300</b>	<b>994,000</b>
<b>Other Income/Expense</b>				
<b>Other Expense</b>				
529998 - Allocated Admin. Services - RGS	450,299	317,639	537,458	537,875
<b>Total Other Expense</b>	<b>450,300</b>	<b>317,600</b>	<b>537,500</b>	<b>537,900</b>
<b>Net Other Income</b>	<b>-450,300</b>	<b>-317,600</b>	<b>-537,500</b>	<b>-537,900</b>
<b>Net Income</b>	<b>278,300</b>	<b>417,400</b>	<b>263,800</b>	<b>456,100</b>



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

**TO:** EXECUTIVE COMMITTEE  
**FROM:** RICHARD H. AVERETT, CFO/TREASURER  
**SUBJECT:** CLIENT AND MEMBERSHIP REPORT

**EC Meeting: 6-10-10**  
**Item: 6A**

## **CURRENT CLIENTS:**

The following is a listing of LGS and RGS current clients. LGS has 38 positions supporting clients and RGS has 34 positions supporting clients and JPA administration.

### **Cities**

Belvedere  
San Rafael  
Stockton  
Yountville

Rohnert Park  
Sausalito  
Vallejo

### **Other Agencies**

Consortium IV  
Marin Energy Authority  
Marin Telecommunications Authority  
Metropolitan Transportation Commission  
Transbay Joint Powers Authority  
Twin Cities Police Authority

Marin Emergency Radio Authority  
Marin General Services Authority  
Menlo Park Fire Protection District  
South Bayside Waste Management Authority  
Transportation Authority of Marin  
Ventura County Transportation Commission

## **POTENTIAL CLIENTS AND CHANGES TO CURRENT CLIENT SERVICES:**

Two agencies are expected to enter agreements with RGS within the next few weeks: SMART and Ventura County-Organized Health System.

Infrequent but on-going discussions have taken place with Southern Marin Sanitation District, SMART and the Town of Ross.

C-IV is winding down the Training phase of their implementation program, with one position eliminated in late March and the remaining four to be eliminated in July. Plans are underway to add an RGS manager to serve C-IV for a two-year period.

Marin Transit recently obtained authorization to add two additional staff to the two already provided by RGS. One of these additional two positions is now filled.

Marin Telecommunications Authority has requested that RGS hire a General Manager to head the MTA.

## **MEMBER AGENCIES:**

<b>Agency</b>	<b>Contact</b>	<b>Contract</b>	
County of Marin	Matthew Hymel, County Administrator	Mona Miyasato, Chief Asst County Administrator	
City of Albany	Beth Pollard, City Administrator		
Town of San Anselmo	Debbie Stutsman, Town Manager		
Town of Yountville	Steve Rogers, Town Manager		
City of Mission Viejo		Irwin Bornstein, Asst City Mgr/Dir. of Admin. Services	RHA: mild interest
City of Pleasanton	Nelson Fialho, City Manager		

**Local Government Services  
Position Allocation Chart**

<b>Contracting Organization</b>		<b>LGS/RGS</b>	<b>TAM</b>	<b>TJPA</b>	<b>MTC</b>	<b>SBWMA</b>	<b>C-IV</b>	<b>Marin Transit</b>	<b>Rohnert Park</b>	<b>Total FTE</b>	<b>Total Position count</b>
<b>LGS employee, FTE, and Position Title</b>	<b>Employee Name</b>	<b>LGS</b>	<b>LGS</b>	<b>LGS</b>	<b>LGS</b>	<b>LGS</b>	<b>LGS</b>		<b>LGS</b>		
Accountant	Sylvia Wong			1.00						1.00	1.00
Administrative Assistant	Kimberly Sow				1.00					1.00	1.00
Administrative Assistant/Office Manager	Nila Gonzales			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
Contract Compliance Manager/Finance Coordinator	Sara Gigliotti			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
Engineering Manager	Ed Sum			1.00						1.00	1.00
Executive Assistant	Denise Merleno		1.00							1.00	1.00
Executive Director	Dianne Steinhauer		1.00							1.00	1.00
Executive Director	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 Grant Manager	Lauren Gradia							1.00		1.00	1.00
Finance and Systems Accountant	Araceli Fierro			1.00						1.00	1.00
511 Coordinator	Sara Burnworth				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
Interim Project Manager	Johnny Chung								0.80	0.80	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 Manager	Karita Zimmerman		1.00							1.00	1.00
Planning Technician	Laramie Bowron				1.00					1.00	1.00
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
Recycling Program Manager	Cliff Feldman					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
Training Coordinator	Jeff Carlson							1.00		1.00	1.00
Translink Program Coordinator/Contract Analyst	Kimpreet Puar				1.00					1.00	1.00
Traveler Information Coordinator	Andrew Pease				1.00					1.00	1.00
<b>LGS FTE per Client Total</b>		<b>0.00</b>	<b>10.00</b>	<b>10.00</b>	<b>13.60</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.80</b>	<b>37.40</b>	<b>38</b>
<b>Total Positions</b>		<b>0</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>38</b>	

<b>Legend</b> 6/1/10	Yellow: Pending selection; not in counts.	New clients (under small projects)
	Pink: Pending separation from employment	Clients Leaving
	Green: FTE counts/totals	Tangerine Position counts/totals

# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

*Providing Solutions to California Public Agencies*

P.O. Box 1350 · Carmel Valley, CA 93924 · 650.587.7300

**TO:** EXECUTIVE COMMITTEE **EC Meeting: 6-10-10**  
**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 9:30 a.m. with the exception of the annual Budget Review and Adoption meeting, which will be conducted in person, on June 10 starting at 10 a.m.

Date	EXEC COMM	BOD	Special Topic	Location	Notes
June 10 (Thursday)	Yes	Yes	Election of Officers, FY11 Budget, Investment Policy, Rules & Regs	Cavallo Point, Marin County	
July 8 (Thursday)	Yes			teleconference	Recommend canceling
August 12 (Thursday)	Yes			teleconference	
September 9 (Thursday)	Yes			teleconference	
October 14 (Thursday)	Yes			teleconference	
November 18 (Thursday)	Yes			teleconference	
December 9 (Thursday)	Yes			teleconference	
January 13 (Thursday)	Yes			teleconference	
February 10 (Thursday)	Yes			teleconference	
March 10 (Thursday)	Yes			teleconference	
April 14 (Thursday)	Yes			teleconference	
May 12 (Thursday)	Yes			teleconference	



# LOCAL AND REGIONAL GOVERNMENT SERVICES AUTHORITIES

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**TO:** EXECUTIVE COMMITTEE **EC Meeting: 6-15-10**  
**FROM:** RICHARD H. AVERETT, Executive Director **Item: 6C**  
**SUBJECT: APPROVING TOWN OF YOUNTVILLE AS A BOARD MEMBER**

## **RECOMMENDATION**

Approve adding the Town of Yountville as a Local Government Services Authority Board Member, effective June 10, 2010, and 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.

The Town of Yountville recently approved joining the JPA. If approved by the Executive Committee, Yountville's membership status would be effective immediately. At the June 10, 2010 Board meeting the Board could consider appointing the Yountville Town Manager to the Executive Committee.

## **FISCAL IMPACT**

There is no fiscal impact of approving this Addendum.

**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 Town of Yountville enter into this Addendum to memorialize and acknowledge the addition of the Town of Yountville 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 Town of Yountville 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.

TOWN OF YOUNTVILLE

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
Town Manager

LOCAL GOVERNMENT SERVICES AUTHORITY

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
Chair of the Executive Committee

APPROVED AS TO FORM

Dated: \_\_\_\_\_ By: \_\_\_\_\_  
Legal Counsel  
LOCAL GOVERNMENT SERVICES AUTHORITY