

LGS EXECUTIVE COMMITTEE AGENDA

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

REGULAR MEETING

March 12, 2018

1:45 p.m. or immediately following the preceding meeting,
whichever is earlier

Walnut Creek City Hall
City Manager's Conference Room

1666 N Main Street
Walnut Creek, CA 94596

1. CALL TO ORDER / ROLL CALL

2. PUBLIC COMMENT

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

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 **November 16, 2017** Minutes *Action*
- B. Approval of Regularly Scheduled Meetings Calendar
- C. Approval of Payments and Deposits made November 2017 through January 2018

4. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through January 2018 *Information*

5. OLD BUSINESS - None

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR AND MEMBER REPORTS

- A. Executive Director: *Information*
- B. Members: *Information*

8. ADJOURN REGULAR LGS EXECUTIVE COMMITTEE MEETING

9. CONVENE SPECIAL LGS EXECUTIVE COMMITTEE MEETING – CLOSED SESSION

Recess to Closed Session

CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)

Name of Case: Administrative Appeal of CalPERS Audit Services Review

Possible Report Out of Closed Session *Information*

10. ADJOURN SPECIAL LGS EXECUTIVE COMMITTEE MEETING – CLOSED SESSION

The next Regular Meeting will take place on May 17, 2018 at 1:00 p.m. in Larkspur.

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) 587-7300. Notification in advance of the meeting will enable Agency to make reasonable arrangements to ensure accessibility.

**LOCAL GOVERNMENT SERVICES AUTHORITY
EXECUTIVE COMMITTEE MINUTES
NOVEMBER 16, 2017**

The Local Government Services Authority held a regular meeting of the Executive Committee on November 16, 2017 at the Yountville Town Hall Council Chambers. The meeting was called to order at 11:11 a.m.

1. CALL TO ORDER / ROLL CALL

Members Present: Steve Rogers, Chair
Julie Carter, Alternate Member, Vice Chair
Fran Robustelli, Member
Dan Schwarz, Member
Absent Members: Michael Garvey, Member
Other Attendees: Richard Averett, Executive Director
Jennifer Bower, Director of Administrative Services
Jeff Kise, Finance and Operations Manager
Sky Woodruff, General Counsel
Scott Kivel, Special Counsel

A. Election of Officers

Action: Moved and seconded (Schwarz/Robustelli) to elect Rogers as Chair and Foss as Vice Chair.

AYES: Rogers, Carter, Robustelli, Schwarz

NOES: None

ABSTAIN: None

2. PUBLIC COMMENT - None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **August 24, 2017** Minutes

B. Approval of LGS Position Listings

C. Approval of Regularly Scheduled Meetings Calendar

D. Approval of Payments and Deposits made August 2017 through October 2017 – **Correction to agenda: through October 2017**

Action: Moved and seconded (Carter/Robustelli) to approve consent agenda

AYES: Rogers, Carter, Robustelli, Schwarz

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through September 2017 Information item; no action was taken. Executive Director Averett noted the Authority has, through MSA, filed a claim for reimbursement of expenses made for the on-going CalPERS matter. Claims proceeds will enable the JPA to continue to work for a reasonable resolution of the matter.

B. Approval of Independently Audited FY2017 Financial Statements
This matter was deferred until final published statements are ready to be reviewed prior to consideration by the Authority.

5. OLD BUSINESS - None

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

- A. Executive Director: none
- B. Members: none.

8. ADJOURN – The meeting adjourned at 11:17 a.m. The next regular meeting is scheduled for February 15, 2018 at 1:00 p.m. in Dublin.

11:52 a.m.

9. CONVENE SPECIAL LGS EXECUTIVE COMMITTEE MEETING – CLOSED SESSION

Recess to Closed Session

CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION
(Pursuant to Government Code Sections 54956.9(d)(1))

Name of Case: Administrative Appeal of CalPERS Audit Services Review

12:52 p.m.

Reconvene Special Meeting

- A. Report Out of Closed Session – The Chair reported that no reportable action was taken.

10. ADJOURN – The closed session adjourned at 12:53 p.m.



TO: EXECUTIVE COMMITTEE **EC Meeting: 3-12-2018**
FROM: Tiffany Buraglio, Executive Assistant **Item: 3B**
SUBJECT: EXECUTIVE COMMITTEE AND BOARD OF DIRECTORS MEETINGS

MEETING SCHEDULE

The following are regularly scheduled meetings for the upcoming years, along with special topics to be discussed. Quarterly meetings are conducted in person at a Member Agency site on the third Thursday of the month, starting at 1:00 p.m. unless noted below.

Date	EXEC COMM	BOARD	Special Topics	Location	Notes
2018					
March 12 (Monday)	RGS LGS	RGS MSA		Walnut Creek	Rescheduled from Feb. 15 meeting
May 17 (Thursday)	RGS LGS	MSA	FY19 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years)	Larkspur	
August 16 (Thursday)	RGS LGS	RGS LGS MSA	Exec Dir Compensation Committee, Election of Officers (all)	Dublin	
November 15-16 (Thursday & Fri)	RGS LGS	MSA	FY18 Audited Financial Statements; Study Session	Yountville	Starting at 10:00 a.m.
2019					
February 21 (Thursday)	RGS LGS	MSA		Walnut Creek	
May 16 (Thursday)	RGS LGS	MSA	FY20 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years)	Larkspur	
August 15 (Thursday)	RGS LGS	RGS LGS MSA	Exec Dir Compensation Committee, Election of Officers (all)	Dublin	
November 14-15 (Thursday & Fri)	RGS LGS	MSA	FY19 Audited Financial Statements; Study Session	Yountville	Starting at 10:00 a.m.
2020					
February 20 (Thursday)	RGS LGS	MSA		Walnut Creek	

TO: EXECUTIVE COMMITTEE **EC Meeting: 3-12-2018**
FROM: Richard Averett, CFO **Item: 3C**
SUBJECT: PAYMENTS AND DEPOSITS – NOVEMBER 2017 THROUGH JANUARY 2018

RECOMMENDATION

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

BACKGROUND

The Executive Committee reviews and approves expenditures made by the JPA on a quarterly basis. This approval process is a component of JPA internal controls. Deposit history is also included in the list.

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

1. Invoices are received by staff.
2. JPA staff review invoices for accuracy and assignment to correct general ledger accounts.
3. The Executive Director or designee reviews, prints and signs/authorizes checks. All payments, including electronic payments, are reviewed by the Executive Director in a weekly disbursement report submitted by the Finance Department. This report contains all disbursements from the previous week. Information provided includes: date of transaction, amount, vendor or recipient, method of payment, identity of first and second staff approvers, and check or journal number.
4. All payments are brought to the next regular meeting of Executive Committee (or Board of Directors) 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 Rabobank money market account, in the Local Agency Investment Fund (LAIF) investment pool and in the CalTrust medium term and short term investment pools. Staff seeks to minimize bank charges at all times.

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

Local Government Services
Transaction Detail by Account
November 2017 through January 2018

	<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Amount</u>	<u>Balance</u>	
110060 - Rabobank Checking								
	General Journal	11/06/2017	1582	10/31/17 net pay		-36,627.39	-36,627.39	
	General Journal	11/07/2017	1583	10/31/17 payroll taxes & fees		-13,677.80	-50,305.19	
	General Journal	11/07/2017	1584	10/15/17 PERS R Classic contribution Confirm #1000959444		-8,446.92	-58,752.11	
	General Journal	11/09/2017	1585	10/31/17 Mass Mutual 457 contributions		-6,011.17	-64,763.28	
	General Journal	11/21/2017	1594	11/15/17 net pay		-35,085.94	-99,849.22	
	General Journal	11/22/2017	1595	11/15/17 payroll taxes & fees		-12,745.53	-112,594.75	
	General Journal	11/28/2017	1597	11/15/17 Mass Mutual 457 contributions		-6,761.17	-119,355.92	
	General Journal	11/29/2017	1596	10/31/17 PERS R Classic contribution Confirm #1000972359		-8,961.45	-128,317.37	
	General Journal	11/29/2017	1598	Calpers UAL Classic 2017-2018		-6,106.57	-134,423.94	
	General Journal	11/29/2017	1598	Calpers UAL PEPRA 2017-2018		-41.03	-134,464.97	
	Deposit	11/30/2017		Deposit		134,464.97	0.00	
	General Journal	12/06/2017	1605	11/30/17 net pay		-36,679.14	-36,679.14	
	Transfer	12/06/2017		Funds Transfer		36,679.14	0.00	
	General Journal	12/07/2017	1606	11/30/15 payroll taxes & fees		-13,718.50	-13,718.50	
	Transfer	12/07/2017		Funds Transfer		13,718.50	0.00	
	General Journal	12/12/2017	1607	11/30/17 Mass Mutual 457 contributions		-6,361.17	-6,361.17	
	Transfer	12/12/2017		Funds Transfer		6,361.17	0.00	
	General Journal	12/14/2017	1612	11/15/17 PERS R Classic contribution Confirm #1000981446		-8,685.72	-8,685.72	
	Transfer	12/15/2017		Funds Transfer		8,685.72	0.00	
	General Journal	12/21/2017	1613	12/15/17 net pay		-52,633.25	-52,633.25	
	Transfer	12/21/2017		Funds Transfer		45,207.61	-7,425.64	
	General Journal	12/22/2017	1614	12/15/17 payroll taxes & fees		-25,870.02	-33,295.66	
	Transfer	12/22/2017		Funds Transfer		-19,302.59	-52,598.25	
	Check	12/22/2017		Service Charge		-35.00	-52,633.25	
	General Journal	12/26/2017	1660	LGS Payroll Correction PPE 12-15-17		52,633.25	0.00	
	General Journal	12/28/2017	1635	12/15/17 Mass Mutual 457 contributions		-6,014.95	-6,014.95	
	Transfer	12/28/2017		Funds Transfer		6,014.95	0.00	
	General Journal	01/03/2018	1634	11/30/17 PERS R Classic contribution Confirm #1000992516		-9,023.52	-9,023.52	
	General Journal	01/03/2018	1638	12/15/17 PERS R Classic contribution Confirm #1000992528		-9,009.02	-18,032.54	
	General Journal	01/03/2018	1639	Calpers UAL Payment		-6,106.57	-24,139.11	
	General Journal	01/03/2018	1639	Calpers UAL Payment		-41.03	-24,180.14	
	Transfer	01/04/2018		Funds Transfer		24,180.14	0.00	
	General Journal	01/05/2018	1636	12/31/17 net pay		-47,527.75	-47,527.75	
	Transfer	01/05/2018		Funds Transfer		47,527.75	0.00	
	General Journal	01/08/2018	1637	12/31/17 payroll taxes & fees		-24,839.17	-24,839.17	
	Transfer	01/08/2018		Funds Transfer		24,839.17	0.00	
	General Journal	01/11/2018	1642	12/31/17 Mass Mutual 457 contributions		-6,766.03	-6,766.03	
	Transfer	01/11/2018		Funds Transfer		6,766.03	0.00	
	General Journal	01/12/2018	1641	12/31/17 PERS R Classic contribution Confirm #1000999220		-8,489.54	-8,489.54	
	Transfer	01/16/2018		Funds Transfer		8,489.54	0.00	
	Total 110060 - Rabobank Checking						0.00	0.00
TOTAL							0.00	0.00



LOCAL
GOVERNMENT
SERVICES

SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE
FROM: Jefferson Kise, Finance Manager
SUBJECT: FINANCIAL REPORT ANALYSIS

EC Meeting: 3-12-2018
Item: 4A

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through January 2018, and are attached for review.

ANALYSIS

All reports are draft and unaudited. Accruals for earned but not paid leave time are posted to the financials monthly. When cash is received on an advanced billing, it is posted to the deferred revenue liability account. Upon invoicing for services rendered the deferred revenue is reversed and revenue is recognized. There is no impact on net position of the agency.

Fiscal-year-to-date (FYTD) through January 31, 2019, net income for the JPA is a loss of \$438,106. There are two primary causes for the negative results: sharply reduced client revenue because of CalPERS actions and related increased legal and professional services costs, and secondly as part of the client separation agreement, \$226,052 in un-accrued sick leave was paid to TAM.

LGS budgeted a \$391,000 loss for the year and absent the sick leave payout, losses are in line with this projection. Because of the accumulated losses the fund balance is a negative \$191,862. When considering the fund balance, it is worth noting that the JPA is still carrying \$949,650 in pension liability some of which is to be assumed by departed clients. Those actuarial calculations have not been completed and may not be posted until fiscal year end or later. It is also important to note that combined RGS & LGS have incurred \$623,000 in direct costs since tracking began in Dec 2015, associated with the CalPERS audit of LGS and the two cases brought by CalPERS against RGS clients. Most of that expense has been attributable to the CalPERS audit of LGS.

**Local Government Services
Profit & Loss
July 2017 through January 2018**

	<u>Jul 17</u>	<u>Aug 17</u>	<u>Sep 17</u>	<u>Oct 17</u>	<u>Nov 17</u>	<u>Dec 17</u>	<u>Jan 18</u>	<u>TOTAL</u>
Ordinary Income/Expense								
Income								
440301 · Client Billings	160,144	171,948	165,058	188,047	158,452	156,963		1,000,612
480000 · Miscellaneous	1,626	1,643	1,606	1,676	1,638	1,710	14,967	24,866
Total Income	<u>161,770</u>	<u>173,591</u>	<u>166,664</u>	<u>189,723</u>	<u>160,090</u>	<u>158,673</u>	<u>14,967</u>	<u>1,025,478</u>
Gross Profit	161,770	173,591	166,664	189,723	160,090	158,673	14,967	1,025,478
Expense								
511010 · Salaries - Regular	109,754	111,124	108,000	109,794	111,829	159,968		710,469
511072 · Salaries non-billable	-3,166	-10,417	5,735	-1,628	-3,708	186,354		173,170
512002 · Medicare Employer Expense	1,568	1,588	1,543	1,569	1,598	2,305		10,171
512004 · Employee Assistance Program	33	33	33	33	65	65		262
512005 · Health Insurance Expense	11,131	11,130	11,131	11,130	11,131	11,131	13,239	80,023
512006 · Dental Insurance Expense	1,111	1,111	1,111	1,111	1,111	1,111		6,666
512007 · Vision Insurance Expense	176	176	176	176	176	176	-176	880
512008 · Life Insurance Expense	188	188	188	188	189	190		1,131
512009 · Long Term Disability Expense	212	212	212	213	213	215		1,277
512012 · Calpers Retirement Expense	23,475	24,041	23,992	23,769	24,181	23,893		143,351
512014 · Short Term Disability Expense	173	173	173	174	174	174		1,041
512015 · Unemployment Insurance Expense						2,861		2,861
512018 · FSA Health & Day Care Expense	25	25	26	25	25	25	60	211
520107 · APS (ADP) Payroll Fees	192	192	192	192	192	193	97	1,250
520202 · Bank Fees & Services						1,088		1,088
520204 · Printing & Postage	12		59	1			29	101
520302 · Legal Services	9,825	5,115	20,464	722	12,480		6,962	55,568
520320 · Professional Services	4,000	9,400	8,225	7,010	6,500	6,500	6,500	48,135
520503 · Conferences & Meetings						42		42
529997 · Administrative Services - RGS	30,690	26,914	41,283	25,000	25,000	25,000	10,000	183,887
Total Expense	<u>189,399</u>	<u>181,005</u>	<u>222,543</u>	<u>179,479</u>	<u>191,156</u>	<u>421,291</u>	<u>36,711</u>	<u>1,421,584</u>
Net Ordinary Income	-27,629	-7,414	-55,879	10,244	-31,066	-262,618	-21,744	-396,106
Other Income/Expense								
Other Expense								
529994 · Allowed OPEB / HRA Expense	375	375	375	28,000	7,000	5,875		42,000
529998 · Allocated Admin. Services	37,611	35,261	76,716	31,356	36,554	-220	86,617	303,895
529999 · Allocated Unbillable Expenses	-37,611	-35,261	-76,716	-31,356	-36,554	220	-86,617	-303,895
Total Other Expense	<u>375</u>	<u>375</u>	<u>375</u>	<u>28,000</u>	<u>7,000</u>	<u>5,875</u>		<u>42,000</u>
Net Other Income	<u>-375</u>	<u>-375</u>	<u>-375</u>	<u>-28,000</u>	<u>-7,000</u>	<u>-5,875</u>		<u>-42,000</u>
Net Income	<u><u>-28,004</u></u>	<u><u>-7,789</u></u>	<u><u>-56,254</u></u>	<u><u>-17,756</u></u>	<u><u>-38,066</u></u>	<u><u>-268,493</u></u>	<u><u>-21,744</u></u>	<u><u>-438,106</u></u>

Local Government Services
Balance Sheet
As of January 31, 2018

	Jan 31, 18
ASSETS	
Current Assets	
Accounts Receivable	
131320 · Accounts Receivable - Trade	187,730
Total Accounts Receivable	187,730
Other Current Assets	
143006 · Due from RGS	1,268,719
150006 · Prepaid Expenses	10,660
150007 · Prepaid Insurance	8
Total Other Current Assets	1,279,387
Total Current Assets	1,467,117
Other Assets	
170000 · Deferred Outflows	939,017
Total Other Assets	939,017
TOTAL ASSETS	2,406,134
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2100*OE · Payroll Liabilities	0
214071 · Claims Reserve Payable MSA	1,292,649
220011 · Accounts Payable - San Carlos	337,770
221001 · Calpers Retirement Liab	7,883
221003 · 457/401A Retirement Liab	0
221006 · FSA Health & Day Care	0
221015 · Health Insurance Liability	0
221016 · Long Term Disability Liability	2
221017 · Short Term Disability Liability	2
221023 · Dental Insurance Liability	0
221024 · Vision Insurance Liability	36
221025 · Life Insurance/AD&D Liability	4
230060 · Accrued Salaries, Wages & Taxes	0
240011 · Refundable Deposits	0
250002 · Contra Vacation, Sick and Admin	0
Total Other Current Liabilities	1,638,346
Total Current Liabilities	1,638,346
Long Term Liabilities	
260003 · Health Reimbursement Account	10,000
270000 · Net Pension Liability	785,688
280000 · Deferred Inflows	163,962
Total Long Term Liabilities	959,650
Total Liabilities	2,597,996
Equity	
32000 · Retained Earnings	-564,658
370000 · Fund Bal Unreserved/Unrestrictd	1,334,881
380000 · Prior Period Adjustment	-523,981
Net Income	-438,104
Total Equity	-191,862
TOTAL LIABILITIES & EQUITY	2,406,134