Ken Nordhoff, Chair
Dan Schwarz, Vice Chair
Chris Foss, Member
Michael Garvey, Member
Steve Rogers, Member

RGS 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
November 17, 2016
10:00 a.m.

Yountville Community Center
Art Room
6516 Washington Street
Yountville, CA 94599

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 **September 15, 2016** Minutes *Action*
B. Approval of RGS Position Listings
C. Approval of Regularly Scheduled Meetings Calendar
D. Approval of Payments and Deposits made September 2016 through October 2016
E. Approval of Investments Report through September 2016
F. Approval of Management Services Agreements

4. TREASURER'S REPORT
A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through September 2016 *Information*
B. Approval of Independently Audited FY2016 Audited Financial Statements *Action*

5. OLD BUSINESS

Recess to Closed Session
1. CONFERENCE WITH LEGAL COUNSEL--ANTICIPATED LITIGATION
Initiation of litigation pursuant to Government Code Section 54956.9(d)(4): One potential case.

Reconvene Regular Meeting
A. Report from Closed Session *Information*

6. NEW BUSINESS
A. Approval of Auditor RFP and Authorization to Issue RFP *Action*

7. EXECUTIVE DIRECTOR, COMMITTEE AND MEMBER REPORTS
A. Executive Director: Mobile Computing Device Second Reimbursement Date *Information*
B. Members: *Information*

8. RECESS TO STUDY SESSION

9. ADJOURN

The next Regular Meeting will take place on February 16, 2017 at 1:00 p.m. in Dublin.

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.

Draft Minutes

REGIONAL GOVERNMENT SERVICES AUTHORITY
EXECUTIVE COMMITTEE MINUTES
SEPTEMBER 15, 2016

The Regional Government Services Authority held a regular meeting of the Executive Committee on September 15, 2016 at the Lesher Center for the Arts Encore Room. The meeting was called to order at 1:04 p.m.

1. CALL TO ORDER

Members Present: Ken Nordhoff, Chair
Dan Schwarz, Vice-Chair
Mike Garvey, Member
Steve Rogers, Member
Julie Carter, Alternate Member

Other Attendees: Richard Averett, Executive Director
Jennifer Bower, Director of Administrative Services
Briana Overgaard, Keenan and Associates
Peter McNamara, Keenan and Associates
Sky Woodruff, JPA General Counsel
Scott Kivel, JPA Special Counsel

2. PUBLIC COMMENT – None

3. APPROVAL OF CONSENT AGENDA

A. Approval of **May 19, 2016** Minutes
B. Acceptance of RGS Position Listings
C. Approval of Regularly Scheduled Meetings Calendar
D. Approval of Payments and Deposits made April 2016 through August 2016
E. Approval of Investments Report through August 2016
F. Approval of Management Services Agreements

Action: Moved and seconded (Rogers/Schwarz) to approve consent agenda.
AYES: Nordhoff, Schwarz, Garvey, Rogers, Carter
NOES: None
ABSTAIN: None

4. TREASURER'S REPORT

A. Review of Preliminary Fiscal-Year-To-Date Financial Reports through June 2016
Executive Director Averett reviewed the preliminary year-to-date financial reports, noting the JPA's modestly positive financial performance – better than expected, considering the impact that CalPERS is having on legal, staff and other costs, as well as lost revenue. This is an information item and no action was taken.

5. OLD BUSINESS – None

6. NEW BUSINESS - None

7. EXECUTIVE DIRECTOR, COMMITTEE, MSA AND MEMBER REPORTS

A. Executive Director: one RGS shirt available to each Executive Committee Member; taking on STARS financial services next month; Nov 17 & 18 will include a short regular business meeting.
B. Members: none

8. ADJOURNMENT – The meeting adjourned at 1:12 p.m. The next regular meeting is scheduled for November 17, 2016 at 10:00 a.m. in Yountville.

RGS Position Listings

Job Title	Base Department	Status Full Time
CEO - Urban	1000-000 - RGS Admin-General Hours	1
Department Director - Urban	1000-000 - RGS Admin-General Hours	0.93
Administrative Support	1000-000 - RGS Admin-General Hours	0.56
Project Advisor	1001-000 - RGS Finance-General Hours	0.29
Technical Specialist - Urban	1001-000 - RGS Finance-General Hours	0.72
Department Director - Urban	1001-000 - RGS Finance-General Hours	1
Project Advisor	1001-000 - RGS Finance-General Hours	0.25
Program Advisor	1002-000 - RGS HR-Payroll Genl Hrs	0.33
Program Advisor	1002-000 - RGS HR-Payroll Genl Hrs	1
Technical Assistant	1002-000 - RGS HR-Payroll Genl Hrs	0.63
Program Coordinator	1002-000 - RGS HR-Payroll Genl Hrs	1
Senior Advisor	1003-000 - RGS Training Dev-Prep	0.14
Advisor	1003-000 - RGS Training Dev-Prep	0.02
Program Advisor	1010-000 - RGS Advisors-General Hours	0.25
Intern	1010-000 - RGS Advisors-General Hours	0.25
Advisor	1010-000 - RGS Advisors-General Hours	0.75
Program Advisor	1010-000 - RGS Advisors-General Hours	0.55
Project Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Program Advisor	1010-000 - RGS Advisors-General Hours	0.25
Program Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.75
Coordinating Advisor	1010-000 - RGS Advisors-General Hours	0.25
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.1
Program Advisor	1010-000 - RGS Advisors-General Hours	1
Coordinating Advisor	1010-000 - RGS Advisors-General Hours	0.5
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.9
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.2
Department Director - Urban	1010-000 - RGS Advisors-General Hours	0.5
Advisor	1010-000 - RGS Advisors-General Hours	0.05
Senior Advisor	1010-000 - RGS Advisors-General Hours	1
Advisor	1010-000 - RGS Advisors-General Hours	0.25
Program Advisor	1010-000 - RGS Advisors-General Hours	0.1
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.9
Technical Assistant	1010-000 - RGS Advisors-General Hours	0.09
Advisor	1010-000 - RGS Advisors-General Hours	0.9
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Program Advisor	1010-000 - RGS Advisors-General Hours	0.25
Program Advisor	1010-000 - RGS Advisors-General Hours	0.52
Project Advisor	1010-000 - RGS Advisors-General Hours	0.65
Project Advisor	1010-000 - RGS Advisors-General Hours	0.8
Advisor	1010-000 - RGS Advisors-General Hours	0.3

Senior Advisor	1010-000 - RGS Advisors-General Hours	0.5
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.5
Program Advisor	1010-000 - RGS Advisors-General Hours	0.25
Technical Specialist	1010-000 - RGS Advisors-General Hours	1
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.17
Program Advisor	1010-000 - RGS Advisors-General Hours	0.25
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.25
Technical Specialist	1010-000 - RGS Advisors-General Hours	1
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.25
Project Advisor	1010-000 - RGS Advisors-General Hours	0.2
Project Advisor	1010-000 - RGS Advisors-General Hours	0.25
Program Advisor	1010-000 - RGS Advisors-General Hours	0.6
Program Advisor	1010-000 - RGS Advisors-General Hours	0.15
Advisor	1010-000 - RGS Advisors-General Hours	0.5
Program Advisor	1010-000 - RGS Advisors-General Hours	0.9
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.8
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Program Advisor	1010-000 - RGS Advisors-General Hours	0.2
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.45
Coordinating Advisor	1010-000 - RGS Advisors-General Hours	1
Project Advisor	1010-000 - RGS Advisors-General Hours	0.43
Intern	1010-000 - RGS Advisors-General Hours	0.25
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.34
Project Advisor	1010-000 - RGS Advisors-General Hours	0.2
Senior Advisor	1010-000 - RGS Advisors-General Hours	0.05
Advisor	1010-000 - RGS Advisors-General Hours	0.2
Program Advisor	1010-000 - RGS Advisors-General Hours	0.2
Advisor	1010-000 - RGS Advisors-General Hours	0.25
Advisor	1010-000 - RGS Advisors-General Hours	0.3
Program Advisor	1010-000 - RGS Advisors-General Hours	0.4
Senior Advisor	1130-000 - Larkspur-General Hours	0.35
Technical Specialist - Urban	1180-000 - Rocklin-General Hours	0.6
Technical Specialist - Urban	1180-002 - Rocklin Insp Svcs	0.91
Program Coordinator	1190-000 - RP-General Hours	0.4
Department Director - Urban	1200-000 - San Rafael-General Hours	1
Program Coordinator	1240-000 - Walnut Creek-General Hours	0.46
Senior Advisor	1250-000 - Yountville-General Hours	0.68
Technical Specialist	1250-000 - Yountville-General Hours	0.35
Technical Assistant	1260-000 - C-IV-General Hours	1
Project Advisor	1260-000 - C-IV-General Hours	1
Project Advisor	1260-000 - C-IV-General Hours	1
Technical Specialist	1260-000 - C-IV-General Hours	1
Technical Assistant	1260-000 - C-IV-General Hours	1
Program Coordinator	1260-000 - C-IV-General Hours	1
Technical Assistant	1260-000 - C-IV-General Hours	1

Program Advisor	1260-000 - C-IV-General Hours	1
Technical Specialist	1260-000 - C-IV-General Hours	1
Technical Specialist	1260-000 - C-IV-General Hours	1
Technical Specialist	1260-000 - C-IV-General Hours	1
Technical Assistant	1260-000 - C-IV-General Hours	1
Technical Assistant	1260-000 - C-IV-General Hours	1
CEO - Urban	1260-001 - C-IV M&O	1
Program Coordinator	1320-000 - MERA-General Hours	0.16
CEO - Urban	1320-000 - MERA-General Hours	0.58
Senior Advisor	1320-000 - MERA-General Hours	0.15
Program Coordinator	1330-000 - MGSA-General Hours	0.35
Program Advisor	1380-000 - TAM-General Hours	1
Program Advisor	1380-008 - TAM-Measure A - 4 Prog Admin	1
Technical Specialist	1410-000 - Cent Marin Police Auth-Gen Hrs	0.1
Program Advisor	1470-000 - Marin County-General Hours	0.6
Project Advisor	1590-000 - South San Francisco-Gen Hrs	0.45
Advisor	1640-000 - WETA - General Hours	0.1
Program Advisor	1810-000 - Winters-General Hours	0.73
Senior Advisor	1830-000 - Benicia-General Hours	0.4
Coordinating Advisor	1900-000 - Vacaville-General Hours	0.38
Administrative Support - Urban	2250-000 - Contra Costa Transit-General H	0.35
Program Coordinator	2580-000 - Berkeley-General Hours	1
Technical Specialist - Urban	2590-000 - Fairfield-General Hours	0.35
	FTE	**60.02**
	Employee Count	**114**

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: TIFFANY BURAGLIO, Executive Assistant **Item: 3C**
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
2016					
November 17-18 (Thursday)	RGS LGS	MSA	FY16 Audited Financial Statements; Workshop: Strategic Planning and Agency 5-Year Goals	Yountville	10:00am 11/17 – 1:00pm 11/18
2017					
February 16 (Thursday)	RGS LGS	MSA	Personnel Rules, Regulations & Policies	Dublin	
May 18 (Thursday)	RGS LGS	MSA	FY18 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years), Executive Director Compensation Committee	Larkspur	
August 17 (Thursday)	RGS LGS	RGS LGS MSA	Election of Officers (all)	Walnut Creek	
November 16 (Thursday)	RGS LGS	MSA	FY17 Audited Financial Statements; Strategic Planning and Agency 5-Year Goals	Yountville	
2018					
February 15 (Thursday)	RGS LGS	MSA	Personnel Rules, Regulations & Policies	Dublin	
May 17 (Thursday)	RGS LGS	MSA	FY19 Budget & MSA rates; Admin & Financial Policies, Conflict of Interest (even years), Executive Director Compensation Committee	Larkspur	
August 16 (Thursday)	RGS LGS	MSA	Election of Officers (all)	Walnut Creek	
November 15 (Thursday)	RGS LGS	MSA	FY18 Audited Financial Statements; Strategic Planning and Agency 5-Year Goals	Yountville	

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: Richard Averett, CFO **Item: 3D**
SUBJECT: PAYMENTS AND DEPOSITS – SEPTEMBER 2016 THROUGH OCTOBER 2016

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.

Regional Government Services
Transactions by Account
As of October 31, 2016

	Type	Date	Num	Name	Memo	Amount	Balance
110060 · Rabobank Checking Account							**38,298.11**
	Payment	09/01/2016	71521	Artesia		13,734.80	52,032.91
	Payment	09/01/2016	10439	Drake Haglan & Associates		136.90	52,169.81
	Payment	09/01/2016	56348	Hillsborough		1,537.50	53,707.31
	Deposit	09/01/2016			Deposit	3,765.74	57,473.05
	Deposit	09/01/2016			Deposit	6,949.89	64,422.94
	Deposit	09/02/2016			Deposit	1,456.20	65,879.14
	Payment	09/06/2016	353395	Daly City		7,700.00	73,579.14
	Payment	09/06/2016	10457	Drake Haglan & Associates		1,445.10	75,024.24
	Payment	09/06/2016	69661	Larkspur		15,230.17	90,254.41
	Payment	09/06/2016	171770	Mill Valley		643.75	90,898.16
	Payment	09/06/2016	31091	Municipal Pooling Auth		7,782.50	98,680.66
	Payment	09/06/2016	95584	Novato		15,242.50	113,923.16
	Payment	09/06/2016	10767840	Placer County MAD		103.75	114,026.91
	Payment	09/06/2016	57760	Ross Valley Sanitation District		18,267.90	132,294.81
	Payment	09/06/2016	47132	Yountville		22,723.20	155,018.01
	Transfer	09/06/2016			Funds Transfer	295,000.00	450,018.01
	Payment	09/06/2016	5519	Nannette Brown		18.17	450,036.18
	General Journal	09/07/2016	1146		8/31/16 net pay	-221,214.39	228,821.79
	Transfer	09/07/2016			Funds Transfer	-80,000.00	148,821.79
	Transfer	09/07/2016			Funds Transfer	-39,533.94	109,287.85
	General Journal	09/08/2016	1147		8/31/16 payroll taxes and fees	-81,276.80	28,011.05
	Transfer	09/08/2016			Funds Transfer	-13,500.52	14,510.53
	Bill Pmt -Check	09/09/2016	5283	Dan Siwulec Communications Marketing, Inc		-78,752.45	-64,241.92
	Bill Pmt -Check	09/09/2016	Wire	Dirmark Media Inc.		-8,707.71	-72,949.63
	Bill Pmt -Check	09/09/2016	5284	Employment Research Services		-831.82	-73,781.45
	Bill Pmt -Check	09/09/2016	5285	Mary E Uzupis		-1,926.07	-75,707.52
	General Journal	09/09/2016	1195		2015- FSA admin fee	-113.30	-75,820.82
	General Journal	09/12/2016	1145		8/31/16 UTC 401a remittance	-32,851.24	-108,672.06
	General Journal	09/12/2016	1145		8/31/16 UTC 457 remittance	-16,591.19	-125,263.25
	Deposit	09/12/2016			Deposit	9,491.00	-115,772.25
	Deposit	09/12/2016			Deposit	5,800.00	-109,972.25
	Payment	09/12/2016	903059	Central Marin Police Auth		652.02	-109,320.23
	Payment	09/12/2016	234222	Rohnert Park		4,454.00	-104,866.23
	Payment	09/12/2016	2507390	SLOCOG Pub Ed Svc		10,212.52	-94,653.71
	Payment	09/12/2016	46858	San Mateo Harbor Dist		28,164.52	-66,489.19
	Payment	09/12/2016	503076	Vacaville		1,170.00	-65,319.19
	Deposit	09/12/2016			Deposit	727.95	-64,591.24
	Transfer	09/12/2016			Funds Transfer	135,000.00	70,408.76
	General Journal	09/12/2016	1193		8/31/16 FSA contribution	-1,606.92	68,801.84
	General Journal	09/13/2016	1151		Dental premium 2016-09	-4,630.59	64,171.25
	General Journal	09/13/2016	1153		Health Ins Actives premium 2016-09	-33,591.30	30,579.95
	Transfer	09/13/2016			Funds Transfer	-5,894.65	24,685.30
	Check	09/13/2016			Service Charge	-208.05	24,477.25
	Payment	09/14/2016	182112	Gilroy		1,500.00	25,977.25

Regional Government Services
Transactions by Account
As of October 31, 2016

Type	Date	Num	Name	Memo	Amount	Balance
Payment	09/14/2016	69709	Larkspur		1,268.00	27,245.25
Payment	09/14/2016	56658	Rocklin		6,315.74	33,560.99
Payment	09/14/2016	2507922	SLOCOG Pub Ed Svc		44,538.51	78,099.50
Payment	09/14/2016	3018486	Ukiah		325.35	78,424.85
General Journal	09/14/2016	1150		Health Ins Actives premium 2016-09	-23,124.48	55,300.37
General Journal	09/14/2016	1152		Vision premium pmt 2016-09	-716.83	54,583.54
Deposit	09/15/2016			Deposit	24,806.68	79,390.22
Deposit	09/15/2016			Deposit	280,000.00	359,390.22
Transfer	09/15/2016			Funds Transfer	-350,000.00	9,390.22
Transfer	09/16/2016			Funds Transfer	10,000.00	19,390.22
Deposit	09/16/2016			Deposit	14,500.00	33,890.22
Transfer	09/16/2016			Funds Transfer	-9,216.36	24,673.86
Payment	09/19/2016	52035	Colfax		3,420.00	28,093.86
Payment	09/19/2016	40845	Half Moon Bay		6,382.50	34,476.36
Transfer	09/19/2016			Funds Transfer	260,000.00	294,476.36
General Journal	09/19/2016	1158		SLOCOG Measure J Mailer	-43,891.98	250,584.38
Transfer	09/20/2016			Funds Transfer	-336.00	250,248.38
Transfer	09/21/2016			Funds Transfer	35,000.00	285,248.38
General Journal	09/21/2016	1156		9/15/16 net pay	-197,118.37	88,130.01
Payment	09/21/2016	90251	Assoc of Bay Area Govt		13,920.00	102,050.01
Payment	09/21/2016	51449	Monterey Regional Airport		3,757.40	105,807.41
Payment	09/21/2016	10769929	Placer County MAD		135.00	105,942.41
Payment	09/21/2016	253274	South San Francisco		4,092.00	110,034.41
Payment	09/21/2016	990604614	Stanislaus Council of Govts		11,303.75	121,338.16
Deposit	09/21/2016			Deposit	727.95	122,066.11
Transfer	09/21/2016			Funds Transfer	-39,535.01	82,531.10
General Journal	09/22/2016	1157		9/15/16 payroll taxes and fees	-66,085.82	16,445.28
Check	09/22/2016	134	Employment Development Dept		-595.98	15,849.30
Transfer	09/22/2016			Funds Transfer	-13,508.31	2,340.99
Payment	09/23/2016	107	Stars		1,350.00	3,690.99
Payment	09/23/2016	32321	Arvin		5,199.50	8,890.49
Payment	09/23/2016	10519	Drake Haglan & Associates		856.37	9,746.86
Payment	09/23/2016	48588	Ironhouse		4,924.25	14,671.11
Payment	09/23/2016	405780	Salinas		5,256.25	19,927.36
General Journal	09/26/2016	1155		Meyers Nave Inv# 2016070784 &02016070785	-9,016.06	10,911.30
General Journal	09/26/2016	1159		MHN Premium Pay 2016-09	-434.40	10,476.90
Bill Pmt -Check	09/26/2016	5286	Glicksman Consulting, LLC		-3,000.00	7,476.90
Bill Pmt -Check	09/26/2016	5287	Goleta Valley Community Center	VOID:	0.00	7,476.90
Bill Pmt -Check	09/26/2016	5288	Mary E Uzupis		-20,825.00	-13,348.10
Bill Pmt -Check	09/26/2016	5289	US Bank		-27,397.79	-40,745.89
Bill Pmt -Check	09/26/2016	5290	Employment Research Services		-410.66	-41,156.55
Bill Pmt -Check	09/26/2016	5291	Joe A. Gonsalves & Son		-6,000.00	-47,156.55
Bill Pmt -Check	09/26/2016	5292	Scott N. Kivel		-17,825.31	-64,981.86
Transfer	09/26/2016			Funds Transfer	40,000.00	-24,981.86

Regional Government Services
Transactions by Account
As of October 31, 2016

Type	Date	Num	Name	Memo	Amount	Balance
Payment	09/26/2016	8925422	C - IV		167,044.47	142,062.61
Payment	09/26/2016	990604962	Stanislaus Council of Govts		132,395.62	274,458.23
Payment	09/26/2016	47249	Yountville		34,604.10	309,062.33
General Journal	09/26/2016	1194		9/15/16 FSA contribution	-1,606.92	307,455.41
General Journal	09/27/2016	1160		9/15/16 UTC 401a remittance	-28,730.13	278,725.28
General Journal	09/27/2016	1160		9/15/16 UTC 457 remittance	-13,037.89	265,687.39
Transfer	09/27/2016			Funds Transfer	-125,000.00	140,687.39
Payment	09/27/2016	832	Albany		8,360.00	149,047.39
Payment	09/27/2016	23765	Calistoga		102.60	149,149.99
Payment	09/27/2016	44561	Colma		4,192.00	153,341.99
Payment	09/27/2016	31146	Municipal Pooling Auth		6,287.50	159,629.49
Payment	09/27/2016	119404	Patterson		1,665.25	161,294.74
Payment	09/27/2016	908618	Riverside		25,110.00	186,404.74
Payment	09/27/2016	56754	Rocklin		14,615.41	201,020.15
Payment	09/27/2016	57859	Ross Valley Sanitation District		18,920.90	219,941.05
Payment	09/27/2016	7140	Twentynine Palms Water District		1,219.00	221,160.05
Payment	09/27/2016	503424	Vacaville		2,070.00	223,230.05
Deposit	09/27/2016			Deposit	750.00	223,980.05
Transfer	09/27/2016			Funds Transfer	-5,917.65	218,062.40
Transfer	09/28/2016			Funds Transfer	-70,000.00	148,062.40
Payment	09/28/2016	108	Stars		675.00	148,737.40
Payment	09/28/2016	56568	Hillsborough		562.50	149,299.90
Payment	09/28/2016	801200136	MERA		6,850.32	156,150.22
Payment	09/28/2016	319824	San Rafael		25,905.00	182,055.22
Payment	09/28/2016	45971	Winters		3,710.00	185,765.22
Deposit	09/29/2016			Deposit	3,832.30	189,597.52
Transfer	09/29/2016			Funds Transfer	-1,300.00	188,297.52
General Journal	09/30/2016	1167		Q3 2016 HRA Contribution	-122,500.00	65,797.52
Payment	09/30/2016	903129	Central Marin Police Auth		1,518.15	67,315.67
Payment	09/30/2016	244765	Millbrae		2,500.00	69,815.67
Payment	09/30/2016	46972	San Mateo Harbor Dist		41,924.84	111,740.51
General Journal	09/30/2016	1175		Life and Disability premium for 2016-09	-2,170.05	109,570.46
Transfer	09/30/2016			Funds Transfer	-9,769.84	99,800.62
Deposit	10/03/2016			Deposit	31,518.16	131,318.78
Payment	10/03/2016	ACH	LGS - TAM		32,639.44	163,958.22
Payment	10/03/2016	32365	Arvin		1,171.35	165,129.57
Payment	10/03/2016	347717	Benicia		300.00	165,429.57
Payment	10/03/2016	354042	Daly City		9,650.00	175,079.57
Payment	10/03/2016	172236	Mill Valley		5,402.50	180,482.07
Payment	10/03/2016	95863	Novato		23,140.00	203,622.07
Payment	10/03/2016	34295	VCTC2		3,904.50	207,526.57
Payment	10/03/2016	342743	Walnut Creek		5,358.00	212,884.57
Payment	10/03/2016	10808251	Nannette Brown		18.17	212,902.74
Transfer	10/05/2016			Funds Transfer	100,000.00	312,902.74

Regional Government Services
Transactions by Account
As of October 31, 2016

Type	Date	Num	Name	Memo	Amount	Balance
Payment	10/06/2016	881	Albany		18,905.00	331,807.74
Payment	10/06/2016	40925	Half Moon Bay		15,163.00	346,970.74
Payment	10/06/2016	96376	Mark Thomas & Company		300.00	347,270.74
Deposit	10/06/2016			Deposit	6,949.89	354,220.63
General Journal	10/06/2016	1173		9/30/16 net pay	-188,470.78	165,749.85
General Journal	10/07/2016	1174		9/30/16 payroll taxes and fees	-66,187.65	99,562.20
Bill Pmt -Check	10/10/2016	5293	Employment Research Services		-915.35	98,646.85
Bill Pmt -Check	10/10/2016	5294	James Marta & Company		-10,500.00	88,146.85
Bill Pmt -Check	10/10/2016	5295	Keenan & Associates		-1,300.00	86,846.85
Payment	10/11/2016	198079	Berkeley		11,579.88	98,426.73
Payment	10/11/2016	69892	Larkspur		20,765.30	119,192.03
Payment	10/11/2016	234788	Rohnert Park		4,828.00	124,020.03
Payment	10/11/2016	990605892	Stanislaus Council of Govts		37,821.25	161,841.28
Payment	10/11/2016	3018884	Ukiah		16,125.00	177,966.28
Transfer	10/11/2016			Funds Transfer	80,000.00	257,966.28
General Journal	10/11/2016	1185		Health Ins premium 2016-10	-33,062.30	224,903.98
General Journal	10/11/2016	1186		Dental premium 2016-10	-4,597.76	220,306.22
Transfer	10/12/2016			Funds Transfer	-90,000.00	130,306.22
General Journal	10/12/2016	1184		Health Ins Actives premium 2016-10	-23,124.48	107,181.74
General Journal	10/12/2016	1187		Vision premium pmt 2016-10	-708.48	106,473.26
General Journal	10/12/2016	1191		9/30/16 UTC 401a remittance	-28,277.52	78,195.74
General Journal	10/12/2016	1191		9/30/16 UTC 457 remittance	-13,727.88	64,467.86
Payment	10/17/2016	159465	Bell Gardens		4,195.00	68,662.86
Payment	10/17/2016	61113	Vallejo Sanitation		8,160.00	76,822.86
Payment	10/17/2016	62428	WETA		3,708.00	80,530.86
Deposit	10/17/2016			Deposit	15,291.00	95,821.86
Transfer	10/19/2016			Funds Transfer	145,000.00	240,821.86
General Journal	10/19/2016	1198		MSA Claims Funding	-3,699.14	237,122.72
Bill Pmt -Check	10/20/2016	5296	Raychelle Menefee	Travel Advance	-593.95	236,528.77
Bill Pmt -Check	10/20/2016	5297	US Bank		-30,604.29	205,924.48
Payment	10/20/2016	864894	Humboldt County Assoc of Governments		8,251.97	214,176.45
Deposit	10/20/2016			Deposit	11.18	214,187.63
Transfer	10/20/2016			Funds Transfer	200,000.00	414,187.63
Transfer	10/21/2016			Funds Transfer	50,000.00	464,187.63
General Journal	10/21/2016	1196		10/15/16 net pay	-185,627.46	278,560.17
General Journal	10/21/2016	1197		10/15/16 payroll taxes and fees	-58,790.31	219,769.86
Payment	10/24/2016	1136	Albany		3,657.50	223,427.36
Payment	10/24/2016	32466	Arvin		1,705.84	225,133.20
Payment	10/24/2016	32498	Arvin		5,639.40	230,772.60
Payment	10/24/2016	198737	Berkeley		8,313.76	239,086.36
Payment	10/24/2016	52106	Colfax		2,612.50	241,698.86
Payment	10/24/2016	31209	Municipal Pooling Auth		5,772.00	247,470.86
Payment	10/24/2016	3020486	Palo Alto		1,562.50	249,033.36
Payment	10/24/2016	909859	Riverside		7,560.00	256,593.36

Regional Government Services
Transactions by Account
As of October 31, 2016

Type	Date	Num	Name	Memo	Amount	Balance
Payment	10/24/2016	56993	Rocklin		12,819.24	269,412.60
Payment	10/24/2016	94332	Rosemead		6,256.25	275,668.85
Payment	10/24/2016	47063	San Mateo Harbor Dist		27,095.77	302,764.62
Payment	10/24/2016	320377	San Rafael		27,815.80	330,580.42
Payment	10/24/2016	1581707	Sonoma County Library		3,570.00	334,150.42
Payment	10/24/2016	254000	South San Francisco		4,030.00	338,180.42
Payment	10/24/2016	7031	Twentynine Palms Water District		4,039.00	342,219.42
Payment	10/24/2016	61259	Vallejo Sanitation		3,200.00	345,419.42
Payment	10/24/2016	343351	Walnut Creek		4,560.00	349,979.42
Payment	10/25/2016	ACH	LGS - TAM		35,505.70	385,485.12
Bill Pmt -Check	10/25/2016	5298	Bartel Associates		-1,750.00	383,735.12
Bill Pmt -Check	10/25/2016	5299	City of Dublin		-1,725.10	382,010.02
Bill Pmt -Check	10/25/2016	5300	Employment Research Services		-1,042.00	380,968.02
Bill Pmt -Check	10/25/2016	5301	Joe A. Gonsalves & Son		-6,000.00	374,968.02
Bill Pmt -Check	10/25/2016	5302	Mary E Uzupis		-17,937.50	357,030.52
Bill Pmt -Check	10/25/2016	5303	Meyers Nave		-9,137.88	347,892.64
Bill Pmt -Check	10/25/2016	5304	White,Nelson,Diehl, Evans LLP		-325.00	347,567.64
Transfer	10/25/2016			Funds Transfer	-155,000.00	192,567.64
General Journal	10/25/2016	1210		10/15/16 UTC 401a remittance	-27,029.19	165,538.45
General Journal	10/25/2016	1210		10/15/16 UTC 457 remittance	-17,157.70	148,380.75
Deposit	10/27/2016			Deposit	1,455.90	149,836.65
Payment	10/28/2016	71742	Artesia		15,540.15	165,376.80
Payment	10/28/2016	23928	Calistoga		90.25	165,467.05
Payment	10/28/2016	245041	Millbrae		2,937.50	168,404.55
Payment	10/28/2016	46167	Winters		4,270.00	172,674.55
Deposit	10/28/2016			Deposit	4,691.80	177,366.35
General Journal	10/28/2016	1217		10/15/16 FSA contribution	-1,656.92	175,709.43
Payment	10/31/2016	159629	Bell Gardens		5,868.00	181,577.43
Payment	10/31/2016	8940369	C - IV		210,548.34	392,125.77
Payment	10/31/2016	41024	Half Moon Bay		18,644.00	410,769.77
Payment	10/31/2016	25232	HVLA		1,875.50	412,645.27
Payment	10/31/2016	109538	Kittelson & Associates, Inc.		442.03	413,087.30
Payment	10/31/2016	70009	Larkspur		13,678.19	426,765.49
Payment	10/31/2016	801200166	MERA		7,105.47	433,870.96
Payment	10/31/2016	119800	Patterson		2,337.95	436,208.91
Payment	10/31/2016	2513386	SLOCOG Pub Ed Svc		8,050.42	444,259.33
Payment	10/31/2016	3019087	Ukiah		1,566.00	445,825.33
Deposit	10/31/2016			Deposit	81.56	445,906.89
General Journal	10/31/2016	1216		Life and Disability premium for 2016-10	-2,225.69	443,681.20
Total 110060 · Rabobank Checking Account					405,383.09	443,681.20
TOTAL					**405,383.09**	**443,681.20**

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: Richard H. Averett, Executive Director/CFO **Item: 3E**
SUBJECT: INVESTMENT REPORT

RECOMMENDATION

Review and accept JPA investments made through September 2016.

BACKGROUND

The Board of Directors or their designee annually reviews the investment policy at the final fiscal year meeting, with the latest approved policy being April 16, 2015. The Board approved investment policy enables the agency to invest in bank sweep, money market and Certificate of Deposit (CD) accounts, the Local Agency Investment Fund (LAIF), Treasury and Municipal debt instruments, and the California Investment Trust pool (CalTrust). The JPAs are also authorized to make cash flow loans to other public agencies. Currently the JPAs have no such 'alternative' investments. RGS, LGS and MSA investment activity has been consolidated into one RGS Rabobank money market account, one RGS LAIF account and into RGS CalTrust Short-term and Medium-term accounts. Investment activity for the current period is summarized in the attached material.

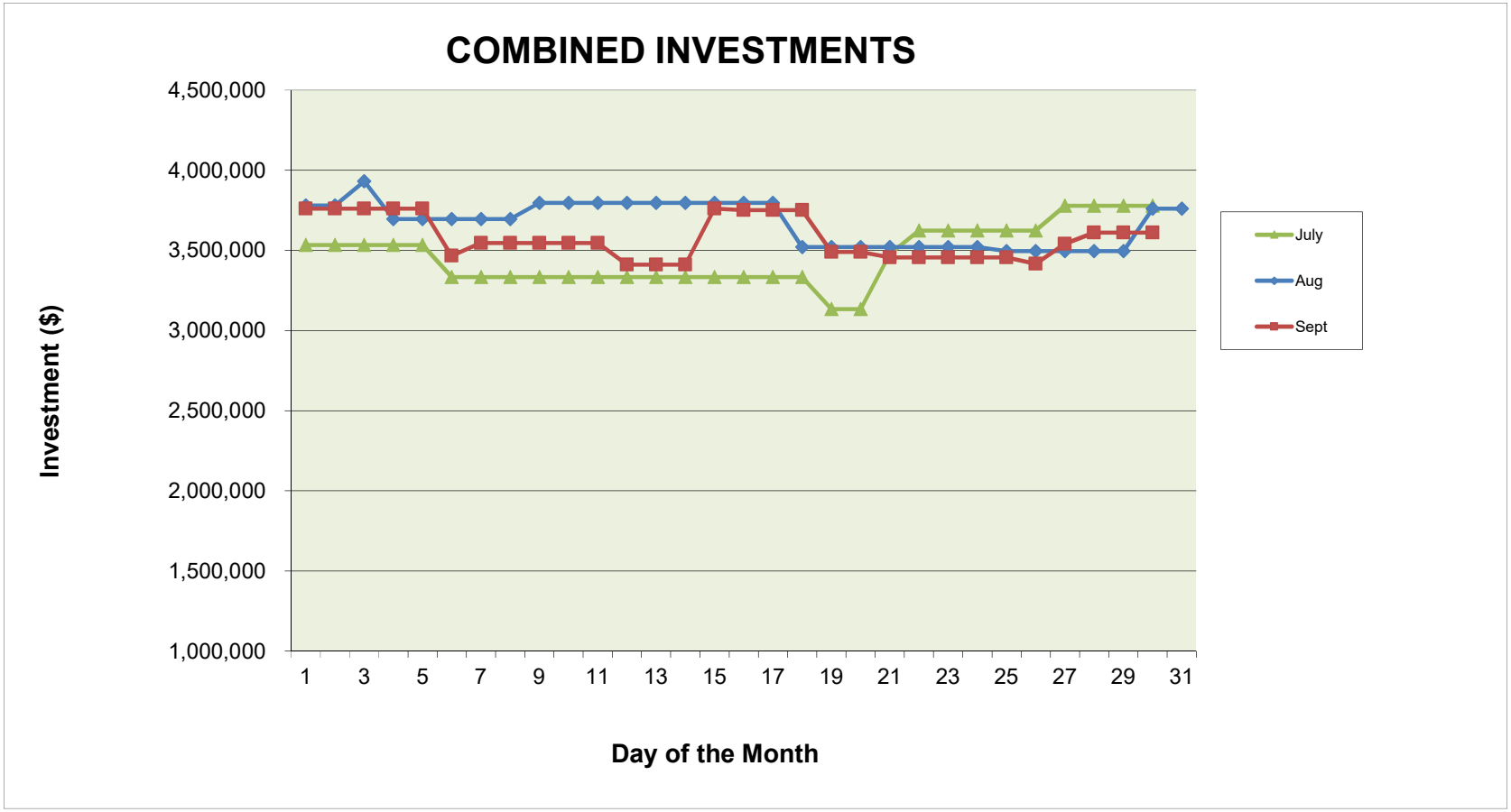
FISCAL IMPACT

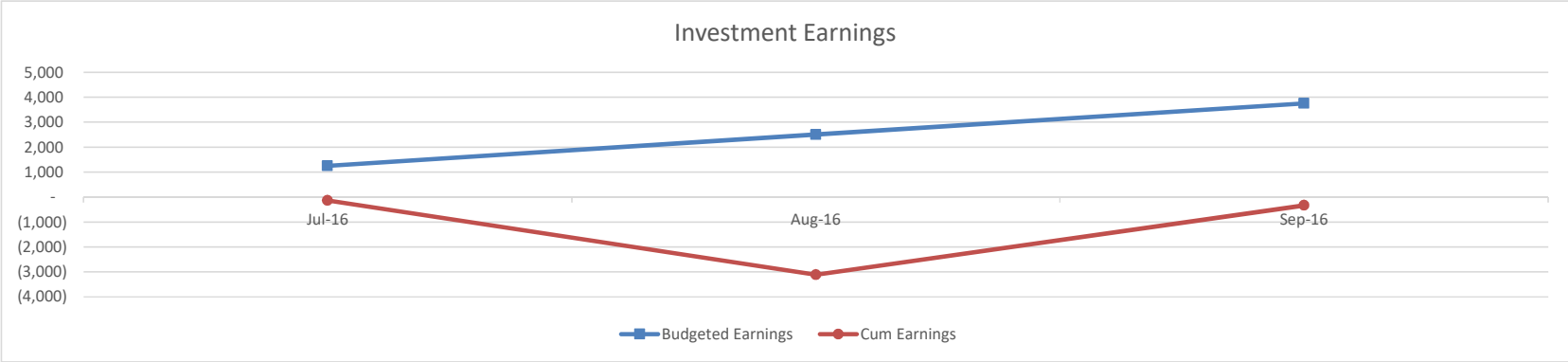
Market fluctuations result in unrealized net gains and net losses in the CalTrust portfolio returns. Month-to-month market adjustments are reflected in investment reports. Changes in 'paper' or market value are augmented by interest earnings.

CalTrust Medium Term investments are currently yielding approximately 105 basis points, and CalTrust short term investments are currently yielding 87 basis points. LAIF is yielding 66 basis points.

INVESTMENT REPORT
FY 2017

	July				Aug				Sept			
Date	Rabobank Money Mkt	CalTrust Short & Medium	LAIF	Combined	Rabobank Money Mkt	CalTrust Short & Medium	LAIF	Combined	Rabobank Money Mkt	CalTrust Short & Medium	LAIF	Combined
1	268,154	3,263,790	1,173	3,533,117	558,194	3,221,477	1,173	3,780,844	388,252	3,371,477	1,173	3,760,902
2	268,154	3,263,790	1,173	3,533,117	558,194	3,221,477	1,173	3,780,844	388,252	3,371,477	1,173	3,760,902
3	268,154	3,263,790	1,173	3,533,117	558,194	3,371,477	1,173	3,930,844	388,252	3,371,477	1,173	3,760,902
4	268,154	3,263,790	1,173	3,533,117	323,194	3,371,477	1,173	3,695,844	388,252	3,371,477	1,173	3,760,902
5	268,154	3,263,790	1,173	3,533,117	323,194	3,371,477	1,173	3,695,844	388,252	3,371,477	1,173	3,760,902
6	68,154	3,263,790	1,173	3,333,117	323,194	3,371,477	1,173	3,695,844	93,252	3,371,477	1,173	3,465,902
7	68,154	3,263,790	1,173	3,333,117	323,194	3,371,477	1,173	3,695,844	173,252	3,371,477	1,173	3,545,902
8	68,154	3,263,790	1,173	3,333,117	323,194	3,371,477	1,173	3,695,844	173,252	3,371,477	1,173	3,545,902
9	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	173,252	3,371,477	1,173	3,545,902
10	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	173,252	3,371,477	1,173	3,545,902
11	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	173,252	3,371,477	1,173	3,545,902
12	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	38,252	3,371,477	1,173	3,410,902
13	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	38,252	3,371,477	1,173	3,410,902
14	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	38,252	3,371,477	1,173	3,410,902
15	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	388,252	3,371,477	1,173	3,760,902
16	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	378,252	3,371,477	1,173	3,750,902
17	68,154	3,263,790	1,173	3,333,117	423,194	3,371,477	1,173	3,795,844	378,252	3,371,477	1,173	3,750,902
18	68,154	3,263,790	1,173	3,333,117	148,194	3,371,477	1,173	3,520,844	378,252	3,371,477	1,173	3,750,902
19	68,154	3,063,790	1,173	3,133,117	148,194	3,371,477	1,173	3,520,844	118,252	3,371,477	1,173	3,490,902
20	68,154	3,063,790	1,173	3,133,117	148,194	3,371,477	1,173	3,520,844	118,252	3,371,477	1,173	3,490,902
21	413,154	3,063,790	1,173	3,478,117	148,194	3,371,477	1,173	3,520,844	83,252	3,371,477	1,173	3,455,902
22	558,154	3,063,790	1,173	3,623,117	148,194	3,371,477	1,173	3,520,844	83,252	3,371,477	1,173	3,455,902
23	558,154	3,063,790	1,173	3,623,117	148,194	3,371,477	1,173	3,520,844	83,252	3,371,477	1,173	3,455,902
24	558,154	3,063,790	1,173	3,623,117	148,194	3,371,477	1,173	3,520,844	83,252	3,371,477	1,173	3,455,902
25	558,154	3,063,790	1,173	3,623,117	123,194	3,371,477	1,173	3,495,844	83,252	3,371,477	1,173	3,455,902
26	558,154	3,063,790	1,173	3,623,117	123,194	3,371,477	1,173	3,495,844	43,252	3,371,477	1,173	3,415,902
27	558,154	3,218,790	1,173	3,778,117	123,194	3,371,477	1,173	3,495,844	168,252	3,371,477	1,173	3,540,902
28	558,154	3,218,790	1,173	3,778,117	123,194	3,371,477	1,173	3,495,844	238,252	3,371,477	1,173	3,610,902
29	558,154	3,218,790	1,173	3,778,117	123,194	3,371,477	1,173	3,495,844	238,252	3,371,477	1,173	3,610,902
30	558,154	3,218,790	1,173	3,778,117	388,194	3,371,477	1,173	3,760,844	238,252	3,371,477	1,173	3,610,902
31	558,154	3,218,790	1,173	3,778,117	388,194	3,371,477	1,173	3,760,844				


COMBINED INVESTMENTS
Investment ($)
4,500,000
4,000,000
3,500,000
3,000,000
2,500,000
2,000,000
1,500,000
1,000,000
1
3
5
7
9
11
13
15
17
19
21
23
25
27
29
31
Day of the Month
July
Aug
Sept


Investment Earnings
5,000
4,000
3,000
2,000
1,000
-
(1,000)
(2,000)
(3,000)
(4,000)
Jul-16
Aug-16
Sep-16
Budgeted Earnings
Cum Earnings

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: RICHARD H. AVERETT, Executive Director **Item: 3F**
SUBJECT: CLIENT SERVICES – MANAGEMENT SERVICES AGREEMENTS

RECOMMENDATION

Approve authorizing the Executive Director to execute management services agreements with the agencies described in the following table:

Agency	Start Date	NTE (if any)	Service(s) Provided
Central Marin Sanitation District	October 2016		Wastewater Management Services
City of Fairfield	August 2016	$18,000	Human Resources
City of Grass Valley	October 2016		Human Resources
City of Laguna Beach	October 2016		Human Resources
City of Manteca	August 2016		Human Resources
City of Rosemead	September 2016		Human Resources
San Gabriel Valley Mosquito and Vector Control District	September 2016	$10,000	Recruitment Services
South San Francisco Public Library	September 2016	$12,000	Library Project Services

All management services agreements use, whenever possible, the standard RGS template agreement approved by JPA Counsel. Changes to the terms of the standard RGS agreement or use of client partner's standard agreement are countersigned by JPA Counsel.

FISCAL IMPACT

The hourly or monthly rates charged to all partner agencies for services are sufficient to pay all salaries, benefits, insurance and administrative costs of the JPA.

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: Jefferson Kise, Finance Manager **Item: 4A**
SUBJECT: FINANCIAL REPORT ANALYSIS

RECOMMENDATION

No action is required of the Executive Committee. These are informational, preliminary financial reports through September 2016, 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), the net income for the JPA was negative $111,773. Increased legal costs and decreased LGS administrative services reimbursement, both related primarily to CalPERS actions, are the causes of this negative FYTD performance. Increased risk management review of services agreements with new partner agencies has also increased legal and staff costs. Through the same period, net equity for the JPA was $671,113, still above the target balance of $500,000. As a result of the CalPERS audit of LGS, the Agency lost one of its largest clients in the latter months of fiscal year 2016. A full-year's impact will be realized in FY17, giving the JPA time to partially recover revenues to mitigate the loss. The JPA is continuing to add new work, while taking steps to limit administrative expenses to those necessary for risk mitigation strategies and to serve existing partner agencies and prospective clients.

8:42 AM
11/03/16
Accrual Basis

Regional Government Services
Profit & Loss
July through September 2016

	Jul 16	Aug 16	Sep 16	TOTAL
Ordinary Income/Expense				
Income				
440301 · Client Billings	595,258	691,353	613,528	1,900,139
440400 · LGS & MSA - Admin. Services	33,429	31,500	85,534	150,463
480000 · Miscellaneous Income	54,947	144,852	87,462	287,261
Total Income	683,634	867,705	786,524	2,337,863
Gross Profit	683,634	867,705	786,524	2,337,863
Expense				
511010 · Salaries - Regular	508,619	574,826	529,245	1,612,690
511072 · Salaries - Nonbillable	-8,259	3,553	5,160	454
512002 · Medicare Employer Expense	7,406	8,386	7,712	23,504
512003 · Workers' Comp Exp clerical	5,000	5,027	5,000	15,027
512004 · Employee Assistance Program	851		398	1,249
512005 · Health Insurance Expense	36,071	36,749	36,426	109,246
512006 · Dental Insurance Expense	3,051	3,083	3,083	9,217
512007 · Vision Insurance Expense	453	461	461	1,375
512008 · Life Insurance Expense	518	521	510	1,549
512009 · Long Term Disability Expense	541	543	543	1,627
512011 · Stars 401A Expense	54,107	61,132	56,437	171,676
512014 · Short Term Disability Expense	496	496	497	1,489
512015 · Unemployment Expense	750	733	1,400	2,883
512018 · FSA Health & Day Care Expense	65	72	70	207
512019 · Employee Expense Allowances	9,177	10,137	9,213	28,527
520107 · APS (ADP) Payroll Fees	732	714	735	2,181
520108 · Communications - Agency Expense	530	586	592	1,708
520201 · Office Supplies		245	549	794
520202 · Bank Fees & Services	275	256	296	827
520204 · Printing & Postage	6,488	469	4,819	11,776
520301 · Audit Services	1,000	500		1,500
520302 · Legal Services	3,997	5,584	7,635	17,216
520314 · Administrative Services		50		50
520320 · Professional Services	28,716	79,100	94,518	202,334
520501 · Professional Dues & Membership	2,019	2,895	2,203	7,117
520503 · Conferences & Meetings	2,204	34,994	13,254	50,452
520504 · Publications	4,430	4,296	516	9,242
520508 · Licenses & Fees	176			176
520701 · General Liability Insurance Exp	33,083	33,083	33,083	99,249
520801 · Mileage Reimbursement	2,536	3,885	2,410	8,831
520803 · Travel Reimbursement	7,875	5,956	3,419	17,250
520805 · Supplies & Meals Reimbursement	376	1,505	774	2,655
520904 · Computer Install & Maintenance	2,257	2,768	2,784	7,809
522798 · Miscellaneous Expense				
570100 · Equipment Purchase	2,476			2,476
Total Expense	718,016	882,605	823,742	2,424,363
Net Ordinary Income	-34,382	-14,900	-37,218	-86,500
Other Income/Expense				
Other Income				
520100 · Investment Income	-139	-2,913	2,778	-274
Total Other Income	-139	-2,913	2,778	-274
Other Expense				
529996 · Attributed OPEB / HRA Expense	8,333	8,333	8,333	24,999
529997 · Unallocated Admin. Svcs - RGS	-183,179	-210,595	-148,872	-542,646
529999 · Allocated Unbillable Expenses	183,179	210,595	148,872	542,646
Total Other Expense	8,333	8,333	8,333	24,999
Net Other Income	-8,472	-11,246	-5,555	-25,273
Net Income	**-42,854**	**-26,146**	**-42,773**	**-111,773**
COMBINED JPA TOTAL	**-98,336**	**-31,723**	**-149,871**	**-279,930**

Regional Government Services
Balance Sheet
As of September 30, 2016

	Sep 30, 16
ASSETS	
Current Assets	
Checking/Savings	
110030 · LAIF Account	1,175
110040 · CalTRUST Medium Term Fund	2,907,840
110050 · CalTRUST Short Term Fund	506,376
110060 · Rabobank Checking Account	99,801
110070 · Rabobank Money Market	238,285
Total Checking/Savings	3,753,477
Accounts Receivable	
131130 · Accounts Receivable	1,207,044
Total Accounts Receivable	1,207,044
Other Current Assets	
120005 · Prepaid Expenses	17,621
120010 · Prepaid Insurance	0
131131 · Accounts Receivable - Misc	2,744
Total Other Current Assets	20,365
Total Current Assets	4,980,886
Other Assets	
180001 · Loan due to JPA	37,981
Total Other Assets	37,981
TOTAL ASSETS	**5,018,867**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
220010 · Accounts Payable	32,041
Total Accounts Payable	32,041
Other Current Liabilities	
214060 · Due to LGS	1,984,132
214070 · Due To/From MSA	1,706,250
221003 · 457/401A Retirement Liability	42,006
221006 · FSA Liability	836
221015 · Health Insurance Liability	-7,329
221016 · Long Term Disability Liability	-9
221017 · Short Term Disability Liability	-3
221023 · Dental Insurance Liability	-574
221024 · Vision Insurance Liability	10
221025 · Life Insurance/AD&D Liability	171
221028 · Misc Benefits Liability	14
221029 · Garnishments	587
230060 · Accrued Salaries, Wages & Taxes	254,296
240010 · Deferred Revenue	47,241
250001 · Accrued Vacation	283,086
Total Other Current Liabilities	4,310,714
Total Current Liabilities	4,342,755
Long Term Liabilities	
260005 · Health Reimbursement Account	4,999
Total Long Term Liabilities	4,999
Total Liabilities	4,347,754
Equity	
32000 · Retained Earnings	-136,654
370000 · Fund Bal Unreserved/Unrestrictd	919,544
Net Income	-111,777
Total Equity	671,113
TOTAL LIABILITIES & EQUITY	**5,018,867**

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 4B**
SUBJECT: APPROVAL OF AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2016

RECOMMENDATION

Review and approve the independent audit reports for fiscal year (FY) 2016.

BACKGROUND

The outside audit firm of James Marta and Company was retrained to complete the FY2016 audit. The June 30, 2016 audited financial statements for the JPA, along with the audit report and Management Letter are included. Audited financial statements are also posted to the JPA web site.

AUDIT RESULTS

Audit results are summarized below, with more information and analysis in the Management Discussion and Analysis section of the audit report. The FY2016 results reflect the continuing investment made to enhance capacity and financial sustainability of the JPA. The net financial position of the JPAs will permit a continued ability to provide quality services to our clients and employees.

RGS FINANCIAL HIGHLIGHTS

- In the fiscal year ended June 30, 2016, the Authority's net profit of $41,078. This result is net of a $200,000 supplemental member contribution to the Municipal Services Authority (MSA) claims reserve. Adjusting for the MSA contribution, the Authority's Net Income would have been $241,078.
- Revenues from client reimbursements for services provided increased $2,052,711 in FY2016 from the FY2015.

Net Assets at the end of the fiscal year are $782,888, above the minimum target of $500,000.

REGIONAL GOVERNMENT SERVICES AUTHORITY

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015

JAMES MARTA &
COMPANY LLP

CERTIFIED PUBLIC
ACCOUNTANTS

701 HOWE AVENUE, E3
SACRAMENTO, CA

(916) 993-9494
WWW.JPMCPA.COM

REGIONAL GOVERNMENT SERVICES AUTHORITY

BOARD OF DIRECTORS

JUNE 30, 2016

Chair
Ken Nordhoff – City of Walnut Creek

Vice Chair
Dan Schwarz – City of Larkspur

Board Members
Chris Foss – City of Dublin
Steven Rogers – Town of Yountville

Executive Director
Richard Averett

REGIONAL GOVERNMENT SERVICES AUTHORITY

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Regional Government Services Authority
Carmel Valley, California

Report on the Financial Statements

We have audited the accompanying Statement of Net Position of Regional Government Services Authority (the Authority) as of June 30, 2016 and 2015 and the related Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Regional Government Services Authority as of June 30, 2016 and 2015, and the respective changes in net position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as systems prescribed by the State Controller's Office and state regulators governing special districts.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2016 on our consideration of Regional Government Services Authority's internal control over financial reporting and our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 9, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

REGIONAL GOVERNMENT SERVICES AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016 AND 2015

The following discussion and analysis of the financial performance of the Regional Government Services Authority (the "Authority" or "RGS") provides an overview of the Authority's financial activities for the fiscal year ("FY") ended June 30, 2016. Please read it in conjunction with the Authority's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

- In the fiscal year ended June 30, 2016, the Authority's net profit of $41,078 is a $268,084 improvement over the prior fiscal year loss of $227,006. This result is net of a $200,000 supplemental member contribution to the Municipal Services Authority (MSA) claims reserve. Adjusting for the MSA contribution, the Authority's Net Income would have been $241,078.
- Due to consistently replacing retiring client agreements, adding new services (such as training and communications), and long term cost-recovery discipline, the Regional Government Services Authority is in a strong financial position. The Authority has two larger clients with ten and thirteen assigned employees. RGS ended services with the smaller of these two clients in June 2016. This reduction in employees and services rendered is expected to be fully absorbed by FYE (fiscal year end) 2017 due to growth in client base and service offerings.
- As a result of actions by CalPERS in advance of finalizing its audit of Local Government Services Authority (LGS), LGS revenue will decrease significantly over FY2017. LGS and RGS share in the cost of administrative services, and thus RGS will not be reimbursed for its administrative cost in the amount previously recovered. The Authority has administrative personnel, technical infrastructure, internal processes and outreach activities in place to control costs and grow RGS services. It is expected that by FY2019, RGS should be able to fully absorb LGS' share of administrative costs and resume its net income growth in subsequent years.

OPERATIONAL HIGHLIGHTS

- During the fiscal year the Authority upgraded all computers to Windows 10 as well as enhanced security software.
- The Authority has transitioned several parts of its new employee orientation to video recordings allowing staff to focus on other activities and new employees to learn the material on a more convenient schedule.
- The Authority refined its marketing materials including new logo/colors for the website and coordinated marketing materials (cut sheets, brochures, proposal folders, pop-up banners, business cards).
- RGS provides all accounting, human resources and payroll functions for the Authority as well as for Local Government Services Authority and Municipal Services Authority, with a full-time Executive Director, part-time Administrative Services Director, full-time Manager, three part-time Finance Technicians, one part-time HR Technician, one part-time Marketing Coordinator, and one part-time Payroll Technician. The investments in JPA resources results in lower operating costs, improved reporting and controls, and increased capacity to take on addition client work and new client services.
- The Authority continues to review its remaining technology needs, including improving the cost model, enhancements to financial and time recording data gathering and reporting, and better utilization of social media platforms and customer relations management software.

USE OF FINANCIAL STATEMENTS TO ANALYZE THE AUTHORITY'S CONDITION

Financial statements can be used to answer the question, "Is an agency better off or worse off as a result of this year's activities?" The financial statements report information about the Authority's activities in a way that helps answer this question. The statements are prepared on the accrual basis of accounting, which means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. An explanation of each of the statements and the information they report follows.

THE STATEMENT OF NET POSITION

The Statement of Net Position details the Authority's assets, liabilities and the difference between them, known as net position, as of June 30, 2016, 2015, and 2014. The level of net position is one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. Other factors, such as shifting (i.e. contributing) assets and liabilities to the insurance JPA, Municipal Services Authority, must also be considered to assess the overall health of the Authority.

THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents information which shows how the Authority's net position changed during the fiscal year. The statement measures the success of the Authority's operations during the year and determines whether the Authority has recovered its costs through user fees, its only revenue source other than de minimis interest earnings. The changes in net position for the fiscal years shown in this report agree with the differences in net position as of June 30, 2016, 2015, and 2014 in the Statement of Net Position on the following page.

THE STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information regarding the Authority's cash receipts and disbursements during the fiscal years. Cash activity is grouped in the following two categories: operations and investing. These statements differ from the Statements of Revenues, Expenses and Changes in Net Position, because they only account for transactions that result in cash receipts or disbursements. For example, the amount shown as receipts from customers on the first line of the statements represents cash received during the fiscal year, rather than revenue earned.

THE NOTES TO FINANCIAL STATEMENTS

The Notes to Financial Statements provide a description of accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles of the United States that are not otherwise present in the financial statements.

FINANCIAL ANALYSIS

NET POSITION

The Authority's net position at June 30, 2016 totaled $782,888 compared with $741,810 at June 30, 2015 and $968,816 at June 30, 2014. A summary of the Authority's asset, liability and net position balances at the end of the current and prior fiscal years appears on the following chart.

	2014	2015	2016	Change	Percent Change
Current Assets	$ 1,629,787	$ 1,377,386	$ 2,355,864	$ 978,478	71%
Current Liabilities	410,487	370,587	1,290,343	919,756	248%
Non-Current Liabilities	250,484	264,989	282,633	17,644	7%
Total Liabilities	660,971	635,576	1,572,976	937,400	147%
Net Position					
Unrestricted	$ 968,816	$ 741,810	$ 782,888	$ 41,078	6%

The June 30, 2016 cash and cash equivalents balance increased $57,484 or 12% from the balance at the end of the prior year. Accounts receivable doubled from the prior year reflecting both a 25% growth in revenue for the fiscal year and a short term slowdown in collections. The Authority invests surplus cash in a Money Market account at Rabobank, the Local Agency Investment Fund, a governmental investment pool managed and directed by the California State Treasurer, and also in the Investment Trust of California (CalTRUST), a public joint powers authority formed to pool and invest the funds of public agencies. Current liabilities increased by 248% compared to FY2015 due to the growth in accounts receivable which reduced the cash balances normally used to retire the 'due to other governments' liability at fiscal year-end. The accounts receivable were collected in subsequent months.

REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Authority reported an increase in net position of $41,078 for the year ended June 30, 2016. Net operating revenues grew by $2,052,711 as a result of a small growth in the number of client agencies served by the Authority, expansion in the number of employees provided to existing clients, a modest rate increase, and diversification of service offerings.

Operating expenses also increased from the prior fiscal year for the same reasons. This category includes all costs related to payroll and employee benefits, as well as general and administrative expenses, including an additional $200,000 contribution to the MSA claims reserve.

The following table summarizes the Authority's Statement of Revenues, Expenses and Changes in Net Position for the current and prior fiscal years:

	2014	2015	2016	Change	Percent Change
Operating Revenues:					
Charges for services	$ 6,711,634	$ 8,153,855	$ 10,206,566	$ 2,052,711	25%
Operating Expenses:					
Salaries and benefits	5,871,812	7,194,398	8,830,146	1,635,748	23%
Professional services	96,700	80,255	409,133	328,878	410%
Administration	687,715	1,124,541	985,339	(139,202)	-12%
Total Operating Expenses	6,656,227	8,399,194	10,224,618	1,825,424	22%
Operating Income (Loss)	55,407	(245,339)	(18,052)	227,287	-93%
Non-Operating Revenues:					
Investment income	33,075	18,333	59,130	40,797	223%
Change in net position	88,482	(227,006)	41,078	268,084	-118%
Beginning Net Position	880,334	968,816	741,810	(227,006)	-23%
Ending Net Position	$ 968,816	$ 741,810	$ 782,888	$ 41,078	6%

CAPITAL ASSETS

At June 30, 2016, the Authority had no capital assets, no depreciation expenses and no immediate plans to acquire capital assets in the future.

ECONOMIC FACTORS AND BUDGET

The Authority is a unique government agency in that it is 100% fee-for-service driven AND that it provides general and administrative services to government agencies and their non-profit partners. How RGS can be of value to local governments varies from agency to agency, but in general there are five lines of business: on-going staffing and employment services; interim staffing to fill personnel gaps or to provide time to consider alternative service model options; administrative consulting expertise; communications consulting; and administrative services (such as accounts payable, payroll, training, etc.). Agencies use the Authority's services when they determine it is in their best interest to do so. Because financial pressures on local governments are cyclical but ever increasing, the demand for RGS services is expected to vary, but generally to increase over time as long as those services are relevant to the needs of and are cost effective for the clients.

The Authority's governing body – its Board of Directors and committees – guide and ensure that the Authority stays current with its mission to serve local agencies in a fiscally sustainable manner. The Authority's growth over the last 15 years, from formation to now over 90 active clients and over 100 employees, from borrowing start-up funds to having no debt and an adequate reserve in net equity, are testament to the vision and practicality of that guidance. There have been and will be challenges along the way which require adjustments and investments in the Authority's plans and capacity. Fiscal year 2016 was a year of continued growth in the number of partner agencies served, as well as the range of service offerings. Over the last several years RGS invested in its capacity to improve and expand services by hiring the expertise to meet its own payroll and financial services, which could then be made available to other public agencies. It is continuing that investment into the 2017 fiscal year by expanding and improving its HR, Training, Financial and Communications Services offerings to local agencies; increasing its outreach to agencies so more cities, special districts and joint powers authorities know of RGS' services and value; increasing its investment in technological tools to better track projects and resources; and by increasing training and professional development of RGS Advisors and core administrative staff.

The FY2017 budget reflects a stable base of partner agencies, consistent replacement of expiring services agreements, continued investments in conference and sponsorship activities, and the careful monitoring and adjustment of charges for services. Fiscal year financial performance is expected to be slightly negative because LGS will not be able to contribute nearly as much to its share of RGS administrative costs, due to impacts stemming from CalPERS actions. However, RGS is well poised to grow out of this shortfall within two years, and resume a positive financial performance.

The Regional Government Services Authority is constantly striving to be a valuable partner to the local government community through innovation and excellent customer service. With the continued contributions from staff, Directors, and client agencies, it will remain a valuable public asset long into the future. Planning that is being accomplished through the governing body will guide the Authority as it strives to meet its strategic objectives and accomplish its mission:

Regional Government Services is a public agency serving the consulting, administrative and staffing needs of public agencies.

BASIC FINANCIAL STATEMENTS

REGIONAL GOVERNMENT SERVICES AUTHORITY

STATEMENT OF NET POSITION

JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and investments	$ 540,608	$ 483,124
Accounts receivable	1,767,574	885,002
Prepaid expenses	47,682	9,260
Total Assets	2,355,864	1,377,386
LIABILITIES		
Current Liabilities:		
Accounts payable	387,040	341,758
Unearned revenue	32,541	28,829
Due to other governments	870,762	-
Total Current Liabilities	1,290,343	370,587
Non-Current Liabilities:		
Compensated absences	282,633	264,989
Total Liabilities	1,572,976	635,576
NET POSITION		
Unrestricted	$ 782,888	$ 741,810

The accompanying notes are an integral part of these financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
Operating Revenues:		
Charges for services	$ 10,206,566	$ 8,153,855
Operating Expenses:		
Salaries and benefits	8,830,146	7,194,398
Professional services	409,133	80,255
Administration	985,339	1,124,541
Total Operating Expenses	10,224,618	8,399,194
Operating Income (Loss)	(18,052)	(245,339)
Non-Operating Revenues:		
Investment income	59,130	18,333
Change in Net Position	41,078	(227,006)
Beginning Net Position	741,810	968,816
Ending Net Position	$ 782,888	$ 741,810

The accompanying notes are an integral part of these financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash received for services	$ 10,198,468	$ 8,036,443
Cash paid to suppliers for goods and services	(1,387,612)	(1,121,784)
Cash paid to employees for services	(8,812,502)	(7,182,257)
Net cash provided (used) by operating activities	(1,646)	(267,598)
Cash flows from investing activities:		
Interest income received	59,130	29,481
Increase (decrease) in cash and cash equivalents	57,484	(238,117)
Cash and cash equivalents, beginning of year	483,124	721,241
Cash and cash equivalents, end of year	$ 540,608	$ 483,124
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	$ (18,052)	$ (245,339)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Decrease (increase) in:		
Accounts receivable	(882,572)	(38,895)
Prepaid expenses	(38,422)	42,031
Increase (decrease) in:		
Accounts payable	45,282	45,367
Unearned revenue	3,712	19,277
Due to other governments	870,762	(97,794)
Compensated absences	17,644	18,891
Unemployment claims payable	-	(4,386)
Employee benefits payable	-	(6,750)
Net cash provided (used) by operating activities	$ (1,646)	$ (267,598)
Supplemental Information: Noncash investing activities		
Unrealized gains (losses)	$ 23,670	$ (11,148)

The accompanying notes are an integral part of these financial statements.

REGIONAL GOVERNMENT SERVICES AUTHORITY

STATEMENT OF FIDUCIARY NET POSITION

FOR THE FISCAL YEARS ENDED
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and investments	$ 3,058,913	$ 3,591,931
LIABILITIES		
Current Liabilities:		
Due to other governments	$ 3,058,913	$ 3,591,931

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Regional Government Services Authority (the Authority) is an independent administrative and fiscal government agency whose purpose is to provide services for public agencies and other non-profit entities at reduced net costs. The Authority was established by a Joint Powers Agreement on March 1, 2001, under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California.

Members of the Authority include the City of Larkspur, the Association of Bay Area Governments (ABAG), the Town of Yountville, the City of Dublin and the City of Walnut Creek. A four 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.

B. BASIS OF ACCOUNTING

Enterprise Fund

The Authority is accounted for as an enterprise fund and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are fees for services. Operating expenses of the Authority include the cost of personnel providing the services, administrative expenses and other professional services. All revenues and expenses not meeting this definition are reported as non-operating revenue and expense.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Authority uses an agency fund for cash held on behalf of other government entities. These funds are reported in a separate statement of fiduciary net position. The agency funds are custodial in nature and do not involve measurement of results of operations. Accordingly, the Authority presents only a statement of fiduciary net position and does not present a statement of changes in fiduciary net position. Fiduciary funds are not reflected in the enterprise fund financial statements because the resources of those funds are not available to support the Authority's own programs. Fiduciary funds are presented on an economic resources measurement focus and the accrual basis of accounting, similar to the enterprise fund financial statements.

C. CASH AND CASH EQUIVALENTS

Regional Government Services Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

D. ACCOUNTS RECEIVABLE

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

E. INVESTMENTS

Under provisions of the Authority's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may deposit and invest in the following:

- Local Agency Bonds
- U.S Treasury Obligations
- U.S Agency Securities
- Negotiable Certificates of Deposit
- CalTRUST Investment Pool
- Local Agency Investment Fund

The Authority records its investments in the CalTRUST investment pool at fair market value. Changes in fair market value are reported as revenue in the Statement of Revenues, Expenses, and Changes in Net Position. The effect of recording investments at fair market value is reflected as an increase in the fair value of investments on the Statement of Revenues, Expenses, and Changes in Net Position. Fair market values of investments have been determined by the sponsoring government based on quoted market prices. The Authority's investments in the CalTRUST investment pool have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

F. UNEARNED REVENUE

When the Authority collect fees in advance for services provided to others, these amounts are recorded as unearned revenue on the statement of net position until the respective services have been provided.

G. 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 annually. A portion of the compensated absence liability as of June 30, 2016 is currently being disputed by the Authority and a former client. See note 8 for further detail.

H. INCOME TAXES

The Authority is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

I. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

J. RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 and 2015 consisted of the following:

	2016	2015
Cash on hand and in banks	$ 20,515	$ 210,841
Money Market Account	268,154	301,684
CalTRUST Funds	3,309,679	3,561,361
Local Agency Investment Fund	1,173	1,169
Total Cash and Investments	3,599,521	4,075,055
Cash and investments held in fiduciary capacity	(3,058,913)	(3,591,931)
Net Cash and Investments	$ 540,608	$ 483,124

The Authority is holding cash and investments on behalf of Local Government Services Authority and Municipal Services Authority totaling $3,058,913 and $3,591,931 for the years ended June 30, 2016 and 2015, respectively (see Note 7 – Related Party Transactions).

2. CASH AND INVESTMENTS (CONTINUED)

Cash in Bank

The carrying amount of the Authority's cash is covered by federal depository insurance up to $250,000. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit.

Local Agency Investment Fund

The Authority is a voluntary participant in Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which approximates cost, is reported in the accompanying financial statements 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. Funds are accessible and transferable to the master account with twenty-four hour notice. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by Federal Agencies, government-sponsored enterprises and corporations. The monies held in the LAIF are not subject to categorization by risk category. This fund currently yields approximately .55% interest annually. It is also not rated as to credit risk by a nationally recognized statistical rating organization and has an average life of 167 days. LAIF is administered by the State Treasurer and audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

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 that are 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.

Fair Value Measurements

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2016 are as shown on the following page.

2. CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Description	Level 1	Level 2	Level 3	Total
US Agency, Treasury & Municipal Notes (USATM):				
US Agency Notes:	$ 121,571	$ -	$ -	$ 121,571
Notes/Discount Notes FFCB	281,916	-	-	281,916
Notes/Discount Notes FHLB	136,816	-	-	136,816
Notes/Discount Notes FNMA	100,783	-	-	100,783
Notes/Discount Notes FHLMC	529,311	-	-	529,311
US Treasury Notes:	363,808	-	-	363,808
Corporate Bonds	1,214,778	-	-	1,214,778
Asset Back Securities	-	368,796	-	368,796
LAIF	692	481	-	1,173
Money Market Accounts	268,154	191,900	-	460,054
Total	$ 3,017,830	$ 561,176	$ -	$ 3,579,006

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 is to changes in market interest rates. One of the ways that an agency 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.

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. The monies held in the CalTRUST and LAIF investment pools are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of Regional Government Services 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 year ended June 30, 2016 and 2015.

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.

3. LONG TERM LIABILITIES

The Authority has long-term liabilities for compensated absences in the amount of $282,633 and $264,989 as of June 30, 2016 and 2015.

4. EMPLOYEE RETIREMENT PLANS

Deferred Compensation Plan

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. Employee contributions to the plan for the years ended June 30, 2016 and 2015 were $128,446 and $293,170, respectively.

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 its deferred compensation plan 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.

Other Defined Contribution Plan

The Authority has also established a defined contribution plan in accordance with Internal Revenue Code Section 401(a). The employer contributes 10% of regular salary on behalf of the employee and may contribute an additional amount up to 5% subject to individual employee’s 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. Contributions to the plan for the year ended June 30, 2016 and 2015 totaled $750,172 and $615,314, respectively, and were contributed by the Authority.

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.

5. OTHER POSTEMPLOYMENT BENEFITS

EMPLOYEE BENEFITS PAYABLE

Effective January 1, 2014, the Authority implemented a Health Reimbursement Account (HRA) plan. Those employees participating in the medical plan are now enrolled in the HRA plan. Employees are separated by tiers and these tiers dictate the amount of annual contributions made by the Authority into the HRA for each individual employee. Contributions are made for all employees at $250 per quarter. Additionally, select employees are divided into two tiers, the first tier receives a contribution of $2,500 per year that vests after five years of service and the second tier receives a contribution of $10,000 per year that vests after ten years of service. The implementation of the HRA plan effectively eliminates the OPEB plan described below.

A. Plan Description

As of June 30, 2013, certain employees who retired from the Authority with 10 years of service were eligible to receive health care premium coverage under which the Authority would pay 100% of the employer contribution for active employees' single coverage under a health benefit plan administered by the Public Employee's Retirement System (PERS). All other retirees were eligible for the PERS mandated benefit coverage, under which the Authority currently would pay up to $122 per month for any health coverage, subject to the PERS vesting schedule. As of June 30, 2014, the Authority no longer participates in this health benefit plan, and all eligible employees now participate in a Health Reimbursement Account plan. The Authority had no liability for payments to the health reimbursement account and all funding requirements had been met at June 30, 2016 and 2015.

B. Funding Policy

The Authority contracts with MidAmerica Administrative and Retirement Solutions to administer its HRA plan. The Authority funds the Plan fully each year, as vesting and subsequent years of service requirements are met.

6. JOINTLY GOVERNED ORGANIZATIONS

The Authority is a member of Municipal Services Authority (MSA) which provides coverage for workers' compensation, general liability and errors and omissions.

MSA is governed by a Board consisting of representatives from its two member agencies. The Board controls the operations, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the Board. Each member agency pays a contribution or assessment commensurate with the level of coverage and services requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. Payments to MSA for the year ended June 30, 2015 were $903,816, $468,816 was deposited to reserves and $435,000 was to support general liability and workers compensation coverage. Payments to MSA for the year ended June 30, 2016 were $657,000, $200,000 went to reserves and $457,000 was to support coverage for programs. Full financial statements are available separately from MSA. Condensed financial information for the year ended June 30, 2016 is as follows:

Total Assets	$ 3,089,914
Total Liabilities	954,932
Net Position	$ 2,134,982
Revenues	$ 657,000
Expenses	212,846
Change in Net Postion	$ 444,154

Prior to July 1, 2012, the Authority was a member of California Joint Powers Insurance Authority (CJPIA). CJPIA is composed of California public entities and provides coverage for workers' compensation, property, liability and errors and omissions. The CJPIA governing board is made up of one member from each entity. Each member agency pays a contribution or assessment commensurate with the level of coverage and services requested and shares surpluses and deficits proportionate to their participation in the joint powers authority. CJPIA prepares an annual retrospective premium calculation for those members and former members who participated in the workers' compensation and liability programs. As of July 1, 2013, liabilities associated with the annual retrospective premium adjustment have been assumed by Municipal Services Authority.

7. RELATED PARTY TRANSACTIONS

Regional Government Services Authority (RGSA) provides administration for Local Government Services Authority (LGSA) and Municipal Services Authority (MSA) and allocates a share of its administrative overhead to LGSA and MSA each month based on revenues to date. The amounts charged for the years ended June 30, 2016 and 2015 were $744,722 and $776,111, respectively for LGSA, and $40,000 annually for MSA for the years ended June 30, 2016 and 2015. RGSA also holds cash and investments on behalf of LGSA and MSA. At June 30, 2016, the amount held on behalf of LGSA is $2,133,840 and MSA is $925,073. At June 30, 2015, the amount held on behalf of LGSA was $2,234,613 and MSA is $1,357,318.

8. CONTINGENCIES

Regional Government Services Authority is currently unable to come to an agreement with Gold Coast Health Plan (GCHP), a former client, on the amount owed for compensated absences due to differing interpretations of paid time off benefits. As of June 30, 2016 and 2015, the Authority believes that they are only obligated to pay out vacation time, but have included the disputed admin and sick time liabilities on top of their vacation liability balance owed to GCHP. The portion of the Authority's compensated absence liability owed to GHCP is $171,886 as of June 30, 2016 and 2015. GCHP has not contacted RGSA regarding the liability. In addition, GCHP owes the Authority $32,626 as of June 30, 2016 and 2015.

Local Government Services Authority (LGSA) is currently under audit review by the California Public Employees' Retirement System (CalPERS). During the year ended June 30, 2016, CalPERS learned that LGSA and the Authority share administrative staff, who are employees of the Authority, and expanded the investigation to include these Authority employees. The final audit has yet to be provided, but the Authority has retained special legal counsel should the final audit report be adverse to the Authority's best interest.

9. SUBSEQUENT EVENTS

Regional Government Services Authority management evaluated its June 30, 2016 financial statements for subsequent events through November 9, 2016, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

OTHER INDEPENDENT AUDITOR'S REPORT

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Regional Government Services Authority
Carmel Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Regional Government Services Authority (the Authority), as of and for the year ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Regional Government Services Authority's basic financial statements, and have issued our report thereon dated November 9, 2016.

Internal Control Over Financial Reporting

Management of Regional Government Services Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financials statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Regional Government Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 9, 2016

James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Directors
Regional Government Services Authority
Carmel Valley, California

We have audited the basic financial statements of Regional Government Services Authority (the Authority) for the years ended June 30, 2016 and 2015, and have issued our report thereon dated November 9, 2016. Professional standards require that we communicate certain matters to you related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter dated February 2, 2016, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate and our firm have complied with all relevant ethical requirements regarding independence.

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We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2016. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, we have identified new accounting standards that will be applicable in subsequent years and are included in Attachment I.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments. We noted no sensitive accounting estimates affecting the Authority's financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We noted no sensitive disclosures affecting the Authority's financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. In the current year, no uncorrected misstatements were identified as a result of our audit procedures. All adjustments were presented to us by management. These adjustments are summarized in Attachment II, *Adjusting Journal Entries Report*.

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated November 9, 2016 (see Attachment III).

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Findings or Issues

In the normal course of our professional association with the Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Authority, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Authority's auditors.

Other Services

We have assisted management in preparing the financial statements of the Authority in conformity with U.S. generally accepted accounting principles based on information provided by management.

Management's responsibilities for other services included designating qualified individuals with the skill, knowledge, and experience to be responsible and accountable for overseeing financial statement preparation and any other nonattest services we performed as part of this engagement. Management has represented that they have evaluated the adequacy and results of those services and is accepting responsibility for them.

This report is intended solely for the use of the Board of Directors and management of Regional Government Services Authority and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 9, 2016

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Authority in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Authority. For the complete text of these and other GASB standards, visit www.gasb.org and click on the "Standards & Guidance" tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB 72 - Fair Value Measurement and Application
Effective for the fiscal year ending June 30, 2016

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

GASB 73 - Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68
Effective for the fiscal year ending June 30, 2017

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans* and Statement 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

Because the Authority does not offer a defined benefit pension plan, we do not expect GASB 73 to have any significant impact on the Authority at this time.

GASB 74 Financial Reporting for Postemployment Benefits Other Than Pension Plans (OPEB)
Effective for the fiscal year ending June 30, 2017

This standard establishes the requirements for other postemployment benefit plans administered by trusts to report on their operations, including setting new uniform requirements for actuarial valuations of the total OPEB liability, and reporting various 10-year trend data as required supplementary information. The financial statements of pension plans will not change substantially as a result of GASB 74, though the additional note disclosures and required supplementary information will be significant. Additionally, actuarial valuations conducted in accordance with GASB 74 will have to match the government's fiscal year, or be rolled forward to that date by the actuary.

Because the Authority does not offer postemployment benefits, we do not expect GASB 74 to have any significant impact on the Authority at this time.

GASB 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions
Effective for the fiscal year ending June 30, 2018

This standard establishes new requirements for governments to report a "net OPEB liability" for the unfunded portion of its other postemployment benefits, which includes retiree medical benefits.

Historically, governments have only been required to report a net OPEB liability to the extent that they have not met the annual required contribution (ARC) in any given year. Upon implementation of this standard, governments will be required to report a net OPEB liability based on the current funded status of their OPEB plans. Changes in this liability from year to year will largely be reflected on the income statement, though certain amounts will be deferred and amortized over varying periods.

Because the Authority does not offer postemployment benefits, we do not expect GASB 75 to have any significant impact on the Authority at this time.

GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
Effective for the fiscal year ending June 30, 2016

The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

GASB 77 - Tax Abatement Disclosures
Effective for the fiscal year ending June 30, 2016

This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

GASB 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans
Effective for the fiscal year ended June 30, 2016

This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

Because the Authority does not offer a defined benefit pension plan, we do not expect GASB 78 to have any significant impact on the Authority at this time.

GASB 79 – Certain External Investment Pools and Pool Participants
Effective for the fiscal year ended June 30, 2016

This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes.

Because the investment pool the Authority participates in does not meet the criteria within GASB 79, we do not expect GASB 79 to have any significant impact on the Authority at this time.

GASB 80 – Blending Requirements for Certain Component Units – an amendment of GASB 14
Effective for the fiscal year ended June 30, 2017

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units.*

Because the Authority is not a component unit, nor does it have any component units, we do not expect GASB 80 to have any significant impact on the Authority at this time.

GASB 81 – Irrevocable Split-Interest Agreements
Effective for the fiscal year ended June 30, 2017

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

Because the Authority is not involved in an irrevocable split-interest agreement, we do not expect GASB 81 to have any significant impact on the Authority at this time.

GASB 82 – Pension Issues – an amendment of GASB Statements 67, 68 and 73
Effective for the fiscal year ended June 30, 2017

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered-employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

Because the Authority does not offer a defined benefit pension plan, we do not expect GASB 82 to have any significant impact on the Authority at this time.

Adjusting Journal Entries

Adjusting Journal Entries JE # 1			
To agree 2015-16 FY beginning net position to audited ending net position balance per 2014-15 FY audit report			
522798	Miscellaneous Expense	5,472.00	
32000	Retained Earnings		5,472.00
Total		**5,472.00**	**5,472.00**

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 2			
To reclass cash held on behalf of LGS and MSA.			
214060	Due to LGS	2,133,840.00	
214070	Due To/From MSA	925,073.00	
110040	CalTRUST Medium Term Fund		3,058,913.00
Total		**3,058,913.00**	**3,058,913.00**

Reclassifying Journal Entries JE # 3			
Reclassify debit AP balances for overpaid insurance liabilities as of 6/30			
120010	Prepaid Insurance	3,786.00	
221015	Health Insurance Liability		3,144.00
221023	Dental Insurance Liability		642.00
Total		**3,786.00**	**3,786.00**

Proposed Journal Entries

None.

MANAGEMENT REPRESENTATION LETTER

November 9, 2016

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

This representation letter is provided in connection with your audit of the Statement of Net Position of Regional Government Services Authority as of June 30, 2016 and 2015 and for the years then ended, and the related Statement of Revenues, Expenses and Changes in Net Position, Cash Flows and notes to the financial statements, for the purpose of expressing an opinion on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of Regional Government Services Authority in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 9, 2016:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 2, 2016, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have reviewed and approved the adjusting and reclassifying journal entries reflected in the audit statements (Attachment A).
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.

- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All net position components and fund balance classifications have been properly reported.
- All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed all pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Regional Government Services Authority has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Regional Government Services Authority is contingently liable.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
- Regional Government Services Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements have been properly disclosed.

Richard Averett, Executive Director

Jefferson B Kise, Finance and Operations Manager

ATTACHMENT I – JOURNAL ENTRY REPORT

Adjusting Journal Entries

Adjusting Journal Entries JE # 1			
To agree 2015-16 FY beginning net position to audited ending net position balance per 2014-15 FY audit report			
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Total		**3,786.00**	**3,786.00**

Proposed Journal Entries

None.

REGIONAL GOVERNMENT SERVICES
SERVING PUBLIC AGENCIES SINCE 2002

TO: EXECUTIVE COMMITTEE **EC Meeting: 11-17-2016**
FROM: RICHARD AVERETT, Executive Director/CFO **Item: 6A**
SUBJECT: REQUEST FOR PROPOSALS – INDEPENDENT AUDIT SERVICES

RECOMMENDATION

Approve the RFP for independent audit services and authorize staff to issue the RFP.

BACKGROUND

The independent audit relies on the auditor's assessment of the Authority's control procedures and financial statement disclosures. The Board approved an Auditor Rotation Policy May 17, 2012, recognizing that changing the independent auditing firm periodically provides the Authority with a fresh approach to testing risk. The Policy provides for a three-year contract with up to a two-year extension.

The Audit Rotation Policy requires a competitive process for the selection of the Authority's auditors. In accordance with the policy, staff is submitting the following RFP for review and approval. There are no proposed substantive changes to the RFP issued in 2013.

The contract period is three years with the option to extend two additional years. The RFP would be issued November 28, 2016 with a deadline for submission on December 23, 2016. It is anticipated that the Board or designated Committee would select an audit firm by January 27, 2017. The successful proposer will conduct the 2016-2017 Audit.

FISCAL IMPACT

There is no fiscal impact of approving and authorizing staff to release the RFP for audit services. Funds for the annual audits were included in the RGS annual budget. Total fees for the FY2016 RGS, LGS and MSA audits were $28,800 combined.

Regional Government Services Authority
Local Government Services Authority
Municipal Services Authority

REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES
(Issued: November 28th, 2016)

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Supporting schedule for Total All Inclusive Price

Regional Government Services (RGS), Local Government Services (LGS), and Municipal Services Authority (MSA), Joint Powers Authorities

REQUEST FOR PROPOSALS
FOR PROFESSIONAL AUDITING SERVICES

I. INTRODUCTION

A. General Information

The Regional Government Services Authority (RGS), Local Government Services Authority (LGS), and Municipal Services Authority (MSA), three Joint Powers Authorities - aka "the Authorities" - are requesting proposals from qualified firms of certified public accountants to audit their annual financial statements for the fiscal years ending June 30, 2017 through June 30, 2019, with the option for the Authorities' Boards of Directors to extend the agreement for up to two additional fiscal years, through the year ending June 2021.

These audits are to be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in Governmental Auditing Standards (1994) issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

There is no express or implied obligation for the Authorities to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

For a firm to be considered, the Authorities must receive their proposal in PDF format, via e-mail by **Noon Friday, December 23, 2016** at **jkise@rgs.ca.gov.** Subject Line: Proposal for Professional Audit Services.

The Authorities reserve the right to reject any and all proposals submitted.

Proposals will be initially reviewed by staff, and all responsive proposals will be forwarded to the Finance Committee, which includes two members of the Authorities' Boards of Directors.

During this process, the Finance Committee and the Authorities reserve the right to request additional information or clarifications from proposers, or to allow corrections of errors or omissions. At the discretion of the Finance Committee, firms submitting proposals may be requested to make an oral presentation as part of the evaluation process—this would most likely be via teleconference or web meeting.

The Authorities reserve the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the Authorities and the firm selected.

It is anticipated the selection of a firm and approval by the Authorities will be completed prior to February 15th, 2017. Following notification of the selected firm, it is expected a contract shall be

executed between both parties within 15 working days.

B. Terms of Engagement

A three-year contract is contemplated: with the option to extend for two (2) subsequent years, subject to annual review and recommendation of the Finance Committee, satisfactory negotiation of terms (including a price mutually acceptable to the Authorities and the selected firm).

II. NATURE OF SERVICES REQUIRED

A. Scope of Work to be Performed

The Authorities desire the auditor to express an opinion on the fair presentation of its general purpose financial statements in conformity with generally accepted accounting principles.

B. Auditing Standards to be Followed

To meet requirements of this request for proposal, the audit shall be performed in accordance with generally accepted auditing standards and the standards set for financial audits contained in Governmental Auditing Standards (1994) issued by the Comptroller General of the United States, the provisions of the Federal Single Audit Act as amended in 1996, and U.S. Office of Management and Budget (OMB) Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

C. Reports to be Issued

Following the completion of the audit of the fiscal year's financial statements, the auditor shall issue:

1. A report on the fair presentation of the financial statements of the Authorities in conformity with generally accepted accounting principles;
2. A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk;
3. A report on compliance with applicable laws and regulations;
4. An "in-relation-to" report on the schedule of federal financial assistance, if applicable;
5. A report on the internal control structure used in administering federal financial assistance programs, if applicable;
6. A report on compliance with general and specific requirements related to major and non-major federal financial assistance programs, if applicable; and
7. Draft financial statements for each fiscal year will be presented to Authority Staff by the end of the following September. The Final Report to the Board and Management shall be received by the end of the second week of November.

In the required reports on internal controls, the auditor shall communicate any reportable conditions found during the audit. A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Reportable conditions that are also material weaknesses shall be identified as such in the report.

Non-reportable conditions discovered by the auditors shall be reported in a separate letter to management, which shall be referred to in the reports on internal controls.

The reports on compliance shall include all instances of noncompliance.

Irregularities and illegal acts. Auditors shall be required to make an immediate, written report of all irregularities and illegal acts of which they become aware to the following parties:

Board Chair
Finance Committee Chair
Executive Director

The auditor shall print and bind (2) copies of the financial statements including supplementary information, for each JPA. The auditor shall provide one electronic copy of the financial statements including supplementary information.

D. Special Considerations

1. Schedules of federal financial assistance and related auditor's reports, as well as the reports on compliance and internal controls, are not to be included in the annual financial report, but are to be issued separately

E. Working Paper Retention and Access to Working Papers

All working papers and reports must be retained, at the auditor's expense, for a minimum of three (3) years, unless the firm is notified in writing by the Authorities of the need to extend the retention period. The auditor will be required to make working papers available, upon request, to the following parties or their designee:

Member and Client Agencies of the Authorities
Auditors of Grants or Assistance programs for which the Authorities may meet the criteria of a subrecipient
State of California, Office of the State Controller

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance.

III. DESCRIPTION OF GOVERNMENT

A. Contact Persons/Organizational Chart

The auditor's principal management contact with the Authorities shall be Richard Averett, Executive Director, raverett@rgs.ca.gov or a designated representative, who will coordinate the assistance provided by the Authorities to the auditor. The auditor's principal governing body contact with the Authorities shall be the Chair of the Finance Committee or the Board of Directors.

Questions about this RFP shall be submitted, in writing, to Jefferson Kise, Finance and Operations Manager, at jkise@rgs.ca.gov prior to 5:00 PM Wednesday, December 7th, 2016. Questions will be answered via e-mail within 5 business days. Additionally, a summary of questions and answers will be provided to each firm who submits a written request prior to 5:00 PM Wednesday, December 14th, 2016.

Organizational charts are attached (Appendix A)

B. Background Information

RGS, LGS and MSA are Joint Powers Authorities. Policies are set by the four-member Boards of Directors of RGS and LGS, and by the three-Member Board of Directors of MSA, and implemented by the Executive Director. The JPAs' mission is to provide services to California Public Agencies. Currently, the Authorities serve 90 California public agencies. The Authorities currently have 110 employees with a total projected 2016-2017 Payroll and Benefits expense of approximately $10 million. The last Audit report issued is for the 2015-2016 fiscal year.

C. Services Provided

The Authorities provide the following services to public agencies:

Staffing (Interim, Project, and Long Term Staffing)
Human Resources, Finance & Communications Consulting
Payroll and Human Resource Expertise
Insurance

D. Accounting and Fund Information

The Authorities use the following fund types and account groups in their financial reporting:

Fund type/Account Group	Enterprise (Proprietary Fund Type)
Number of Funds	1 per agency

E. Federal and State Financial Assistance

The Authorities are fully funded on a fee for service basis and receive no direct Federal or State Assistance. Some client agencies may receive Federal and State Assistance which may fully or partially fund the Authorities activities. The auditor may examine whether the Authorities meet the criteria of subrecipient through our activities and report accordingly.

F. Pension Plans

Local Government Services participates in the Public Employees' Retirement System of the State of California (CalPERS). The fund is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various state and local governmental agencies within the State of California. The fund provides retirement, disability and death benefits based on an employee's years of service, age and final compensation.

Regional Government Services participates in a defined contribution qualified retirement plan, with the employer contributing 10 percent of regular, on-going salary to the employee's 401(a)

account. Individual employment agreements may stipulate additional matching contributions.

Municipal Services Authority has not established a retirement plan, as it has no employees.

G. Component Units

There are no component units in any of the three JPA's.

H. Finance Operations

Currently, financial operations are headed by the Executive Director/Chief Financial Officer of the Authorities. A Finance Manager, and Human Resources Manager oversee payroll and financial operations.

Functions performed by Staff include: client agency billing and collections, accounts receivable/payable, payroll (APS), general ledger, and financial reporting.

The Authorities accounting system is maintained on QuickBooks accounting software. The bulk of transactions take place within the RGS entity. Payroll processing is outsourced to a vendor who provides direct deposit and tax filings. RGS issues roughly 125 invoices per month, most benefits payments are made electronically, approximately 12 accounts payable checks per month are issued, and the payroll journal entries are all imported via file feed from the payroll system. Most of the non-payroll activity in LGS is by Journal Entry. There is no payroll activity in the MSA.

I. Availability of Prior Audit Reports

Prior years' audit reports are available at http://rgs.ca.gov/ or by contacting Jefferson Kise, Finance and Operations Manager, at jkise@rgs.ca.gov or (831) 308-2718.

IV. TIME REQUIREMENTS

The Authorities will use the following schedule:

The deadline to submit proposals is Friday December 23, 2016 Noon.

RFP issued	Monday, November 28th, 2016
Submission of Written RFP Questions	Wednesday, December 7th, 2016, 5:00 PM
Release of Summary of Questions/Answers	Wednesday, December 14th, 2016, 5:00 PM
Proposals due	Friday December 23rd, 2016, Noon
Finance Committee Selection of Proposal	On or Before January 27, 2017
Formal Notification to Proposers	On or Before Feb 15, 2017

Following is the anticipated audit schedule for FY2017, and is reflective of the approximate schedules for 2018 and 2019.

Authorities submit to auditors the final trial balance	August 28
Auditors submit to Authority the	

Preliminary Financial Statement	September 30
Authorities submit to Auditors the draft management letter and Audit Report	October 15
Auditors submit to Authorities Final Audit	November 10

Upon completion of the audit examination and prior to issuing any audit reports or the management letter, the auditor may participate in an exit conference with the Executive Director, Members of the Finance Committee, and other staff designated TBA to discuss observations and findings. During the course of the engagement, the auditor shall meet with and provide periodic status reports to the Executive Director or his designee on a regular basis. The auditor shall also be available to meet with the Executive Director and Finance Committee as needed, to provide consultation on various accounting and auditing matters.

V. ASSISTANCE TO BE PROVIDED TO THE AUDITOR AND REPORT PREPARATION

A. Finance Department and Clerical Assistance

Accounting staff and responsible management personnel will be available during the audit to assist the auditor by providing information, documentation and explanations.

B. Work Area, Telephones, Photocopying and Fax

The Authorities are virtual organizations and as such have no facilities to support field work. All documents will be provided electronically, and work will be performed remotely.

C. Report Preparation

The Authorities' Finance staff will also be responsible for the posting of any auditor adjusting entries or changes to the financial statements.

VI. PROPOSAL REQUIREMENTS

A. Submission of Proposal

The following material is required to be received by **Noon on Friday, December 23, 2016** for a firm to be considered:

1. The Technical Proposal, to include the following:

   i. <u>Title Page</u>
   Title page showing the request for proposal's subject, the firm's name, address and telephone number of the contact person and the date of the proposal.

   ii. <u>Table of Contents</u>

   iii. <u>Transmittal Letter</u>
   A signed letter of transmittal briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the time period, a statement as to why the firm believes itself to be best qualified to perform the engagement and a statement that the proposal is a firm and irrevocable offer for ninety (90) days.

iv. Detailed Proposal

The detailed proposal shall follow the order set forth below in **Section VI B** of this request.

a. The proposer shall submit a PDF of a Dollar Cost Bid as set forth in **Section VI C**.

b. Proposers shall send the completed proposal, consisting of a PDF, containing the Dollar Cost Bid per part "a." above, and the remainder of the proposal.

The PDF shall be e-mailed to: jkise@rgs.ca.gov

All proposals must be clearly titled in the subject line, as follows: "*Proposal-Audit Services.*" All proposals must be received by the date specified above.

B. Technical Proposal

1. General Requirements

The purpose of the Technical Proposal is to demonstrate the qualifications, competency, and capacity of the firm seeking to undertake an independent audit of the Authorities in conformity with the requirements of the request. As such, the substance of the proposal will carry more weight than their form or manner of presentation. The Technical Proposal shall demonstrate the qualifications of the firm and of the particular staff to be assigned to this engagement. It shall also specify an audit approach that will meet the request for proposal requirements.

There shall be no dollar units or total costs included in the Technical Proposal Document.

The Technical Proposal shall address all the points outlined in the request for proposals. The proposal shall be prepared simply and economically, providing a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the request for proposals. While additional data may be presented, the following subjects, items 2 through 9, must be included. They represent the criteria against which the proposal will be judged.

2. Independence

The firm shall provide an affirmative statement that it is independent of RGS, LGS and MSA, as defined by generally accepted auditing standards and the U.S. Government Accountability Office's *Government Auditing standards* (July 2007 revision).

3. License to Practice in California

An affirmative statement shall be included stating the firm and all assigned key professional staff are properly licensed to practice as certified public accountants in California.

4. Firm Qualifications and Experience

The proposal shall state the size of the firm; the size of the firm's governmental audit staff; the location of the office from which this engagement is to be performed; the number and nature of the professional staff to be employed in this engagement on a full-time basis; and the number and nature of the staff to be so employed on a part-time basis.

If the proposer is a joint venture or consortium, the qualifications of each firm comprising the joint venture or consortium shall be separately identified and the firm that is to serve as the principal auditor shall be noted, if applicable.

The firm shall submit a copy of the report of its most recent external quality control review, with a statement as to whether that quality control review included a review of specific governmental audit engagements.

The firm shall also provide information on the results of any Federal or State of California desk reviews or field reviews of its audits during the past three (3) years. In addition, the firm shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three (3) years by state regulatory bodies or professional organizations.

5. Partner, Supervisory and Staff Qualifications and Experience

The firm shall identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who would be assigned to the engagement and indicate whether each such person is (registered/licensed) to practice in the field and provide information on the government auditing experience of each person, including information on relevant continuing professional education for the past three (3) years and membership in professional organizations relevant to the performance of this audit.

The firm shall provide as much information as possible regarding the number, qualifications, experience and training, including relevant continuing professional education, of the specific staff to be assigned to this engagement. The firm also shall indicate how the quality and continuity of staff assigned over the term of the agreement will be assured.

Consultants and firm specialists mentioned in response to this request for proposals can only be changed with the express prior written permission of the Authorities, which retains the right to approve or reject replacement.

Other audit personnel may be changed at the discretion of the proposer provided that replacements have substantially equal or better qualifications or experience.

6. Similar Engagements with Other Government Entities

For the firm's office that will be assigned responsibility for the audit, list the most significant engagements (maximum of 5) performed in the last five years that are similar to the engagement described in this request for proposals. These engagements shall be ranked on the basis of total staff hours. Indicate the scope of

work, date, engagement partners, total hours, and the name and telephone number of the principal client contact.

7. Specific Audit Approach

The proposal shall set forth a work plan, including an explanation of the audit methodology they shall follow to perform the services required in **Section II** of this request for proposals. In developing the work plan, reference shall be made to such sources of information as the Authorities' budget and related materials, organizational charts, manuals and programs, and financial and other management information systems.

Proposers are expected to provide the following information on their audit approach:

i. Level of staff and number of hours to be assigned to each proposed segment of the engagement;
ii. Sample sizes and the extent to which statistical sampling is to be used in the engagement;
iii. Approach to be taken to gain and document an understanding of the Authorities' internal control structure;
iv. Approach to be taken in determining laws and regulations that will be subject to audit test work;
v. Approach to be taken in drawing audit samples for purposes of tests of compliance.

8. Identification of Anticipated Potential Audit Problems

The proposal shall identify and describe anticipated potential audit problems, if any, the firm's approach to resolving these problems and any special assistance that will be requested from the Authorities.

9. Technical Compliance

The proposal should provide insight into auditor's experience to assist in GASB 68 reporting requirements. Likewise, what is the firm doing to prepare for GASB 75 implementation coming in FY2018.

10. Report Format

The proposal shall include sample formats for required reports.

C. Dollar Cost Bid

1. Total All-inclusive Maximum Price.

The dollar cost bid shall contain all pricing information relative to performing the audit engagement as described in this request for proposals. The total all-inclusive maximum price to be bid is to contain all direct and indirect costs, including all out-of-pocket expenses (Appendix B).

The Authorities will not be responsible for the expenses incurred in preparing and submitting the technical proposal or the dollar cost bid. Such costs shall not be included in the proposal.

The first page (Appendix B) of the dollar cost bid shall include the following information:

i. Name of Firm;
ii. Certification that the person signing the proposal is entitled to represent the firm, empowered to submit the bid and authorized to sign a contract with the Authorities;
iii. A Total All-inclusive Maximum Price for each fiscal year of the engagement.

2. Rates by Partner, Specialist, Supervisory and Staff; Times the Hours Anticipated for Each.

The second page (Appendix C) of the dollar cost bid shall include a schedule of professional fees and expenses, presented in the format provided in the attachment, that supports the Total All-inclusive Maximum Price.

3. Rates for Additional Professional Services

If it should become necessary for the Authorities to request the auditor to render any additional services, either to supplement the services requested in this request for proposals or to perform additional work, then such additional work shall be performed only if set forth in an addendum to the contract between Authorities and the firm. Any such additional work agreed to between the Authorities and the firm shall be performed at the same rates set forth in the schedule of fees and expenses included in the dollar cost bid.

4. Manner of Payment

Progress payments will be made on the basis of hours of work completed during the course of the engagement in accordance with the firm's dollar cost bid proposal. Interim billings shall cover a period of not less than a calendar month. Final payment will be made after delivery of the firm's final reports.

VII. EVALUATION PROCEDURES

A. Staff and Finance Committee Evaluation

Proposals will be reviewed and evaluated by the staff and the Finance Committee of the Authorities, which includes two Board members and is supported by the Executive Director.

B. Review of Proposals

The Evaluation Committee will use a point formula during the review process to score proposals. Every member will score each technical proposal matching the criteria described in Section VII C

below. At this point, firms with an unacceptably low technical score will be eliminated from further consideration.

After the composite technical score for each firm has been established, additional points will be added to the technical score based on the price bid. The maximum score for price will be assigned to the firm offering the lowest total all-inclusive maximum price. Proportionate fractional scores will be assigned to other proposers.

The Authorities reserve the right to retain all proposals submitted and use any idea contained therein.

C. Evaluation Criteria

Firms meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and price. The following represent the principal selection criteria which will be considered during the evaluation process.

1. Mandatory Elements

   i. The audit firm shall be independent and licensed to practice in California
   ii. The audit firm's professional personnel shall have received adequate continuing professional education within the preceding two years
   iii. The firm shall have no conflict of interest with regard to any other work performed by the firm for the Authorities
   iv. The firm shall submit a copy of its most recent external quality control review report and the firm has a record of quality audit work
   v. The firm shall adhere to the instructions in this request for proposals on preparing and submitting the proposal

2. Technical Qualifications:

   i. Expertise and Experience
      a. The firm's past experience and performance on comparable government engagements
      b. The quality of the firm's professional personnel to be assigned to the engagement
   ii. Audit Approach
      a. Adequacy of proposed staffing plan for various segments of the engagement
      b. Adequacy of sampling techniques
      c. Adequacy of analytical procedures

3. Price

   <u>THOUGH COST IS AN IMPORTANT FACTOR, IT IS NOT THE MOST IMPORTANT CONSIDERATION.</u>

D. Possible Oral Presentations

During the review process, the Evaluation Committee may, at its discretion, request any one or all

firms to make an oral presentation--most likely by telephone, less likely in person. Such a presentation will provide firms with an opportunity to answer any questions the Evaluation Committee may have about a firm's proposal. Not all firms may be asked to make such oral presentations.

E. Final Selection

The Finance Committee will select a firm based upon their evaluation of the proposals.

It is anticipated that a firm will be chosen on or before February 15, 2017. Following notification of the firm selected, it is expected a contract will be executed within 15 working days.

F. Right to Reject Proposals

Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Authorities and the firm selected.

VIII. OFFICERS of the AUTHORITIES

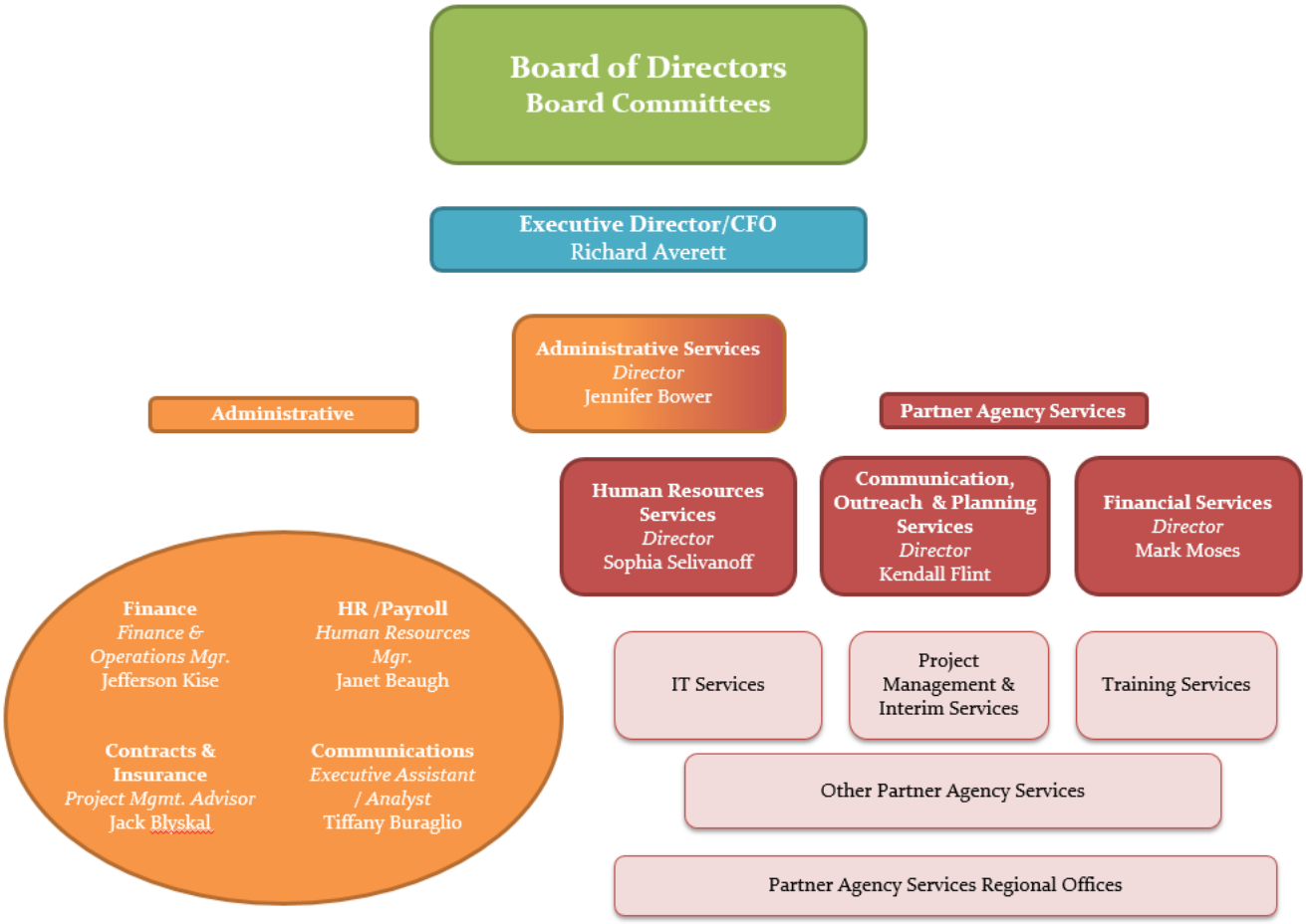
A. Meeting With Officers

Audit staff may expect to meet with the Chair of the Finance Committee and/or Chair of the Board of Directors during the audit field work. Meeting(s) would most likely be via teleconference.

The Authorities reserve the right without prejudice to reject any or all proposals.

Appendix A

Regional Government Services



Local Government Services

Board of Directors
Board Committees

Executive Director/CFO
Richard Averett

Administrative Services
Director
Jennifer Bower

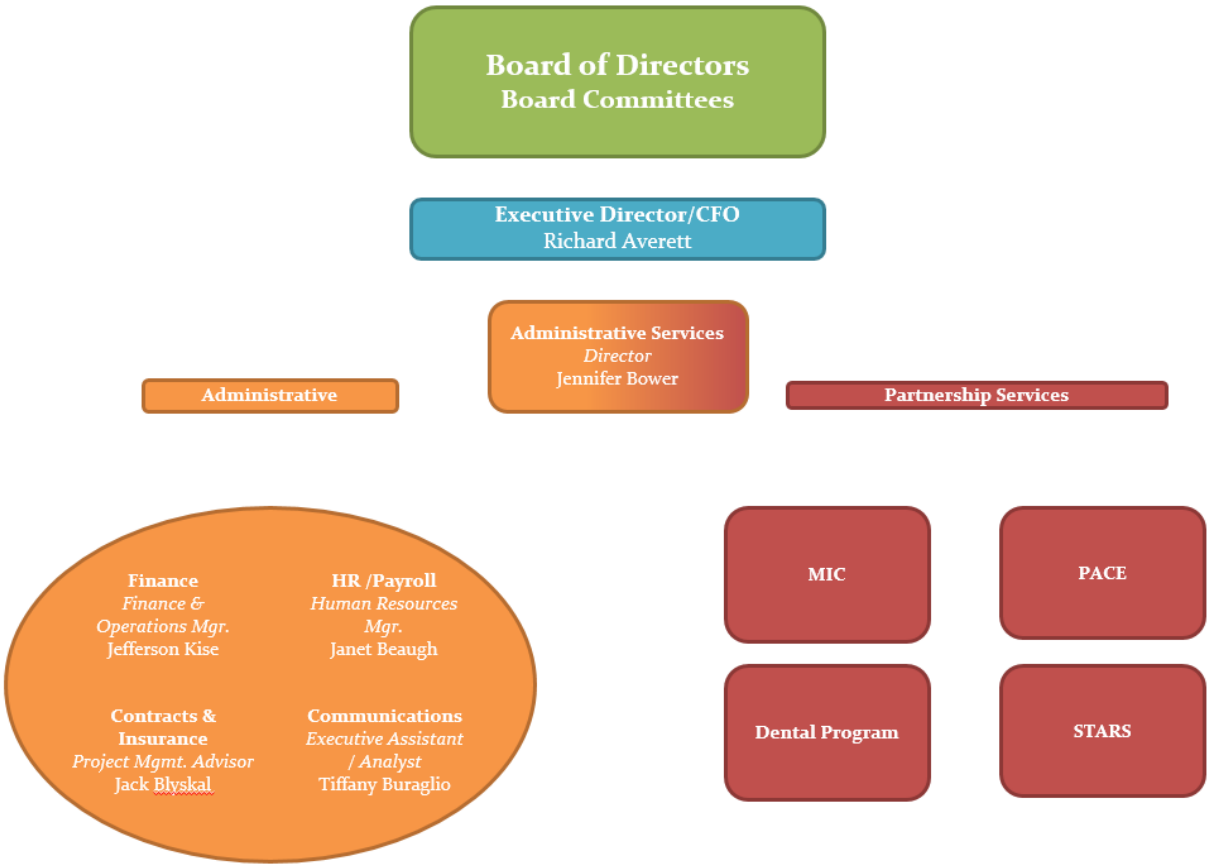
Finance
Finance & Operations Mgr.
Jefferson Kise

HR /Payroll
Human Resources Mgr.
Janet Beaugh

Contracts & Insurance
Project Mgmt. Advisor
Jack Blyskal

Communications
Executive Assistant / Analyst
Tiffany Buraglio

Municipal Services Authority



Appendix B

DOLLAR COST BID

Name of Firm: _____

Address: _____

City, State, Zip: _____

Contact Name: _____

Contact Telephone Number(s): _____

Contact E-mail Address: _____

I, the undersigned, certify I am duly authorized to represent the above named firm and am empowered to submit this bid. In addition, I certify I am authorized to contract with Regional Government Services, Local Government Services and Municipal Services Authority on behalf of the above named firm.

_____

Signature Title Date

_____

Name (print)

Total All-inclusive Maximum Price for 2016-2017 Audit $_____

Total All-inclusive Maximum Price for 2017-2018 Audit $_____

Total All-inclusive Maximum Price for 2018-2019 Audit $_____

Appendix C

SCHEDULE OF PROFESSIONAL FEES AND EXPENSES FOR THE AUDIT OF THE FY2017 FINANCIAL STATEMENTS

	Hours	Standard Hourly Rates	Quoted Hourly Rates	Total
Partners				
Managers				
Supervisory staff				
Staff				
Other (specify):				
Subtotal				
Out-of-pocket expenses:				
Meals & Lodging				
Transportation				
Other (specify):				
Total for services described in Section II of the RFP				

TOTAL ALL-INCLUSIVE MAXIMUM PRICE
FOR 2016-2017 AUDIT $
[do you put something here for the next two years' pricing?
Note: The rate quoted should ***not*** be presented as a general percentage of the standard hourly rate or as a gross deduction from the total all-inclusive maximum price.