



HANDOUTS
from May 18, 2017 Executive Committee Meeting

H.1. Accounting and Financial Service Agreement

NCCSIF Accounting/Financial Services

RFP Process Timeline

- May 18th** - EC Recommends Proceeding with Accounting/Financial Service RFP
- June 15th** - Board approves Accounting/Financial Service 6 Month Agreement and Timeline Process – *Authority granted to EC for decision making*
- July/August** - Program Administrators draft RFP and submit to Ad Hoc/Finance Committee (FC) for review
- August TBD** - Ad Hoc/(FC) meet telephonically to finalize RFP
- August 18st** - RFP posted to various websites (PARMA/CAJPA/etc.) and sent to known providers
- Sept. 5th** - Questions DUE
- Sept. 12th** - Questions Answered
- Sept. 19th** - RFP Responses DUE 5pm Electronically
- Sept 21st** - Verbal Status Report at EC Meeting Thursday
- Sept 27/28th** - Ad Hoc/(FC) 1st meeting telephonically to review Program Administrators evaluation and RFP responses
- October 4/5th** - Ad Hoc/(FC) 2nd meeting telephonically to determine finalist for interviews
- October 19th** - Interviews (Rocklin 9am to noon) same time as Risk Management Comm. Meeting, but separate room by Ad Hoc/(FC)
- October 19th** - Status Report to the Board @ noon meeting
- Nov. 2nd** - Special EC Meeting (Telephonically?) to approve Ad Hoc/(FC) recommendation and authority to negotiate/execute contract
- Nov. 15th** - Negotiations concluded and Agreement signed
- Nov. 27th–30th** -Transition meeting(s) as needed
- December 1st** - Effective Date of new Agreement (if change in provider) to provide 30 day cross-processing (new contract will be a three-year Agreement with 2, one-year optional extensions)
- December 7th** - Accounting/Finance partner presents at NCCSIF Long Range Planning



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

May 16, 2017

Northern California Cities Self-Insurance Fund
Board of Directors

It has been our pleasure to be a trusted advisor to NCCSIF since 2002. We don't just oversee the accounting we help manage cash-flows, investment liquidity and work on maximizing investable funds. We also assist with the risk financing and funding of the program. We are a resource to you and your management team members.

It is an honor to serve you and we would like to continue in this role. We have had only moderate fee increases over the years and have been quite sensitive to the plight of the member cities. However, as we have described to your ad hoc committee, the costs to provide these services and to attract and maintain quality staff have increased dramatically. Our current contract expires June 30, 2017. Our proposed fee increase for the upcoming service period was concerning to the committee and they felt to meet their due diligence that NCCSIF should arrange to go out to bid for these services. We appreciate this concern and to accommodate this we are offering a short-term six month "non-cancelable" contract to provide NCCSIF the time to go through this process. We believe the six-month term, ending on December 31, 2017 and no changes to the bonding requirement and charges, would provide for the smoothest transition should NCCSIF choose another firm.

We appreciate the trust and confidence you have had in us and we understand the process you must go through and will assist your program administrator in providing details of the processes and related services provided to assist in the RFP process.

Sincerely,

James P. Marta CPA, CGMA, ARPM
James Marta & Company LLP
Certified Public Accountants

AGREEMENT FOR FINANCIAL ACCOUNTING AND CONSULTING SERVICES

This Agreement is made and entered into effective for the period July 1, 2017 through December 31, 2017, by and between Northern California Cities Self Insurance Fund (“NCCSIF”) and James Marta & Company LLP.

WHEREAS, NCCSIF requires accounting and consulting services, and James Marta & Company LLP is agreeable to performing such services for NCCSIF;

NOW, THEREFORE, the parties agree as follows:

- 1. RETENTION OF ACCOUNTANT.** NCCSIF agrees to retain James Marta & Company LLP to provide Financial Consulting Services for NCCSIF under the terms and conditions set forth in this Agreement, and the NCCSIF JPA Agreement and Bylaws. James Marta & Company LLP agrees to accept that assignment and to perform all of the duties for which the firm has been retained.

- 2. DESCRIPTION OF WORK.** James Marta & Company LLP agrees to perform the following services:
 - a. Prepare all bank reconciliations;

 - b. Process payables:
 - i. Receive and record all invoices;
 - ii. Obtain approval when necessary; and
 - iii. Prepare and issue checks per NCCSIF policy.

 - c. Process receivables:
 - i. Prepare invoices
 - ii. Receive and record invoices;
 - iii. Receive and record payments; and
 - iv. Follow up delinquent accounts.

 - d. Maintain check registers of all applicable accounts and submit to Board in a timely manner;

 - e. Maintain general ledger - prepare and enter periodic adjusting entries;

 - f. Reconcile Investments and manage investment transfers;

 - g. Act as liaison between associated banks and/or investment agencies, as required;

 - h. Perform cash management — perform the required money transfers between accounts and/or financial institutions per the NCCSIF investment and banking policies;

 - i. Facilitate the annual financial audit:
 - i. Prepare audit schedules; and
 - ii. Coordinate audit fieldwork.

- j. Prepare quarterly and annual financial reports and attend Executive Committee and Board of Directors' meetings to discuss them; (in the event of scheduling conflicts, James Marta may meet with the Treasurer and provide the required reports and update and or send an alternate accountant to attend).
- k. Review quarterly financial reports with the Treasurer.
- l. Assist with budget preparation;
- m. Annually file the State Controller's Annual Report of Financial Transactions and Local Government Compensation Report with the State of California;
- n. Prepare special reports, as required; and annually prepare and submit to the Program Administrator a completed Conflict of Interest form.
- o. Attend Finance Committee meetings, as necessary
- p. Complete any other related duties as requested by a duly authorized official.
- q. Provide quarterly balance sheets and income statements
- r. Provide quarterly budget to actual financial reporting
- s. Prepare quarterly claims reconciliation among the York reports, actuary reports and the general ledger
- t. Prepare quarterly claims analysis reporting (graphs and reconciliation statements)
- u. Maintain a suitable backup and recovery system for data and develop and implement processes for the protection of electronic data including a written policy with respect to:
 - i. Disaster recovery
 - ii. Physical and electronic data security
 - iii. Electronic data retention

James Marta & Company LLP will compile, from information you provide, the annual and interim statement of net position and the related statements of income, net position, and cash flows of Northern California Cities Self Insurance Fund. We will not audit or review such financial statements. Our report on the annual financial statements of Northern California Cities Self Insurance Fund is presently expected to read as follows:

We have compiled the accompanying statement of net position of Northern California Cities Self Insurance Fund as of [Year End(s)], and the related statements of income, net position, for the [Year or Years] then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United

States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Northern California Cities Self-Insurance Fund

If, for any reason, we are unable to complete the compilation of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our engagement cannot be relied upon to disclose errors, fraud or illegal acts that may exist. However, we will inform you of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential. In addition, we have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement

3. COMPENSATION. As compensation to James Marta & Company LLP for services rendered hereunder, NCCSIF agrees to pay James Marta & Company LLP an monthly fee of:

- \$8,000 per month
- The cost of meeting attendance within one-hour of Sacramento California is included. In the event that we are required to attend meetings beyond this range we will charge mileage at the current federal reimbursement rate and time at \$150/hr. For purposes of this agreement, approval is the Executive Committee's authorization.

FEES. NCCSIF agrees to pay in addition to the monthly fee for accounting services:

- Intacct software subscription service fees:
- \$215 per month for the 2017-18 year.

Plus \$750 annually for the annual subscription of electronic check delivery.

4. **CONTRACT TERM.** The term of this Agreement shall be for six (6) months commencing July 1, 2017 through December 31, 2017.
5. **OWNERSHIP OF RECORDS.** NCCSIF maintains ownership of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement. James Marta & Company LLP may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.
6. **DISCLOSURES OF CONFLICTS.** James Marta & Company LLP shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practice Commission form on an annual basis.
7. **TERMINATION.** This Agreement is non-cancellable unless
 - a. James Marta & Company LLP is unable to provide services or,
 - b. by NCCSIF if they determine by cause gross negligence or,
 - c. gross negligence on the part of NCCSIF management or officials.

Such termination shall be effective upon 30 days written notice. Upon termination, James Marta & Company LLP shall give to NCCSIF copies of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement, which shall become the permanent property of NCCSIF. James Marta & Company LLP may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.

8. **COMPLIANCE WITH LAWS.** James Marta & Company LLP agrees that all work will be conducted, and the services will be performed in compliance with all laws and regulations; with the policies; procedures and directives of NCCSIF, particularly those related to fiscal and management matters; and with generally accepted accounting principles applicable to governmental entities.
9. **INSURANCE.** James Marta & Company LLP shall provide General Liability, Auto Liability and Professional Liability insurance with separate limits of \$1,000,000 and a \$2,000,000 aggregate, and Workers Compensation as required by the State of California. A certificate shall be issued showing NCCSIF as additional insured for the Auto and General Liability coverages. Proof of coverage shall be provided annually to NCCSIF.
10. **INDEMNIFICATION.** James Marta & Company LLP agrees to indemnify and hold harmless NCCSIF its officers, directors and member agencies from any liability arising from James Marta & Company LLP's negligence or willful misconduct or omissions in the performance of the Agreement.
11. **INDEPENDENT CONTRACTOR.** It is expressly agreed by the parties that James Marta & Company LLP's relationship to NCCSIF is that of an independent contractor. As such, NCCSIF will not be providing Workers' Compensation coverage or any benefits to James Marta & Company LLP.
12. **SUCCESSORS AND ASSIGNMENT.** James Marta & Company LLP agrees it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, without the prior written consent of NCCSIF.

13. ENTIRE AGREEMENT. This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties.

14. HEADINGS. The descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year as indicated below.

Dated: _____, 2017
**NORTHERN CALIFORNIA CITIES
SELF INSURANCE FUND (NCCSIF)**

Dated: _____, 2017
**James Marta & Company LLP
Certified Public Accountants**

Dave Warren
Board President

James Marta & Company LLP
Accountant and Financial Consultant

Accepted by:

NCCSIF Board Counsel Date
Byrne Conley