
**FRESNO LOCAL AGENCY FORMATION COMMISSION (LAFCo)
EXECUTIVE OFFICER'S REPORT**

AGENDA ITEM No. 10

DATE: April 14, 2010

TO: Local Agency Formation Commission

FROM: Jeff Witte, Executive Officer

SUBJECT: Consider Approval –Establishment of Independent Financial System for LAFCo

Summary:

Under the direction of the Commission, staff has been in the process of taking the necessary steps towards independence. The recommendations contained in this report, along with the attached resolution, provides for a mechanism for LAFCo to receive and disburse funds as needed for LAFCo operations. This action is in support of the Third Amendment to the Professional Services Agreement between LAFCo and Fresno County, approved on March 2, 2010, by the Fresno County Board of Supervisors. In the Agreement, LAFCo sets forth its intention to provide for its own Executive Officer and other services related to financial activities.

Discussion:

As part of the overall plan for LAFCo, it is necessary for the Commission to create a way to pay its expenses and the Executive Officer's salary. While the two existing County employees will remain County employees contracted to LAFCo, the Executive Officer and any future employees will be LAFCo employees. The Commission will be responsible for all LAFCo employee-related items, including monthly payroll, tax withholding, annual tax (W-2) statements, etc. Additionally, LAFCo would be responsible for the payment of Workers Compensation and other related expenses for staff that is solely the responsibility of the LAFCo Commission.

Under this plan, as LAFCo receives income in the form of city/county support for LAFCo's operations and/or filing fees, etc., such income would be deposited by LAFCo staff in the approved bank account with copies of the deposit slips sent to the firm generating the checks and financial reports. LAFCo staff would transmit a list of all expenses to the firm for processing the checks. Once the checks are printed staff will pick them up and obtain the necessary signatures. Check signatures for the larger (routine business account) would require two signatures. The Executive Officer and any of the LAFCo Commission members would be able to sign checks.

At the present time it does not appear that LAFCo would have the need for a petty cash fund or a LAFCo credit card. Both of the aforesaid items create an additional level of reporting which does not appear to be warranted at this time. Should this situation change in the future, LAFCo staff would submit a separate report with specific recommendations.

A semi-annual audit is proposed as part of this plan. While not prescribed by existing LAFCo procedures or existing State law, an audit by a professional disinterested third party is a safeguard. An audit would also be performed each time there is a change in Executive Officers. This type of audit would be conducted by a Certified Public Accountant who has previous government experience, and is not a person or firm that LAFCo would otherwise contract with for month-to-month activities.

As an operating practice, LAFCo staff would not have LAFCo credit cards or have petty cash unless specifically authorized by the Commission under a separate policy at a later date.

Costs:

The agreement with ADP would cost \$148.50 per month. Staff is still having discussions with several banks and the high end of this service would be around \$150 a month. However, Central Valley Community Bank is interested in providing the service without charge to LAFCo, based on LAFCo's bank balance. Both banking and ADP agreements are subject to termination on fairly short notice and LAFCo would be free to pursue other resources if these did not work out to the satisfaction of the Commission. Specifics of the proposals are as follows:

ADP:

ADP would provide up to 20 checks a month for \$148.50 a month. This would allow for processing the Executive Officer's monthly paycheck with appropriate withholding and processing approximately 19 other checks for payment to the County for staff services, for rent, payment to Commission members for attending meetings, and other normal business checks. This service provides LAFCo with a monthly statement that can be included as a part of the monthly agenda items.

Banking:

Funding would initially come from transferring \$50,000 from LAFCo's cash fund presently being held by the County of Fresno on behalf of LAFCo to a bank account yet to be established. The policy for dispersing funds would require two signatures on each check which could be the Executive officer and any of the five Commission members. Executive Officer and Commissioners would complete signature cards for the respective bank accounts. Based on discussions with the Central Valley Community Bank, LAFCo would not be charged for banking services.

Recommendations:

1. Authorize the Executive Officer to open a bank account with Central Valley Community Bank for the purpose of receiving deposits and issuing funds to pay financial obligations.
2. Direct LAFCo staff to deposit future revenues from fees and assessments in the bank account created for this purpose.
3. Request the County Auditor to transfer the remainder of all funds to the LAFCo bank account after 45 days and pending review of the process by Fresno County.
4. Authorize the Executive Officer to enter into an agreement with ADP for the purpose of preparing and issuing checks to pay bills and obligations for LAFCo, and to provide a monthly accounting of expenses.
5. Establish a policy of providing the Commission with a monthly report on the expenses from the previous month and bank balance.
6. Establish a policy of having a semi-annual audit and an audit with the change of each Executive Officer.



EVERY PAYROLL

- ✓ Processing choices: phone, fax or internet
- ✓ Calculate Gross to Net Earnings
- ✓ Direct Deposit for employees
- ✓ Laser printed checks—check signing/stuffing
- ✓ Protection from Payroll Check Fraud
- ✓ Electronic employee pay stubs with year to date totals
- ✓ Comprehensive payroll & payroll tax reports
- ✓ ADP courier hand delivers payroll to your door
- ✓ Fed/State Compliance Posters
- ✓ Checkview
- ✓ Payroll Preview
- ✓ QuickBooks General Ledger Interface
- ✓ Wage Garnishment Processing

EVERY MONTH

- ✓ Make your payroll tax deposits on time avoiding hassle and penalties.

EVERY QUARTER

ADP will deposit, file and furnish Statements of Deposits & Filings for the following:

- ✓ Quarterly 941 Federal Tax Returns
- ✓ State Income Tax Returns
- ✓ State Unemployment Deposit & Returns
- ✓ Federal Unemployment Deposit
- ✓ Employee Quarterly Earnings Record

YEAR END

- ✓ Laser printed W-2's & Employee Earnings
- ✓ W-3 Transmittal Summary Report
- ✓ Year-To-Date totals for all Earnings & Taxes
- ✓ Year-End 940 Statement of Deposits & Filings

UNLIMITED HUMAN RESOURCE HELP DESK

- ✓ Unlimited access to Certified Human Resource Consultants

STATE UNEMPLOYMENT CLAIMS MANAGEMENT

- ✓ Process all unemployment claims
- ✓ Reduce your unemployment tax rate

ADDITIONAL SERVICE

- ✓ Background Checks
- ✓ Integrated Electronic Time Clocks
- ✓ Pay-by-Pay Worker's Compensation
- ✓ 401k, Simple IRAs & Section 529 Plans
- ✓ Pre-Taxed Medical Benefits
- ✓ Customized Report/Graph Writer

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So, how do I get started?

Here's everything we will need to get you going: ✓

- Federal ID Number (Note: I can get both
- State ID Number if you don't already
- Voided Check have them)
- Employee Information
 - a. full name
 - b. social security number
 - c. address
 - d. w-4 status
 - e. rate of pay (hourly, salary)
 - f. deductions (401k, garnishments)
 - g. balances (only for this year)

ADP will take Full Liability for the entire year. We will deposit & file your remaining quarterlies, year-end filings and W-2s/W-3s for this year.

Cost Proposal

20 Checks Monthly Frequency

\$ 125.00 Implementation

\$ 148.50 Per Processing

\$ no charge New Hire Reporting

\$ no charge Quarterly Fees

\$ no charge Year-end Filing

\$35 + 5.40 per EE W-2s/ 1099's

There is No Contract. Our service is "pay-as-you-go"

10% Discount and 1st Month Free!