

Richard A. White, Jr.
Retirement Administrator



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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: August 21, 2013
To: Audit and Budget Committee
From: Richard White, Retirement Administrator *RAW*
Subject: Audit and Budget Committee Report

Summary:

The Audit and Budget Committee met on July 17, 2013 following the regular meeting of the Board of Retirement.

The agenda for the meeting is included in this report as are the approved minutes from their meeting of April 30, 2013.

The focus of the meeting was to meet with the External Auditor, Gallina LLP, to discuss and plan the June 30, 2013 audit. The audit field work by Gallina was conducted the week of August 12-16, 2013 and the plan is for the Committee to receive the first draft report in September.

The committee is scheduled to meet in the afternoon following the regular Board of Retirement meeting on September 18, 2013.

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Agenda
July 17, 2013
1:30 p.m.

Roll Call

Public Comment

Members of the public are welcome to address the committee on subjects both on and off the agenda. The committee is prohibited from taking action on matters not on the agenda, but may ask questions and/or briefly answer questions. Public comment is limited to 5 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Committee Chair. Please complete a speaker form, available at the entrance to the conference room and present to the Clerk. Public speakers are required to state their name before they begin. If you wish to submit written comments please provide 7 copies to the Clerk prior to the start of the meeting.

- 1) Approval of the April 30, 2013 Committee meeting minutes.
- 2) Discussion regarding the External Audit for Fiscal Year 2012/13.
- 3) Schedule the next Audit & Budget Committee meeting.

Meeting Adjourned (Approximate Time 3:00 p.m.)

(Pursuant to Government Code Section 54954, this agenda was posted 72 hours prior to the meeting.)

MEETING LOCATION: Retirement Association Conference Room at 625-B Kings Court
Ukiah, CA 95482 Phone: 707-463-4328 Fax: 707-467-6472
Retirement Association Website: www.co.mendocino.ca.us/retirement

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Minutes
April 30, 2013

10:00 a.m.

Participants: Lloyd Weer, Committee Chair, Randy Goodman, Bob Mirata, Rich White, Retirement Administrator, and Judy Zeller, Board Clerk. Absent: Ted Stephens.

Public Comment: None

1) Approval of the March 12, 2013 Committee meeting minutes.

Mr. Goodman motioned to approve the March 12, 2013 minutes. Mr. Weer seconded the motion and the minutes were approved by the following vote: Ayes 2 Noes 0 Abstain 1 Absent 1.

2) Discussion and Direction to staff regarding the draft 2013/14 Budget.

Mr. White and the committee discussed the draft budget for fiscal year 2013/14. The draft budget will be presented to the full board on May 8, 2013 with committee recommendations. The government code provides for a budget up to \$2,000,000 or .21% of accrued actuarial liability. Computer technology and investment expense are not considered part of administrative expense. Our liability has been estimated by The Segal Company and the amount shown in the draft budget is a projection of the administrative cap.

The Board's decision to hire an accountant for a minimum of 32 hours per week, with benefits, was discussed. The draft budget allows for 40 hours per week so that we may be prepared for a potential increase position hours. Mr. Goodman asked why accounting is included in the draft budget twice in both contracts and gross regular salaries. Mr. White explained that he intends on our current contract accountant to continue to provide services while we recruit and train the new accountant. The committee felt that the budget for contract accounting should be reduced by half to allow for up to 6 months accounting services as we progress through approval, recruitment, and training of the new accountant.

An Administrative Assist Position has also been added to the budget with the intent to align the duties of Judy Zeller, Retirement Specialist II, with the right class specification. Her current duties are out of the scope of Retirement Specialist II class specification. The existing Retirement Specialist II position could be under filled with a Retirement Specialist I which would add to our clerical and benefits staff. The Administrative Assistant would do more of the disability processes which would provide an estimated cost savings of \$25,000 in disability legal fees.

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The committee felt that the Accountant position was a must have and should not be jeopardized by trying to get approval for other positions which should to be brought forward in steps. Mr. Weer added that staff should not be working out of class and we should avoid that. The Administrative Assistant is already an existing position and the committee agreed to include the Administrative Assistant position in the budget, but not to include a Retirement Specialist I.

Other budget items reviewed were legal expense for our VCP & Hanson Bridgett, Board training expense per the Board Education and Training Policy, Disability expense, Building expense, and Automation expense for an agreement with Linea Solutions. Mr. White mentioned that Linea is currently working with staff to develop a Request for Proposal (RFP) for a Pension Automation System which will be presented to the Board at its May meeting. If the Board proceeds with selection of a Pension System, we will need to continue to contract with Linea. Mr. Goodman requested that the automation budget item be footnoted regarding Linea. Mr. Weer asked about the Comprehensive Annual Financial Review (CAFR) and if we should include the cost of a deep CAFR review in the next contract for an external auditor. It was agreed that it will be included in the next RFP for an external auditor.

3) Schedule the next Audit & Budget Committee meeting.

The next Budget and Audit Committee meeting will be scheduled in June in order to prepare for the external audit. The date is to be announced.

Meeting Adjourned (11:10 a.m.)

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Date: August 21, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Disability Procedure

Summary: The Board of Retirement approved the majority of disability procedure at the July meeting and directed that additions be made to Rule 9 and Rule 25.

Staff Recommendation: Approve changes to Rule 9 and Rule 25 in the disability procedure.

Discussion: Changes to Rule 9 and Rules 25 as directed by the Board are incorporated into the disability procedure as seen below as underlined and italic text.

Rule 9. Administrative Reports

After receipt of all requested documents, the Retirement Administrator shall make a written report to the Board as follows:

(a) Whether or not the file is sufficient to support a finding by the Board as to whether or not the APPLICANT is permanently incapacitated for the performance of his/her duties.

(b) In the case of an application for a service connected disability, that the file is sufficient to support a finding by the Board as to whether or not the incapacity was the result of an injury or disease arising out of and in the course of employment.

(c) In the case of an application for non-service connected disability retirement, the Retirement Administrator shall report to the Board whether or not the APPLICANT has served the required period of time that entitles the APPLICANT to a non-service connected disability benefit and, if so, that the disability is not due to: intemperate use of

alcoholic liquor or drugs, willful misconduct or violation of law; and for APPLICANTS who become members of the system on or after January 1, 1988, that this disability is not due to conviction of a felony or criminal activity which caused or resulted in APPLICANT's disability. See Government Code sections 31726, 31726.5.

The report of the Retirement Administrator shall be in writing and shall include all reports and records, including but not limited to medical evidence, in support of the application as evaluated by the Board's Medical Advisor. When the medical records and other documents submitted in support of the application are insufficient or in conflict or if the Retirement Administrator is not satisfied with the investigative report and other pertinent documents, he/she shall report to the Board in what respects the application is deemed to be insufficient.

Rule 25. Further Medical And Lay Evidence On Behalf Of Respondent

At the request of the Board's counsel and with concurrence of the Retirement Administrator, the Board of Retirement's disability retirement staff may obtain independent medical examinations and/or investigations. The fees for these medical examinations and/or investigations shall be paid by the Board.

The APPLICANT shall submit to examinations by physicians appointed by the Board's disability retirement staff. Such examinations shall be scheduled with due consideration to the APPLICANT's convenience and ability to attend. If examinations occur further than 75 miles from the home of the Applicant, the Applicant can request reimbursement of reasonable travel expenses, as determined and approved by the Board of Retirement.