

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Minutes
February 24, 2015

10:00 a.m.

Participants: Randy Goodman, Committee Chair, Ted Stephens, Kathryn Cavness, James Wilbanks, Retirement Administrator, Stan Conwell, Financial Investment Officer, and Judy Zeller, Administrative Assistant. Absent: Tim Knudsen.

Public Comment: None

1) Approval of the February 2, 2015 Committee meeting minutes.

Mr. Stephens motioned to approve the February 2, 2015 meeting minutes. Ms. Cavness seconded the motion and the minutes were approved unanimously.

2) Discussion and Recommendation regarding the Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2014.

Mr. Goodman referenced the draft CAFR and Mr. Conwell noted revisions made to the draft in Administrative Expense and Investment Fees schedules. There was discussion regarding the Major Initiatives and Actual Events, duplication of information on pages 4 and 19, and the narrative on page 6.

Mr. Stephens noted that page 25 shows that US Equity is outside of our target range per the asset allocation on page 55. Mr. Conwell will verify this information with Callan and will correct the report as necessary. Mr. Stephens also commented on whether the CAFR requires the use of market value. He noted that actuarial value, market value, and actuarial assumed value are all used and suggested referencing the value we are referring to.

Mr. Wilbanks stated that Gallina LLP is currently reviewing the draft CAFR and we expect to receive their comments by the end of this week in order to submit by the February 28, 2015 due date. We can apply for 30 day extension if necessary. Staff will make any necessary changes to the CAFR, Gallina LLP will complete their review, and staff will submit the final CAFR to the Government Finance Officers Association (GFOA).

3) Budget Update and Review, Second Quarter of Fiscal Year 2014/2015.

Mr. Wilbanks referenced a Budget Update and Review report for the second quarter of fiscal year 2014/2015 which was in a new format. His goal is to compare the current budget against the prior year and against the approved budget. Differences will be shown in dollars and as a percent. The committee discussed what should be included in this report. Mr. Wilbanks stated

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

MEETING LOCATION: Retirement Association Conference Room , 625-B Kings Court, Ukiah, CA 95482

Phone: 707-463-4328 Fax: 707-467-6472

RETIREMENT ASSOCIATION WEBSITE: www.co.mendocino.ca.us/retirement

that the committee should review this report each quarter before it is distributed to the board. The next fiscal year budget will be built differently as there are often items that are not included in the annual budget such as the Gallina LLP review of the CAFR. It is important to continue with this review which is estimated to cost is \$2,500.00 to \$3,500.00. Mr. Stephens mentioned our policy on non-budget items is \$5,000.00. Mr. Goodman asked to see comments or remarks for any items reported that are out of budget. Mr. Wilbanks added that he will bring a fiscal year end budget projection to the committee. Mr. Conwell will prepare this budget update and the committee will review and discuss in order to assist in developing questions and comments.

- 4) Discussion and Recommendation regarding the financial information to be presented to the Board of Retirement at each monthly board meeting.

Mr. Goodman referenced the Monthly Financial Report and the Monthly Investment Report from the February 18th board meeting. The committee discussed the financial report first and agreed that the report was good. The vendor ledger provides a snapshot regarding outgoing payments to vendors and is a good internal control. Mr. Goodman asked about the cover memo and if it was needed. The consensus was to keep it the same, but to allow editing to reduce the memo to one page.

The committee discussed the Monthly Investment Report and whether it is needed each month. It was agreed that we should keep this report and that it could be condensed. Mr. Wilbanks agreed that we should look at investments each month and suggested a monthly report that could include market commentary, benchmarks, and performance which would normally be prepared by an Investment Consultant. We will be looking into a Custodial bank and monthly reports that are customizable.

Discussion continued regarding modification to the report by eliminating some columns of information which will reduce the report to one page. Staff will make any narrative changes.

- 5) Schedule the next Audit & Budget Committee meeting.

The next Audit and Budget Committee meeting is yet to be determined.

11:06 a.m. Meeting Adjourned

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