

Mendocino County Board of Retirement
Audit and Budget Committee Meeting Minutes
July 10, 2014

10:00 a.m.

Participants: Lloyd Weer, Committee Chair, Bob Mirata, and Judy Zeller, Administrative Assistant. Ted Stephens participated by conference call from his office located at 1101 College Ave., Ste. 210, Santa Rosa, CA 95404, where the agenda was posted publicly prior to the meeting and the public was welcome to participate. Absent: Randy Goodman.

Public Comment: None

1) Approval of the June 26, 2014 Committee meeting minutes.

Mr. Stephens motioned to approve the June 26, 2014 minutes. Mr. Mirata seconded the motion and the minutes were approved unanimously.

2) Discussion and Possible Action to Recommend an Approach to the Valuation Date for the June 30, 2014 GASB 67 Report

Mr. Weer referenced information regarding GASB 67 and 68 reporting requirements discussed previously during the June 26, 2014 Board of Retirement meeting and a Draft Calendar for the 2011-2014 Experience Study, 2014 Actuarial Valuation, and GASB 67 Reports, prepared by Segal Consulting. This calendar included two target date scenarios for the 2014 Studies. The Roll forward approach would use previously approved 2013 Actuarial Valuation figures and the without Roll-forward approach which would use 2014 Actuarial Valuation figures once approved by the Board.

Mr. Weer mentioned that he discussed this item with the County's external auditor, Gallina LLP. The County will meet its reporting deadline before December 31, 2014 because Gallina will have the numbers available to them before that date. If our annual Actuarial Valuation is not complete by the deadline, previous Valuation figures would be used. A qualified opinion would be included in the County's report and the Pension Trust figures would be noted as 2013 numbers. This is not common practice, but has been done before.

The Committee agreed that they could take role in getting numbers a week or two earlier in order to meet the County deadline. Mr. Stephens felt that there could be damage to the integrity of the reporting if the pension trust fund reports numbers from 2013. If we use 2014 numbers we will be GASB 67 compliant and there is a possibility that we can shorten the timeline. He did not want to roll-forward old information. Mr. Weer expressed concern that

TELECONFERENCE LOCATION: Office of Ted Stephens, 1101 College Avenue, Suite 210, Santa Rosa, CA 95404
Phone: 707-545-8646 Fax: 707-544-8020

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

the calendar dates may extend further out with this scenario. Mr. Stephens acknowledged that he felt we needed extra time to evaluate our reports last year, but we need to move forward more quickly this time.

Mr. Weer mentioned his discussion with the County Auditor again and asked what we accomplish by waiting when the numbers at the end of 2013 or 2014 and all of the assumptions create a very large estimate. Since it's an estimate and we use assumptions, these large figures may not vary much. We may miss deadlines for the State Controller and the GFOA. Mr. Mirata agreed. Mr. Stephens stated that we are under more scrutiny. If our GASB 67 report's numbers are a different year than our actuarial study the public won't trust our numbers. If used for discussion, the GASB 67 report would look bad if it's based on old numbers.

The Committee agreed that reports will need to be reviewed thoroughly and we will need to meet with Segal prior to presenting to the full Board. A once a month discussion is not good enough. Additional meetings may need to be scheduled.

Recommendation: Motion was made by Mr. Mirata to recommend the use of the most current 2014 Actuarial Valuation figures once approved by the Board for our GASB 67 Report. Mr. Stephens seconded the motion and it was approved unanimously.

Mr. Stephens mentioned the Experience Study. He remembered the need to review our assumptions in the past and asked that we verify this with Segal. We may need to schedule an assumption review in August and perhaps we could add that task to our calendar.

Direction: Mr. Andersen will verify the need for review of our assumptions for the next Experience Study and will ask that it be added to the calendar so that this review can be included in the August Board meeting agenda.

3) Schedule the next Audit & Budget Committee meeting.

The next Audit and Budget Committee meeting is tentatively scheduled for Monday September 15, 2014 at 9:30 am.

Meeting Adjourned (10:30 a.m.)

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