

**SCLC Audit and Finance Committee Meeting  
April 25, 2019  
Via Conference Call**

**Minutes**

**Present:** Janet Stone, DORA, Chair; Darlene Bradley, ARC; Ann Graf, AZU; Robert Shupe, PALM; Susan Anderson, RED; Joyce Ryan, SFE

**Also Present:** Diane Satchwell, Carol Dinuzzo, and Jeri Takeda, SCLC

Janet Stone called the meeting to order at 10:02 a.m.

1. **Public Forum.** There were no members of the public who wished to address the committee.

It was MSP (Shupe, Ryan) to discuss Item 3. Investment Policy before Item 2. Investments Review for compliance and performance.

3. **Investment Policy.** Diane Satchwell noted that the policy was last reviewed in 2009 and some updating is needed. She noted the importance of being mindful of the pension liability which could be addressed in the policy. It was suggested that a restricted fund be created solely for the pension liability. D. Satchwell noted that it is difficult to determine what the actual liability is with CalPERS but the auditors have determined it to be approximately \$500,000.

There were questions regarding the authorizations for withdrawals and on the reporting required in the Government Code referenced in the policy. D. Satchwell will consult with the auditors for clarification.

It was MSP (Shupe, Ryan) to direct staff to review the Investment policy and come back with recommendations for updating the policy that include addressing concerns regarding future pension liability.

2. **Investments Review for compliance and performance.** Carol Dinuzzo reviewed the Local Agency Investment Fund (LAIF) information included in the agenda packet.

In response to a question regarding liquidity, D. Satchwell reported on the process that would be used if needed.

4. **Review and Acceptance of Annual Financial Report and Single Audit Report, June 30, 2018.** Carol Dinuzzo reviewed the Annual Financial Report, noting that the threshold of \$750,000 in grant revenue and expenses required a Single-Audit to be performed in addition to the Financial Statement Audit. Both documents were included in the packet for review.

She also noted the findings mentioned as a result of work done prior to her being hired by SCLC, and the requirement that a SAM search be conducted for all vendors.

It was MSP (Ryan, Graf) to recommend Council acceptance of the Annual Financial Report and Single Audit Report, June 30, 2018.

5. **Reserve Fund Recommendation.** Carol Dinuzzo reviewed the report showing the calendar year 2018 operating costs and the current amount in the reserve fund in order to determine an amount to be designated to meet operating costs needs in the event that SCLC has to draw on the reserves.

It was noted that it would be helpful if the Reserve Fund Policy was included with the Investment Policy. It was also noted that it is important that the pension liability be considered.

It was MSP (Shupe, Graf) that the Investment Policy, Reserve Fund Policy, and any other related documents be combined into one document, also addressing the pension liability.

6. **CalPERS Liability.** D. Satchwell provided information on the SCLC CalPERS liability, noting liability resulting from a former grant employee being given CalPERS benefits. SCLC has liability payments of over \$100,000 per year for another 6-7 years. Three parts to the CalPERS liability include: the 10-year CalPERS deficit; new staffing and the related CalPERS contributions; funds for retirees.
7. **LAIF Resolution.** It was MSP (Anderson, Ryan) to recommend Executive Committee approval of the new LAIF resolution to update the title change from Finance Manager to Controller and the SCLC address.
8. **Other.** There was no other business for the committee.
9. **Adjournment.** There being no other business, the meeting was adjourned at 10:54 a.m.