

**SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD
AUDIT COMMITTEE MINUTES**

Thursday, June 16, 2022

9:00 a.m.

In accordance with Retirement Board Resolution #156, adopted on September 23, 2021 and readopted May 19, 2022, the Sonoma County Employees' Retirement Association Board Audit Committee meeting was held virtually and in compliance with California Government Code section 54953(e) via WebEx meetings.

Members of the public interested in joining or participating in the meeting were invited to use one of the following methods:

1. WebEx meeting application via computer, tablet, or smartphone:

<https://sonomacounty.webex.com/sonomacounty/j.php?MTID=me353c222512f1c7e87bba391b2ab2e3f>

2. Call-in and listen to the meeting:

1 (408) 418-9388

Meeting ID: 2486 436 7438

Password: uvJb2DvK3b7

Presiding in the

SCERA Boardroom: Erick Roeser, Chair

Present

Via WebEx: Trustees Travis Balzarini, Amos Eaton and Joe Tambe; Neil Baker (Retiree Alternate) and Brian Williams – not on the Audit Committee; Chief Investment Officer Jim Failor; Ashley Green (of Brown Armstrong)

Present in the

SCERA Boardroom: Trustee Greg Jahn; Trustee Bob Williamson – not on the Audit Committee; Chief Executive Officer Julie Wyne, Assistant CEO/Chief Legal Counsel Cristina Hess, Finance and Retiree Services Manager Cheryl Enold, Retirement Analyst Rebecca Gay and Administrative Aide Julia Smith

Committee members are Travis Balzarini, Amos Eaton, Greg Jahn, Erick Roeser, and Joe Tambe.

Public comments were solicited prior to the meeting by emailing Rebecca.Gay@sonoma-county.org. Members of the public that joined the WebEx meeting via the app or dial in, were provided with the opportunity to submit live public comment for each agenda item after the committee members and staff provided their comments.

I. ELECTION OF COMMITTEE CHAIR

New Committee Chair and Vice Chair to be selected by majority vote of the members.

Recommendation: Select a Committee Chair and Vice Chair.

A motion was made by Trustee Williamson, seconded by Trustee Tambe, to approve the Trustee Roeser as Chair and Trustee Balzarini as Vice Chair. The motion carried 5-0-0-0 with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Balzarini			
Mr. Eaton			
Mr. Jahn			
Mr. Roeser			
Mr. Tambe			

II. MINUTES APPROVAL

Approval of November 18, 2021 Minutes.

Recommendation: Approve the November 18, 2021 Minutes.

A motion was made by Trustee Eaton, seconded by Trustee Balzarini, to approve the November 18, 2021 Minutes. The motion carried 5-0-0-0 with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Balzarini			
Mr. Eaton			
Mr. Jahn			
Mr. Roeser			
Mr. Tambe			

III. ANNUAL FINANCIAL AUDIT OF SCERA

A. Partner Ashley Green of Brown Armstrong reviewed the results of the annual financial audit of SCERA for the year ended December 31, 2021.

Ms. Green discussed the scope of the audit noting that it was an unqualified audit opinion and that SCERA's financial annual statement was free of material misstatements. Trustees asked questions about cybersecurity controls. Ms. Green explained that the audit inquiry was focused on financial reporting controls and would not delve into other cybersecurity areas. CEO Julie Wyne advised the Committee that they have several information technology controls and tests in place

to ensure that the SCERA network, through the County of Sonoma, the pension administration system and the custodian bank operate under secure networks.

Ms. Green noted an uncorrected misstatement from a prior year regarding the unlagging of an opportunistic investment with an underlying portfolio of real assets. Finance and Retiree Services Manager Cheryl Enold informed the Committee that real asset valuations are based on appraisals and that the managers do not appraise the assets daily, so a lag in fair value reporting occurs. She noted that typically the lag does not rise to the level of reporting in an audit but this time it did. Ms. Enold indicated that she would be prepared for a potential audit issue in the next reporting period.

Recommendation: Recommend acceptance of the annual financial audit to the full Board.

A motion was made by Trustee Jahn, seconded by Trustee Balzarini, to recommend acceptance of the annual financial audit to the full Board. The motion carried 5-0-0-0 with voting as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Balzarini			
Mr. Eaton			
Mr. Jahn			
Mr. Roeser			
Mr. Tambe			

- B. Annual Comprehensive Financial Report (ACFR) for the plan year ended December 31, 2021 – Finance and Retiree Services Manager Cheryl Enold reviewed the ACFR Draft.

Ms. Enold presented the Annual Comprehensive Financial Report to the Committee and highlighted the changes from the prior year. Ms. Wyne and the Trustees commended Ms. Enold and her staff for an excellent report and for her ability to overcome obstacles of being new in the position and not only complete the report timely but make improvements to its readability.

IV. GENERAL DISCUSSION MATTERS

Opportunity was given to advise the Audit Committee of new matters and for Committee members to ask questions for clarification, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

There were no general discussion matters.

V. PUBLIC COMMENT

Opportunity was given for public comment on non-agenda items within the jurisdiction of the AuditCommittee.

There were no public comments.

VI. NEXT MEETING

Thursday, October 20, 2022 at ~10:30 a.m. in the SCERA Board Room located at 433 Aviation Boulevard, Suite 100 in Santa Rosa, CA or virtually via WebEx unless otherwise noted.

VII. ADJOURNMENT

With no further business to conduct, the meeting adjourned at 9:47 a.m.

VIII. APPROVAL

The above minutes from the June 16, 2022 Audit Committee meeting were approved at the Audit Committee meeting on October 20, 2022.

ERICK ROESER, CHAIR