



Date: March 17, 2016
To: Members of the Audit Committee
From: Donald R. White, Chair
Subject: Summary of the March 17, 2016, Audit Committee Meeting

Audit Committee Vice Chair Tarrell Gamble called the March 17, 2016, Audit Committee meeting to order at 12:30 pm. Committee members present were, Dale Amaral, Annette Cain-Darnes, and Donald White. Other Board members present were David Safer, Darryl Walker, and Keith Carson. Members of the Staff present were Kathy Foster, Interim Chief Executive Officer; Harsh Jadhav, Chief of Internal Audit; Margo Allen, Fiscal Services Officer; Joseph Fletcher, Chief Counsel; Latrena Walker, Project & Information Services Manager; Betty Tse, Chief Investment Officer, and Sandra Dueñas-Cuevas, Benefits Manager.

ACTION ITEMS

1. Review, Discussion, and Possible Motion to approve the External Auditors (Williams Adley & Co. LLP) opinion on the methodology to implement GASB 74/75

Trustee Cain-Darnes expressed her objection to the presentation of this item at the Audit Committee instead of the Actuarial Committee. Trustee White explained that this item is necessary because it may affect the end result of ACERA's 2015 audit, therefore the audit committee is the right committee to present it.

ACERA's Actuary Andy Yeung outlined the actuarial issues and alternative methodologies to consider as ACERA prepares for the implementation of GASB 74/75.

ACERA's Auditors provided a differing opinion from the Actuary on the methodology to implement GASB 74/75, which resulted in a more in-depth discussion and further clarification on how the GASB standards could be interpreted.

Dale Amaral moved and David Safer seconded that the Audit Committee recommend to the Board of Retirement that the Board approve the External Auditor's recommendation of the methodology to implement GASB 74 & 75.

The motion carried 4 yes (*Amaral, Gamble, White, Safer*), 2 no (*Cain-Darnes, Carson*)

INFORMATION ITEMS

1. Financial Reporting Critical Path Project Timeline - Presentation of the financial reporting critical path project timeline

During the presentation of action item, staff presented the critical path to illustrate the required actions with corresponding dates for the initiation of the recommended methodology for incorporation into ACERA's 2015 year-end financial statements.

TRUSTEE/PUBLIC INPUT

Staff from Alameda County, present among the public, expressed objection to implementing the GASB 74/75 methodology, citing more time was needed for further review of the recommended methodology.

RECOMMENDATION

The Audit Committee recommends to the Board of Retirement that the Board approve the External Auditor's recommendation of the methodology to implement GASB 74 & 75.

ESTABLISHMENT OF NEXT MEETING DATE

May 19, 2016 at 11:00 am

MEETING ADJOURNED

The meeting adjourned at 1:40 pm