



**Date:** August 12, 2015  
**To:** Members of the Audit Committee  
**From:** Donald R. White, Chair  
**Subject:** Summary of the August 12, 2015, Audit Committee Meeting

Audit Committee Chair Donald White called the August 12, 2015, Audit Committee meeting to order at 1:40 pm. Committee members present were Tarrell Gamble, Annette Cain-Darnes, Dale Amaral, and George Wood. Other Board members present were, Keith Carson, Liz Koppenhaver, and Darryl Walker. 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; Sandra Dueñas-Cuevas, Benefits Manager; and Betty Tse, Chief Investment Officer.

### **ACTION ITEMS**

#### **1. Discussion and Possible Motion recommending approval of the December 31, 2014 audited Financial Statements and Independent Auditor's Report**

Staff introduced representatives of Williams Adley & Company, LLP., (WACO) who presented the audit opinion of ACERA's December 31, 2014, Financial Statements. After presentation and discussion, Trustee Tarrell Gamble moved and Trustee Liz Koppenhaver seconded a motion to recommend that the Audit Committee recommend to the Board that the Board accept and file the December 31, 2014, audited Financial Statements and the Independent Auditor's Report.

The motion carried 7 yes (Cain-Darnes, Carson, Gamble, Koppenhaver, Walker, White, Wood), 0 no, 1 abstentions (Amaral).

#### **2. Discussion and possible motion to recommend adoption of the Government Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2014**

Staff referred to its memo to formalize the *Government Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2014*. Staff pointed out the Total Pension Liability of \$7,653B; the Plan's Fiduciary Net Position of 5,912B; and the Net of Pension Liability 1,741B. After a brief discussion, Trustee Tarrell Gamble moved and Trustee Liz Koppenhaver seconded a motion to recommend that the Audit Committee recommend to the Board that the Board adopt the Government Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2014.

The motion carried 7 yes (Cain-Darnes, Carson, Gamble, Koppenhaver, Walker, White, Wood), 0 no, 1 abstentions (Amaral).

## **INFORMATION ITEMS**

### *External Audit*

**1. Status on the audit of the financial reporting schedules as of December 31, 2014 prepared by ACERA for the Participating Employers (Source: Addendum to the Governmental Accounting Standards Board (GASB) Statement 67)**

Staff explained the purpose for Segal's addendum to the GASB 67 valuations and the AICPA criteria for the preparation of employer schedules, which ACERA staff used to provide the auditors with the employers' Allocation Schedules and Schedules of Pension Amounts for opinion. Auditors will provide a draft of their opinion for the August 20, 2015 Board meeting.

### *Internal Audit*

**2. Progress Report on 2015 Internal Audit Plan**

Staff presented a status update on the 2015 Internal Audit Plan and the Audit of Underpayments and Overpayments of Member Benefits.

## **TRUSTEE/PUBLIC INPUT**

- None

## **RECOMMENDATION**

1. Staff recommends that the Audit Committee recommend to the Board of Retirement that the Board accept and file the December 31, 2014 audited Financial Statements and Independent Auditors' Report.
2. Staff recommends that the Audit Committee recommend to the Board of Retirement that the Board adopt the Government Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2014

## **ESTABLISHMENT OF NEXT MEETING DATE**

October 14, 2015 at 1:00 pm

## **MEETING ADJOURNED**

The meeting adjourned at 2:15 pm