ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF RETIREMENT 2223 WELLINGTON AVENUE, SUITE 100 SANTA ANA, CA 92701

AUDIT COMMITTEE MEETING June 7, 2018 1:00 p.m.

MINUTES

The Chair called the meeting to order at 1:03 p.m. and read the opening statement for the record. Attendance was as follows:

- Present: Frank Eley, Chair; Charles Packard, Vice Chair; Russell Baldwin; Shari Freidenrich
- Staff: Brenda Shott, Assistant CEO, Internal Operations; Gina Ratto, General Counsel; Tracy Bowman, Director of Finance; Molly Murphy; Chief Investment Officer; Mark Adviento, Internal Auditor; Sonal Sharma, Recording Secretary; Anthony Beltran, Audio Visual Technician

ACTION ITEMS

A-1 2017 FINANCIAL STATEMENTS AUDIT Presentation by Linda Hurley, Macias, Gini & O'Connell (MGO)

Recommendation: For the Audit Committee to recommend to the Board of Retirement the following:

- 1. Approve OCERS' audited financial statements for the year ended December 31, 2017.
- 2. Direct staff to finalize OCERS' 2017 Comprehensive Annual Financial Report (CAFR).
- 3. Approve the Governmental Accounting Standards Board (GASB) Statement 67 Actuarial Valuation as of December 31, 2017.
- 4. Receive and file Macias, Gini & O'Connell LLP's (MGO) "OCERS' Report to the Audit Committee for the Year Ended December 31, 2017" and their "Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards."

Linda Hurley presented a verbal report of the results of MGO's 2017 Financial Statements Audit to the Committee.

Following discussion, a <u>motion</u> was made by Mr. Packard, <u>seconded</u> by Ms. Freidenrich, for the Audit Committee to approve the recommendation.

The motion passed unanimously.

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A-2 GASB 68 VALUATION AND AUDIT REPORT

Presentation by Tracy Bowman, Director of Finance. Presentation by Linda Hurley, MGO.

Recommendation: For the Audit Committee to recommend to the Board of Retirement the following:

- 1. Approve OCERS' audited Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2017.
- 2. Approve the Governmental Accounting Standards Board (GASB) Statement 68 Actuarial Valuation as of December 31, 2017 for distribution to employers.

Tracy Bowman, Director of Finance, presented a verbal overview of Segal Consulting's GASB 68 Actuarial Valuation as of December 31, 2017 to the Committee.

Linda Hurley presented a verbal report of the results of MGO's audit of OCERS' Schedule of Allocated Pension Amounts by Employer as of and for the Year Ended December 31, 2017 to the Committee.

Following discussion, a <u>motion</u> was made by Mr. Packard, <u>seconded</u> by Ms. Freidenrich, for the Audit Committee to approve the recommendation.

The motion passed unanimously.

INFORMATION ITEMS

I-1 STATUS UPDATE OF 2018 AUDIT PLAN

Mark Adviento, internal Auditor, presented a status update of the 2018 Audit Plan to the Committee.

PUBLIC COMMENTS: None.

COMMITTEE MEMBERS COMMENTS: Committee Members discussed the status of OCERS' search for a Director of Internal Audit.

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS: None.

The meeting adjourned at 2:00pm.

Submitted by:

Steve Delanev

Steve Delaney Secretary to the Board

Approved by: Inn K Frank Elev Committee Chair