



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
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BOARD OF PENSION TRUSTEES
AUDIT COMMITTEE
PUBLIC MINUTES OF APRIL 20, 2015

The meeting of the Board of Pension Trustees Audit Committee was called to order by Arturo Agra, at 9:03 a.m. at 1 Walker's Mill Road, Wilmington, DE 19807.

Audit Committee Members Present

Arturo Agra, Chair
Stephen Ritchie
James Burke
Robert Paretta
Araya Debessay

Audit Committee Members Not Present

Mark Finrock

State Auditor's Office

Stephenie Tatman

Office of Pensions

David Craik
Kathy Kunkle
Lincoln Nathan
Jennifer Dilworth

Ashford Consulting Group

Sophia Smith

KPMG

Joe Seibert
Arthur Ayres
Ryan Brown

Delaware Department of Justice

Ann Marie Johnson, DAG
Denise Herron, Pension Paralegal

TBV Advisors

Paul Roth

Cherion

Fiona Liston

The Audit Committee reviewed the public minutes of the November 14, 2014 meeting:

MOTION made by J. Burke and seconded by S. Ritchie approving the Minutes of the Audit Committee Meeting of November 14, 2014.

MOTION ADOPTED UNANIMOUSLY

Fiscal 2014 Recap: GASB changes which require a change from using smoothed value to fair market value will mean that year to year, the financial statements will reflect year-end market valuations to a greater degree than in the past. Under GASB 67, there is a clear separation between accounting cost (expense) and funding cost (contribution.) Actuarial valuation determines the current or “measured” cost, not the ultimate cost. Contributions plus investment income equals benefit payments plus expenses. Individual accounting for each participating entity will not be included in the audit.

GASB 67 and 68: Mr. Agra commented that some participating entities will need to change their financials as a result. Mr. Seibert agreed, but indicated that DPERS’ is in good financial shape compared to many other systems. Mr. Agra asked about the status of the schedules that employers will use. It was indicated that they are nearly ready for the Auditor’s office to review. Mr. Seibert indicated that there will be two schedules which will list the employers in the plan. Management along with the actuary calculates the percentage share or pro rata shares of pension liability. There was a discussion of the increased reporting required by individual plan entities, and the degree to which they will have to change their current reporting practices.

MOTION made by J. Burke and seconded by S. Ritchie to move into Executive Session for the purpose of discussing confidential financial information, sensitive commercial information, and proprietary business information.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Burke and seconded by S. Ritchie to exit Executive Session.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Burke and seconded by S. Ritchie approving the Minutes of the Executive Session of the Audit Committee Meeting of November 14, 2014.

MOTION ADOPTED UNANIMOUSLY

MOTION made by J. Burke and seconded by S. Ritchie approving to have a compilation report done for the First State Independence Fund in lieu of a full audit.

MOTION ADOPTED UNANIMOUSLY

At 12:05 p.m., there being no further business, MOTION was made by J. Burke and seconded by S. Ritchie to adjourn the meeting.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

Arturo Agra, Chair Audit Committee

cc: Audit Committee Members
 Ann Marie Johnson, DAG
 Suzanne Grant, Board Chair
 David Craik, Pension Administrator