University Enterprises, Inc.
Audit Committee Meeting
April 25, 2014
Conference Room,
1:30 p.m. to 2:30 p.m.

Members Present:  Crystal Ekanayake, Chair
                 Anne Fuller
                 Joni Zhou

Staff Present:   Jim Reinhart, Executive Director
                Craig Barth, Chief Financial Officer
                Emily Chu, Controller
                Arlette Barnard, Recording Secretary

Guests:         Christy Norton, Shareholder, Matson and Isom
                Kristina Hessong Audit Senior, Matson and Isom
                Bhavi Dulabh, Manager, Gallina LLP

The Audit Committee was called to order by Chair Crystal Ekanayake at 1:36 p.m. Ekanayake introduced, Christy Norton and Kristina Hessong from the certified public accounting firm of Matson and Isom, as well as Bhavi Dulabh, Manager at Gallina.

Norton and Hessong were excused as Craig Barth reviewed the selection process for hiring UEI’s new auditing firm. Following discussion, it was moved to engage Matson and Isom as UEI’s auditing firm for the fiscal years 2013/14, 2014/15, 2015/16. (Fuller/Zhou)

Barth discussed the Chancellor’s Office internal audit conducted every three years, for which field work was completed in February. Eight findings were discovered. UEI will provide responses to each finding and institute changes as necessary.

A discussion was held regarding the audit scope, timing and reporting due dates. Emily Chu, Controller, and Matson and Isom will finalize the timeline.

Barth stated UEI’s June 30, 2013 federal and state tax returns were filed with only one extension with no extraordinary items to report.

Norton reviewed audit pronouncements that may impact UEI for fiscal year 2013/2014 and beyond:

- GASB 67 – Financial reporting for pension plans;
- GASB 71 – Pension transition for contributions made subsequent to the measurement date;
- Anticipated new OPEB standard, which will be similar to GASB 67 and 68. Exposure draft due April 2014 and final expected by June 2015;
- A-133 threshold changes;
- Data Collection Form changes; CalPERS upcoming issues –
  - Contribution policy changes (methodology)
  - Assumption changes – future mortality improvement with 20 year projection, earlier retirements for police safety and higher future pay increases for safety.
  - Risk Pool – Changes include all risk pools being combined into two pools (miscellaneous and safety). The unfunded liability contribution will be based on liability and will be paid based on specific dollar amount instead of a percentage of payroll.

The meeting was adjourned at 2:35 p.m.

Respectfully submitted:

Arlette Barnard, Recording Secretary