

**AUDIT COMMITTEE MEETING
OF THE
BOARD OF ADMINISTRATION
WATER AND POWER EMPLOYEES' RETIREMENT PLAN**

MINUTES

OCTOBER 9, 2013

Committee Members Present:

Barry Poole, Chair
Mario Ignacio, Member
Robert Rozanski, Member

Committee Members Absent:

None

Staff Present:

Sangeeta Bhatia, Retirement Plan Manager
Monette Carranceja, Assistant Retirement Plan Manager
Mary Higgins, Assistant Retirement Plan Manager
William Feng, Sr. Utility Accountant
Mary Alvarez, Utility Executive Secretary

Others Present:

Marie McTeague, Deputy City Attorney
Grace Yuen, Simpson and Simpson
Frank Liu, Simpson and Simpson

Mr. Poole called the meeting to order at 8:37 a.m.

Ms. Bhatia stated that a quorum of the Audit Committee was present.

Public Comments

Ms. Alvarez reported that no requests for public comment were received.

1. Discussion of Audit Program for Fiscal Year-End June 30, 2013

Mr. Feng introduced the item and invited representatives from Simpson and Simpson, the Plan's Auditors, to provide a brief background on the audit plan for 2013.

Ms. Yuen described the general audit process, scope, and timeline, as well as the responsibilities of Management and the Retirement Board. She indicated the audit work commenced on September 3 and would conclude by October 25, with a draft report issued by November 8, which would be presented to the Audit Committee on November 13.

Ms. Yuen reviewed the auditors' responsibilities and described the audit process. She noted any significant control deficiencies or material weaknesses found during the audit will be included in a written communication and discussed during the November 13 presentation to the Committee. She added the audit work does not relieve the Board of its responsibility for oversight of Management in the preparation of the financial statements.

Ms. Yuen discussed recent Government Accounting Standards Board (GASB) pronouncements pertaining to financial statement reporting. GASB 65 involves items previously reported as assets and liabilities. These are items that will be presented as deferred outflow and inflow to resources. She noted this pronouncement will have little impact on the Plan's financial statements, as the Plan does not have these types of items. She stated GASB 67 pertains to new financial reporting requirements for pension plans, and it will have significant impact on the Plan's financial statements.

GASB 65 and GASB67 will be effective on Fiscal Year 2013/2014. She also stated GASB 68 pertains to the employer's financial reporting for pensions. It will not be effective until Fiscal Year 2014/2015.


Ms. Yuen also identified their auditing staff.

Mr. Rozanski asked if GASB 67 could have a significant impact on the Plan, how it would affect the Department with respect to pension expense, and whether the pension expense would go up or down. Ms. Yuen stated that there would be a significant increase on the pension expense on the employer's side. The impact on the Plan is mostly on the footnote disclosures in the financial statements.

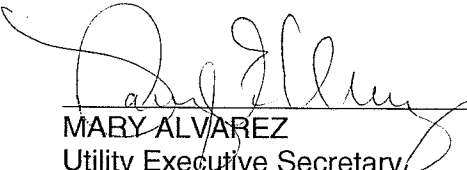
There being no further questions or comments, the meeting adjourned at 8:46 a.m.


BARRY POOLE
Chairperson

11/27/2013
Date


SANGEETA BHATIA
Retirement Plan Manager

11/27/13
Date


MARY ALVAREZ
Utility Executive Secretary

11/27/13
Date