

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

MINUTES

DECEMBER 10, 2014

Committee Members Present:

Barry Poole, Chair
Robert Rozanski, Retiree Member

Committee Members Absent:

Mario Ignacio, Member

Staff Present:

Monette Carranceja, Asst. Retirement Plan Manager
William Feng, Senior Utility Accountant
Mary E. Alvarez, Utility Executive Secretary

Others Present:

Marie McTeague, Deputy City Attorney

Mary Higgins, Interim Retirement Plan Manager
(via teleconference)

Mr. Poole called the meeting to order at 8:33 a.m.

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

Ms. Alvarez stated there were no requests for public comment.

1. Presentation by Simpson & Simpson, CPAs, of the Annual Audit Report and Related Financial Statements as of June 30, 2014

Ms. Carranceja introduced Mr. Feng, the Water and Power Employees' Retirement Plan's Chief Accountant, to provide a brief introduction of the item.

Mr. Feng stated the financial statements had been finalized for Fiscal Year ending June 30, 2014. Representatives from the external auditors, Simpson & Simpson, Certified Public Accountants (Simpson & Simpson), were present to discuss their findings and answer any questions.

Grace Yuen from Simpson & Simpson introduced herself as partner on the audit, and introduced the audit manager, Frank Liu. Ms. Yuen presented the required communication, a brief highlight of the financial statement, and the audit results. She stated that Simpson & Simpson found no significant or unusual transactions, and noted there were no significant audit adjustments being proposed. The firm had full cooperation from management, and there were no disagreements on any accounting or auditing issues.

Ms. Yuen discussed the performance of the Retirement Fund, Disability Fund, Death Benefits Fund, and the Retiree Health Benefits Fund.

Mr. Poole inquired as to how the funding for the Retiree Health Benefits Fund was broken down.

Ms. Yuen stated that in the prior year, the actuarial accrued liabilities were \$1.7 billion, and the actuarial value of assets was \$1.3 billion. This left the unfunded portion at \$412 million.

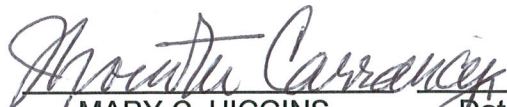
There being no further questions or comments, the meeting adjourned at 8:48 a.m.



BARRY POOLE
Chairperson

6/24/15


Date



MARY C. HIGGINS
Asst. Retirement Plan Manager

6/24/15

Date



MARY E. ALVAREZ
Utility Executive Secretary

6/24/15

Date