

Exhibit to Agenda Item #3

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Tuesday, December 4, 2018 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room



Sacramento Municipal Utility District Finance Committee Meeting - 2018 Financial Statement Audit

December 4, 2018

SMUD

Pre-Audit Discussion



Candor. Insight. Results.

Agenda

Audit overview

Required
communication

Key audited
segments

Schedule

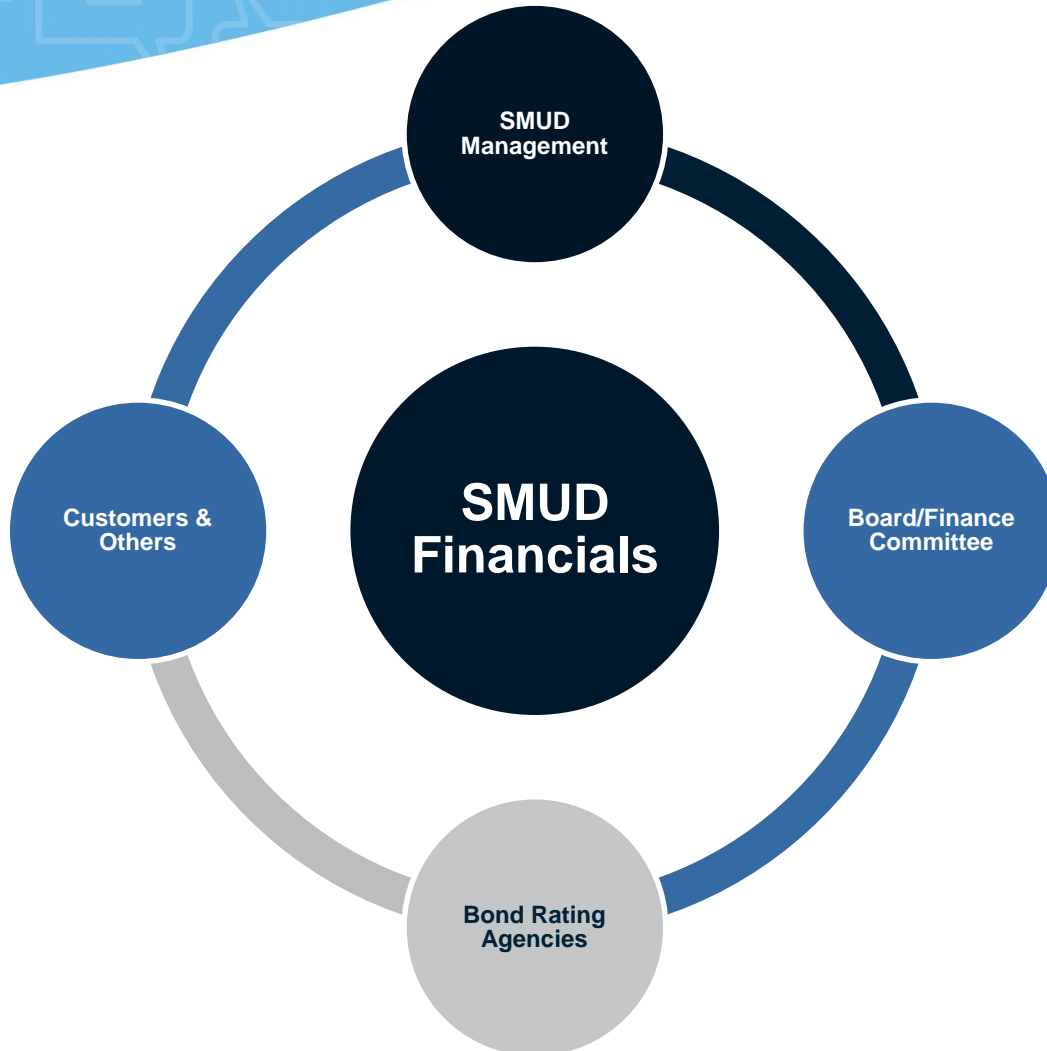
Discussion

SMUD

Who's reading our financial statements?



Candor. Insight. Results.

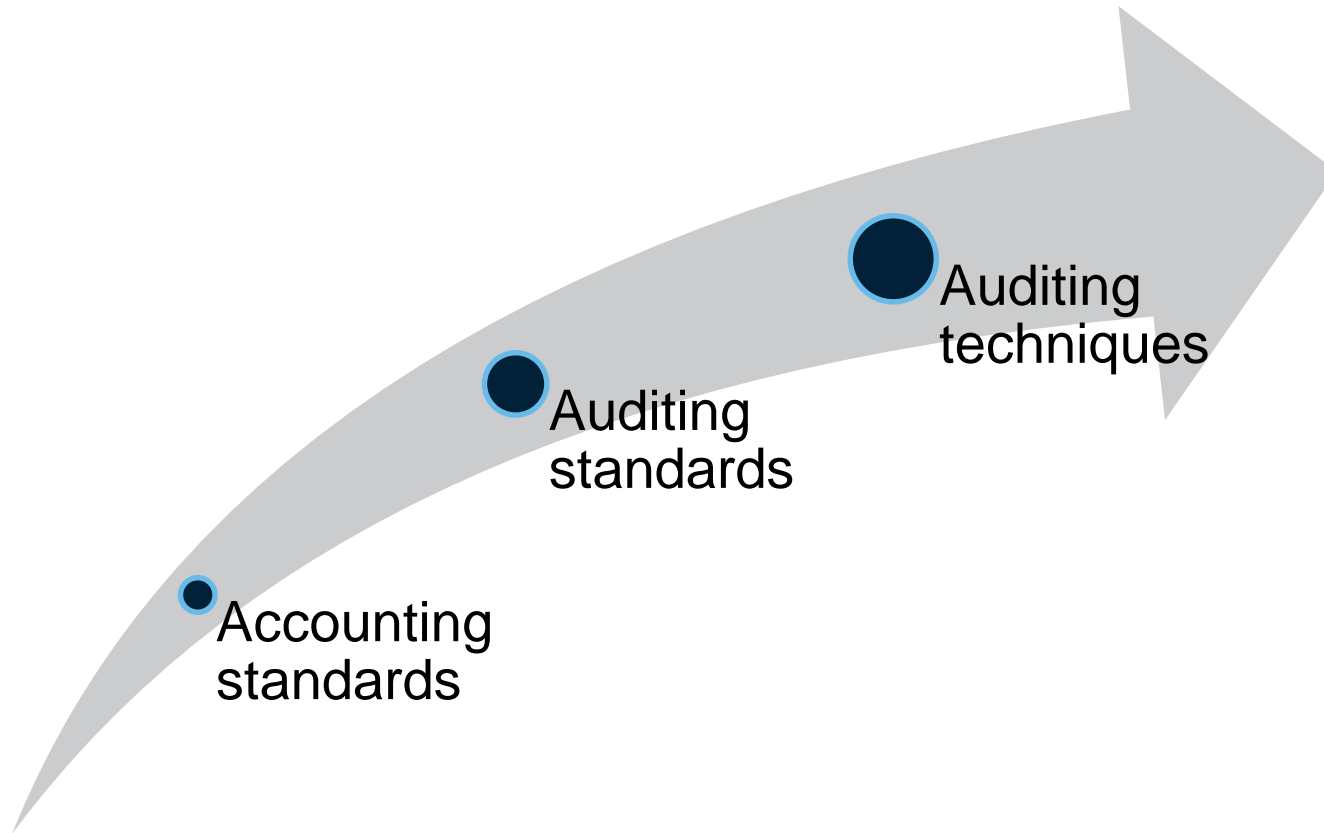


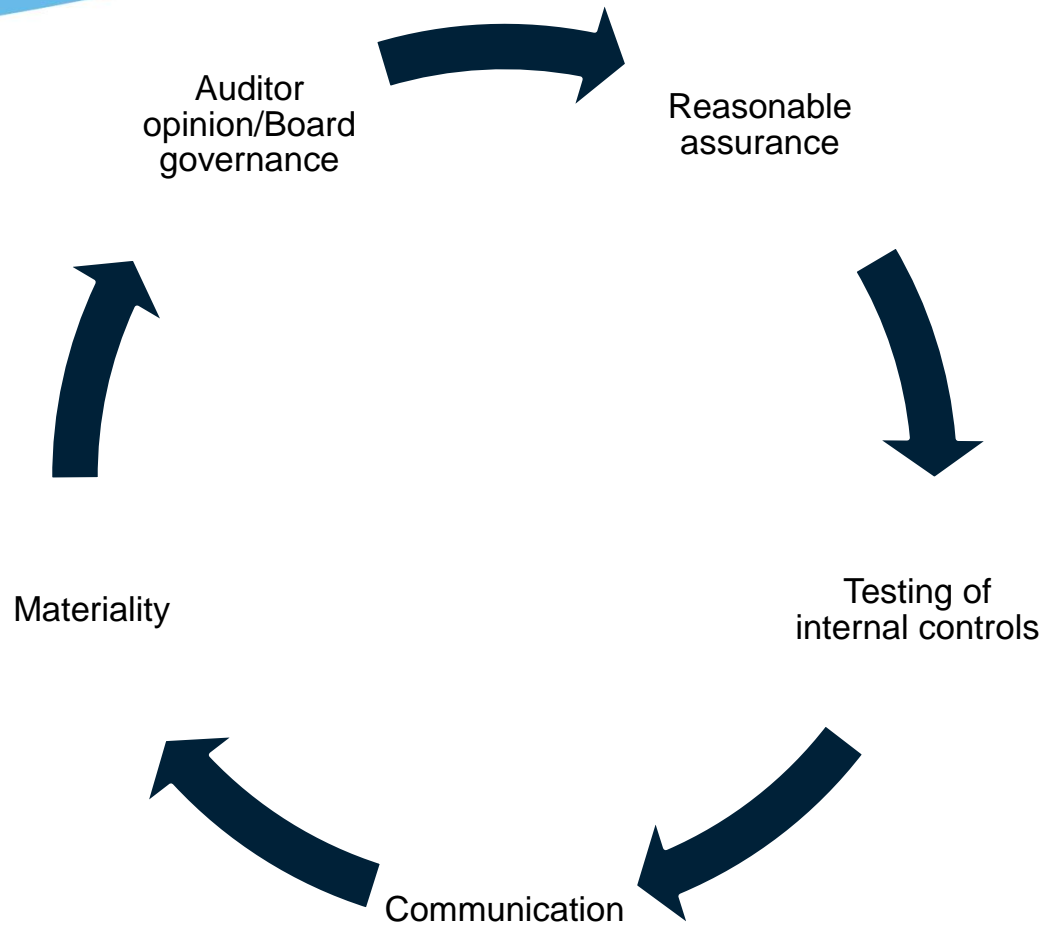
SMUD

What's new in the accounting and auditing world?



Candor. Insight. Results.





SMUD

Audit Work plan

Main Areas of Audit Focus



Candor. Insight. Results.

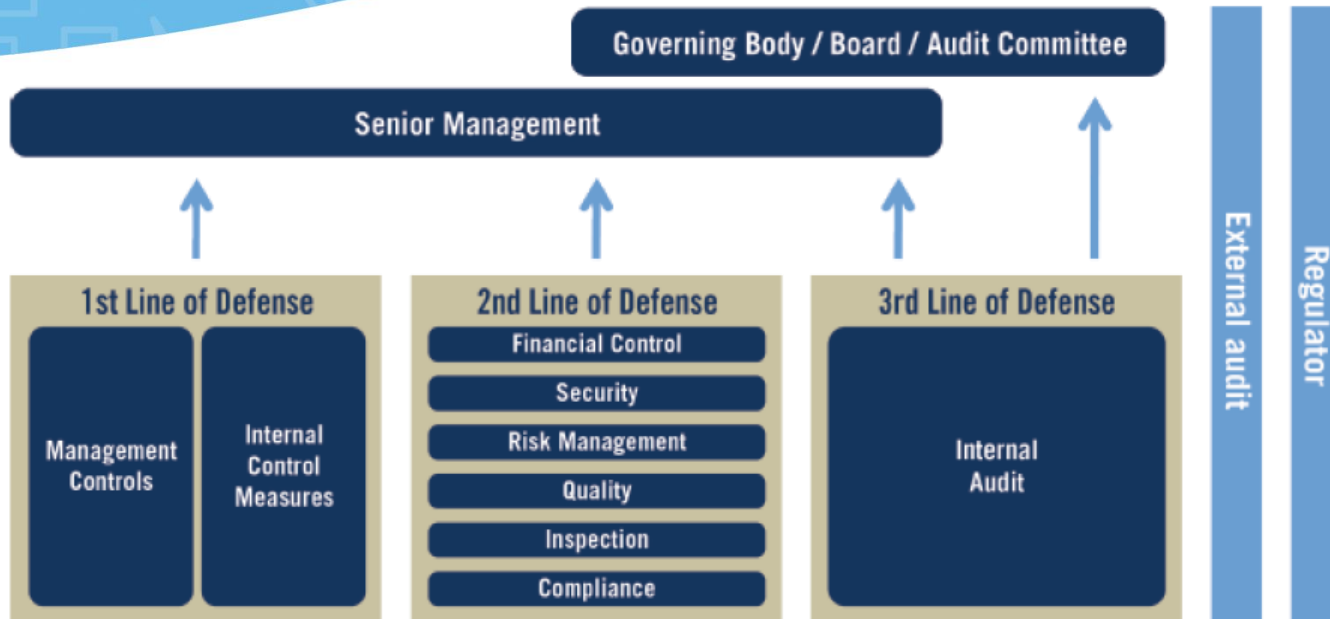
Area of Focus	Area of Focus
Control environment	Internal controls
Information technology	Cash and investments
Regulatory assets and liabilities	Derivative contracts
Fixed assets	Revenues and receivables
Expenditures and payables	Financing and debt
Cost of production	Compliance with laws and regulations
Payroll	Contracts and contingencies
Financial reporting	Board and Finance Committee presentations

SMUD

Finance Committee and Board involvement in the audit

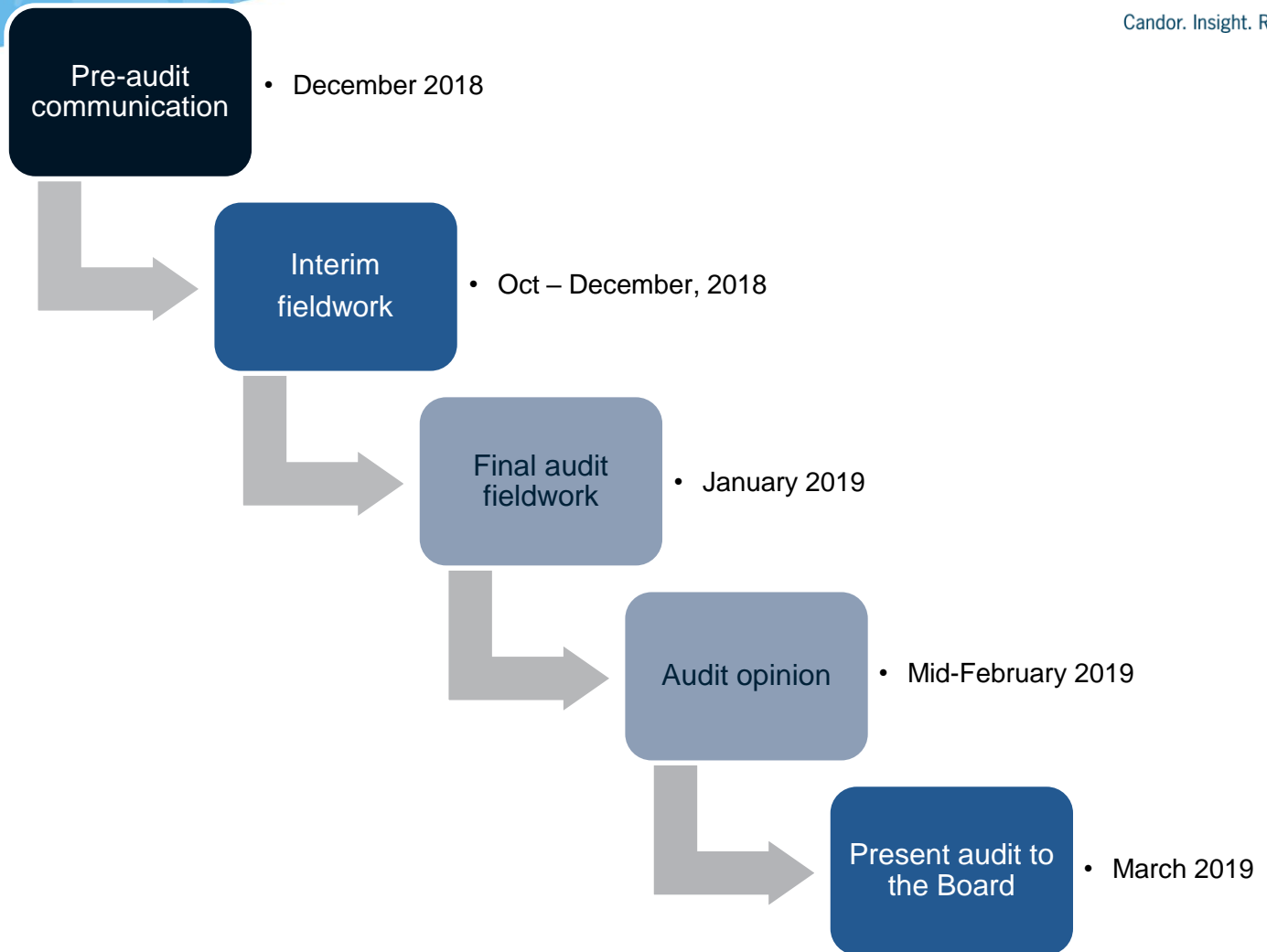


Candor. Insight. Results.



Institute of Internal Auditors' Three Lines of Defense in Effective Risk Management and Control

We encourage Board and Finance Committee input into the audit process – areas for further review and focus on controls, areas of concern, areas for further financial reporting and analysis, and areas of compliance with laws and regulations.



SMUD



Candor. Insight. Results.

**We appreciate the help of the SMUD Accounting and Audit
and Quality Services team in assisting in the audit!**



Discussion

Contact Info



Candor. Insight. Results.

Russ Hissom, Audit Partner

608 240 2361

608 628 4020

Russ.hissom@bakertilly.com

Jeff Stanek, Audit Senior Manager

608 240 2315

Jeff.Stanek@bakertilly.com

