

Exhibit to Agenda Item #5

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

Tuesday, February 27, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Powering forward. Together.





Sacramento Municipal Utility District 2017 Financial Statement Audit

February 27, 2018



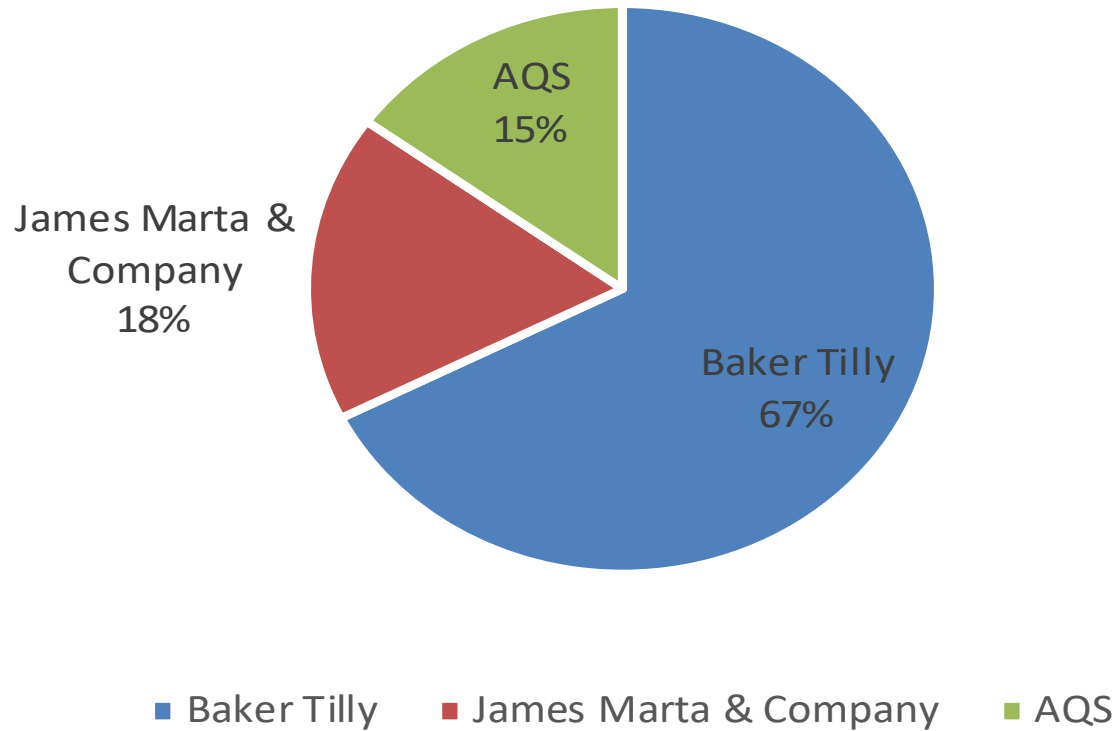
Baker Tilly refers to Baker Tilly Virchow Krause, LLP,
an independently owned and managed member of Baker Tilly International.

Candor. Insight. Results.

Agenda

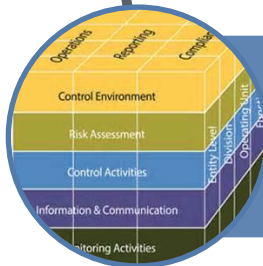
What was covered by this year's audit
Required communication to Governing
Body
Impact of future standards
Discussion

SMUD and JPA Audit Hours





Audit assesses internal controls



“....a means by which an organization’s resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization’s resources”



Controls must meet the goal and objectives of Operations, Reporting and Compliance



Evaluating and assessing risk



Interviewing employees and documenting business processes



Testing business processes for weaknesses and adherence to policies



Statistical sampling



Independent confirmations



Use of specialist reports



Tracing to source documents

SMUD

Major transactional areas tested



Candor Insight Results.

Controls
reviewed in
key
transaction
areas

Expenditures

Payroll

Revenues

Cash and investments

Community Energy Services

Capital assets

Information technology

SMUD

What were the audit results?



Candor. Insight. Results.



Audit performed in accordance with *Generally Accepted Auditing Standards*



Audit objective - reasonable assurance that financial statements are free from material misstatement



Financial statements of SMUD received an *Unmodified Opinion*



There were no material weaknesses or significant deficiencies in controls

SMUD

Auditor communication to those charged with governance



Candor. Insight. Results.

**Auditor
responsibility &
independence**

**Board
responsibility**

**Accounting
policies and
estimates**

**Baker Tilly agrees with SMUD's
accounting policies and disclosures**

**There were no
adjustments to
the financial
statements**

**No other audit findings or
concerns**

OTHER POST
EMPLOYMENT BENEFITS

Presented by
Kathy Scoville, CPA
Wisconsin Department of Public Instruction
School Finance Auditor
October 8, 2008

GASB 75 – Other post employment benefits other than pensions - 2018



GASB 83 – Asset retirement obligations - 2019

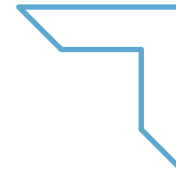


GASB 84 – Fiduciary activities - 2019

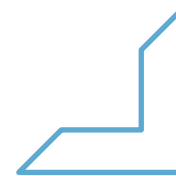


GASB 87 – Leases - 2020

We appreciate the help of the SMUD Accounting and Audit and Quality Services teams in preparing for and assisting in the audit!



Discussion



Contact Info



Candor. Insight. Results.

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