

Seattle City Light
Energy, Technology, and Civil Rights Committee
Report on 2009 Financial Audit



Let's talk about an opportunity.

Presented by:

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Baker Tilly Virchow Krause, LLP

June 2, 2010



Candor. Insight. Results.

Audit Presentation Topics



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Audit overview

Management recommendations

Auditor Communication with Those Charged with Governance

Questions

Audit overview



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- > Audit was conducted smoothly with no major snags or difficulties.
- > Management was cooperative and available.
- > Audit schedule was maintained and communication between management and auditors was good.
- > Last day of fieldwork was March 31, 2010.
- > No audit adjusting journal entries made.

Audit overview



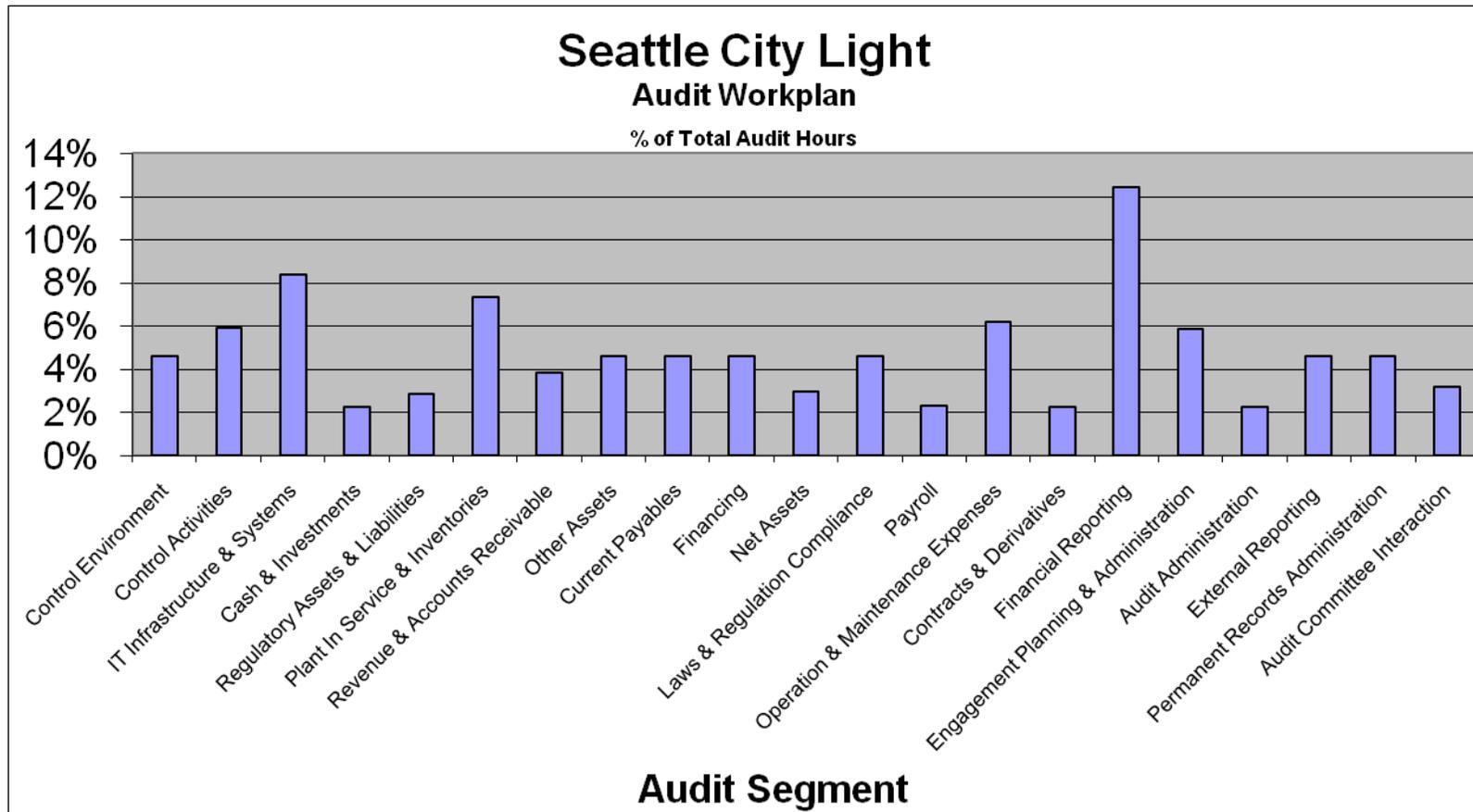
Candor. Insight. Results.

- > Audit performed in accordance with Generally Accepted Auditing Standards.
- > Audit objective – reasonable assurance that financial statements are free from material misstatement.
- > Financial statements received an *Unqualified “Clean” Opinion*.

Audit overview



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Management recommendations



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- > Inventory
 - Timing of adjustments to cost accounting
 - Price adjustment to Blanket POs in PassPort

- > Accounts Receivable
 - Timely reconciliations
 - Unidentified reconciling items due to:
 - Treasury posting errors
 - Timely processing by Account Control
 - Variance between CCSS and CMART

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



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Area to be Communicated	Auditor's Response
<p>Auditor's View on Qualitative Aspects of Significant Accounting Policies</p>	<ul style="list-style-type: none"><li data-bbox="1045 643 1961 854">> The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements.<li data-bbox="1045 951 1976 1455">> Accounting estimates are an integral part of the financial statements prepared by management's knowledge and experience about past and current events and assumptions about future events. We feel that all estimates made by management are in accordance with generally accepted accounting principles.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



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Area to be Communicated	Auditor's Response
Significant Difficulties Encountered in Performing the Audit	<ul style="list-style-type: none">> We encountered no difficulties in performing our audit.
Uncorrected Misstatements	<ul style="list-style-type: none">> By Professional Auditing Standards, uncorrected misstatements refer to immaterial passed audit adjustments.> A summary of these adjustments is included with our Required Communication Letter.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



Candor. Insight. Results.

Area to be Communicated	Auditor's Response
Disagreements with Management	<p>> Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements were encountered during the course of the audit.</p>
Other Findings or Issues	<p>> There are no other issues to disclose as part of the audit in connection with these Professional Auditing Standards.</p>

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



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Area to be Communicated	Auditor's Response
Material Corrected Misstatements	<ul style="list-style-type: none">> Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.> There were no adjustments as part of this year's audit.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



Candor. Insight. Results.

Area to be Communicated	Auditor's Response
Management Representations	<p>> We have requested certain representations from management that are included in the management representation letter. A copy of this letter is included with our Required Communication Letter.</p>

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



Candor. Insight. Results.

Area to be Communicated	Auditor's Response
Management's Consultations with Other Accountants	<ul style="list-style-type: none"><li data-bbox="1052 646 1955 976">> To the best of our knowledge, management has not consulted with or obtained opinions from other independent accountants on auditing and or the application of accounting principles during the past year.<li data-bbox="1052 1068 1976 1451">> Professional standards require the consulting accountant to discuss any such contacts with the current auditor to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit



Candor. Insight. Results.

Area to be Communicated	Auditor's Response
Auditor Independence	<p>> We are not aware of any relationships between Baker Tilly Virchow Krause, LLP and Seattle City Light that, in our professional judgment, may reasonably be thought to bear on our independence.</p>

Thank You!

We appreciate the work done by Seattle City Light's accounting staff and management in preparing for and assisting in the audit!

We would be happy to answer any questions about the audit or audit report.