



Acceptance of ISO Retirement Savings Benefits Plan Audit

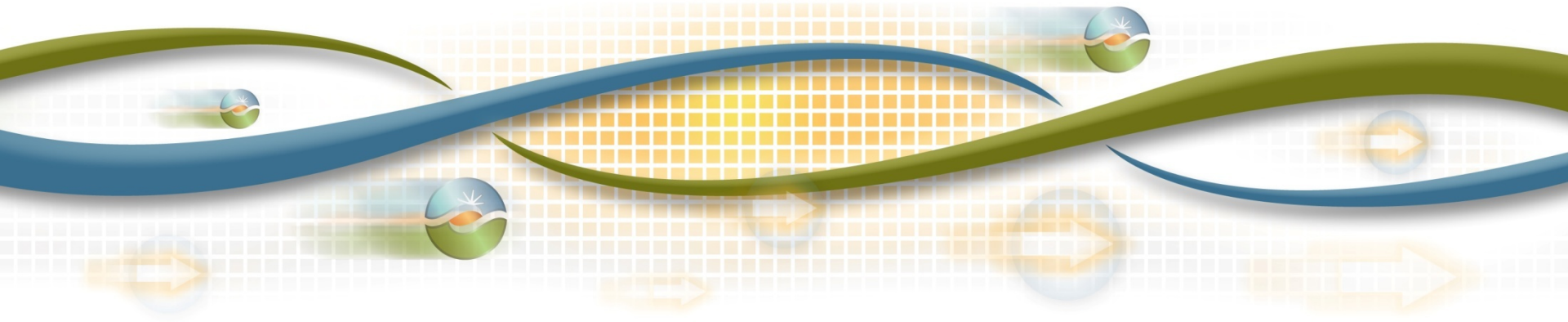
Ryan Seghesio, Chief Financial Officer & Treasurer

Kory Hoggan, Moss Adams LLP, Certified Public Accountants

Audit Committee Meeting

General Session

September 19, 2017



US Department of Labor requires employee benefit plans to file audited financial statements.

- Defined contribution plan - 401(k)
 - Employee contributions and rollovers
 - Employer contributions
- Financial statements and supplementary information
 - Governmental Accounting Standards Board
 - Employee Retirement Income Security Act of 1974 (ERISA)
- Audit opinion modified in accordance with Department of Labor rules and regulations
 - Audit of the trustee's assets and related income (loss) not required if the assets are maintained at an approved trustee
 - Limited scope audit

Plan assets increased by \$16.3 million in 2016

(in millions)

	<u>2015</u>	<u>2016</u>
Additions:		
Employee contributions/rollovers	\$ 8.4	\$ 8.1
Employer contributions	9.7	9.7
Investment income	(1.2)	14.6
Deductions:		
Benefits paid and administrative expenses	(14.1)	(16.1)
Net increase in net assets	2.8	16.3
Net assets, beginning of year	195.9	198.7
Net assets, end of year	\$198.7	\$215.0

Presented by
Moss Adams LLP
Certified Public Accountants

About Moss Adams LLP

Moss Adams is a fully integrated professional services firm dedicated to personally assisting clients with growing, managing and protecting prosperity. With more than 2,600 professionals across over 20 locations in the West and beyond, we work with many of the world's most innovative companies and leaders.

We are California's largest provider of ERISA plan audits and Moss Adams performs over 1,500 plan audits annually.



Areas of Audit Emphasis

Eligibility and Participant Data

- Walkthrough and test internal controls & consider SOC 1 & IT controls
- Test census data through comparisons between plan records and HR/Payroll system
- Test participant eligibility and new hire enrollments

Employee and Employer Contributions

- Walkthrough internal controls & consider SOC 1 controls
- Test timeliness of contribution remittances
- Recalculate employee and employer matching contributions based on elections
- Test eligible compensation used to calculate contributions and payroll inputs

Areas of Audit Emphasis (continued)

Benefit Payments

- Walkthrough internal controls & consider SOC 1 controls
- Test calculation and approval of payments
- Test benefit calculations for accuracy and to ensure recorded in appropriate accounting period

Financial Close and Reporting

- Assist management with drafting financial statements during the audit process
- Agree financial statement amounts and disclosures to audited balances and supporting documentation
- Compare disclosures to AICPA and DOL checklists to test compliance with reporting requirements

Required audit communications

Communication	Response
Auditor responsibility	To perform audit in accordance with audit standards. Management is responsible for financial statements prepared in accordance with GAAP and DOL regulations
Significant accounting policies	No changes in 2016
Management judgments and estimates	Valuation of investments at fair value
Deficiencies in internal controls	None identified
Fraud and illegal acts	None identified
Disagreements with management	None
Consultations with other accountants	None
Independence	We are independent with respect to Plan and California ISO
Audit adjustments or uncorrected misstatements	None

Closing thoughts

- Financial statements and supplemental schedule prepared in accordance with GAAP and complies with DOL's Rules and Regulations for Reporting and Disclosure under ERISA
- The Plan's 2016 audit was completed and report issued prior to July 31 for filing with Form 5500
- High level of commitment and cooperation of ISO staff and Plan's service provider (Schwab) greatly appreciated