

# Exhibit to Agenda Item # 1

Presentation to the Board by SMUD's independent auditor on the 2020 Financial Statements External Audit Report.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, March 16, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Sacramento Municipal Utility District

## 2020 Financial Statement Audit Presentation

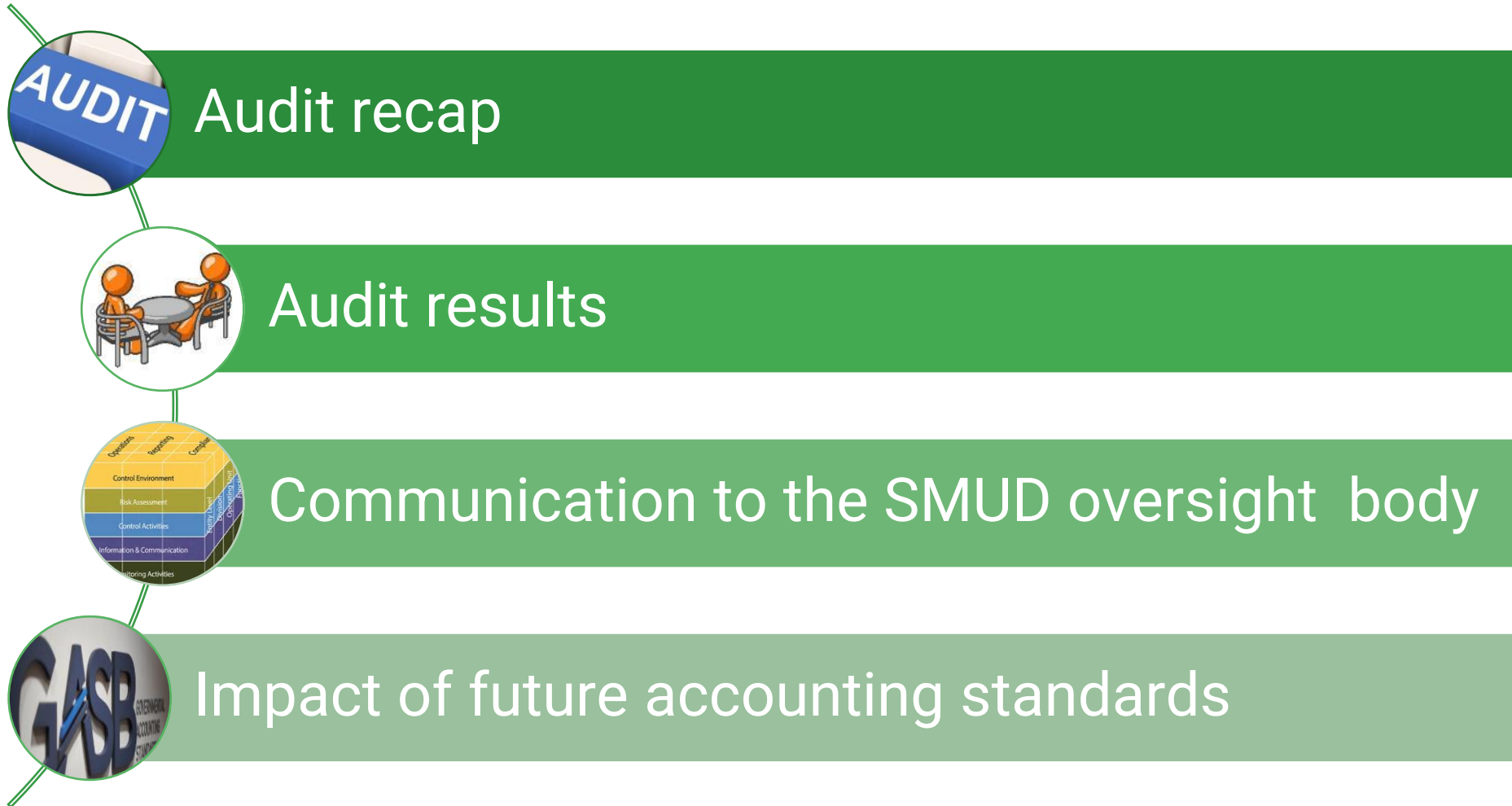
March 16, 2021



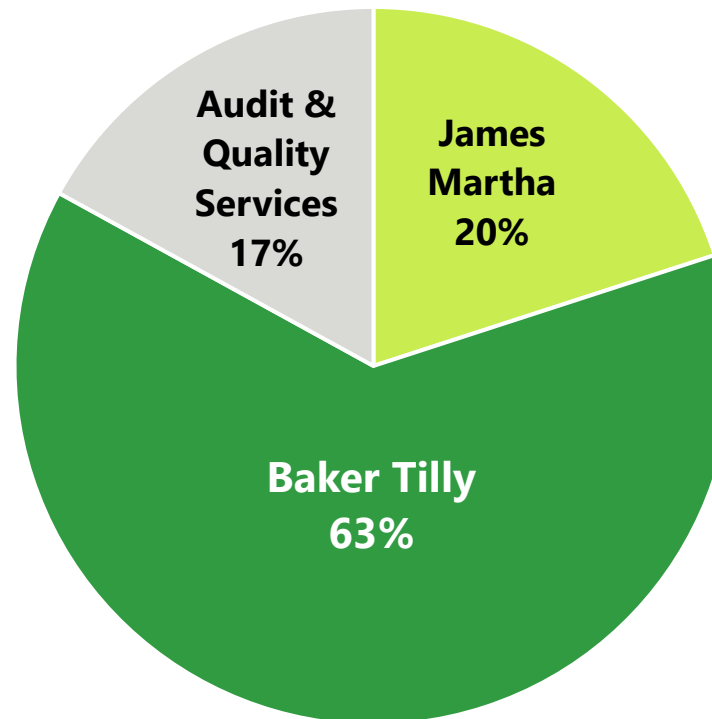
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# SMUD Agenda

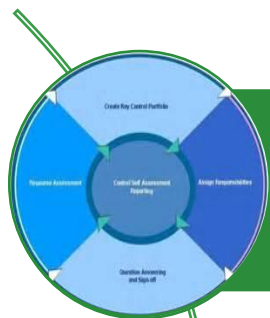


## SMUD and JPA Audit Hours

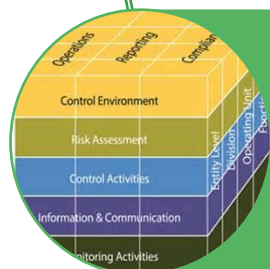


# SMUD

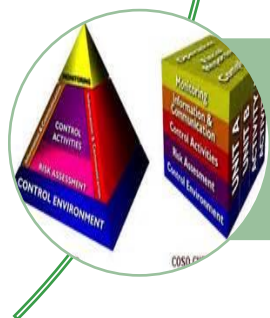
## *Audit overview*



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

# SMUD

## *Testing methods*



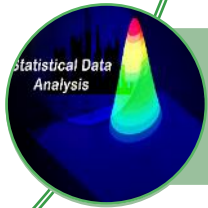
Evaluating and assessing risk



Interviewing employees and documenting business processes



Testing business processes for weaknesses and adherence to policies



Statistical sampling

# SMUD

## *Testing methods*



Independent confirmations



Use of specialist reports



Tracing to source documents

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Controls  
reviewed in  
key  
transaction  
areas

Expenditures

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Payroll

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Revenues

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Cash and investments

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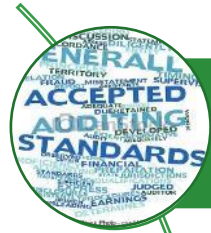
Capital assets

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Information technology

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Audit performed in accordance with Generally Accepted Auditing Standards and Government 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

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 audit findings or auditor concerns on SMUD's  
financial reporting

# SMUD

## *Upcoming accounting projects*



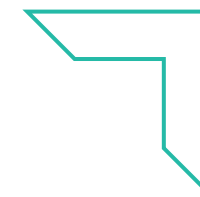
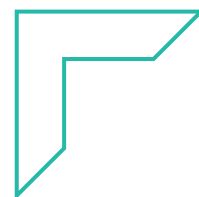
GASB 87 – Leases – 2022



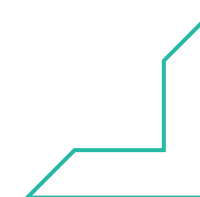
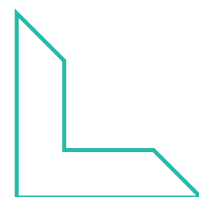
GASB 93 – Replacement of Interbank Offered Rates – 2022

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



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