

# Exhibit to Agenda Item #1

Presentation to the Board by SMUD's independent auditor on the 2021 Financial Statements External Audit Report.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, March 15, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Sacramento Municipal Utility District

## 2021 Financial Statement Audit Presentation

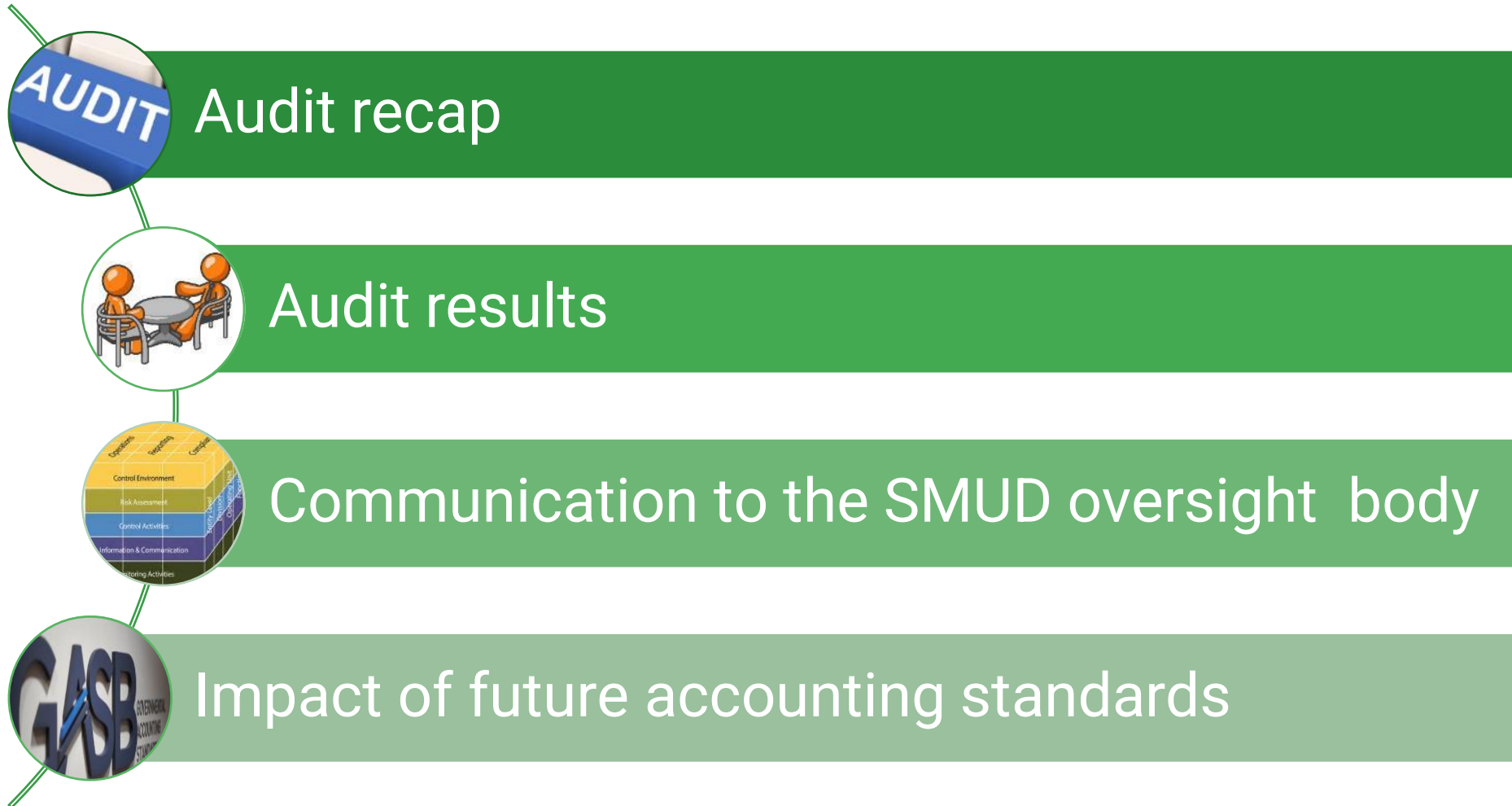
March 15, 2022



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# SMUD and JPAs Agenda



# SMUD and JPAs

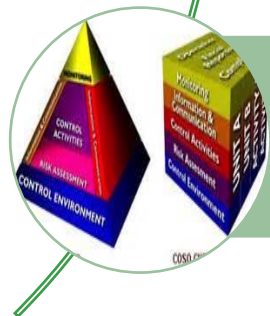
## Audit overview



Audit assesses internal controls



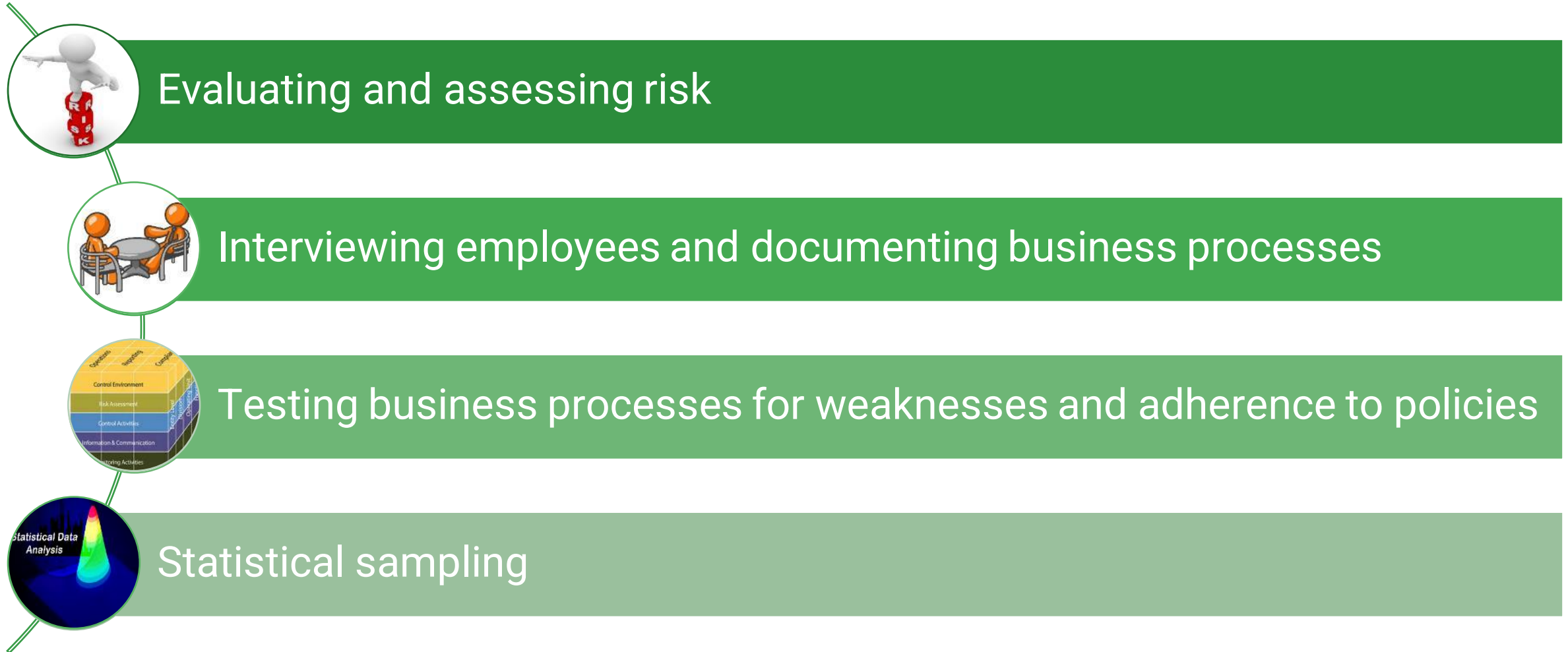
“...a means by which an organization’s resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization’s resources”



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

# SMUD and JPAs

## Testing methods



# SMUD and JPAs

## *Testing methods*



Independent confirmations



Use of specialist reports



Tracing to source documents

# SMUD

## *Major transactional areas tested*

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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

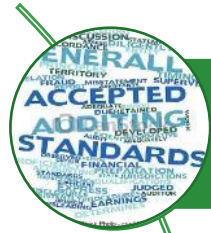
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Capital assets

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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



# SMUD and JPAs

## *Auditor communication to those charged with governance*

No audit findings or auditor concerns on SMUD's financial reporting

Baker Tilly agrees with SMUD's accounting policies and disclosures

Sacramento  
Financing Authority  
Transfer of  
Operations

There were no  
adjustments to the  
financial statements

Auditor  
responsibility &  
independence

Board responsibility

Accounting policies  
& estimates

# SMUD and JPAs

## *Upcoming accounting projects*



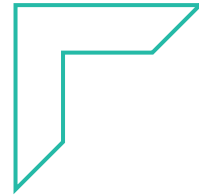
GASB 87 – Leases – 2022



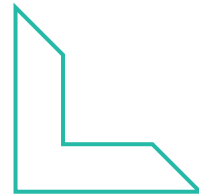
GASB 93 – Replacement of Interbank Offered Rates – 2022

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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