

# Exhibit to Agenda Item #2

SMUD's 2022 Financial Statements External Audit Results.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, March 14, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



# Sacramento Municipal Utility District and JPAs

## 2022 Financial Statement Audit Presentation

March 14, 2023



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March 14, 2023

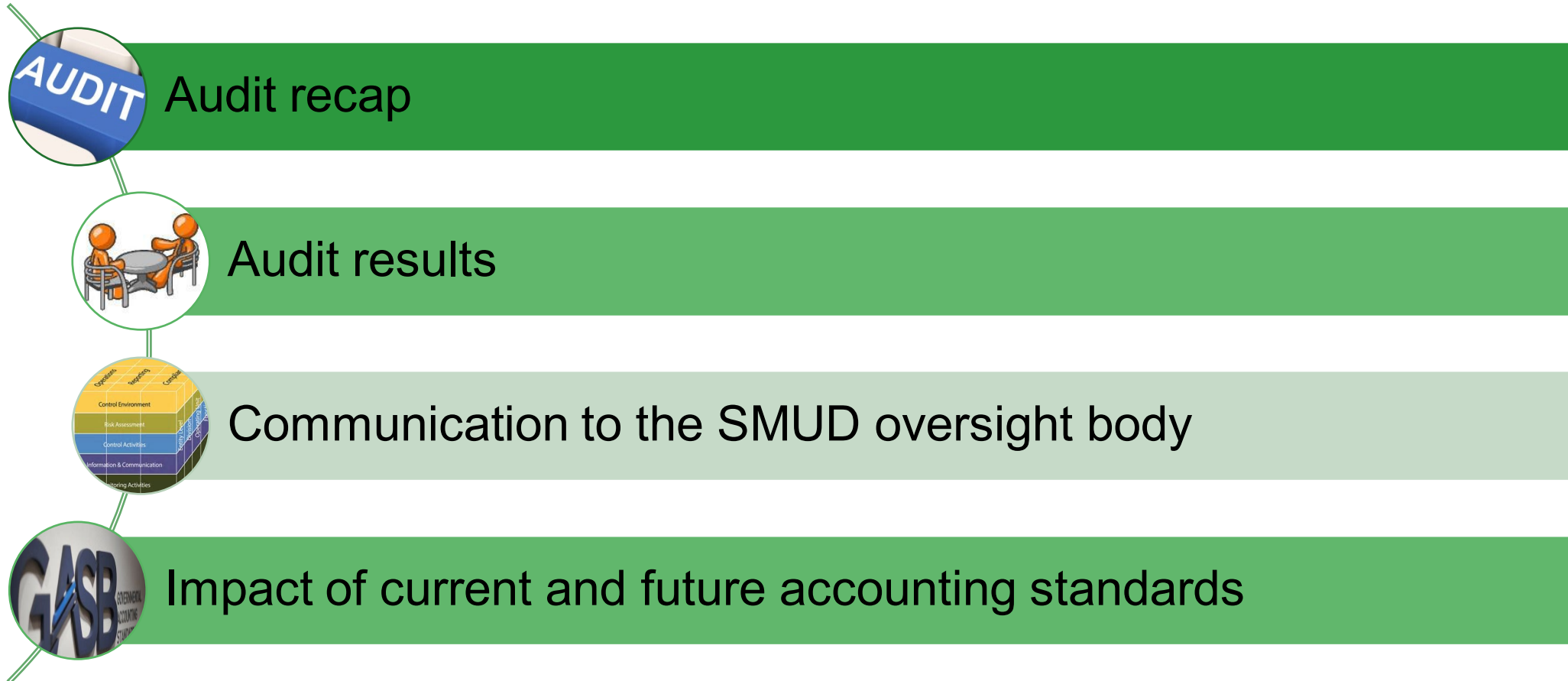
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Board Finance & Audit Committee and Special SMUD Board of Directors Meeting



# SMUD and JPAs

## Agenda



# SMUD and JPAs

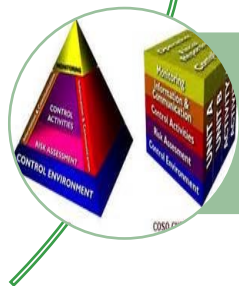
## Audit overview



Audit assesses internal controls



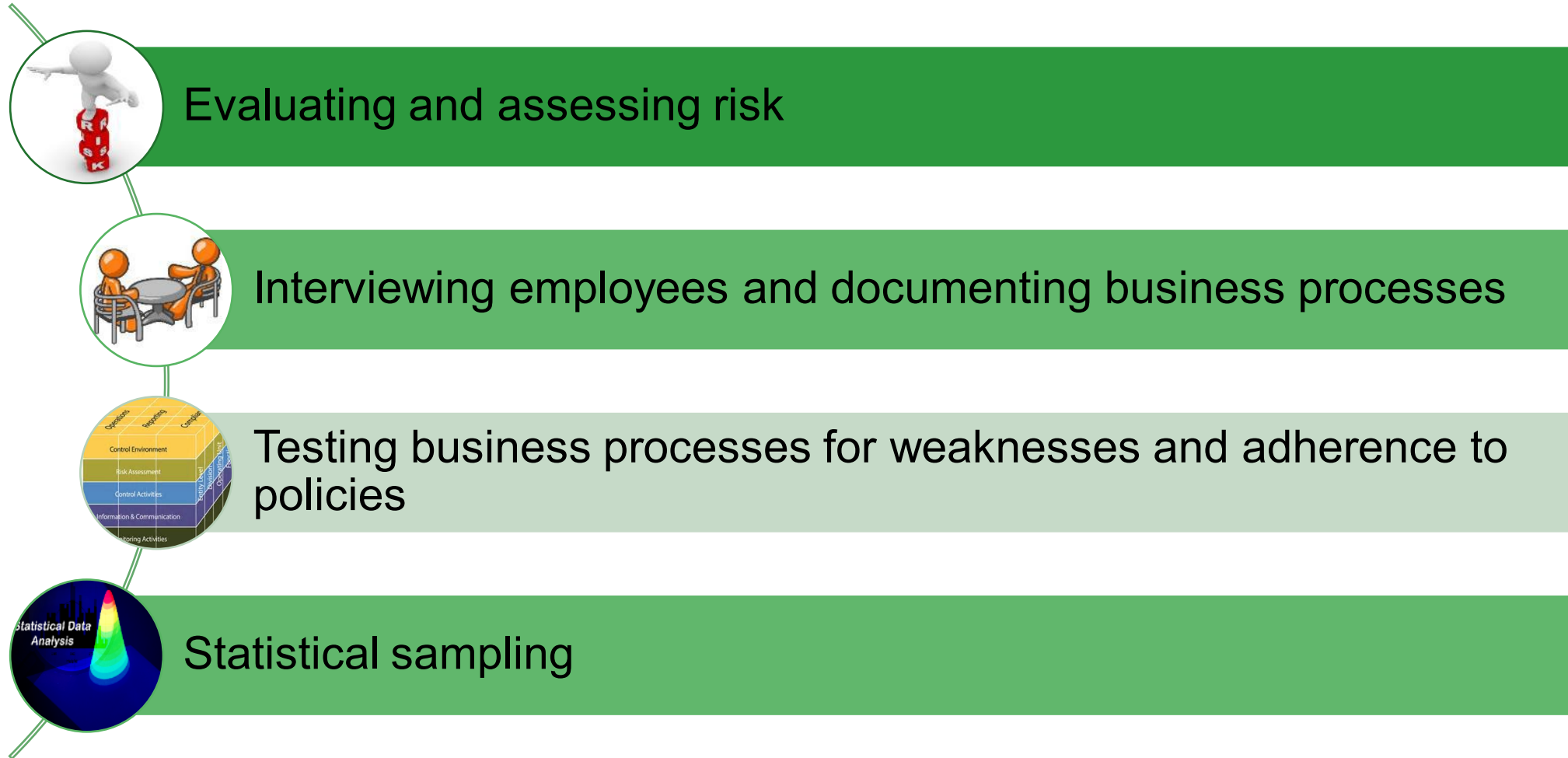
“...a means by which an organization’s resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization’s resources”



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 and JPAs

## *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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# SMUD and JPAs

## *What were the results*



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 and JPAs received *Unmodified Opinions*



There were no material weaknesses or significant deficiencies in controls



# Auditor communication to oversight body

Area to be Communicated	Area to be Communicated
Accounting Policies	Accounting Estimates
Financial Statement Disclosures	Significant Unusual Transactions
Significant Difficulties Encountered in Performing the Audit	Disagreements with Management
Audit Report	Audit Consultations Outside Engagement Team
Corrected and Uncorrected Misstatements	Other Audit Findings or Issues

# Auditor communication to oversight body

Area to be Communicated	Area to be Communicated
Other Information in Documents Containing Basic Financial Statements	Management's Consultations with Other Accountants
Written Communications Between Management and Baker Tilly	Compliance with Laws and Regulations
Fraud	Going Concern
Independence	Related parties
Other Matter (RSI)	

## Impact of current and future accounting standards

### Pronouncements implemented during 2022:

- GASB No.87: *Leases*
- GASB No. 99: *Omnibus 2022*

### Relevant pronouncements for 2023:

- GASB No.96: *Subscription-Based Information Technology Arrangements*
- GASB No.94: *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- GASB No. 93: *Replacement of Interbank Offered Rates* (Libor delayed by GASB 99 – 2022 Omnibus)

**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

**Aaron Worthman, Partner**

D: 512 975 7281

Aaron.Worthman@bakertilly.com

**Ryan O'Donnell, Senior Manager**

D: 608 240 2606

Ryan.O'Donnell@bakertilly.com