



City of Seattle ~ City Light Department Sustainability, City Light, Arts & Culture Committee

Report on 2023 Financial Audit

Presented by Aaron Worthman, CPA, Partner

July 19, 2024



AGENDA

- Audit Overview
- Main Areas of Audit Focus
- Internal Control Communication
- Auditors' Communication with Those Charged with Governance
- Questions

Audit overview

- Management and staff were prepared, cooperative and readily available.
- Audit schedule was maintained and communication between management and auditors was good.
- Four weeks of “fieldwork” were conducted onsite and remotely (one week of preliminary and three weeks of final).
- Last day of “fieldwork” was April 5, 2024.
- No adjusting journal entries were noted.

Audit overview

- > 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 received an Unmodified Opinion.

Main areas of audit focus

- Control Environment
- Control Activities
- Information Technology
- Cash and Investments
- Capital Assets
- Revenues and Accounts Receivable
- Pension and OPEB
- Regulatory Accounting
- Environmental Liabilities
- Leases/Subscription Based Information Technology Arrangements
- Expenditures and Payables
- Payroll
- Financing
- Net Position
- Compliance with Laws and Regulations
- Contracts and Contingencies
- Financial Reporting

Internal control communication

- AU-C Section 265
- Communicating Internal Control Related Matters Identified in an Audit
- Material weaknesses noted in the Department's internal control:
 - None noted
- Significant deficiencies noted in the Department's internal control:
 - None noted

Auditors' communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor's Response
Auditor's View on Qualitative Aspects of Significant Accounting Policies	> The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements. > 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.

Auditors' communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor's Response
Significant Difficulties Encountered in Performing the Audit	> We encountered no difficulties in performing our audit.
Uncorrected Misstatements	> By Professional Auditing Standards, uncorrected misstatements refer to immaterial passed audit adjustments – a summary of the uncorrected financial statement misstatements is included with the Reporting and Insights Letter.

Auditors' communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor's Response
Disagreements with Management	> 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.
Other Findings or Issues	> There are no other issues to disclose as part of the audit in connection with these Professional Auditing Standards.

Auditors' communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor's Response
Material Corrected Misstatements	> 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.

Auditors’ communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor’s Response
Management Representations	> We have requested certain representations from management that are included in the management representation letter. A copy of this letter is included with our Reporting and Insights Letter.

Auditors’ communication with those charged with governance *(Significant findings from the audit)*

Area to be Communicated	Auditor’s Response
Management’s Consultations with Other Accountants	> 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. > 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.



Auditors’ communication with those charged with governance *(Significant findings from the audit)*

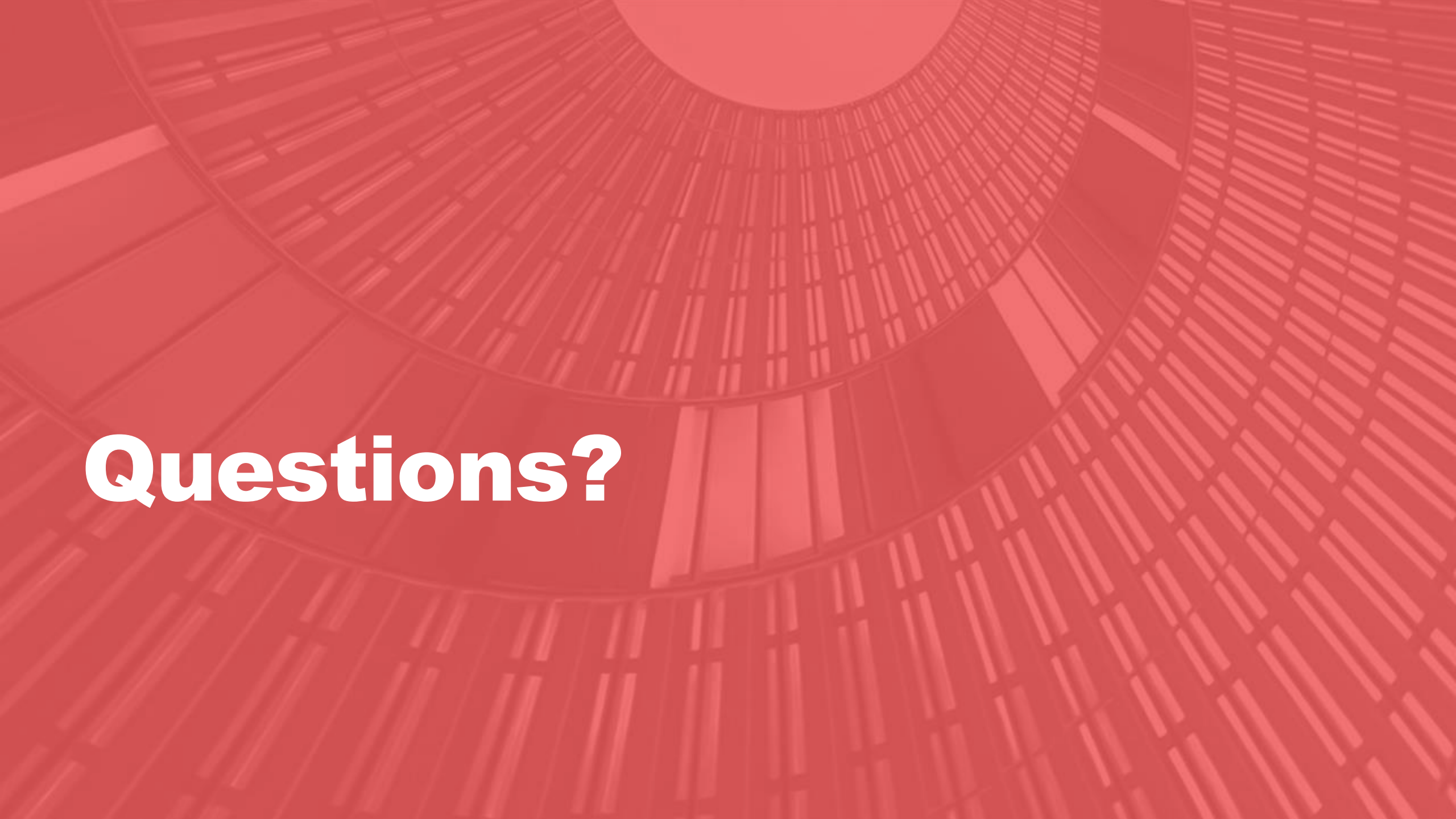
Area to be Communicated	Auditor’s Response
Auditor Independence	> We are not aware of any relationships between Baker Tilly US, LLP and the Department that, in our professional judgment, may reasonably be thought to bear on our independence.



Thank You!

We appreciate the work done by the Department's accounting staff and management in preparing for and assisting in the audit.



The background is a solid red color with a complex geometric pattern. It features concentric circles and a grid of lines that create a sense of depth and perspective, resembling a stylized architectural structure like a dome or a tunnel. The lines are in various shades of red, creating a subtle gradient effect.

Questions?

Baker Tilly Contact Information



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