

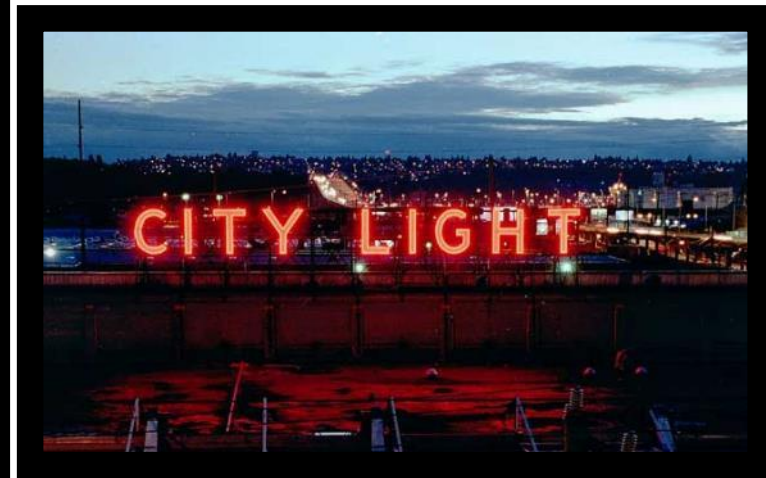


**Seattle
City Light**

City of Seattle –
City Light Department
Transportation and Utilities
Committee
Report on 2020 Financial Audit

Presented by:
Aaron Worthman, CPA, Partner
Baker Tilly US, LLP

July 21, 2021



The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2018 Baker Tilly Virchow Krause, LLP



Audit presentation topics

- > Audit overview
- > Internal control communication
- > Auditor 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 remotely (one week of preliminary and three weeks of final).
- > Last day of “fieldwork” was April 9, 2021.
- > 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 (*clean opinion*).



Main Areas of Audit Focus

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



Internal control communication

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

Auditor's 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	<ul style="list-style-type: none"><li data-bbox="794 632 1760 846">> The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements.<li data-bbox="794 903 1760 1389">> 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.

Auditor's Communication with Those Charged with Governance

Significant findings from the audit

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

Auditor's 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.

Auditor's Communication with Those Charged with Governance

Significant findings from the audit

Area to be Communicated	Auditor's Response
Material Corrected Misstatements	<ul style="list-style-type: none"><li data-bbox="826 639 1696 1001">> 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.<li data-bbox="826 1072 1696 1182">> There were no adjustments as part of this year's audit.

Auditor's 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 Audit Results Letter.

Auditor's Communication with Those Charged with Governance

Significant findings from the audit

Area to be Communicated	Auditor's Response
Management's Consultations with Other Accountants	<ul style="list-style-type: none"><li data-bbox="788 625 1787 921">> 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.<li data-bbox="788 968 1767 1386">> 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.

Auditor's 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.



Audit summary

Thank you!

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