Reporting and insights from 2022 audit: Northern California Power Agency

October 11, 2022

recommunication is intended solely for the information and use of those charged with governance, and, if appropriate, general, and is not intended to be and should not be used by anyone other than these specified parties.

Dakertilly

now, for tomorrow











Audit Discussion

Agenda

Audit Results

Required communication to Governing Body

Impact of future standards

Discussion



RESPONSIBILITIES

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment
 is a consideration of the Agency's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly, in all material respects, and in accordance with accounting principles generally accepted in the United States of America
- Our audit does not relieve management or those charged with governance of their responsibilities.



AUDIT APPROACH AND RESULTS

Planned scope and timing

Audit focus

Based on our understanding of the Agency and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards, if any
- Areas of complexity including regulatory assets under GASB Statement No. 62

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Agency's current year results.



AUDIT APPROACH AND RESULTS

Key areas of focus and significant findings

Other key areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other key areas of emphasis	Testing approach	Conclusion
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension and OPEB liabilities	Long-term debt
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures
Regulatory assets and credits		



Audit Approach and Results

Audit performed in accordance with *Generally Accepted Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of the Agency received an *Unmodified Opinion*

There were no material weaknesses or significant deficiencies in controls



Auditor communication to those charged with governance

Auditor responsibility & independence

Board responsibility

Accounting policies and estimates

Baker Tilly agrees with the Agency's accounting policies and disclosures

No material adjustments to the financial statements

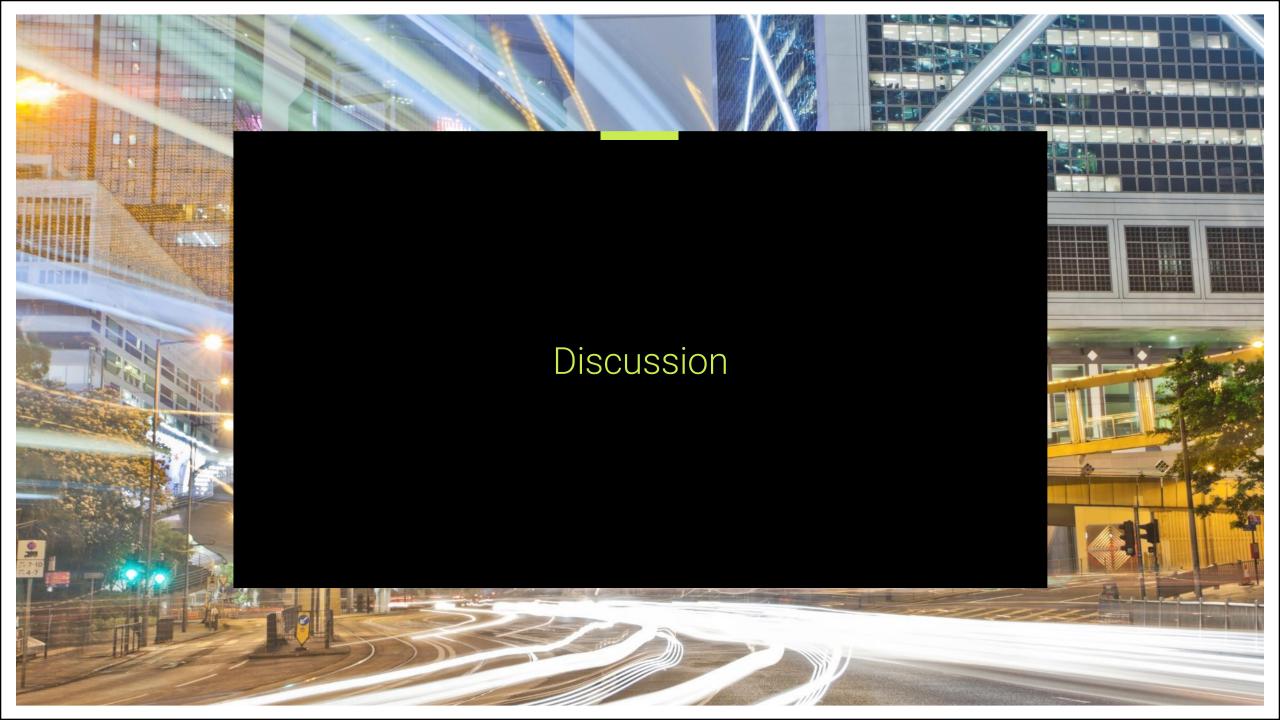
No audit findings or concerns



ACCOUNTING CHANGES RELEVANT TO THE AGENCY

Future accounting standards update

GASB Statement Number	Description	Potentially Impacts You	Effective Date
91	Conduit Debt		6/30/23*
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	\checkmark	6/30/23
96	Subscription-Based Information Technology Arrangements	\checkmark	6/30/23
99	Omnibus 2022	\checkmark	6/30/23
100	Accounting Changes and Error Corrections		6/30/24
101	Compensated Absences	\checkmark	6/30/25





CLIENT SERVICE TEAM

Client service team



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