



PISENTI & BRINKER LLP

Certified Public Accountants & Advisors

*Silicon Valley Clean Energy Authority  
Pre-Audit Audit Committee  
Meeting  
September 30, 2022*

# Introduction

- Kellin Gilbert, CPA
  - Audit Partner
  - 15 years in public accounting and performing audits of government entities
- Jenna Blanchard
  - Engagement Supervisor
  - 7 years in public accounting

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# Timeline for audit of the years ended September 30, 2022 and 2021

- We expect to start the audit in mid November
  - Initial fieldwork and testing to last around 3-4 weeks
  - Financial statement drafts to be available in early January\*
  - Issuance of financial statements by January 31, 2023\*
  - Would like to coordinate timing so that the Audit Committee can review the draft and meet with us prior to issuance
  - Will meet with the Audit Committee Chair to facilitate questions as requested
    - \*Pending approval of Management and Mike Maher and the commitment to provide requested documentation timely

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# Audit of the years ended September 30, 2022 and 2021

## Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control
- **Auditor** is responsible for auditing the Financial Statements
  - Considering risks of material misstatement in the Financial Statements
  - Considering internal controls relevant to the Financial Statements
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures

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# Communication to those charged with Governance

## SAS 114 Pre Audit Communication

- Letter communicating planned timing, significant risks identified and our planned audit response, and other general audit requirements
- Will be sent directly to Audit Committee
- Anticipated to be sent in early October

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# Risk Assessment for the years ended September 30, 2022 and 2021

Our audit is a risk-based audit. Planned risk assessment procedures include:

- Refresh our understanding of the entity's operating characteristics, practices, and procedures
- Review procedures and controls surrounding significant transaction cycles and business processes

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# Planned Audit Procedures

## Significant areas of focus

- Review policies and procedures for various types of financial transactions
- Revenue recognition
  - Accounts receivable and revenue
    - Test a sample of customer billings
    - Relate total cash received during the year to revenue
    - Look at cash received subsequent to year-end and relate to A/R
    - Review revenue recognition through year-end and the method for determining (accrued revenue)

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# Audit Procedures

## Significant areas of focus

- Cash
  - Confirmations sent to financial institutions
- Accrued Cost of Electricity
  - Review subsequent bills from electricity providers and cash payments
- Other Liabilities
  - Reviewed contracts and other support to determine completeness of amounts recorded
- Financial Statement Note Disclosures – Complete and without bias

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# Single Audit and Additional Procedures

SVCEA is required to have a Single Audit in FY 22 due to expending over \$750k of federal funds.

- 21.027 Coronavirus State and Local Fiscal Recovery Funds
  - This grant is for the public health emergency, COVID-19 or its negative economic impacts, including providing assistance to impacted industries and to provide government services, to the extent of the reduction of revenue due to COVID-19...
- Schedule of Federal Expenditures (SEFA) will now be included in the financial statements
- Additional testing of controls and of compliance requirements in accordance with the Uniform Guidance (UG)

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# New Accounting Pronouncement

## GASB 87 - Leases

- This standard requires entities that lease assets to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases
- Effective for FY 2022 financial statements

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# Questions?

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