



BADAWI & ASSOCIATES
Certified Public Accountants

Sacramento Metropolitan Fire District

Presentation to the Board of Directors

January 23, 2025



**2024 Audit of
Sacramento Metro Fire
District**



Agenda

- Our Firm and the Engagement Team
- Deliverables and Scope of the Audit
- Audit Methodology
- Areas of Primary Audit Risk
- Auditor's Report
- Required Communications
- New Accounting Standards



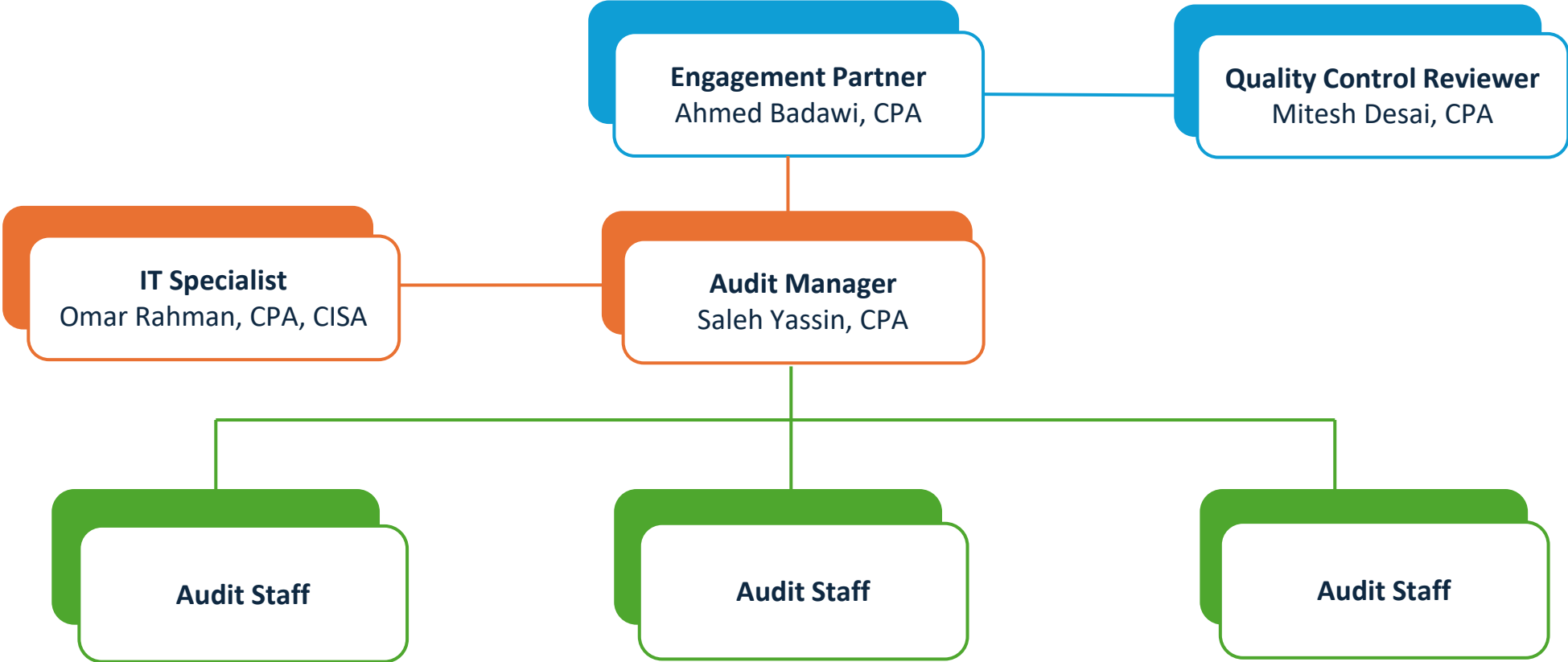
Our Firm and the Engagement Team



Our Firm - By the Numbers



Engagement Team

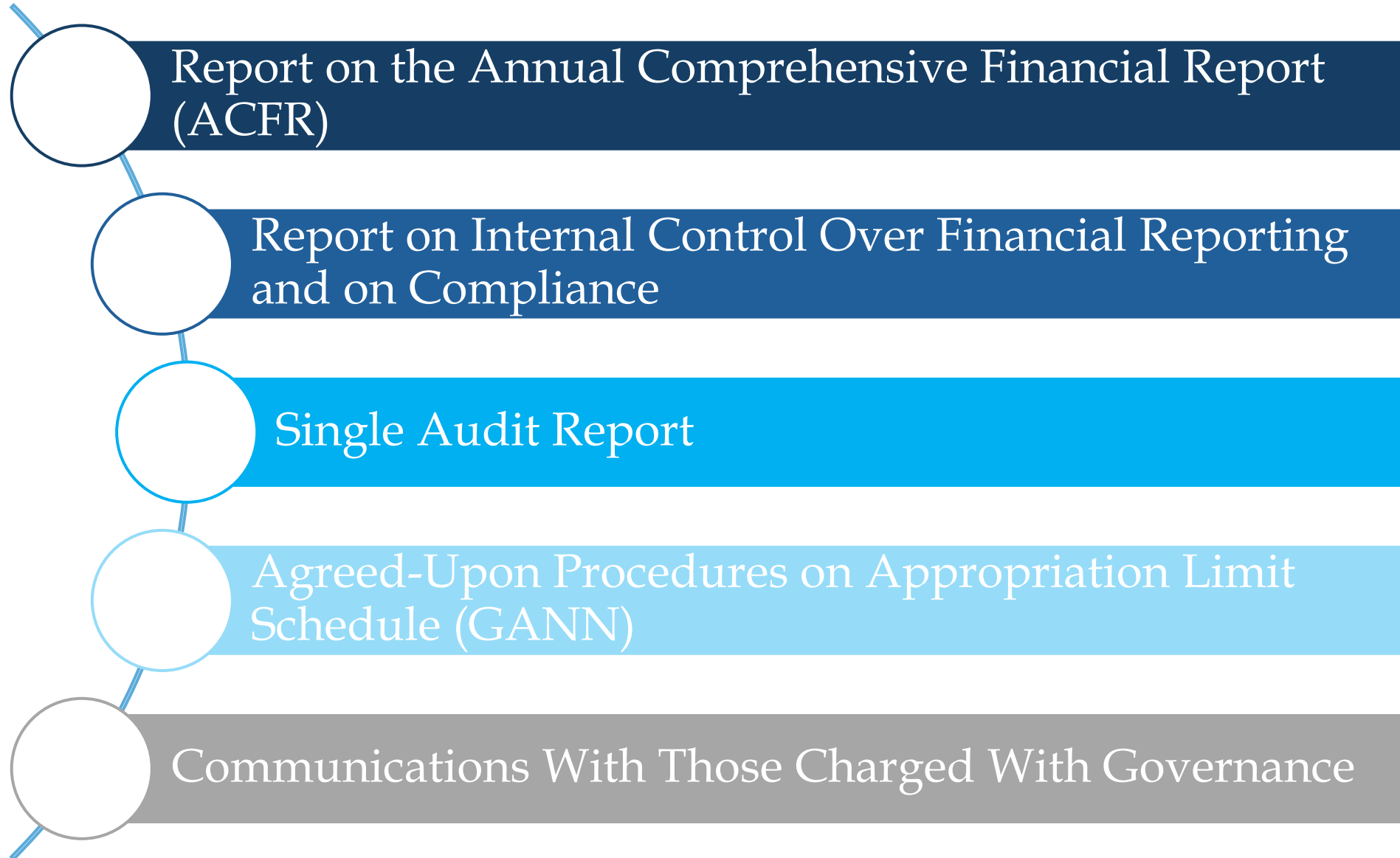




Deliverables and Scope of the Audit



Deliverables and Scope of the Audit

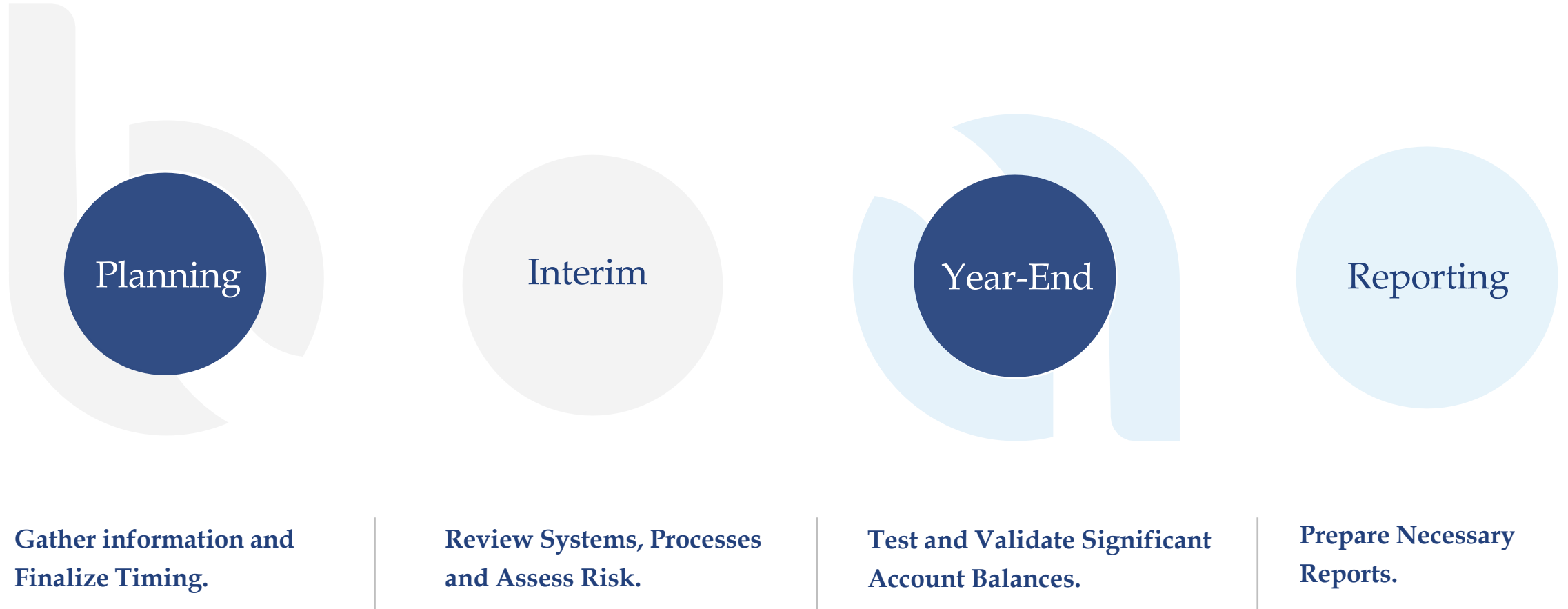




Audit Methodology



Audit Methodology





Areas of Primary Audit Risk



Areas of Primary Audit Risk

Risk of Management Override of Controls – The risk of management override of controls was addressed by the following procedures:

- Assigned staff based on consideration of audit risk.
- Incorporated an element of unpredictability in the audit.
- Considered the selection and application of significant accounting principles.
- Examined journal entries prepared by management.
- Reviewed accounting estimates for bias.
- Evaluated the business rationale for unusual transactions.
- Evaluated the appropriateness of fraud-related inquiries.

Revenue and Receivables (Taxes, Grants, Notes, etc.) – Improper Revenue Recognitions:

- Confirmed and validated property taxes, and other significant revenues and receivables.

Areas of Primary Audit Risk

Pension and OPEB

- Reviewed management's journal entries for GASB 68 and GASB 75.
- Reconciled amounts recorded to reports provided by CalPERS and District's Actuary.
- Tested the census data used by CalPERS and District's Actuary.
- Obtained reports from CalPERS auditor's plan information for pension

Estimates – Review of Significant Accounting Estimates:

- Investment Fair Value Estimates
- Capital Asset Useful Lives
- Pension and OPEB related estimates
- Claim Liabilities Estimates



Auditor's Report



Auditor's Report

Auditing Standards

- Audit performed in accordance with Generally Accepted Auditing Standards
- Audit performed in accordance with Government Auditing Standards

Unmodified Opinions

- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements



Required Communications



Required Communications

Auditor's Responsibilities

Provide an opinion on whether financial statements are fairly stated in accordance with U.S. GAAP

Evaluate internal control over financial reporting including tone at the top

Evaluate compliance with laws, contracts, and grants.

Ensure financial statements are clear and transparent

Communicate with the governing body

Management's Responsibilities

Take responsibility for the financial statements

Establish and maintain internal control over financial reporting

Make all financial records available to us

Establish internal control to prevent and detect fraud

Inform us of all known and suspected fraud

Comply with laws and regulations

Take corrective action on audit findings

Required Communications

Independence

- It is our responsibility to maintain independence
- We maintained our independence by strict adherence to the AICPA and the Board of Accountancy rules and regulations
- No services performed that could affect our independence.

Timing of the Audit

- Within the time frame originally communicated to the District in our engagement letters.

Significant Accounting Policies and Unusual Transactions

- The District adopted the following new pronouncements during the year:
 - GASB Statement No. 100 – Accounting Changes and Error Corrections

Required Communications

Difficulties Encountered in Performing the Audit

- No difficulties encountered

Significant Audit Adjustments and Unadjusted Differences

- No proposed audit adjustments

Deficiencies in Internal Control over Financial Reporting

- No material weaknesses identified

New Accounting Standards

2025

- GASB Statement No. 101 – Compensated Absences
- GASB Statement No. 102 – Certain Risk Disclosures

2026

- GASB Statement No. 103 – Financial Reporting Model Improvements
- GASB Statement No. 104 – Disclosure of Certain Capital Assets



**Thank You for Allowing
us to Provide Audit
Services to the District.**

