
SA Energy Acquisition Public Facility Corporation Report on Fiscal Year 2019 Integrated Audit

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SAENERGY
Acquisition Public Facility Corp.





Audit presentation topics

- > Audit overview
- > Auditor Communication with Those Charged with Governance
- > Internal control communication
- > Questions



Audit overview

- > Conduct and plan audit based on internal control over financial reporting and risks of financial misstatement
 - > Internal control over financial reporting
 - > Prepaid assets
 - > Investment valuation
 - > Revenue recognition
 - > Disclosure of risks in the Notes
- > Audit key business processes and procedures
- > Audit financial disclosures for inclusion of
 - > Complex transactions
 - > Risks of the organization



Audit overview

- > Audit was conducted smoothly with no major difficulties.
- > Management and staff were cooperative and readily available.
- > Audit schedule was maintained and communication between management and auditors was good.
- > Last day of fieldwork was May 16, 2019.
- > No audit adjusting journal entries were noted.



Audit overview

- > Audit performed in accordance with Generally Accepted Auditing Standards.
- > Audit is based on assessment of inherent and control risk in key business process areas. Below are several key areas of review:
 - Prepaid assets
 - Investment valuation
 - Revenue recognition
 - Receivables
 - Debt
 - Disclosure of risks in the financial statements
 - Analytical review of statement of net position and statement of revenues, expenses and changes in net position



Audit overview

- > Integrated audit objective – obtain reasonable assurance that financial statements are free from material misstatement and whether effective internal control was maintained in all material respects
- > Financial statements received an *Unmodified Opinion* (clean opinion)
- > In our opinion effective internal control over financial reporting was maintained in all material respects

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to Be Communicated	Auditor's Response
<p>Auditor's View on Qualitative Aspects of Significant Accounting Policies</p>	<ul style="list-style-type: none"><li data-bbox="865 582 1839 806">> The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements.<li data-bbox="865 858 1839 1368">> 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 management's estimates were made in accordance with generally accepted accounting principles.

Auditor 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	> Under generally accepted auditing standards, uncorrected misstatements refer to immaterial passed audit adjustments – there were no passed audit adjustments.

Auditor 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.

Auditor 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="861 601 1746 996">> 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="861 1110 1715 1219">> There were no audit adjustments as part of this year's audit.

Auditor 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 this presentation.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit (cont.)

Area to Be Communicated	Auditor's Response
Management's Consultations with Other Accountants	<ul style="list-style-type: none"><li data-bbox="817 625 1825 963">> 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="817 1011 1825 1400">> 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 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 Virchow Krause, and CPS Energy that, in our professional judgment, may reasonably be thought to bear on our independence.



Internal control communication

AU-C Section 265

Communicating Internal Control Related Matters Identified in an Audit

Material weaknesses noted in PFC's internal control:

> None noted

Significant deficiencies noted in PFC's internal control:

> None noted



Audit summary

Thank You!

We appreciate the work performed by CPS Energy's accounting staff and management on behalf of SA Energy Public Facility Corporation in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the integrated audit.