

Exhibit to Agenda Item #1

2019 Financial Statements External Audit Report by SMUD's independent auditor, Baker Tilly Virchow Krause, LLP

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, March 17, 2020 scheduled to begin at 5:30 p.m.
Auditorium, SMUD Headquarters Building

Sacramento Municipal Utility District

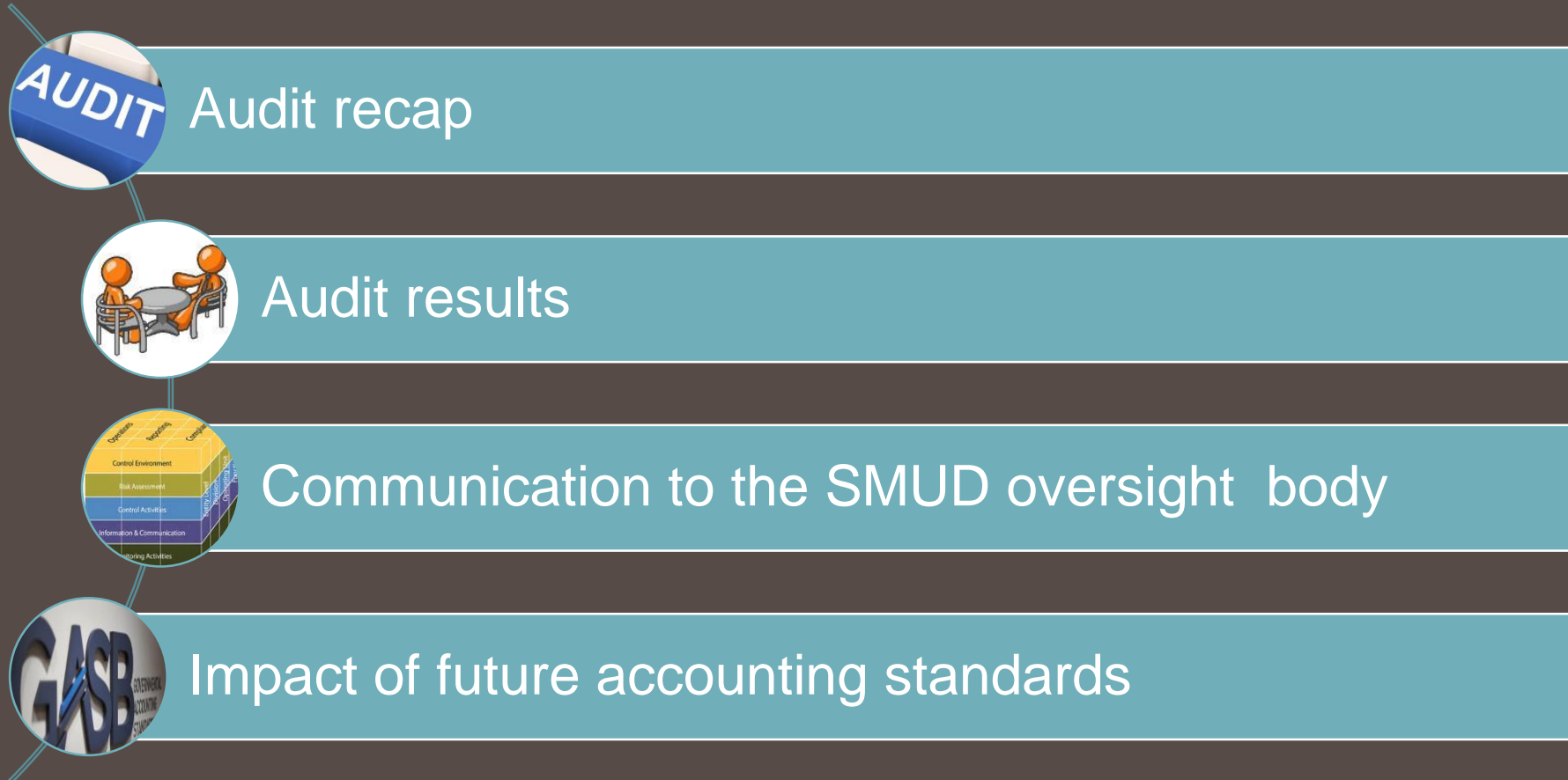
2019 Financial Statement Audit Presentation

March 17, 2020



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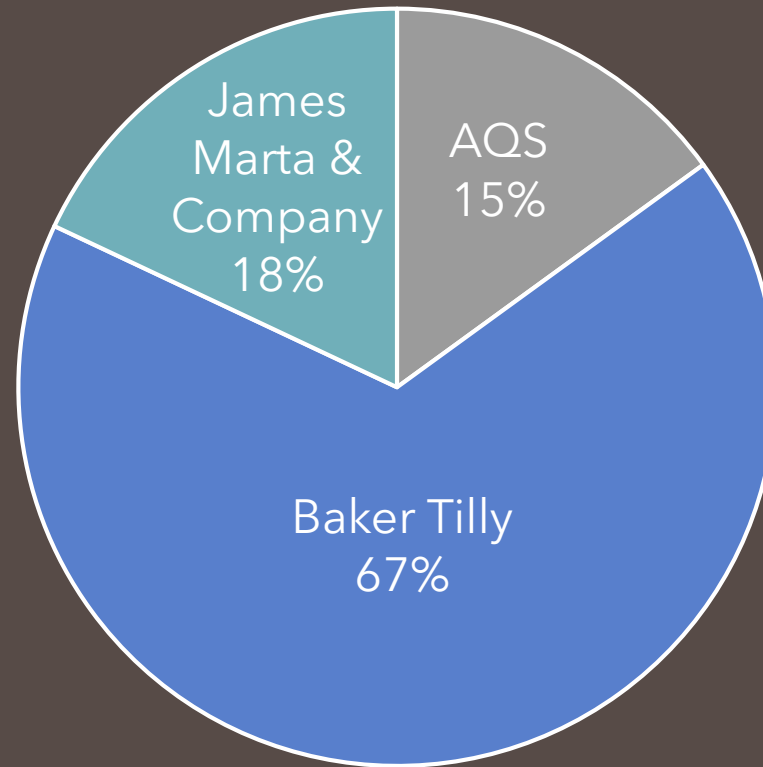
SMUD Agenda



SMUD

Audit hours

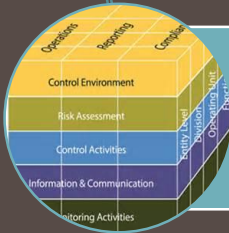
SMUD & JPA Audit Hours



□ AQS □ Baker Tilly □ James Marta & Company



Audit assesses internal controls



“...a means by which an organization’s resources are directed, monitored, and measured. It plays an important role in preventing and detecting fraud and protecting the organization’s resources”



Controls must meet the goal and objectives of Operations, Reporting and Compliance



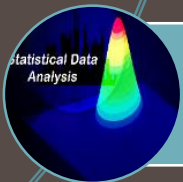
Evaluating and assessing risk



Interviewing employees and documenting business processes



Testing business processes for weaknesses and adherence to policies



Statistical sampling



Controls
reviewed in
key
transaction
areas

Expenditures

Payroll

Revenues

Cash and investments

Capital assets

Information technology

What were the audit results?



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 of SMUD 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 SMUD's accounting
policies and disclosures

There were no
adjustments to the
financial statements

No audit findings or auditor concerns on SMUD's financial reporting



GASB 87 – Leases - 2020

We appreciate the help of the
SMUD Accounting and Audit &
Quality Services teams in preparing
for and assisting in the audit!



Discussion

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