

Exhibit to Agenda Item #1

SMUD's 2023 Financial Statements Independent Audit Report.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, March 19, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



Sacramento Municipal Utility District and JPAs

2023 Financial Statement Audit Presentation

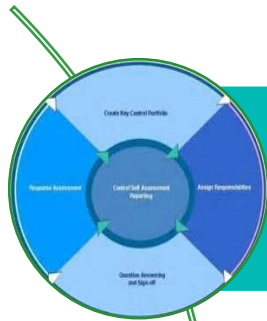
March 13, 2024

AGENDA

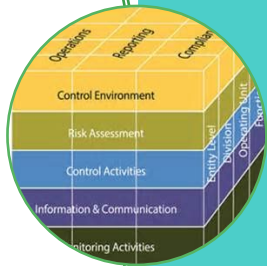
- Audit Recap
- Audit Results
- Communication to the SMUD Oversight Body



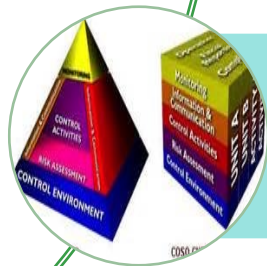
Audit overview



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



Testing methods



Major transactional areas tested

Controls reviewed in key transaction areas

Expenditures

Payroll

Revenues

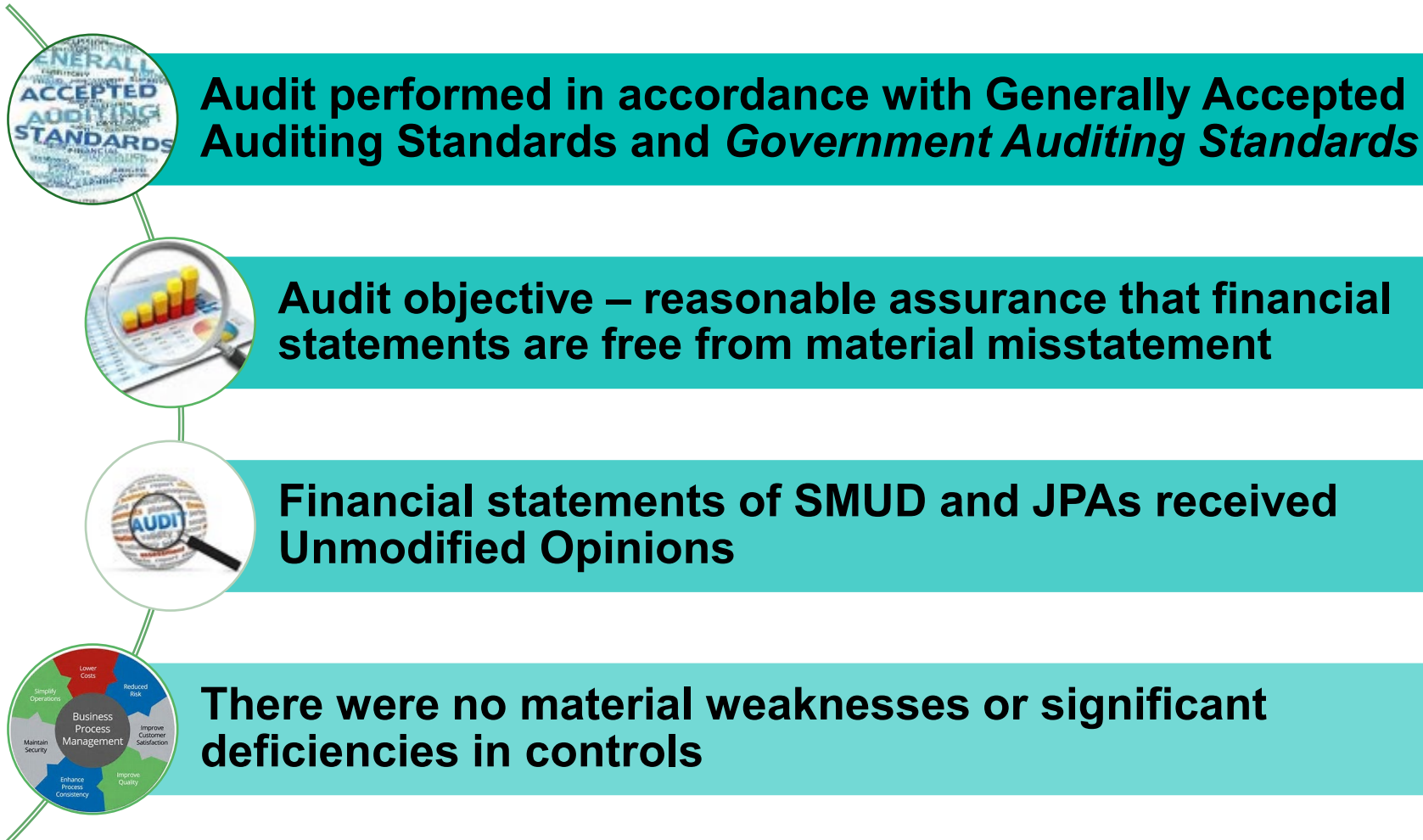
Cash and investments

Capital assets

Information technology



What were the audit results?



Auditor communication to oversight body

| Area to be Communicated | Area to be Communicated |
|--|---|
| Accounting Policies | Accounting Estimates |
| Financial Statement Disclosures | Significant Unusual Transactions |
| Significant Difficulties Encountered in Performing the Audit | Disagreements with Management |
| Audit Report | Audit Consultations Outside Engagement Team |
| Corrected and Uncorrected Misstatements | Other Audit Findings or Issues |



Auditor communication to oversight body

| Area to be Communicated | Area to be Communicated |
|--|---|
| Other Information in Documents Containing Basic Financial Statements | Management’s Consultations with Other Accountants |
| Written Communications Between Management and Baker Tilly | Compliance with Laws and Regulations |
| Fraud | Going Concern |
| Independence | Related parties |
| Other Matter (RSI) | |



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



Discussion

Contact Info



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