



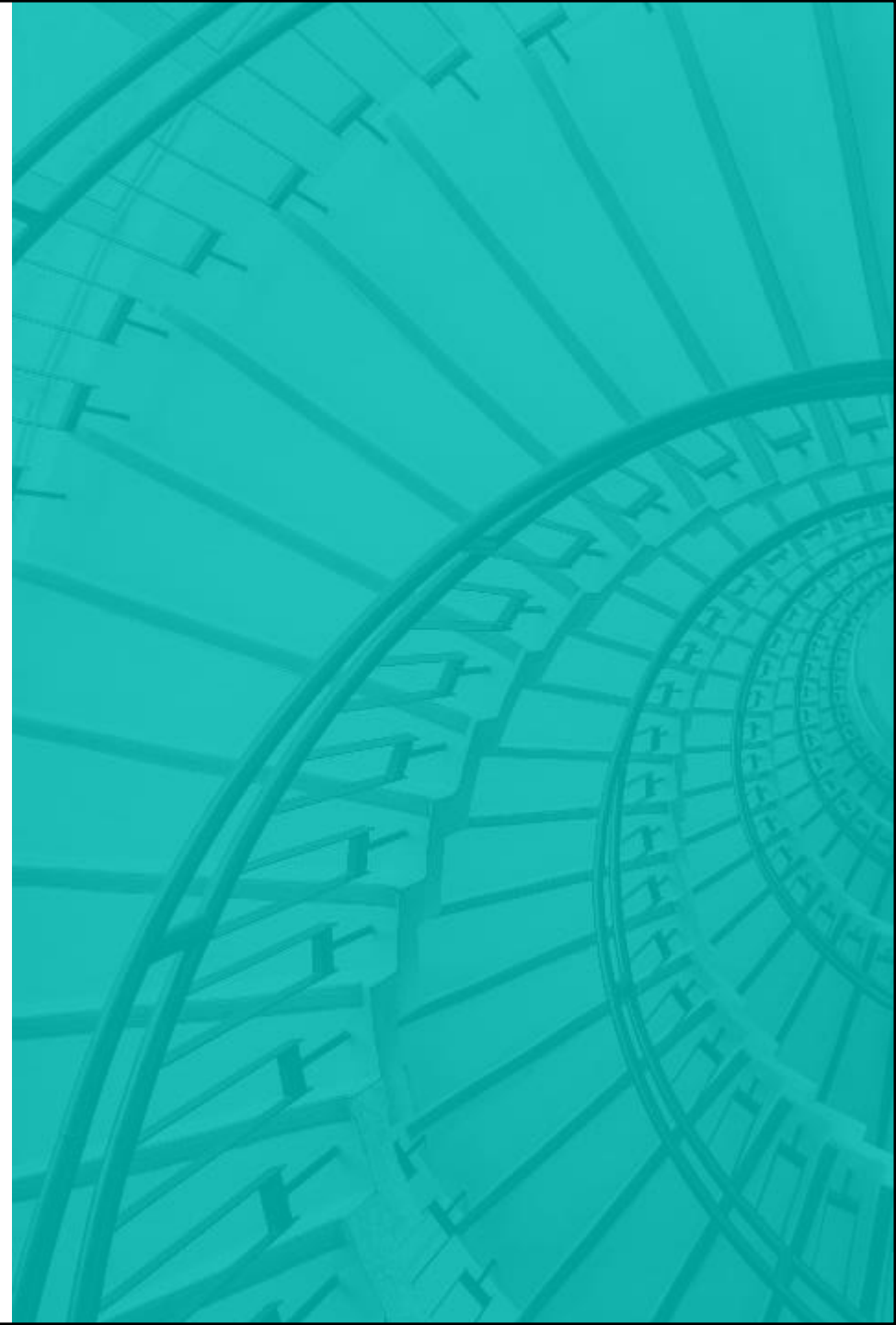
Reporting and insights from 2025 audit:

Northern California Power Agency

October 14, 2025

This communication is intended solely for the information and use of those charged with governance, and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

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Audit Discussion

- Audit results
- Required communication to Governing Body
- Impact of future standards
- Discussion

Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. Reasonable assurance is a high level of assurance
- Assessing the risks of material misstatement of the basic financial statements whether due to fraud or error. Included in that assessment is a consideration of the Agency's internal control over financial reporting
- Performing appropriate procedures based upon our risk assessment
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management
- Forming and expressing an opinion based on our audit about whether the basic financial statements prepared by management, with the oversight of those charged with governance:
 - Are free from material misstatement
 - Present fairly in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities.

Planned scope and timing

Audit focus

Based on our understanding of the Agency and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new accounting standards
- Areas of complexity including regulatory assets and credits under GASB Statement No. 62

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the Agency's current year results.

Audit Approach and Results

Audit performed in accordance with *Generally Accepted Auditing Standards*

Audit objective – reasonable assurance that financial statements are free from material misstatement

Financial statements of the Agency 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 the Agency's
accounting policies and disclosures**

**No material
adjustments to the
financial statements,
one passed
adjustment**

No audit findings or concerns

Accounting standards update

GASB Stmt. No.	Description	Impacts you	Effective Date
103	Financial Reporting Model Improvements	✓	6/30/2026
104	Disclosure of Certain Capital Assets	✓	6/30/2026

Audit committee resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

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Client service team



Jodi Dobson, CPA
Principal
jodi.dobson@bakertilly.com



Brian Dickow
Manager
brian.dickow@bakertilly.com

