



550 Howe Avenue, Suite 210  
Sacramento, California 95825

Telephone: (916) 564-8727  
FAX: (916) 564-8728

July 14, 2023

To the Board of Directors  
San Luis & Delta-Mendota Water Authority  
PO Box 2157  
842 6<sup>th</sup> Street  
Los Banos, CA 93635

We are engaged to audit the financial statements of the San Luis & Delta-Mendota Water Authority (the Authority) for the years ended February 28, 2023 and 2022. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated February 27, 2023, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we will consider the system of internal control of the Authority. Such considerations are solely for the purpose of determining our audit procedures and not to provide an assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will also perform tests of the Authority's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion analysis, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient appropriate evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on Section 401a Retirement Plans 109164 and 109325, which accompany the financial statements but are not RSI. Our responsibility for this supplementary information, which supplement(s) the basic financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

#### Planned Scope, Timing of the Audit, Significant Risks, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our auditing planning, which are risks audit standards indicate should be considered as part of audit planning.

- Cutoff of revenues and expenses.
- Improper revenue recognition and management override of internal controls.

Brian Nash is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

This information is intended solely for the use of the Board of Directors and management of Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Richardson & Company, LLP*

July 14, 2023