

Exhibit to Agenda Item #4

Authorize SMUD's Accountant to defer, as a regulatory liability, recognition of \$5 million in revenue from a donation received in connection with the sale of SMUD's real property in Solano County, and match revenue recognition to expenses related to SMUD's **Sustainable Communities Program** in the appropriate accounting period for rate making purposes.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, October 17, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Background

- March 2023 – SMUD received \$5M donation from sale of Solano property
 - SMUD’s discretion provided used through “Sustainable Communities” program

Regulatory Accounting

- Governmental Accounting Standards Board (GASB) allows regulated entities to defer revenues as a regulatory liability for recognition in future years
- Deferral allows for appropriate matching of revenue with expense recognition for rate making purposes

Request for Authorization

Authorize SMUD's Accountant to defer, as a regulatory liability, recognition of \$5 million in revenue from a donation received in connection with the sale of SMUD's real property in Solano County, and match revenue recognition to expenses related to SMUD's Sustainable Communities Program in the appropriate accounting period for rate making purposes.