



AGENDA

Meeting of the Finance and Risk Management Committee San Diego Community Power (SDCP)

September 1, 2022
3:00 p.m.

The meeting will proceed as a teleconference meeting in compliance with waivers to certain provisions of the Brown Act provided for under Government Code section 54953(e)(1)(A), in relation to the COVID-19 State of Emergency and recommended social distancing measures. There will be no location for in-person public attendance. In compliance with the Brown Act, SDCP is providing alternatives to in-person public attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the Board of Directors on any agenda item. When providing comments to the Board, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the Board as a whole through the Chair. Comments may be provided in one of the following manners:

1. Providing Oral Comments During Meeting. To provide comments during the meeting, join the Zoom meeting by computer, mobile phone, or dial-in number. On Zoom video conference by computer or mobile phone, use the "Raise Hand" feature. This will notify the moderator that you wish to speak during a specific item on the agenda or during non-agenda Public Comment. Members of the public will not be shown on video but will be able to speak when called upon. If joining the meeting using the Zoom dial-in number, you can raise your hand by pressing *9. Comments will be limited to three (3) minutes. Please be aware that the Chair has the authority to reduce equally each speaker's time to accommodate a large number of speakers.
2. Written Comments. Written public comments must be submitted prior to the start of the meeting by using this ([web form](#)). Please indicate a specific agenda item when submitting your comment. All written comments received prior to the meeting will be provided to the Board members in writing. In the discretion of the Chair, the first ten (10) submitted comments shall be stated into the record of the meeting. Comments read at the meeting will be limited to the first 400 words. Comments received after the start of the meeting will be collected, sent to the Board members in writing, and be part of the public record.

If you have anything that you wish to be distributed to the FRMC, please provide it via info@sdcommunitypower.org, who will distribute the information to the Members.

The public may participate using the following remote options:

Teleconference Meeting Webinar <https://zoom.us/j/93476863568> Telephone (Audio Only)

(669) 900-6833 or (253) 215-8782 | Webinar ID: 934 7686 3568

Welcome

Roll Call

Public Comment for Items Not on the Agenda

Items to be Added, Withdrawn, or Reordered on the Agenda

MEETING AGENDA

1. Treasurer's Report for Fiscal Year-End Period Ending 6/30/22

Recommendation: Receive and File Treasurer's Report for Fiscal Year-end Period Ending 6/30/22

Committee Member Announcements

Committee Members may briefly provide information to other members and the public. There is to be no discussion or action taken on comments made by Directors unless authorized by law.

Adjournment

Availability of Committee Documents

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a FRMC meeting item which are distributed to a majority of the Members prior to or during the FRMC meeting are available for public review as required by law. Previously, public records were available for inspection at San Diego Community Power, 2488 Historic Decatur Road, Suite 250, San Diego, CA 92106. However, due to the Governor's Executive Orders N-25-20 and N-29-20 and the need for social distancing, in-person inspection is now suspended. Public records, including agenda-related documents, can instead be requested electronically at info@sdcommunitypower.org or by mail to SDCP at, 815 E Street, Suite 12716, San Diego, CA 92112. The documents may also be posted at the above website.



SAN DIEGO COMMUNITY POWER Staff Report – Item 1

To: Financial and Risk Management Committee

From: Eric W. Washington, Chief Financial & Operations Officer/Treasurer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer's Report – For Fiscal Year End Period ended 6/30/22

Date: September 1, 2022

RECOMMENDATION

Receive and file treasurer's report to the fiscal year end period ending 6/30/22

BACKGROUND

San Diego Community Power (SDCP) maintains its accounting records on a full accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) as applicable to governmental enterprise funds.

SDCP has prepared its unaudited year- end financial statements for the period ended June 30, 2022, along with budgetary comparisons.

ANALYSIS AND DISCUSSION

Unaudited financial results for the year-end period ended 6/30/22: \$383.80 million in net operating revenues were reported compared to \$378.05 million budgeted for the period. \$327.24 million in total expenses were reported (including \$317.25 million in energy costs) compared to \$342.18 million budgeted for the period (including \$329.52 million budgeted for energy costs). After expenses, SDCP's change in net position of \$56.58 million was reported for Fiscal Year 2022. The following is a summary of the actual results compared to the Fiscal Year 2022 Budget.

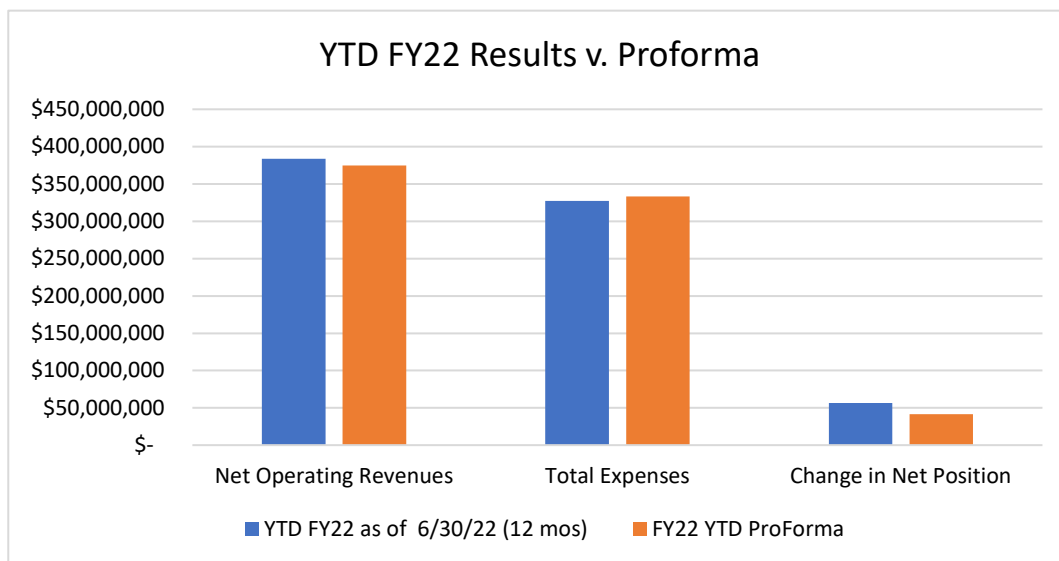
| | | Budget Comparison | | |
|------------------------|------------------------------------|--------------------|-------------------------|------------|
| | YTD FY22 as of 6/30/22 (12 mos) | FY22 YTD Budget | Budget Variance (\$) | Budget (%) |
| Net Operating Revenues | \$ 383,814,801 | \$ 378,053,506 | \$ 5,761,295 | 102 |
| Total Expenses | \$ 327,235,212 | \$ 342,177,063 | \$ (14,941,851) | 96 |
| Change in Net Position | \$ 56,579,589 | \$ 35,876,443 | \$ 20,703,146 | |

- Net operating revenues finished \$5.76 million (or 1.5 percentage points) over the amended budget primarily due opt outs performing better than projected.
- Operating expenses finished -\$14.94 million (or -4.4 percentage points) under the amended budget primarily due savings from hedging activities.

Unaudited financial results for the period performed better than the projections presented in the year-to-date proforma. SDCP's change in net position performed 36.1% better than the projection primarily and similarly due to better opt-out performance and to lower-than projected energy costs as a result of hedging activities.

The following is a summary to actual results compared to the fiscal year-to-date proforma.

| | YTD FY22 as of 6/30/22 (12 mos) | Proforma Comparison | | Proforma (%) |
|------------------------|------------------------------------|----------------------|---------------------------|--------------|
| | | FY22 YTD ProForma | ProForma Variance (\$) | |
| Net Operating Revenues | \$ 383,814,801 | \$ 374,777,530 | \$ 9,037,271 | 2.41% |
| Total Expenses | \$ 327,235,212 | \$ 333,195,322 | \$ (5,960,110) | -1.79% |
| Change in Net Position | \$ 56,579,589 | \$ 41,582,208 | \$ 14,997,381 | 36.07% |



FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2022 Fiscal Year-end Period Ended 6/30/22 Unaudited Financial Statements



ACCOUNTANTS' COMPILATION REPORT

Management
San Diego Community Power

Management is responsible for the accompanying financial statements of San Diego Community Power (a California Joint Powers Authority) which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. San Diego Community Power's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
August 8, 2022

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of June 30, 2022

ASSETS

| | |
|---------------------------|--------------------|
| Current assets | |
| Cash and cash equivalents | \$ 57,076,718 |
| Accounts receivable, net | 50,386,990 |
| Accrued revenue | 46,939,615 |
| Prepaid expenses | 4,461,308 |
| Deposits | 6,241,057 |
| Total current assets | <u>165,105,688</u> |
| Noncurrent assets | |
| Restricted cash | 12,500,000 |
| Deposits | 3,450,000 |
| Total noncurrent assets | <u>15,950,000</u> |
| Total assets | <u>181,055,688</u> |

LIABILITIES

| | |
|------------------------------|--------------------|
| Current liabilities | |
| Accrued cost of energy | 57,231,504 |
| Accounts payable | 624,955 |
| Other accrued liabilities | 740,006 |
| State surcharges payable | 332,586 |
| Security deposits | 42,624,000 |
| Interest payable | 113,862 |
| Loans payable | 5,000,000 |
| Total current liabilities | <u>106,666,913</u> |
| Noncurrent liabilities | |
| Other noncurrent liabilities | 517,741 |
| Bank note payable | 31,340,082 |
| Total noncurrent liabilities | <u>31,857,823</u> |
| Total liabilities | <u>138,524,736</u> |

NET POSITION

| | |
|--------------------|-----------------------------|
| Unrestricted | 42,530,952 |
| Total net position | <u><u>\$ 42,530,952</u></u> |

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Twelve Months Ended June 30, 2022

OPERATING REVENUES

| | |
|--------------------------|--------------------|
| Electricity sales, net | \$ 383,800,198 |
| Liquidated damages | 2,437,500 |
| Total operating revenues | <u>386,237,698</u> |

OPERATING EXPENSES

| | |
|----------------------------|--------------------|
| Cost of energy | 319,686,027 |
| Contract services | 3,520,098 |
| Staff compensation | 3,662,441 |
| General and administration | 2,098,031 |
| Total operating expenses | <u>328,966,597</u> |
| Operating income | <u>57,271,101</u> |

NON-OPERATING REVENUES (EXPENSES)

| | |
|----------------------------------|------------------|
| Investment income | 14,603 |
| Interest and financing expense | (706,115) |
| Nonoperating revenues (expenses) | <u>(691,512)</u> |

CHANGE IN NET POSITION

| | |
|-------------------------------------|----------------------|
| | 56,579,589 |
| Net position at beginning of period | (14,048,637) |
| Net position at end of period | <u>\$ 42,530,952</u> |

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Twelve Months Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|-------------------|
| Receipts from customers | \$ 300,940,324 |
| Receipts from liquidated damages | 2,437,500 |
| Receipts of supplier security deposits | 42,204,000 |
| Other operating receipts | 6,801,249 |
| Payments to suppliers for electricity | (284,842,750) |
| Payments for goods and services | (5,114,220) |
| Payments to employees for services | (3,407,133) |
| Payments for deposits and collateral | (7,212,708) |
| Payments for state surcharges | (808,996) |
| Net cash provided (used) by operating activities | <u>50,997,266</u> |

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

| | |
|---|------------------|
| Proceeds from loans | 8,500,000 |
| Interest and related expense payments | (655,717) |
| Net cash provided (used) by non-capital financing activities | <u>7,844,283</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|-----------------------------|
| Interest income received | <u>14,603</u> |
| Net change in cash and cash equivalents | 58,856,152 |
| Cash and cash equivalents at beginning of period | <u>10,720,566</u> |
| Cash and cash equivalents at end of period | <u><u>\$ 69,576,718</u></u> |

Reconciliation to the Statement of Net Position

| | |
|--|-----------------------------|
| Cash and cash equivalents (unrestricted) | 57,076,718 |
| Restricted cash | <u>12,500,000</u> |
| Cash and cash equivalents | <u><u>\$ 69,576,718</u></u> |

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Twelve Months Ended June 30, 2022

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

| | |
|---|-----------------------------|
| Operating income | \$ 57,271,101 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | |
| Provision for uncollectible accounts | 3,876,770 |
| (Increase) decrease in: | |
| Accounts receivable | (53,147,639) |
| Accrued revenue | (34,719,306) |
| Other receivables | 4,043,272 |
| Prepaid expenses | (4,461,308) |
| Deposits | (5,791,057) |
| Increase (decrease) in: | |
| Accrued cost of electricity | 41,086,784 |
| Accounts payable | 262,672 |
| Other accrued liabilities | 650,672 |
| State surcharges payable | 321,305 |
| Supplier security deposits | 41,604,000 |
| Net cash provided (used) by operating activities | <u><u>\$ 50,997,266</u></u> |



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended June 30, 2022, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of SDCP.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. SDCP's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to SDCP because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
August 8, 2022

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Twelve Months Ended June 30, 2022

| | 2021/22 YTD Amended Budget | 2021/22 YTD Actual | 2021/22 YTD Amended Budget Variance (Under) Over | 2021/22 YTD Actual/ Amended Budget % | 2021/22 Annual Amended Budget | 2021/22 Amended Budget Variance (Under) Over |
|--|----------------------------------|-----------------------|--|--|-------------------------------------|--|
| REVENUES AND OTHER SOURCES | | | | | | |
| Gross Ratepayer Revenues | 380,816,532 | \$ 387,676,968 | 6,860,436 | 102% | \$ 380,816,532 | \$ 6,860,436 |
| Less Uncollectible Customer Accounts | (2,763,026) | (3,876,770) | (1,113,744) | 140% | (2,763,026) | (1,113,744) |
| Total Revenues and Other Sources | <u>378,053,506</u> | <u>383,800,198</u> | <u>5,746,692</u> | | <u>378,053,506</u> | <u>5,746,692</u> |
| OPERATING EXPENSES | | | | | | |
| Cost of Energy | 329,517,592 | 317,248,527 | (12,269,065) | 96% | 329,517,592 | (12,269,065) |
| Personnel Costs | 4,023,175 | 3,662,441 | (360,734) | 91% | 4,023,175 | (360,734) |
| Professional Services and Consultants | 5,126,016 | 2,959,622 | (2,166,394) | 58% | 5,126,016 | (2,166,394) |
| Marketing and Outreach | 1,748,699 | 1,698,601 | (50,098) | 97% | 1,748,699 | (50,098) |
| General and Administrative | 783,581 | 828,756 | 45,175 | 106% | 783,581 | 45,175 |
| Total Operating Expenses | <u>341,199,063</u> | <u>326,397,947</u> | <u>(14,801,116)</u> | | <u>341,199,063</u> | <u>(14,801,116)</u> |
| Operating Income (Loss) | <u>36,854,443</u> | <u>57,402,251</u> | <u>20,547,808</u> | | <u>36,854,443</u> | <u>20,547,808</u> |
| NON-OPERATING REVENUES (EXPENSES) | | | | | | |
| Investment income | - | 14,603 | 14,603 | | - | 14,603 |
| Debt Service and Bank Fees | (978,000) | (837,265) | 140,735 | 86% | (978,000) | 140,735 |
| Total Non-Operating Revenues (Expenses) | <u>(978,000)</u> | <u>(822,662)</u> | <u>155,338</u> | | <u>(978,000)</u> | <u>155,338</u> |
| CHANGE IN NET POSITION | <u>\$ 35,876,443</u> | <u>\$ 56,579,589</u> | <u>\$ 20,703,146</u> | | <u>\$ 35,876,443</u> | <u>\$ 20,703,146</u> |