



AGENDA

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

May 12, 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 attendance. In compliance with the Brown Act, SDCP is providing alternatives to in-person attendance for viewing and participating in the meeting. Further details are below.

Note: Any member of the public may provide comments to the Finance and Risk Management Committee (FRMC) on any agenda item. When providing comments to the FRMC, it is requested that you provide your name and city of residence for the record. Commenters are requested to address their comments to the FRMC 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.
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 FRMC 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 FRMC 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. Report on Treasurer's Report for Period Ending 3/31/22

Recommendation: Receive and File Treasurer's Report for Period Ending 3/31/22

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, Moniker Commons located at 2869 Historic Decatur Road 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 Officer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer's Report –Presentation of Financial Results for Fiscal Year 2022 Period ended 3/31/22

Date: May 12, 2022

RECOMMENDATION

Receive and File Report

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 year-to-date financial statements for the period ended March 31, 2022, along with budgetary comparisons.

ANALYSIS AND DISCUSSION

Financial results for the period ended 3/31/22: \$251.38 million in net operating revenues were reported compared to \$253.50 million budgeted for the period. \$245.79 million in total expenses were reported (including \$239.80 million in energy cost) compared to \$249.86 million budgeted for the period (including \$242.31 million budgeted for energy costs). After expenses, SDCP's change in net position of \$5.59 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 3/31/22 (9 mos)	FY22 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 251,375,501	\$ 253,498,793	\$ (2,123,292)	99
Total Expenses	\$ 245,788,242	\$ 249,855,356	\$ (4,067,114)	98
Change in Net Position	\$ 5,587,259	\$ 3,643,437	\$ 1,943,822	

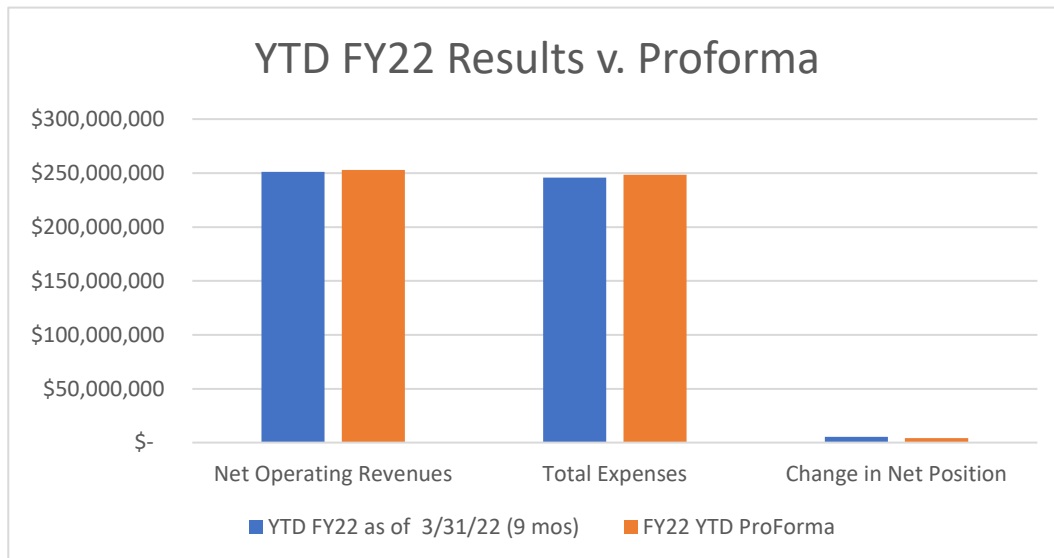
- Net operating revenues finished -\$2.12 million (or -0.8 percentage points) under the amended budget primarily as a result of a timing differential related to billing.

- Operating expenses finished -\$4.07 million (or -1.6 percentage points) under the amended budget

Financial results for the period were over the projections presented in the year-to-date proforma. SDCP's change in net position was 27.92% over the projection primarily due to lower-than projected energy costs. This was partially offset by lower-than expected net operating revenue.

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

	YTD FY22 as of 3/31/22 (9 mos)	Proforma Comparison		Proforma (%)
		FY22 YTD ProForma	ProForma Variance (\$)	
Net Operating Revenues	\$ 251,375,501	\$ 253,054,678	\$ (1,679,177)	-0.66%
Total Expenses	\$ 245,788,242	\$ 248,686,920	\$ (2,898,678)	-1.17%
Change in Net Position	\$ 5,587,259	\$ 4,367,758	\$ 1,219,501	27.92%



FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2022 Year-to-Date Period Ended 3/31/22 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 March 31, 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. 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
April 28, 2022

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of March 31, 2022

ASSETS

Current assets	
Cash and cash equivalents	\$ 6,512,357
Accounts receivable, net	20,229,932
Accrued revenue	14,278,465
Prepaid expenses	818,878
Deposits	<u>6,012,057</u>
Total current assets	47,851,689
Noncurrent assets	
Restricted cash	10,000,000
Deposits	<u>3,450,000</u>
Total noncurrent assets	<u>13,450,000</u>
Total assets	<u><u>61,301,689</u></u>

LIABILITIES

Current liabilities	
Accrued cost of energy	39,351,938
Accounts payable	815,108
Other accrued liabilities	413,942
Security deposits	754,000
Interest payable	<u>70,256</u>
Total current liabilities	<u>41,405,244</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	22,840,082
Loans payable	<u>5,000,000</u>
Total noncurrent liabilities	<u>28,357,823</u>
Total liabilities	<u><u>69,763,067</u></u>

NET POSITION

Unrestricted	<u>(8,461,378)</u>
Total net position (deficit)	<u><u>\$ (8,461,378)</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Nine Months Ended March 31, 2022

OPERATING REVENUES

Electricity sales, net	\$ 251,375,501
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OPERATING EXPENSES

Cost of energy	239,801,680
Contract services	1,788,762
Staff compensation	2,351,528
General and administration	1,400,744
Total operating expenses	245,342,714
Operating income	6,032,787

NONOPERATING EXPENSES

Interest and financing expense	445,528
Nonoperating expenses	445,528

CHANGE IN NET POSITION

	5,587,259
Net position at beginning of period	(14,048,637)
Net position at end of period	\$ (8,461,378)

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Nine Months Ended March 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 231,001,249
Receipts of supplier security deposits	184,000
Other operating receipts	5,596,638
Payments to suppliers for electricity	(218,041,178)
Payments for goods and services	(3,086,717)
Payments to employees for services	(2,289,392)
Payments for deposits and collateral	(6,573,708)
Payments for state surcharges	(560,365)
Net cash provided (used) by operating activities	<u>6,230,527</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Interest and related expense payments	<u>(438,736)</u>
Net cash provided (used) by non-capital financing activities	<u>(438,736)</u>

Net change in cash and cash equivalents	5,791,791
Cash and cash equivalents at beginning of period	<u>10,720,566</u>
Cash and cash equivalents at end of period	<u><u>\$ 16,512,357</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	6,512,357
Restricted cash	<u>10,000,000</u>
Cash and cash equivalents	<u><u>\$ 16,512,357</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Nine Months Ended March 31, 2022

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

Operating income	\$ 6,032,787
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	2,539,146
(Increase) decrease in:	
Accounts receivable	(21,652,957)
Accrued revenue	(2,058,156)
Other receivables	4,043,272
Prepaid expenses	(818,878)
Deposits	(5,562,057)
Increase (decrease) in:	
Accrued cost of electricity	23,207,217
Accounts payable	452,826
Other accrued liabilities	75,977
Due to State of California	237,350
Supplier security deposits	(266,000)
Net cash provided (used) by operating activities	<u>\$ 6,230,527</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying special purpose statement of San Diego Community Power (SDCP), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended March 31, 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
April 28, 2022

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Nine Months Ended March 31, 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 Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	255,351,504	\$ 253,914,647	(1,436,857)	99%	\$ 380,816,532	\$ 126,901,885
Less Uncollectible Customer Accounts	(1,852,711)	(2,539,146)	(686,435)	137%	(2,763,026)	(223,880)
Total Revenues and Other Sources	<u>253,498,793</u>	<u>251,375,501</u>	<u>(2,123,292)</u>		<u>378,053,506</u>	<u>126,678,005</u>
OPERATING EXPENSES						
Cost of Energy	242,309,646	239,801,680	(2,507,966)	99%	329,517,592	89,715,912
Personnel Costs	2,711,092	2,351,528	(359,564)	87%	4,023,175	1,671,647
Professional Services and Consultants	2,416,754	1,450,872	(965,882)	60%	5,126,016	3,675,144
Marketing and Outreach	1,144,311	1,061,205	(83,106)	93%	1,748,699	687,494
General and Administrative	539,605	677,429	137,824	126%	783,581	106,152
Total Operating Expenses	<u>249,121,408</u>	<u>245,342,714</u>	<u>(3,778,694)</u>		<u>341,199,063</u>	<u>95,856,349</u>
Operating Income (Loss)	<u>4,377,385</u>	<u>6,032,787</u>	<u>1,655,402</u>		<u>36,854,443</u>	<u>30,821,656</u>
NON-OPERATING REVENUES (EXPENSES)						
Debt Service and Bank Fees	(733,948)	(445,528)	288,420	61%	(978,000)	(532,472)
Total Non-Operating Revenues (Expenses)	<u>(733,948)</u>	<u>(445,528)</u>	<u>288,420</u>		<u>(978,000)</u>	<u>(532,472)</u>
CHANGE IN NET POSITION	<u>\$ 3,643,437</u>	<u>\$ 5,587,259</u>	<u>\$ 1,943,822</u>		<u>\$ 35,876,443</u>	<u>\$ 30,289,184</u>