



AGENDA

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

December 7, 2022
12:00 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 Period Ending 10/31/22

Recommendation: Receive and File Treasurer’s Report for Period Ending 10/31/22

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, 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: San Diego Community Power Board of Directors

From: Eric W. Washington, Chief Financial Officer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer’s Report –Presentation of Financial Results for Fiscal Year 2023 Period ended 10/31/22

Date: December 7, 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 its year-to-date financial statements for the period ended December 7, 2022, along with budgetary comparisons.

ANALYSIS AND DISCUSSION

Actual financial results for the period ended 10/31/22: \$371.7 million in net operating revenues were reported compared to \$336.67 million budgeted for the period. \$328.08 million in total expenses were reported (including \$319.58 million in energy costs) compared to \$290.35 million budgeted for the period (including \$278.24 million budgeted for energy costs). After expenses, SDCP’s change in net position of \$43.63 million was reported for Fiscal Year 2023. The following is a summary of the actual results compared to the Fiscal Year 2023 Budget.

Budget Comparison				
	YTD FY23 as of 10/31/22 (4 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 371,719,619	\$ 336,668,664	\$ 35,050,955	110
Total Expenses	\$ 328,083,413	\$ 290,350,806	\$ 37,732,607	113
Change in Net Position	\$ 43,636,206	\$ 46,317,858	\$ (2,681,652)	

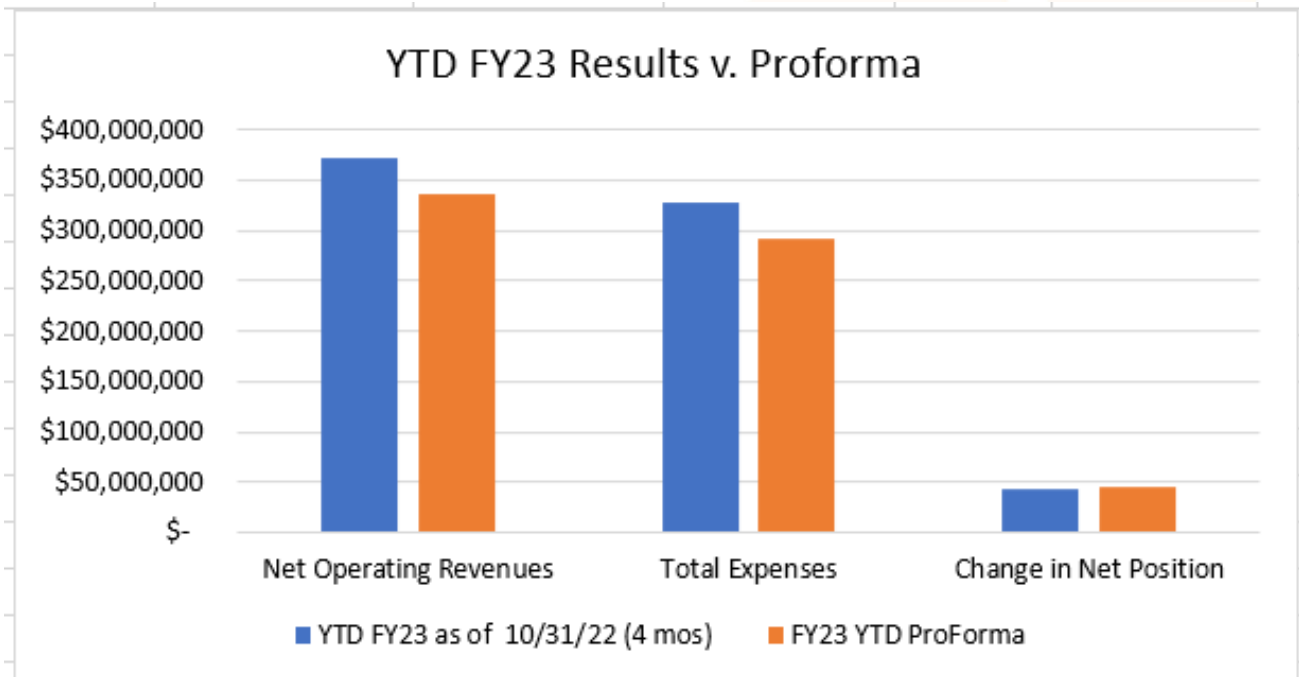


- Net operating revenues finished \$35.05 million (or 10.0 percentage points) over the budget primarily due to opt outs performing better than projected and due to higher demand from non-residential customers.
- Operating expenses finished \$37.73 million (or 13.0 percentage points) over the budget primarily due to higher-than-expected energy usage and energy costs.

Financial results for the period performed under the projections presented in the year-to-date proforma. SDCP’s change in net position was -4.21% under the projection primarily due to higher-than projected energy usage and costs.

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

Proforma Comparison				
	YTD FY23 as of 10/31/22 (4 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)
Net Operating Revenues	\$ 371,719,619	\$ 336,668,664	\$ 35,050,955	10.41%
Total Expenses	\$ 328,083,413	\$ 291,113,945	\$ 36,969,468	12.70%
Change in Net Position	\$ 43,636,206	\$ 45,554,719	\$ (1,918,513)	-4.21%



For the period ending 10/31/22, SDCP contributed \$43,636,206 to its reserves but was expecting to contribute \$13,047,831 per the FY 2022-23 adopted budget. Total SDCP reserves at the end of the period were \$31,373,037 and total available liquidity (including lines of credit) was \$61,633,026. SDCP has a total FY 2022-23 year-end reserve target of \$171,276,631, which is equivalent to 90-days of total operating expenses.

COMMITTEE REVIEW

The report is scheduled for review by the Financial Risk Management Committee (FRMC) on December 7, 2022

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2023 Year-to-Date Period Ended 10/31/22 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 October 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. 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
November 28, 2022

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

ASSETS

Current assets	
Cash and cash equivalents	\$ 45,153,108
Accounts receivable, net	100,081,387
Accrued revenue	50,188,866
Prepaid expenses	1,431,242
Other receivables	1,989,860
Deposits	<u>17,517,479</u>
Total current assets	216,361,942
Noncurrent assets	
Restricted cash	7,500,000
Deposits	<u>3,450,000</u>
Total noncurrent assets	<u>10,950,000</u>
Total assets	<u><u>227,311,942</u></u>

LIABILITIES

Current liabilities	
Accrued cost of energy	103,312,220
Accounts payable	618,927
Other accrued liabilities	2,213,042
State surcharges payable	186,156
Security deposits	624,000
Interest payable	<u>152,616</u>
Total current liabilities	<u>107,106,961</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	<u>33,520,082</u>
Total noncurrent liabilities	<u>34,037,823</u>
Total liabilities	<u><u>141,144,784</u></u>

NET POSITION

Restricted for collateral	2,500,000
Unrestricted	<u>83,667,158</u>
Total net position	<u><u>\$ 86,167,158</u></u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Four Months Ended October 31, 2022**

OPERATING REVENUES

Electricity sales, net	\$ 371,694,287
Total operating revenues	<u>371,694,287</u>

OPERATING EXPENSES

Cost of energy	319,580,011
Contract services	5,328,422
Staff compensation	1,728,772
General and administration	1,044,441
Total operating expenses	<u>327,681,646</u>
Operating income (loss)	<u>44,012,641</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	25,332
Interest and financing expense	(401,767)
Nonoperating revenues (expenses)	<u>(376,435)</u>

CHANGE IN NET POSITION

Net position at beginning of period	43,636,206
Net position at end of period	<u>42,530,952</u>
	<u>\$ 86,167,158</u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Four Months Ended October 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 319,507,843
Other operating receipts	1,186,596
Payments to suppliers for electricity	(260,140,922)
Payments for goods and services	(5,049,943)
Payments to employees for services	(1,580,798)
Payments for deposits and collateral	(66,785,072)
Payments for state surcharges	(903,633)
Net cash provided (used) by operating activities	<u>(13,765,929)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from loans	20,180,000
Principal payments - loans	(18,000,000)
Principal payments - note	(5,000,000)
Interest and related expense payments	(363,013)
Net cash provided (used) by non-capital financing activities	<u>(3,183,013)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>25,332</u>
Net change in cash and cash equivalents	(16,923,610)
Cash and cash equivalents at beginning of period	<u>69,576,718</u>
Cash and cash equivalents at end of period	<u><u>\$ 52,653,108</u></u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	\$ 45,153,108
Restricted cash	<u>7,500,000</u>
Cash and cash equivalents	<u><u>\$ 52,653,108</u></u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Four Months Ended October 31, 2022**

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

Operating income	\$ 44,012,641
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	3,754,488
(Increase) decrease in:	
Accounts receivable	(53,448,885)
Accrued revenue	(3,249,251)
Other receivables	(1,989,860)
Prepaid expenses	3,030,066
Deposits	(11,276,422)
Increase (decrease) in:	
Accrued cost of electricity	46,080,715
Accounts payable	(6,027)
Other accrued liabilities	1,473,036
State surcharges payable	(146,430)
Supplier security deposits	(42,000,000)
Net cash provided (used) by operating activities	<u>\$ (13,765,929)</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 October 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
November 28, 2022

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Four Months Ended October 31, 2022

	2022/23 YTD Budget	2022/23 YTD Actual	2022/23 YTD Budget Variance (Under) Over	2022/23 YTD Actual/ Budget %	2022/23 Annual Budget	2022/23 Budget Remaining
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	340,069,358	\$ 375,448,775	35,379,417	110%	\$ 716,146,107	\$ 340,697,332
Less Uncollectible Customer Accounts	(3,400,694)	(3,754,488)	(353,794)	110%	(7,161,461)	(3,406,973)
Total Revenues and Other Sources	<u>336,668,664</u>	<u>371,694,287</u>	<u>35,025,623</u>		<u>708,984,646</u>	<u>337,290,359</u>
OPERATING EXPENSES						
Cost of Energy	278,236,285	319,580,011	41,343,726	115%	661,638,828	342,058,817
Professional Services and Consultants	5,644,069	5,178,122	(465,947)	92%	16,881,036	11,702,914
Personnel Costs	2,269,869	1,728,772	(541,097)	76%	7,951,499	6,222,727
Marketing and Outreach	1,455,333	822,820	(632,513)	57%	4,164,167	3,341,347
General and Administrative Programs	1,618,224	371,911	(1,246,313)	23%	2,591,363	2,219,452
	688,333	-	(688,333)	0%	1,395,000	1,395,000
Total Operating Expenses	<u>289,912,113</u>	<u>327,681,636</u>	<u>37,769,523</u>		<u>694,621,893</u>	<u>366,940,257</u>
Operating Income (Loss)	<u>46,756,551</u>	<u>44,012,651</u>	<u>(2,743,900)</u>		<u>14,362,753</u>	<u>(29,649,898)</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	-	25,332	25,332		-	(25,332)
Debt Service and Bank Fees	(438,693)	(401,777)	36,916	92%	(1,314,922)	(913,145)
Total Non-Operating Revenues (Expenses)	<u>(438,693)</u>	<u>(376,445)</u>	<u>62,248</u>		<u>(1,314,922)</u>	<u>(938,477)</u>
CHANGE IN NET POSITION	<u>\$ 46,317,858</u>	<u>\$ 43,636,206</u>	<u>\$ (2,681,652)</u>		<u>\$ 13,047,831</u>	<u>\$ (30,588,375)</u>