



AGENDA

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

September 14, 2023
3:00 p.m.

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way, San Diego, CA 92123

The meeting will be held in person at the above date, time and location. Finance and Risk Management Committee (FRMC) Members and members of the public may attend in person. Under certain circumstances, FRMC Members may also attend and participate in the meeting virtually pursuant to the Brown Act (Gov. Code § 54953). As a convenience to the public, SDCP provides a call-in option and internet-based option for members of the public to virtually observe and provide public comments at its meetings. Additional details on in-person and virtual public participation are below. Please note that, in the event of a technical issue causing a disruption in the call-in option or internet-based option, the meeting will continue unless otherwise required by law, such as when an FRMC Member is attending the meeting virtually pursuant to certain provisions of the Brown Act.

Note: Any member of the public may provide comments to the Finance and Risk Management Committee 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. Anyone attending in person desiring to address the FRMC is asked to fill out a speaker's slip and present it to the Clerk of the Board or the Secretary. To provide remote 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 Comment 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

Call to Order

Roll Call

Pledge of Allegiance

Items to be Added, Withdrawn, or Reordered on the Agenda

Public Comments for Items Not on the Agenda

Opportunity for members of the public to address the Board on any items not on the agenda but within the jurisdiction of the Board. Members of the public may provide a comment in either manner described above.

MEETING AGENDA

1. Approval of June 8, 2023 Meeting Minutes

Recommendation: Approve the June 8, 2023 Meeting Minutes

2. Review of Treasurer’s Report for Period Ending 6/30/23

Recommendation: Receive and File Treasurer’s Report for Period Ending 6/30/23

3. Review of Treasurer’s Report for Period Ending 7/31/23

Recommendation: Receive and File Treasurer’s Report for Period Ending 7/31/23

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

Copies of the agenda and agenda packet are available at <https://sdcommunitypower.org/resources/meeting-notes/>. Late-arriving documents related to a Board meeting item which are distributed to a majority of the Members prior to or during the Board meeting are available for public review as required by law. Public records, including agenda-related documents, can be requested electronically at info@sdcommunitypower.org or by mail to SDCP, PO BOX 12716, San Diego, CA 92112. The documents may also be posted at the above website. Such public records are also available for inspection, by appointment, at San Diego Community Power, 2488 Historic Decatur Road, Suite 250, San Diego, CA 92106. Please contact info@sdcommunitypower.org to arrange an appointment.



**FINANCE AND RISK MANAGEMENT COMMITTEE
SAN DIEGO COMMUNITY POWER (SDCP)**

City of San Diego Metropolitan Operations Complex (MOC II) Auditorium
9192 Topaz Way
San Diego, CA 92123

MINUTES
June 8, 2023

The Committee minutes are prepared and ordered to correspond to the Committee Agenda. Agenda Items can be taken out of order during the meeting.

The Agenda Items were considered in the order presented.

WELCOME

CALL TO ORDER

Chair McCann (Chula Vista) called the Finance and Risk Management Committee meeting to order at 3:01 p.m.

ROLL CALL

PRESENT: Chair McCann (Chula Vista), Alternate Director Fisher (Imperial Beach), Director Parent (La Mesa)

ABSENT: None

Also Present: Chief Financial Officer ("CFO")/Treasurer Washington, General Counsel Baron, City Clerk Wiegelman

PLEDGE OF ALLEGIANCE

Chair McCann (Chula Vista) led the Pledge of Allegiance.

ITEMS TO BE ADDED, WITHDRAWN, OR REORDERED ON THE AGENDA

There were no items to be added, withdrawn, or reordered.

PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

There were no public comments.

MEETING AGENDA

1. Approval of May 18, 2023 Meeting Minutes

ACTION: Motioned by Alternate Director Fisher (Imperial Beach) and seconded by Director Parent (La Mesa) to approve the minutes of the Finance and Risk Management Committee meeting held Thursday, May 18, 2023. The motion carried by the following vote:

Vote: 3-0

Yes: Chair McCann (Chula Vista), Alternate Director Fisher (Imperial Beach), Director Parent (La Mesa)

No: None

Abstained: None

Absent: None

2. Review of Treasurer's Report for Period Ending 4/30/23

CFO/Treasurer Washington presented the Treasurer's Report for period ending April 30, 2023.

Following Committee questions and comments, no action was taken.

3. Approval of the FY 2023-24 Operating Budget

CFO/Treasurer Washington provided a PowerPoint presentation on the FY 2023-24 Operating Budget, highlighting the budget development timeline, net revenues, total expenses, the FY 2024-2028 Capital Investment Plan, and next steps.

Committee questions and comments ensued.

ACTION: Motioned by Chair McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the FY 2023-24 Operating Budget and forward to the Board of Directors for consideration. The motion carried by the following vote:

Vote: 3-0

Yes: Chair McCann (Chula Vista), Alternate Director Fisher (Imperial Beach), Director Parent (La Mesa)

No: None

Abstained: None

Absent: None

4. Approval of Remainder of Collections/Delinquency Policy for Residential Customers

Director of Data Analytics and Account Services Utouh provided a PowerPoint presentation on the Collections/Delinquency Policy, highlighting the objectives of the policy, the state of arrearages in the region, the residential arrearages in the region, the state of SDCP arrearages, and the programs assisting customers with arrearages.

ACTION: Motioned by Chair McCann (Chula Vista) and seconded by Director Parent (La Mesa) to approve the remainder of the Collections/Delinquency Policy for Residential Customers and forward to the Board of Directors for consideration. The motion carried by the following vote:

Vote: 3-0

Yes: Chair McCann (Chula Vista), Alternate Director Fisher (Imperial Beach), Director Parent (La Mesa)

No: None

Abstained: None

Absent: None

COMMITTEE MEMBER ANNOUNCEMENTS

There were no announcements.

ADJOURNMENT

Chair McCann (Chula Vista) adjourned the meeting at 3:40 p.m.



SAN DIEGO COMMUNITY POWER
Staff Report – Item 2

To: San Diego Community Power Financial and Risk Management Committee
 From: Eric W. Washington, Chief Financial Officer
 Via: Karin Burns, Chief Executive Officer
 Subject: Treasurer’s Report – For Fiscal Year End Period ended 06/30/23
 Date: September 14, 2023

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 unaudited year – end for the period ended June 30, 2023, along with budgetary comparisons. Preparation of the 6/30/23 audited financial statements are in progress and are expected to be available during the October/November timeframe.

ANALYSIS AND DISCUSSION

Actual financial results for the fiscal year end (FYE) period ended 06/30/23: \$891.18 million in net operating revenues were reported compared to \$929.79 million budgeted for the period. \$747.74 million in total expenses were reported (including \$720.33 million in energy costs) compared to \$772.08 million budgeted for the period (including \$738.80 million budgeted for energy costs). After expenses, SDCP’s change in net position of \$143.44 million was reported for Fiscal Year 2023. The following is a summary of the actual results compared to the Fiscal Year 2023 Budget.

Table 1: Budget Comparison Versus Actual Results

Budget Comparison				
	YTD FY23 as of 06/30/23 (12 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 891,178,064	\$ 929,791,929	\$ (38,613,865)	96%
Total Expenses	\$ 747,742,888	\$ 772,078,709	\$ (24,335,821)	97%
Change in Net Position	\$ 143,435,176	\$ 157,713,220	\$ (14,278,044)	-9%

- Net operating revenues finished \$38.61 million (or 4.0 percentage points) under the budget primarily due to lower than expected customer demand attributed to cooler weather.
- Operating expenses finished \$24.34 million (or 3.0 percentage points) lower than expected when compared to the FY 2023 budget. Although savings were experienced across all expense categories, savings in the cost of energy was the key driver as a results of credits received from California Independent Systems Operator (CAISO) and cooler than expected weather.

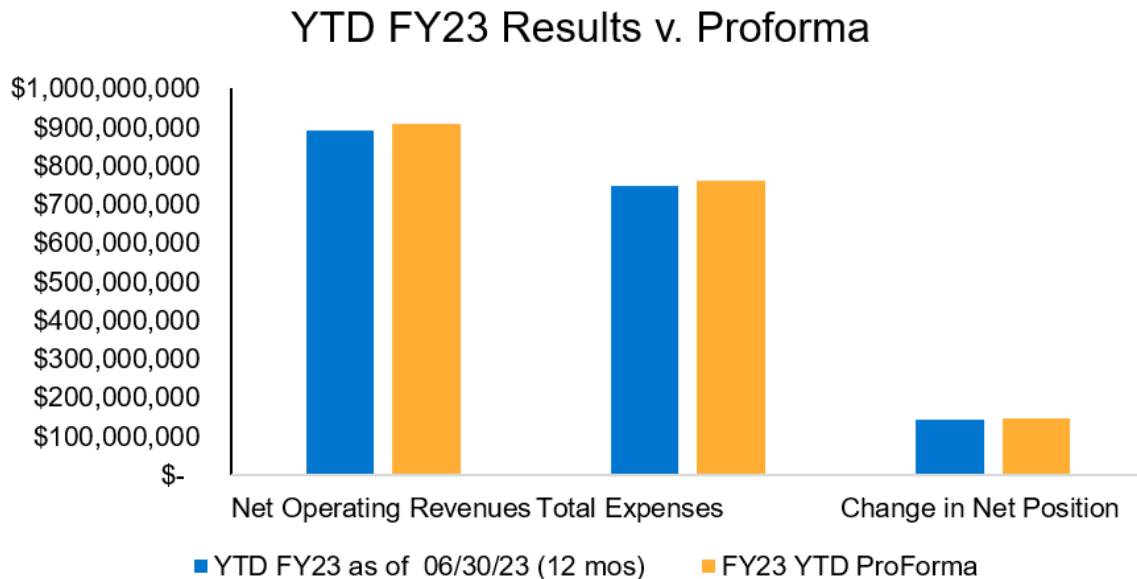
When compared to the proforma, the FYE 2023 financial results were lower than what was projected. SDCP’s change in net position was 3% under the projections primarily due to revenues coming in lower than expected due to lower demand caused by cooler weather which was somewhat offset by reduced expenses.

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

Table 2: Proforma Comparison Versus Actual Results

Proforma Comparison					
	YTD FY23 as of 06/30/23 (12 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)	
Net Operating Revenues	\$ 891,178,064	\$ 909,999,155	\$ (18,821,091)	-2%	
Total Expenses	\$ 747,742,888	\$ 761,751,150	\$ (14,008,262)	-2%	
Change in Net Position	\$ 143,435,176	\$ 148,248,005	\$ (4,812,829)	-3%	

Figure 1: Proforma versus Actual Results



For the period ending 06/30/23, SDCP contributed \$143,435,176 to reserves compared to the \$157,713,220 included in the FY 2022-23 amended budget. Total SDCP reserves at the end of the period were \$183,660,045 and total available liquidity (including lines of credit availability) was \$297,930,045. SDCP has a total FY 2022-23 year-end reserve target of \$190,058,650, which is equivalent to 90-days of total operating expenses as set in SDCP's Reserve Policy

FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2023 Year-to-Date Period Ended 06/30/23 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, 2023, 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 16, 2023

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of June 30, 2023

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 65,683,880
Accounts receivable, net of allowance	110,513,731
Accrued revenue	78,792,784
Prepaid expenses	30,527,498
Other receivables	233,715
Deposits	<u>14,771,350</u>
Total current assets	300,522,958
Noncurrent assets	
Capital assets, net of depreciation	159,083
Lease asset, net of amortization	873,251
Cash and cash equivalents - restricted	2,147,000
Deposits	<u>2,885,000</u>
Total noncurrent assets	<u>6,064,334</u>
Total assets	<u>306,587,292</u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	77,345,343
Accounts payable	510,812
Other accrued liabilities	3,794,647
State surcharges payable	500,589
Security deposits	630,000
Interest payable	612,522
Lease liability	<u>366,323</u>
Total current liabilities	<u>83,760,236</u>
Noncurrent liabilities	
Bank note payable	35,730,000
Supplier security deposits	624,000
Lease liability	<u>521,193</u>
Total noncurrent liabilities	<u>36,875,193</u>
Total liabilities	<u>120,635,429</u>

NET POSITION

Net investment in capital assets	144,818
Restricted for collateral	2,147,000
Unrestricted	<u>183,660,045</u>
Total net position	<u>\$ 185,951,863</u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended June 30, 2023

OPERATING REVENUES

Electricity sales, net	\$ 891,178,064
Total operating revenues	<u>891,178,064</u>

OPERATING EXPENSES

Cost of energy	720,327,704
Contract services	15,957,376
Staff compensation	6,726,270
Other operating expenses	2,866,222
Depreciation and amortization	253,553
Total operating expenses	<u>746,131,125</u>
Operating income (loss)	<u>145,046,939</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	433,366
Interest and financing expense	(2,059,394)
Nonoperating revenues (expenses)	<u>(1,626,028)</u>

CHANGE IN NET POSITION

	143,420,911
Net position at beginning of period	42,530,952
Net position at end of period	<u>\$ 185,951,863</u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Year Ended June 30, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 801,265,394
Receipts of security deposits	47,431,731
Other operating receipts	10,964,074
Payments to suppliers for electricity	(753,820,919)
Payments for goods and services	(16,551,190)
Payments to employees for services	(6,302,492)
Payments for deposits and collateral	(80,254,418)
Payments of state surcharges	(1,899,237)
Net cash provided (used) by operating activities	<u>832,943</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Proceeds from bank note payable	55,910,000
Principal payments - loans	(5,514,511)
Principal payments - bank note payable	(51,520,082)
Interest and related expense payments	(1,560,734)
Net cash provided (used) by non-capital financing activities	<u>(2,685,327)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments of lease liability	(235,232)
Payments to acquire capital assets	(91,588)
Net cash provided (used) by capital and related financing activities	<u>(326,820)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	<u>433,366</u>
Net change in cash and cash equivalents	(1,745,838)
Cash and cash equivalents at beginning of period	69,576,718
Cash and cash equivalents at end of period	<u><u>\$ 67,830,880</u></u>
Reconciliation to the Statement of Net Position	
Cash and cash equivalents (unrestricted)	\$ 65,683,880
Restricted cash	2,147,000
Cash and cash equivalents	<u><u>\$ 67,830,880</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION:	
Capital acquisitions included in accounts payable	\$ 71,550

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
Year Ended June 30, 2023

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

Operating income	\$ 145,046,939
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization expense	253,553
Provision for uncollectible accounts	18,187,308
(Increase) decrease in:	
Accounts receivable	(78,314,049)
Accrued revenue	(31,853,169)
Other receivables	(233,715)
Prepaid expenses	(26,066,190)
Deposits	(7,965,293)
Increase (decrease) in:	
Accrued cost of electricity	20,113,838
Accounts payable	(185,693)
Other accrued liabilities	3,051,411
State surcharges payable	168,003
Supplier security deposits	(41,370,000)
Net cash provided (used) by operating activities	<u>\$ 832,943</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, 2023, 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 16, 2023

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2023

	<u>2022/23 YTD Amended Budget</u>	<u>2022/23 YTD Actual</u>	<u>2022/23 YTD Amended Budget Variance (Under) Over</u>	<u>2022/23 YTD Actual/ Amended Budget %</u>	<u>2022/23 Annual Amended Budget</u>	<u>2022/23 Amended Budget Remaining</u>
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	939,183,767	\$ 909,365,372	(29,818,395)	97%	\$ 939,183,767	\$ 29,818,395
Less Uncollectible Customer Accounts	(9,391,838)	(18,187,308)	(8,795,470)	194%	(9,391,838)	8,795,470
Total Revenues and Other Sources	<u>929,791,929</u>	<u>891,178,064</u>	<u>(38,613,865)</u>		<u>929,791,929</u>	<u>38,613,865</u>
OPERATING EXPENSES						
Cost of Energy	738,800,294	720,327,704	(18,472,590)	97%	738,800,294	18,472,590
Professional Services and Consultants	17,271,121	15,137,517	(2,133,604)	88%	17,271,121	2,133,604
Personnel Costs	7,362,226	6,726,270	(635,956)	91%	7,362,227	635,957
Marketing and Outreach	4,194,490	2,107,105	(2,087,385)	50%	4,194,489	2,087,384
General and Administrative Programs	1,890,283	1,548,877	(341,406)	82%	1,890,283	341,406
	1,275,000	300,000	(975,000)	24%	1,275,000	975,000
Total Operating Expenses	<u>770,793,414</u>	<u>746,147,473</u>	<u>(24,645,941)</u>		<u>770,793,414</u>	<u>24,645,941</u>
Operating Income (Loss)	<u>158,998,515</u>	<u>145,030,591</u>	<u>(13,967,924)</u>		<u>158,998,515</u>	<u>13,967,924</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	-	433,366	433,366		-	(433,366)
Debt Service and Bank Fees	(1,285,295)	(2,028,781)	(743,486)	158%	(1,285,295)	743,486
Total Non-Operating Revenues (Expenses)	<u>(1,285,295)</u>	<u>(1,595,415)</u>	<u>(310,120)</u>		<u>(1,285,295)</u>	<u>310,120</u>
NET INCREASE (DECREASE)	<u>\$ 157,713,220</u>	<u>\$ 143,435,176</u>	<u>\$ (14,278,044)</u>		<u>\$ 157,713,220</u>	<u>\$ 14,278,044</u>



SAN DIEGO COMMUNITY POWER Staff Report – Item 3

To: San Diego Community Power 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 to Date 2024 Period ended 07/31/23
Date: September 14, 2023

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 July 31, 2023, along with budgetary comparisons.

SDCP additionally reports monthly metrics during its Board meetings as part of its Update on Back-Office Operations. As part of the Treasurer’s Report, certain key metrics related to risk are to be presented during Financial and Risk Management Committee (FRMC) meetings.

ANALYSIS AND DISCUSSION

Actual financial results for the period ended 07/31/23: \$162.85 million in net operating revenues were reported compared to \$162.7 million budgeted for the period. \$98.88 million in total expenses were reported (including \$96.2 million in energy costs) compared to \$99.04 million budgeted for the period (including \$92.36 million budgeted for energy costs). After expenses, SDCP’s change in net position of \$63.97 million was reported for Fiscal Year 2024. The following is a summary of the actual results compared to the Fiscal Year 2024 Budget.

Table 1: Budget Comparison Versus Actual Results

Budget Comparison					
	YTD FY24 as of 07/31/23 (1 mo)	FY24 YTD Budget	Budget Variance (\$)	Budget (%)	
Net Operating Revenues	\$ 162,851,417	\$ 162,702,375	\$ 149,042	100%	
Total Expenses	\$ 98,884,860	\$ 99,042,975	\$ (158,115)	100%	
Change in Net Position	\$ 63,966,557	\$ 63,659,400	\$ 307,157	0%	

- Net operating revenues finished \$149,042 (or less than 1.0 percentage point) over the budget and largely in line with expectations.
- Operating expenses finished \$158,115 (or less than 1.0 percentage point) under the budget primarily due to savings from all operating non-energy expenses negating slightly higher than expected energy costs which were due to large resource adequacy purchases to ensure compliance.

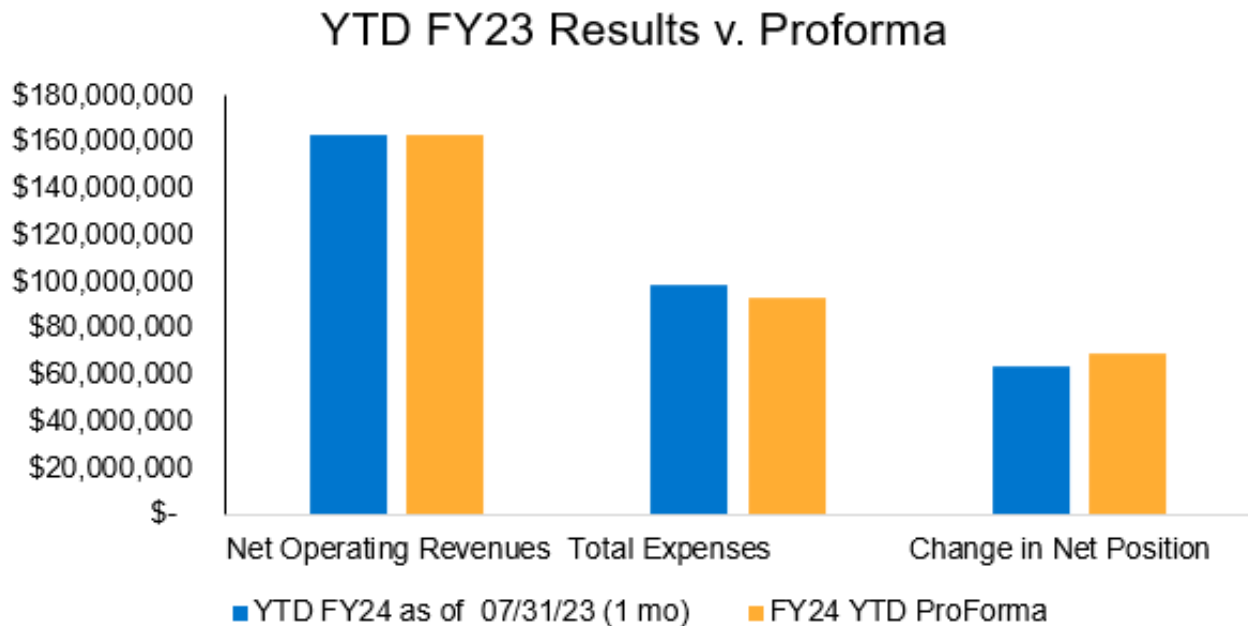
Financial results for the period underperformed the projections presented in the year-to-date proforma. SDCP's change in net position was 7% under the projection primarily due to higher-than-expected cost of energy

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

Table 2: Proforma Comparison Versus Actual Results

Proforma Comparison					
	YTD FY24 as of 07/31/23 (1 mo)	FY24 YTD ProForma	ProForma Variance (\$)	Proforma (%)	
Net Operating Revenues	\$ 162,851,417	\$ 162,702,375	\$ 149,042	0%	
Total Expenses	\$ 98,884,860	\$ 93,619,750	\$ 5,265,110	6%	
Change in Net Position	\$ 63,966,557	\$ 69,082,625	\$ (5,116,068)	-7%	

Figure 1: Proforma versus Actual Results

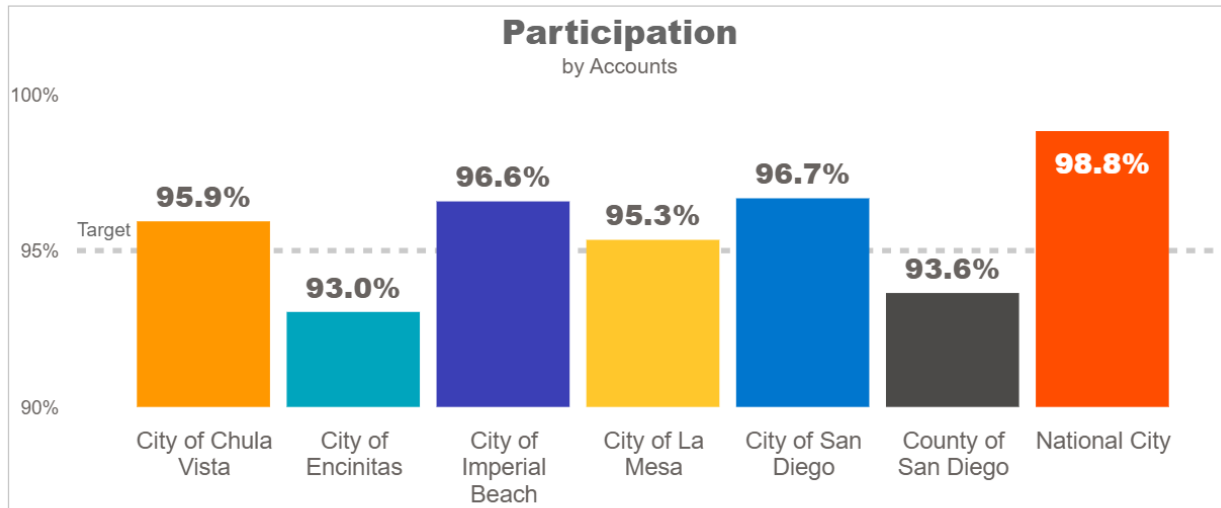


For the period ending 07/31/23, SDCP contributed \$63,966,557 to its reserves but was expected to gain \$63,659,400 per the FY 2023-24 adopted budget. Total SDCP reserves at the end of the period were \$247,761,561 and total available liquidity (including lines of credit) was \$362,031,561. SDCP has a total FY 2023-24 year-end reserve target of \$245,539,726 which is equivalent to 90-days of total operating expenses as set in SDCP's Reserve Policy. SDCP is pursuing a strategic goal of \$491,079,452 in reserves, which is equivalent to 180-days of total operating expenses.



Figure 2: Participation Rates

Participation by Jurisdiction



Jurisdiction	Active	Eligible	Opt Outs	Participation
City of Chula Vista	93,347	97,301	3,954	95.9%
City of Encinitas	26,477	28,458	1,981	93.0%
City of Imperial Beach	10,567	10,942	375	96.6%
City of La Mesa	28,054	29,424	1,370	95.3%
City of San Diego	598,968	619,587	20,619	96.7%
County of San Diego	140,457	168,435	10,705	93.6%
National City	18,256	18,928	223	98.8%
Total	916,126	973,075	39,227	96.0%

Phase 4 mass enrollment process in National City and Unincorporated County of San Diego for Non-Net Energy Metering (NEM) customers is officially completed as of May, 2023. The participation rate for this new phase is fluid and will change as we continue with our enrollment of Net Energy Metering (NEM) customers from April 2023 through March 2024. In the interim, we are reporting on the opt outs and eligible accounts associated with the phase based on those accounts that we have noticed for enrollment on a rolling basis as of the reporting month.

Staff are also presenting State of SDCP Arrearages directly related to financial risk for FRMC consideration and for regular review moving forward. Additional metrics can be added by request. Below arrearage data is SDCP's Receivables aged 120+ Days as of 8/28/2023.

Figure 3: State of SDCP Arrearages

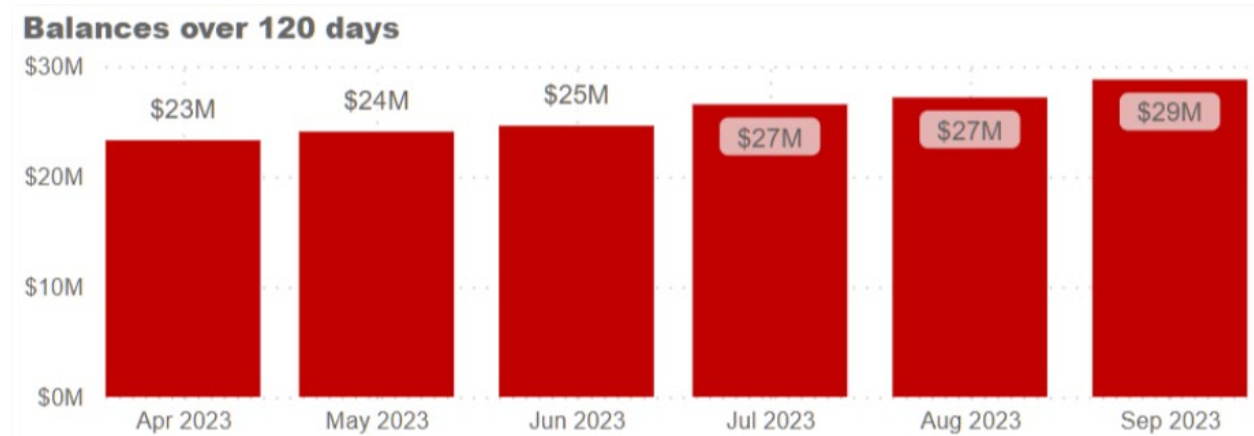
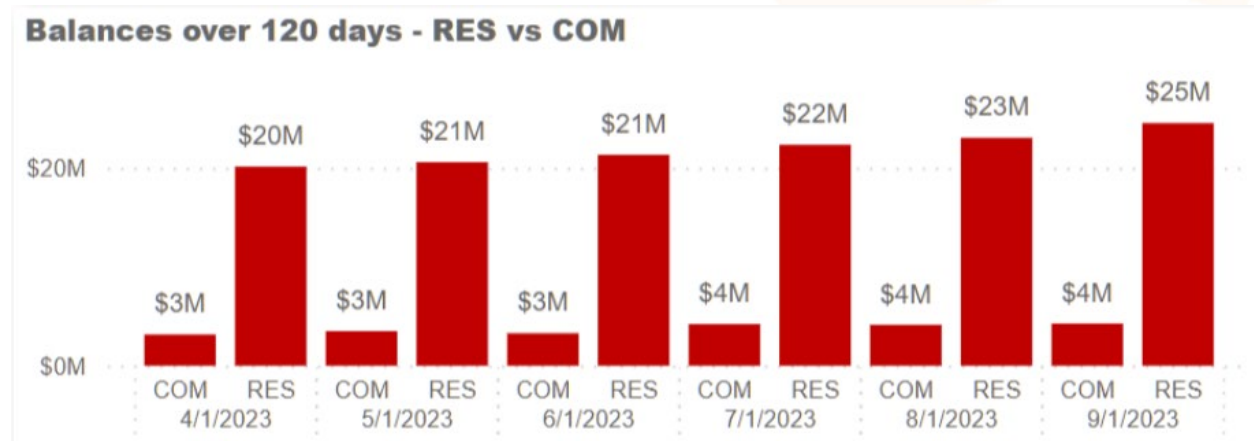


Figure 4: State of SDCP Arrearages Residential vs Commercial



FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2024 Year-to-Date Period Ended 07/31/23 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 July 31, 2023, 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 31, 2023

SAN DIEGO COMMUNITY POWER
STATEMENT OF NET POSITION
As of July 31, 2023

ASSETS

Current assets	
Cash and cash equivalents - unrestricted	\$ 122,783,778
Cash and cash equivalents - restricted	500,000
Accounts receivable, net of allowance	135,245,975
Accrued revenue	108,469,439
Prepaid expenses	29,270,098
Other receivables	37,320
Deposits	<u>14,296,704</u>
Total current assets	410,603,314
Noncurrent assets	
Capital assets, net of depreciation	156,142
Lease asset, net of amortization	842,064
Cash and cash equivalents - restricted	1,647,000
Deposits	<u>2,330,000</u>
Total noncurrent assets	<u>4,975,206</u>
Total assets	<u><u>415,578,520</u></u>

LIABILITIES

Current liabilities	
Accrued cost of electricity	122,763,498
Accounts payable	546,684
Other accrued liabilities	3,942,225
State surcharges payable	184,450
Security deposits	525,000
Interest payable	427,447
Lease liability	<u>367,697</u>
Total current liabilities	<u>128,757,000</u>
Noncurrent liabilities	
Bank note payable	35,730,000
Supplier security deposits	624,000
Lease liability	<u>489,917</u>
Total noncurrent liabilities	<u>36,843,917</u>
Total liabilities	<u><u>165,600,917</u></u>

NET POSITION

Net investment in capital assets	69,042
Restricted for collateral	2,147,000
Unrestricted	<u>247,761,561</u>
Total net position	<u><u>\$ 249,977,603</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2023

OPERATING REVENUES

Electricity sales, net	\$ 162,378,167
Grant revenue	473,250
Total operating revenues	<u>162,851,417</u>

OPERATING EXPENSES

Cost of energy	96,203,705
Contract services	1,525,992
Staff compensation	702,526
Other operating expenses	256,546
Depreciation and amortization	34,129
Total operating expenses	<u>98,722,898</u>
Operating income (loss)	<u>64,128,519</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	110,772
Interest and financing expense	(274,019)
Nonoperating revenues (expenses)	<u>(163,247)</u>

CHANGE IN NET POSITION

	63,965,272
Net position at beginning of period	<u>186,012,331</u>
Net position at end of period	<u><u>\$ 249,977,603</u></u>

**SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
One Month Ended July 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 108,153,718
Receipts of security deposits	1,835,863
Other operating receipts	1,423,540
Payments to suppliers for electricity	(51,025,748)
Payments for goods and services	(1,513,354)
Payments to employees for services	(750,776)
Payments for deposits and collateral	(205,000)
Payments of state surcharges	(500,589)
Net cash provided (used) by operating activities	<u>57,417,654</u>
 CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Interest and related expense payments	(398,626)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payments of lease liability	(29,902)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income received	<u>110,772</u>
Net change in cash and cash equivalents	57,099,898
Cash and cash equivalents at beginning of period	<u>67,830,880</u>
Cash and cash equivalents at end of period	<u><u>\$ 124,930,778</u></u>
 Reconciliation to the Statement of Net Position	
Cash and cash equivalents (unrestricted)	\$ 122,783,778
Restricted cash - current	\$ 500,000
Restricted cash - noncurrent	1,647,000
Cash and cash equivalents	<u><u>\$ 124,930,778</u></u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS (continued)
One Month Ended July 31, 2023

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

Operating income	\$ 64,128,519
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization expense	34,129
Provision for uncollectible accounts	6,765,757
(Increase) decrease in:	
Accounts receivable	(31,498,001)
Accrued revenue	(29,676,655)
Other receivables	196,395
Prepaid expenses	1,257,400
Deposits	1,029,646
Increase (decrease) in:	
Accrued cost of electricity	45,418,155
Accounts payable	35,870
Other accrued liabilities	147,578
State surcharges payable	(316,139)
Supplier security deposits	(105,000)
Net cash provided (used) by operating activities	<u>\$ 57,417,654</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 July 31, 2023, 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 31, 2023

**SAN DIEGO COMMUNITY POWER
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
One Month Ended July 31, 2023**

	<u>2023/24 YTD Budget</u>	<u>2023/24 YTD Actual</u>	<u>2023/24 YTD Budget Variance (Under) Over</u>	<u>2023/24 YTD Actual/ Budget %</u>	<u>2023/24 Annual Budget</u>	<u>2023/24 Budget Remaining</u>
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	169,481,641	\$ 169,143,924	(337,717)	100%	\$ 1,346,325,552	\$ 1,177,181,628
Less Uncollectible Customer Accounts	(6,779,266)	(6,765,757)	13,509	100%	(53,853,022)	(47,087,265)
Grant revenue	-	473,250	473,250		-	(473,250)
Total Revenues and Other Sources	<u>162,702,375</u>	<u>162,851,417</u>	<u>149,042</u>		<u>1,292,472,530</u>	<u>1,129,621,113</u>
OPERATING EXPENSES						
Cost of Energy	92,359,121	96,203,705	3,844,584	104%	948,529,425	852,325,720
Professional Services and Consultants	2,918,560	1,491,770	(1,426,790)	51%	22,939,626	21,447,856
Personnel Costs	1,547,125	702,526	(844,599)	45%	13,178,031	12,475,505
Marketing and Outreach	377,629	168,772	(208,857)	45%	2,973,829	2,805,057
General and Administration	1,282,076	158,169	(1,123,907)	12%	7,861,973	7,703,804
Programs	35,333	-	(35,333)	0%	278,250	278,250
Total Operating Expenses	<u>98,519,844</u>	<u>98,724,942</u>	<u>205,098</u>		<u>995,761,134</u>	<u>897,036,192</u>
Operating Income (Loss)	<u>64,182,531</u>	<u>64,126,475</u>	<u>(56,056)</u>		<u>296,711,396</u>	<u>232,584,921</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income	-	110,772	110,772		-	(110,772)
Interest and related expenses	(203,131)	(270,690)	(67,559)	133%	(2,437,574)	(2,166,884)
Transfer to Capital Investment Program	(320,000)	-	320,000	0%	(3,840,002)	(3,840,002)
Total Non-Operating Revenues (Expenses)	<u>(523,131)</u>	<u>(159,918)</u>	<u>363,213</u>		<u>(6,277,576)</u>	<u>(6,117,658)</u>
NET INCREASE (DECREASE)	<u>\$ 63,659,400</u>	<u>\$ 63,966,557</u>	<u>\$ 307,157</u>		<u>\$ 290,433,820</u>	<u>\$ 226,467,263</u>