



## AGENDA

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

November 3, 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](mailto: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 9/30/22**

Recommendation: Receive and File Treasurer’s Report for Period Ending 9/30/22

**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](mailto: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 2023 Period ended 9/30/22

Date: November 3, 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 September 30, 2022, along with budgetary comparisons.

### ANALYSIS AND DISCUSSION

Actual financial results for the period ended 9/30/22: \$286.8 million in net operating revenues were reported compared to \$256.64 million budgeted for the period. \$272.89 million in total expenses were reported (including \$266.61 million in energy costs) compared to \$234.76 million budgeted for the period (including \$225.86 million budgeted for energy costs). After expenses, SDCP’s change in net position of \$13.92 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 9/30/22 (2 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 286,809,683	\$ 256,636,077	\$ 30,173,606	112
Total Expenses	\$ 272,892,537	\$ 235,099,487	\$ 37,793,050	116
Change in Net Position	\$ 13,917,146	\$ 21,536,590	\$ (7,619,444)	

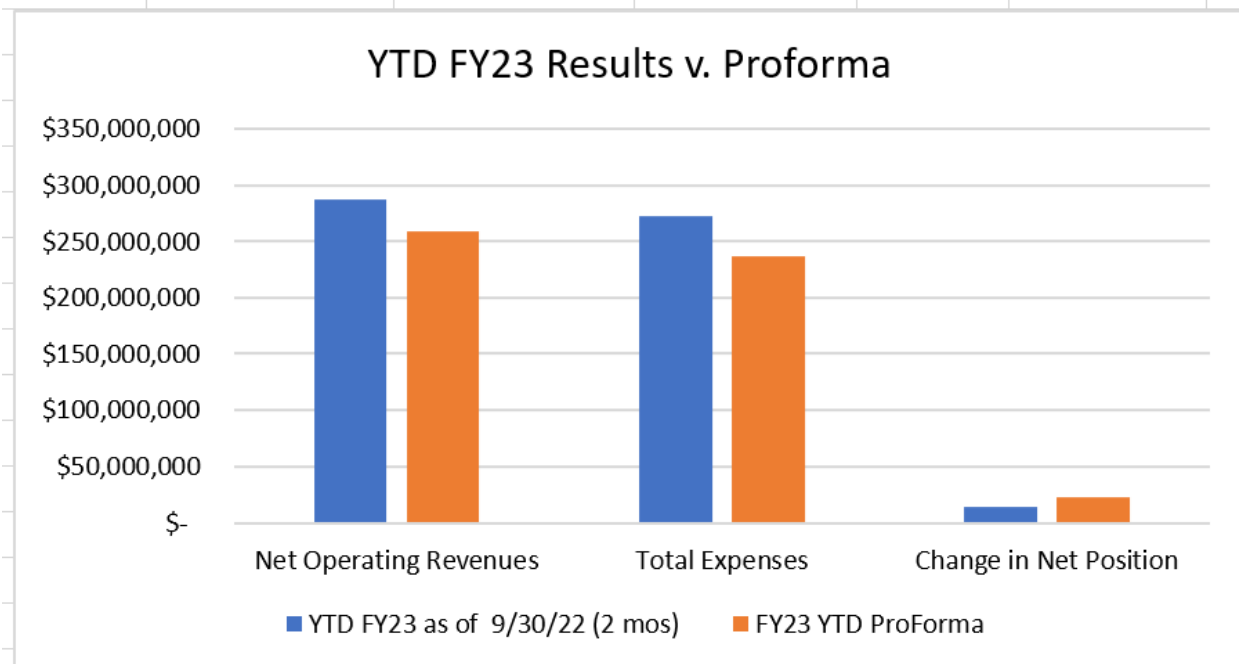


- Net operating revenues finished \$30.17 million (or 12.0 percentage points) over the budget primarily due to opt outs performing better than projected and due to higher demand from non-residential customers.
- Operating expenses finished \$37.79 million (or 16.0 percentage points) over the budget primarily 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 -37.3% under the projection similarly and primarily due to better opt-out performance and 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 9/30/22 (2 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)
Net Operating Revenues	\$ 286,809,683	\$ 256,636,077	\$ 30,173,606	11.76%
Total Expenses	\$ 272,892,537	\$ 234,441,861	\$ 38,450,676	16.40%
Change in Net Position	\$ 13,917,146	\$ 22,194,216	\$ (8,277,070)	-37.29%



For the period ending 9/30/22, SDCP contributed \$13,917,146 to its reserves but was expecting to contribute \$21,536,590 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 \$54,352,955. 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.

**FISCAL IMPACT**  
N/A

**ATTACHMENTS**

Attachment A: 2023 Year-to-Date Period Ended 9/30/22 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 September 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  
October 24, 2022

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

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 31,373,037
Accounts receivable, net	99,556,788
Accrued revenue	55,080,366
Prepaid expenses	2,164,469
Other receivables	101,059
Deposits	<u>17,467,479</u>
Total current assets	205,743,198
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>216,693,198</u></u>

**LIABILITIES**

Current liabilities	
Accrued cost of energy	129,248,484
Accounts payable	379,326
Other accrued liabilities	1,835,844
State surcharges payable	571,045
Security deposits	624,000
Interest payable	<u>48,578</u>
Total current liabilities	<u>132,707,277</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	<u>27,020,082</u>
Total noncurrent liabilities	<u>27,537,823</u>
Total liabilities	<u><u>160,245,100</u></u>

**NET POSITION**

Restricted for collateral	2,500,000
Unrestricted	<u>53,948,098</u>
Total net position	<u><u>\$ 56,448,098</u></u>

**SAN DIEGO COMMUNITY POWER  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
Three Months Ended September 30, 2022**

**OPERATING REVENUES**

Electricity sales, net	\$ 286,784,450
Total operating revenues	<u>286,784,450</u>

**OPERATING EXPENSES**

Cost of energy	266,611,327
Contract services	3,894,003
Staff compensation	1,235,154
General and administration	902,904
Total operating expenses	<u>272,643,388</u>
Operating income (loss)	<u>14,141,062</u>

**NON-OPERATING REVENUES (EXPENSES)**

Investment income	25,233
Interest and financing expense	(249,149)
Nonoperating revenues (expenses)	<u>(223,916)</u>

**CHANGE IN NET POSITION**

	13,917,146
Net position at beginning of period	<u>42,530,952</u>
Net position at end of period	<u>\$ 56,448,098</u>



**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS**  
**Three Months Ended September 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 230,044,948
Other operating receipts	39,362
Payments to suppliers for electricity	(178,966,132)
Payments for goods and services	(4,043,829)
Payments to employees for services	(1,101,172)
Payments for deposits and collateral	(66,735,072)
Payments for state surcharges	(332,586)
Net cash provided (used) by operating activities	<u>(21,094,481)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Proceeds from loans	13,680,000
Principal payments - loans	(18,000,000)
Principal payments - note	(5,000,000)
Interest and related expense payments	(314,433)
Net cash provided (used) by non-capital financing activities	<u>(9,634,433)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	<u>25,233</u>
Net change in cash and cash equivalents	(30,703,681)
Cash and cash equivalents at beginning of period	<u>69,576,718</u>
Cash and cash equivalents at end of period	<u><u>\$ 38,873,037</u></u>

**Reconciliation to the Statement of Net Position**

Cash and cash equivalents (unrestricted)	\$ 31,373,037
Restricted cash	<u>7,500,000</u>
Cash and cash equivalents	<u><u>\$ 38,873,037</u></u>

**SAN DIEGO COMMUNITY POWER**  
**STATEMENT OF CASH FLOWS (continued)**  
**Three Months Ended September 30, 2022**

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

Operating income	\$ 14,141,062
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	2,896,813
(Increase) decrease in:	
Accounts receivable	(52,066,611)
Accrued revenue	(8,140,751)
Other receivables	(101,059)
Prepaid expenses	2,296,839
Deposits	(11,226,422)
Increase (decrease) in:	
Accrued cost of electricity	72,016,979
Accounts payable	(245,628)
Other accrued liabilities	1,095,838
State surcharges payable	238,459
Supplier security deposits	(42,000,000)
Net cash provided (used) by operating activities	<u><u>\$ (21,094,481)</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 September 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  
October 24, 2022

**SAN DIEGO COMMUNITY POWER**  
**BUDGETARY COMPARISON SCHEDULE**  
**Three Months Ended September 30, 2022**

	<b>2022/23 YTD Budget</b>	<b>2022/23 YTD Actual</b>	<b>2022/23 YTD Budget Variance (Under) Over</b>	<b>2022/23 YTD Actual/ Budget %</b>	<b>2022/23 Annual Budget</b>	<b>2022/23 Budget Remaining</b>
<b>REVENUES AND OTHER SOURCES</b>						
Gross Ratepayer Revenues	259,228,361	\$ 289,681,263	30,452,902	112%	\$ 716,146,107	\$ 426,464,844
Less Uncollectible Customer Accounts	(2,592,284)	(2,896,813)	(304,529)	112%	(7,161,461)	(4,264,648)
Total Revenues and Other Sources	<u>256,636,077</u>	<u>286,784,450</u>	<u>30,148,373</u>		<u>708,984,646</u>	<u>422,200,196</u>
<b>OPERATING EXPENSES</b>						
Cost of Energy	225,856,108	266,611,327	40,755,219	118%	661,638,828	395,027,501
Professional Services and Consultants	4,406,318	3,777,002	(629,316)	86%	16,881,036	13,104,034
Personnel Costs	1,632,823	1,235,154	(397,669)	76%	7,951,499	6,716,345
Marketing and Outreach	934,292	752,954	(181,338)	81%	4,164,167	3,411,213
General and Administrative Programs	1,512,877	266,951	(1,245,926)	18%	2,591,363	2,324,412
	421,250	-	(421,250)	0%	1,395,000	1,395,000
Total Operating Expenses	<u>234,763,668</u>	<u>272,643,388</u>	<u>37,879,720</u>		<u>694,621,893</u>	<u>421,978,505</u>
Operating Income (Loss)	<u>21,872,409</u>	<u>14,141,062</u>	<u>(7,731,347)</u>		<u>14,362,753</u>	<u>221,691</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Investment income	-	25,233	25,233		-	(25,233)
Debt Service and Bank Fees	(335,819)	(249,149)	86,670	74%	(1,314,922)	(1,065,773)
Total Non-Operating Revenues (Expenses)	<u>(335,819)</u>	<u>(223,916)</u>	<u>111,903</u>		<u>(1,314,922)</u>	<u>(1,091,006)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 21,536,590</u>	<u>\$ 13,917,146</u>	<u>\$ (7,619,444)</u>		<u>\$ 13,047,831</u>	<u>\$ (869,315)</u>

See accountants' compilation report.