



AGENDA

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

July 7, 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 Period Ending 5/31/22

Recommendation: Receive and File Treasurer’s Report for Period Ending 5/31/22

2. Review and Recommendation on Budget Policy

Recommendation: Recommend that the Board of Directors approve the Budget Policy

3. Review and Recommendation on VAMO Election

Recommendation: Recommend that the Board of Directors approve staff’s proposed long-term and short-term elections for Voluntary Allocation of renewable energy from SDG&E to SDCP

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 Officer

Via: Karin Burns, Chief Executive Officer

Subject: Treasurer’s Report –Presentation of Financial Results for Fiscal Year 2022 Period ended 5/31/22

Date: July 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 year-to-date financial statements for the period ended May 31, 2022, along with budgetary comparisons.

ANALYSIS AND DISCUSSION

Financial results for the period ended 5/31/22: \$304.24 million in net operating revenues were reported compared to \$307.51 million budgeted for the period. \$290.34 million in total expenses were reported (including \$257.57 million in energy cost) compared to \$302.57 million budgeted for the period (including \$292.98 million budgeted for energy costs). After expenses, SDCP’s change in net position of \$13.85 million was reported for Fiscal Year 2022. The following is a summary of the actual results compared to the Fiscal Year 2022 Budget.

	YTD FY22 as of 5/30/22 (11 mos)	Budget Comparison		Budget (%)
		FY22 YTD Budget	Budget Variance (\$)	
Net Operating Revenues	\$ 304,238,197	\$ 307,514,491	\$ (3,276,294)	99
Total Expenses	\$ 290,388,336	\$ 302,565,570	\$ (12,177,234)	96
Change in Net Position	\$ 13,849,861	\$ 4,948,921	\$ 8,900,940	

- Net operating revenues finished -\$3.28 million (or -1.1 percentage points) under the amended budget primarily as a result of another timing differential related to

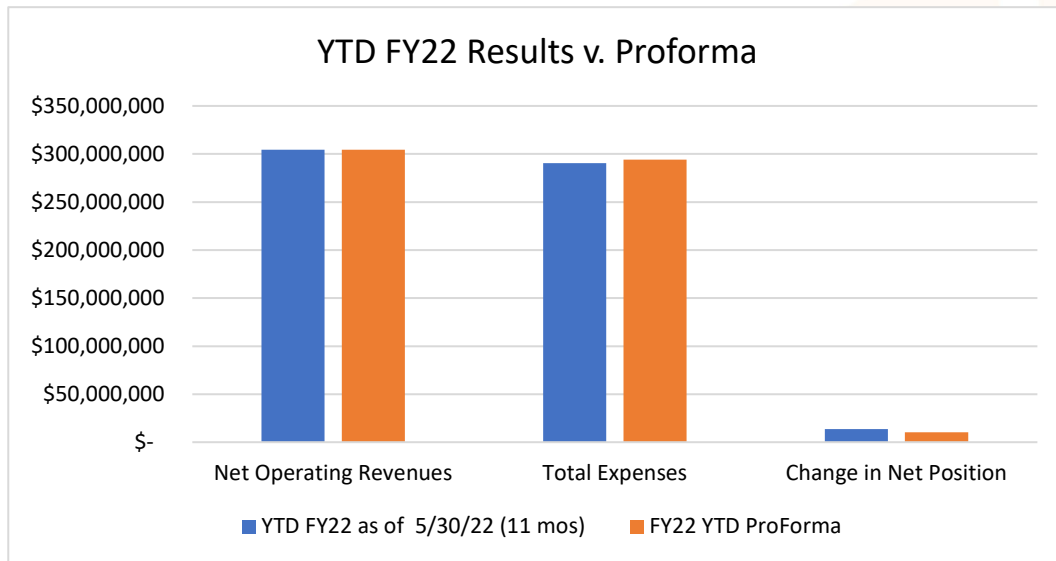
billing similar to last reporting period which will be resolved in the next reporting period.

- Operating expenses finished -\$12.18 million (or -4.0 percentage points) under the amended budget primarily due savings from hedging activities.

Financial results for the period performed better than the projections presented in the year-to-date proforma. SDCP’s change in net position was 179.86% over the projection primarily due to lower-than projected energy costs as a result of hedging activities. 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 5/30/22 (11 mos)	Proforma Comparison		Proforma (%)
		FY22 YTD ProForma	ProForma Variance (\$)	
Net Operating Revenues	\$ 304,238,197	\$ 304,433,522	\$ (195,325)	-0.06%
Total Expenses	\$ 290,388,336	\$ 293,927,823	\$ (3,539,487)	-1.20%
Change in Net Position	\$ 13,849,861	\$ 10,505,699	\$ 3,344,162	31.83%



FISCAL IMPACT

N/A

ATTACHMENTS

Attachment A: 2022 Year-to-Date Period Ended 5/31/22 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 May 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
June 27, 2022

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

ASSETS

Current assets	
Cash and cash equivalents	\$ 31,395,925
Accounts receivable, net	22,790,414
Accrued revenue	18,339,239
Prepaid expenses	2,671,220
Deposits	<u>6,212,057</u>
Total current assets	81,408,855
Noncurrent assets	
Restricted cash	12,500,000
Deposits	<u>3,450,000</u>
Total noncurrent assets	<u>15,950,000</u>
Total assets	<u>97,358,855</u>

LIABILITIES

Current liabilities	
Accrued cost of energy	37,959,798
Accounts payable	164,332
Other accrued liabilities	660,999
State surcharges payable	187,961
Security deposits	21,624,000
Interest payable	<u>102,219</u>
Total current liabilities	<u>60,699,309</u>
Noncurrent liabilities	
Other noncurrent liabilities	517,741
Bank note payable	31,340,082
Loans payable	<u>5,000,000</u>
Total noncurrent liabilities	<u>36,857,823</u>
Total liabilities	<u>97,557,132</u>

NET POSITION

Unrestricted	<u>(198,277)</u>
Total net position (deficit)	<u>\$ (198,277)</u>

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

OPERATING REVENUES

Electricity sales, net	\$ 304,238,197
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OPERATING EXPENSES

Cost of energy	281,961,188
Contract services	2,670,527
Staff compensation	3,294,799
General and administration	1,846,423
Total operating expenses	<u>289,772,937</u>
Operating income	<u>14,465,260</u>

NON-OPERATING REVENUES (EXPENSES)

Investment income	499
Interest and financing expense	(615,399)
Nonoperating revenues (expenses)	<u>(614,900)</u>

CHANGE IN NET POSITION

	13,850,360
Net position at beginning of period	(14,048,637)
Net position at end of period	<u>\$ (198,277)</u>

SAN DIEGO COMMUNITY POWER
STATEMENT OF CASH FLOWS
Eleven Months Ended May 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 277,430,650
Receipts of supplier security deposits	21,204,000
Other operating receipts	6,555,983
Payments to suppliers for electricity	(264,270,371)
Payments for goods and services	(4,656,822)
Payments to employees for services	(3,019,232)
Payments for deposits and collateral	(7,183,708)
Payments for state surcharges	(808,996)
Net cash provided (used) by operating activities	25,251,504

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from loans	8,500,000
Interest and related expense payments	(576,644)
Net cash provided (used) by non-capital financing activities	7,923,356

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	499
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Net change in cash and cash equivalents	33,175,359
Cash and cash equivalents at beginning of period	10,720,566
Cash and cash equivalents at end of period	\$ 43,895,925

Reconciliation to the Statement of Net Position

Cash and cash equivalents (unrestricted)	31,395,925
Restricted cash	12,500,000
Cash and cash equivalents	\$ 43,895,925

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

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

Operating income	\$ 14,465,260
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Provision for uncollectible accounts	3,073,113
(Increase) decrease in:	
Accounts receivable	(24,747,406)
Accrued revenue	(6,118,930)
Other receivables	4,043,272
Prepaid expenses	(2,671,220)
Deposits	(5,762,057)
Increase (decrease) in:	
Accrued cost of electricity	21,815,077
Accounts payable	(197,950)
Other accrued liabilities	571,665
State surcharges payable	176,680
Supplier security deposits	20,604,000
Net cash provided (used) by operating activities	<u><u>\$ 25,251,504</u></u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
San Diego Community Power

Management is responsible for the accompanying budgetary comparison schedule of San Diego Community Power (SDCP), a California Joint Powers Authority, for the period ended May 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
June 27, 2022

SAN DIEGO COMMUNITY POWER
BUDGETARY COMPARISON SCHEDULE
Eleven Months Ended May 31, 2022

	<u>2021/22 YTD Amended Budget</u>	<u>2021/22 YTD Actual</u>	<u>2021/22 YTD Amended Budget Variance (Under) Over</u>	<u>2021/22 YTD Actual/ Amended Budget %</u>	<u>2021/22 Annual Amended Budget</u>	<u>2021/22 Amended Budget Remaining</u>
REVENUES AND OTHER SOURCES						
Gross Ratepayer Revenues	309,761,978	\$ 307,311,310	(2,450,668)	99%	\$ 380,816,532	\$ 73,505,222
Less Uncollectible Customer Accounts	(2,247,488)	(3,073,113)	(825,625)	137%	(2,763,026)	310,087
Total Revenues and Other Sources	<u>307,514,490</u>	<u>304,238,197</u>	<u>(3,276,293)</u>		<u>378,053,506</u>	<u>73,815,309</u>
OPERATING EXPENSES						
Cost of Energy	292,975,737	281,961,188	(11,014,549)	96%	329,517,592	47,556,404
Personnel Costs	3,533,276	3,294,799	(238,477)	93%	4,023,175	728,376
Professional Services and Consultants	3,017,236	2,167,818	(849,418)	72%	5,126,016	2,958,198
Marketing and Outreach	1,446,662	1,521,279	74,617	105%	1,748,699	227,420
General and Administrative	695,579	827,853	132,274	119%	783,581	(44,272)
Total Operating Expenses	<u>301,668,490</u>	<u>289,772,937</u>	<u>(11,895,553)</u>		<u>341,199,063</u>	<u>51,426,126</u>
Operating Income (Loss)	<u>5,846,000</u>	<u>14,465,260</u>	<u>8,619,260</u>		<u>36,854,443</u>	<u>22,389,183</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income		499	499			499
Debt Service and Bank Fees	(897,080)	(615,399)	281,681	69%	(978,000)	(362,601)
Total Non-Operating Revenues (Expenses)	<u>(897,080)</u>	<u>(614,900)</u>	<u>282,180</u>		<u>(978,000)</u>	<u>(362,102)</u>
CHANGE IN NET POSITION	<u>\$ 4,948,920</u>	<u>\$ 13,850,360</u>	<u>\$ 8,901,440</u>		<u>\$ 35,876,443</u>	<u>\$ 22,027,081</u>



SAN DIEGO COMMUNITY POWER Staff Report – Item 2

To: Financial and Risk Management Committee
From: Eric Washington, Chief Financial Officer
Via: Karin Burns, Chief Executive Officer
Subject: Approval of Budget Policy
Date: July 7, 2022

RECOMMENDATION

Recommend Board approval of Budget Policy.

BACKGROUND

Staff would like to establish a Budget Policy in accordance with section 7.3.1 of the JPA and to establish guidelines to allow staff the flexibility to make minor technical adjustments.

On October 1, 2019, the Founding Members of San Diego Community Power (SDCP) adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

Section 7.2.3 of the JPA states that all expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures. Section 7.3.1 of the JPA also specifies that the Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. On May 27, 2021, the Board exercised this power by revising the FY 2020-21 budget. Similarly, on February 24, 2022, the Board exercised this power by revising the FY 2021-22 budget. In addition, section 7.3.1 of the JPA states that all subsequent budgets of SDCP shall be prepared and approved by the Board.

ANALYSIS AND DISCUSSION

The Budget Policy is intended to set a formal budget preparation timeline, to give authority to the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) to make discretionary adjustments, and to provide guidelines for maintaining a balanced budget.



The budget preparation timeline states that the CFO shall prepare and submit to the Board a draft proposed budget for the next following fiscal year no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting no later than the month immediately preceding the start of the respective fiscal year.

The proposed Budget Policy also delegates authority to the CEO and CFO to make expense transfers from line items within SDCP's budget level 2 categories, established during the annual budget development process. This delegation is intended to provide staff with the authority to make nominal budget adjustments to support day-to-day functions.

Further, the Budget Policy delegates authority to the CEO to authorize expense transfers between SDCP's budget level 2 categories, provided that the expense transfers do not exceed 10% of the original appropriation for the budget level 2 category. The CEO will additionally have the authority to allocate supplementary revenue that, in aggregate, is less than 10% of the original net operating revenue. Total aggregate adjustments exceeding 10% of the original budget for the budget level 2 category will require approval by the Board.

These adjustments are intended to provide the CEO with the flexibility to make nominal technical adjustments to the budget within the prescribed parameters without returning to the Board for approval. However, any budget adjustments exceeding the 10% threshold must be approved by the Board.

These expense transfers may be needed under certain circumstances. It may be necessary to transfer funds from one budget category to another to reflect realignment of priorities, duties or reorganization. Additionally, transfers among major budget categories of expense may be needed to adjust budget estimates to meet actual operating realities. Further, these expense adjustments will be needed during the year-end closing process in which final, nominal budget adjustments are needed to balance the budget.

In addition, the proposed Budget Policy states that SDCP shall maintain a balanced budget. The policy defines "balanced budget" as total projected revenues being greater than or equal to total projected expenditures. This formally sets the expectation that SDCP will maintain a fiscally responsible budget, will avoid excessive spending, and will focus funds on mission-critical areas.

FISCAL IMPACT

The Budget Policy formally sets a timeline for annual budget development. This sets a predictable timeline for the Board, the public and other interested parties to provide feedback and will lead to a more informed and robust budget.



Further, by delegating the authority to make minor technical adjustments, the Budget Policy will allow staff to be much more flexible with decision making while having a minimal impact to the budget. Significant adjustments to the budget will require the approval of the Board. This policy is consistent with similar policies in other government agencies in the region and state.

ATTACHMENTS

Attachment A: SDCP Budget Policy





Policy Number: F21-002

Original Adoption Date: July 28, 2022

Subject: Budget Policy

Purpose: This policy ("Policy") establishes San Diego Community Power's (SDCP's) timeline for annual budget preparation and for discretionary budget adjustments. This Policy is adopted pursuant to Government Code Section 6508 et seq. and must be adopted or amended by resolution.

Budget Guidelines:

On October 1, 2019, the Founding Members of SDCP adopted the Joint Powers Agreement (JPA) which was amended and restated on December 16, 2021. There are several sections of the JPA that guide the development and management of the budget.

- **Section 4.6 Specific Responsibilities of the Board.** 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year.
- **Section 7.2 Depository.** 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.
- **Section 7.3 Budget and Recovery Costs.** 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of SDCP shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval. Section 4.6.2 of the JPA specifies that the SDCP Board of Directors (Board) shall adopt an annual budget with a fiscal year that runs from July 1 to June 30.

Budget Preparation: The Chief Financial Officer (CFO) shall prepare and submit to the SDCP Board of Directors (Board) a draft proposed budget for the next following fiscal year no later than the second month immediately preceding the start of the respective fiscal year. The budget shall be in alignment with established goals and shall reflect all activities including operating programs, revenues, and expenditures. The budget shall be approved by the Board at a public meeting no later than the month immediately preceding the start of the respective fiscal year.

Staff Authority: The Chief Executive Officer (CEO) or CFO will have the discretion to authorize expense transfers from line items within SDCP's budget level 2 categories as established and approved in the annual budget process by the SDCP Board, provided

that the expense appropriation for the budget level 2 category remains the same. For example, within the Professional Services and Consultants budget level 2 category, the CFO may authorize that \$2,000,000 move from the Data Management to the Technical Support budget level 3 categories, provided that the total Professional Services and Consultants budget level 2 category remains the same.

Table 1. Example - Expense transfers within budget level 2 categories

Professional Services and Consultants	FY23 Original Budget	FY23 Amended Budget
Data Management	\$ 10,541,810	\$ 8,541,810
SDG&E Fees	\$ 2,563,226	\$ 2,563,226
Technical Support	\$ 1,335,000	\$ 3,335,000
Legal/Regulatory	\$ 1,330,000	\$ 1,330,000
Other Services	\$ 1,111,000	\$ 1,111,000
Total Prof. Svcs. Costs	\$ 16,881,036	\$ 16,881,036

The CEO will have the discretion to authorize expense transfers between SDCP's budget level 2 categories, provided that the expense transfers do not exceed 10% of the original appropriation for the budget level 2 category. Total aggregate adjustments exceeding 10% of the original budget for the budget level 2 category will require approval by the Board. For example, the CEO may authorize that up to \$795,149.94 move from the Personnel Costs to the Professional Services and Consultants category. Additional budget movements above \$795,150 from the Personnel Costs budget level 2 category will require approval by the Board.

Table 2. Example – Expense transfers between budget level 2 categories

Budget Level 2	FY23 Original Budget	FY23 Amended Budget	% Change from Original Budget
Cost of Energy	\$ 661,638,828	\$ 661,638,828	0.0%
General and Administration	\$ 2,591,363	\$ 2,591,363	0.0%
Marketing and Outreach	\$ 4,164,167	\$ 4,164,167	0.0%
Personnel Costs	\$ 7,951,499	\$ 7,156,349	-10.0%
Professional Services and Consultants	\$ 16,881,036	\$ 17,676,186	4.7%
Programs	\$ 1,395,000	\$ 1,395,000	0.0%
Total Operating Expense	\$ 694,621,893	\$ 694,621,893	0.0%

Further, the CEO will have the discretion to appropriate and allocate supplementary revenue to fund additional adjustments to the operating budget, provided that the CEO return to the Board for approval of revenue that, in aggregate, exceeds 10% of the total original net operating revenue. For example, the CEO may authorize that up to \$70,898,465 in additional net operating revenue be appropriated in the budget. Further, the CEO may authorize increases to budget level 2 categories up to 10% of the original

budget for the budget level 2 category. The remaining net operating revenue is additional operating income for the fiscal year. Additional budget movements above the budget level 2 categories will require approval by the Board.

Table 3. Example – Supplementary revenue

Budget Level 2	FY23 Original Budget	FY23 Amended Budget	% Change from Original Budget
Gross Ratepayer Revenues	\$ 716,146,107	\$ 787,760,718	10.0%
(Less 1% Uncollectible Customer Accounts)	\$ (7,161,461)	\$ (7,877,607)	10.0%
Net Operating Revenues	\$ 708,984,646	\$ 779,883,111	10.0%
Cost of Energy	\$ 661,638,828	\$ 727,802,711	10.0%
General and Administration	\$ 2,591,363	\$ 2,850,499	10.0%
Marketing and Outreach	\$ 4,164,167	\$ 4,580,584	10.0%
Personnel Costs	\$ 7,951,499	\$ 8,746,649	10.0%
Professional Services and Consultants	\$ 16,881,036	\$ 18,569,139	10.0%
Programs	\$ 1,395,000	\$ 1,534,500	10.0%
Total Operating Expense	\$ 694,621,893	\$ 764,084,082	10.0%
Operating Income (Loss)	\$ 14,362,753	\$ 15,799,028	10.0%

The CEO under his or her discretion may still require approval of the Board for any budget changes that may fall under the discretion of the Policy. Amendments to the annual budget as approved by the Board will reset the original appropriation (revenue or expense) for the fiscal year for the purposes of the Policy.

Balanced Budget: A balanced budget shall exist when the total projected revenues are greater than or equal to total projected expenses. Total revenues shall include all revenues from retail and wholesale sales of electricity. Total expenses shall include all operating expenses, program expenses, and contributions to reserve funds. Any year- end surplus will be used to maintain reserve levels. Any decrease in revenues and or increase in expenditures that causes the budget to become imbalanced will require an amended budget. The CFO shall prepare a proposed amended budget and submit to the Board for approval.