



Finance and Risk Management Committee

Regular Meeting

October 16, 2025

Welcome and Call to Order

Roll Call



Land Acknowledgement

Items to be Withdrawn or Reordered on the Agenda

Public Comment on non-Agenda Items

Consent Calendar

1. Approve September 18, 2025, Meeting Minutes
2. Approve 2026 Finance and Risk Management (FRMC) Committee Meeting Schedule
3. Recommend Board Approval of Non-Material Revisions to FY 2025-2026 Operating Budget, the FY 2025-2026 Capital Budget, and the FY 2026-2030 Capital Investment Plan



Public Comment on Consent Calendar

Regular Agenda

4. Fiscal Year End 2024-25 Financial Audit Progress Report Presentation
5. Treasurer's Report for Period Ending July 31, 2025
6. Recommend Board Adoption of Resolution No. 2025__, Approving a Third Revision to the Financial Reserves Policy



Item No. 4

Fiscal Year End 2024-25 Financial Audit Progress Report Presentation

Presenter:

Dr. Eric Washington, Chief Financial Officer/Treasurer
Kellin Gilbert and Alauna Rico, Sorren



Recommendation:

Receive and File Fiscal Year End 2024-25 Financial Audit Progress Report Presentation.



***San Diego Community Power
Finance & Risk Management Committee
Meeting
October 16, 2025***



Kellin Gilbert, CPA

Audit Partner

17 years in public accounting and performing audits of government entities

Currently working with several CCA's throughout California

Alauna Rico

Audit Senior Associate

4 years in public accounting and performing audits of governments (CCA's)

Transition to Sorren CPAs P.C.



As of May 2025, legacy Pimenti & Brinker combined practices with several other like-sized firms and rebranded as one unified firm “Sorren.”

By combining resources with the strategic merger, we can make even greater investments in technology as well as our greatest assets, our people and clients.

Sorren is a new national top 50 firm and currently has over twenty office locations and almost a thousand employees.

The Santa Rosa office will continue to be the lead office for San Diego Community Power. No changes to the current engagement team, costs or timing of the services we provide to SDCP.

Results of Current Year Audit



The 2025 audit is near completion. We plan on reporting the following:

- Unmodified opinion – Based on our audit, the financial statements are materially accurate.
- No significant deficiencies or material weakness in internal control noted.

Audit of the year ended June 30, 2025

Financial Statements



Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements
 - Considering internal controls relevant to the Financial Statements
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures

Risk Assessment for the year ended June 30, 2025



Our audit is a risk-based audit. Risk assessment procedures include:

- Gain an understanding of the entity's operating characteristics, practices, and procedures.
- Compare to our knowledge of similar entities, industry, and professional guidance.
- Review procedures and controls surrounding significant transaction cycles and business processes.

Risk Assessment for the year ended June 30, 2025



Significant areas of focus for the audit:

- Revenue recognition
 - Accounts receivable and accrued revenue
 - Test a sample of customer billings
 - Relate total cash received during the year to revenue
 - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash & Investments
 - Confirmations sent to financial institutions
- Accrued Cost of Electricity
 - Review subsequent bills from electricity providers and cash payments
- Financial Statement Note Disclosures – Complete and without bias

Required Board Communications



- There were no new material accounting policies adopted by San Diego Community Power throughout the period audited.
- No alternative treatments of accounting principles for material items in the financial statements have been discussed with management.
- We are not expecting to propose any adjustments to the financial statements.
- We have not identified any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
- There have been no disagreements with management concerning the scope of our audit, the application of accounting principles, or the basis for management's judgments on any significant matters.
- We have not encountered any difficulties in dealing with management during the performance of our audit.



Thank You



Kellin Gilbert



Partner



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sorren.com

Public Comment on Item No. 4

Item No. 4

Committee Members Comments or Questions

Fiscal Year End 2024-25
Financial Audit Progress
Report Presentation



Recommendation:

Receive and File Fiscal Year End
2024-25 Financial Audit Progress
Report Presentation.

Item No. 5

Treasurer's Report for Period Ending July 31, 2025



Recommendation:

Receive and File Treasurer's Report for Period
Ending July 31, 2025.

Presenter:
Dr. Eric Washington, Chief Financial Officer/Treasurer

Item 5: Treasurer's Report

YTD FY26 Budget v. Actual

Results for the period overperformed overall compared to the amended budget:

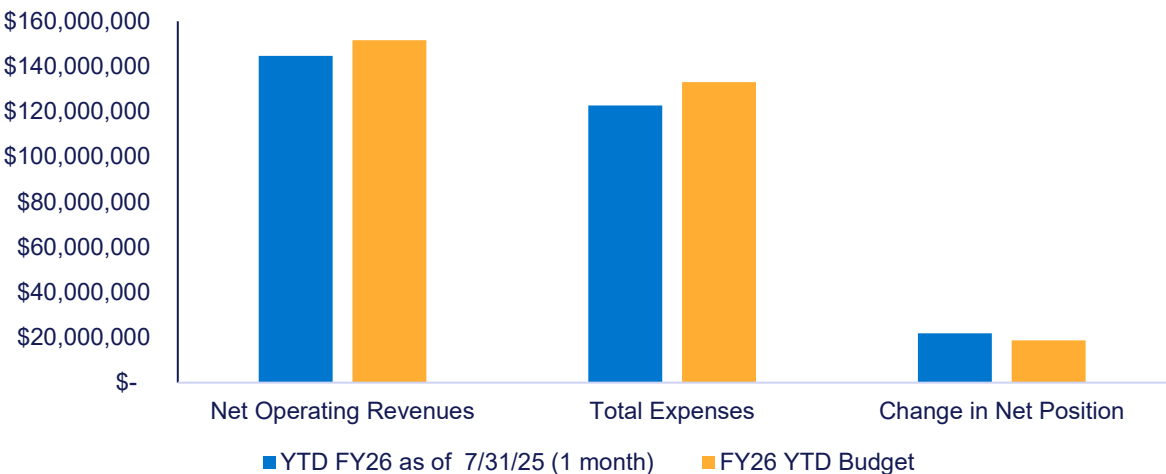
- Net operating revenues 4.7 percent under budget.
- Operating expenses came in (8.0) percentage points under budget.

Financial results for the YTD FY26:

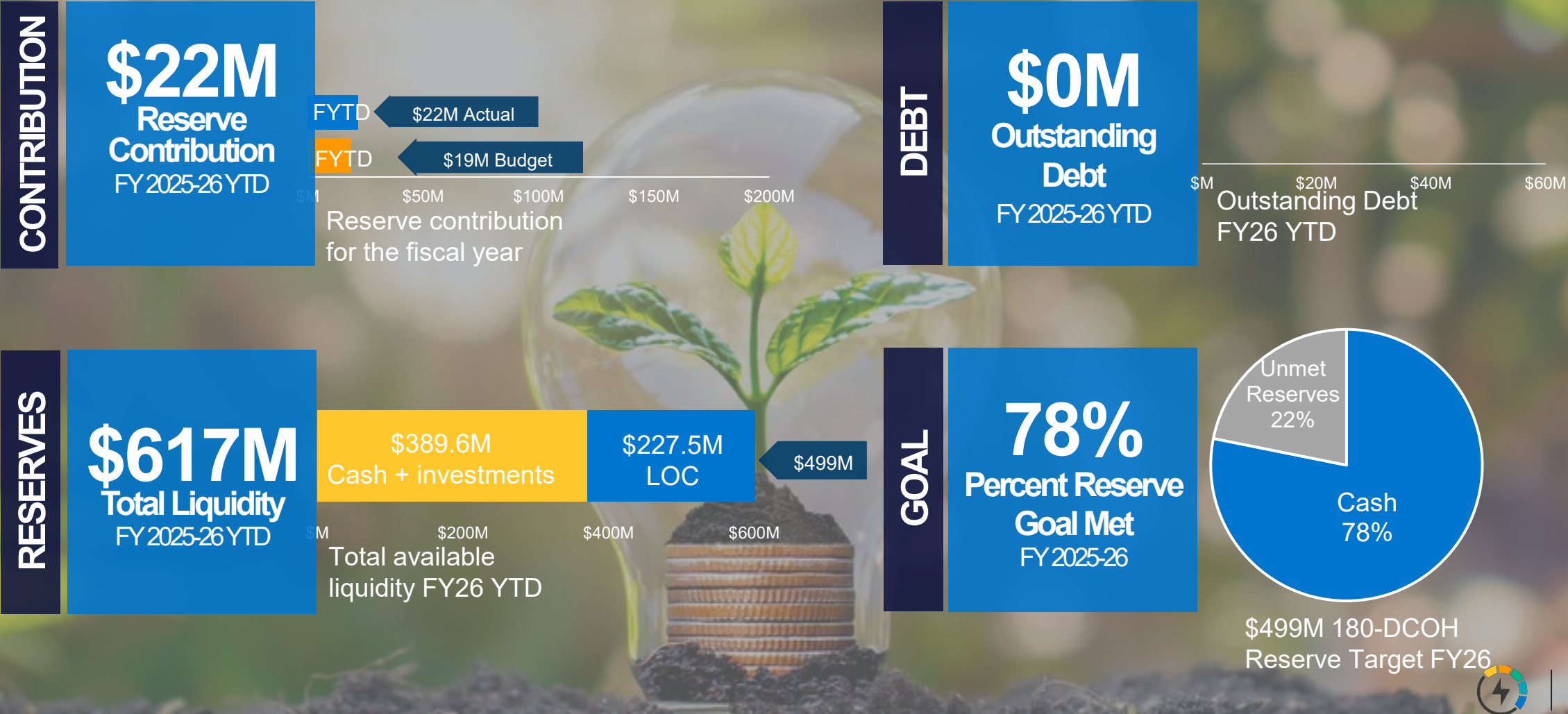
- \$144.6M in net operating revenues
- \$122.8M in total expenses (includes energy costs of \$97.1M or 67% of net revenues)
- \$21.8M change in YTD net position

Budget Comparison					
	YTD FY26 as of 7/31/25 (1 month)		FY26 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$	144,622,279	\$ 151,679,000	\$ (7,056,721)	95.3%
Total Expenses	\$	122,764,286	\$ 133,010,000	\$ (10,245,714)	92%
Change in Net Position	\$	21,857,994	\$ 18,669,000	\$ 3,188,994	

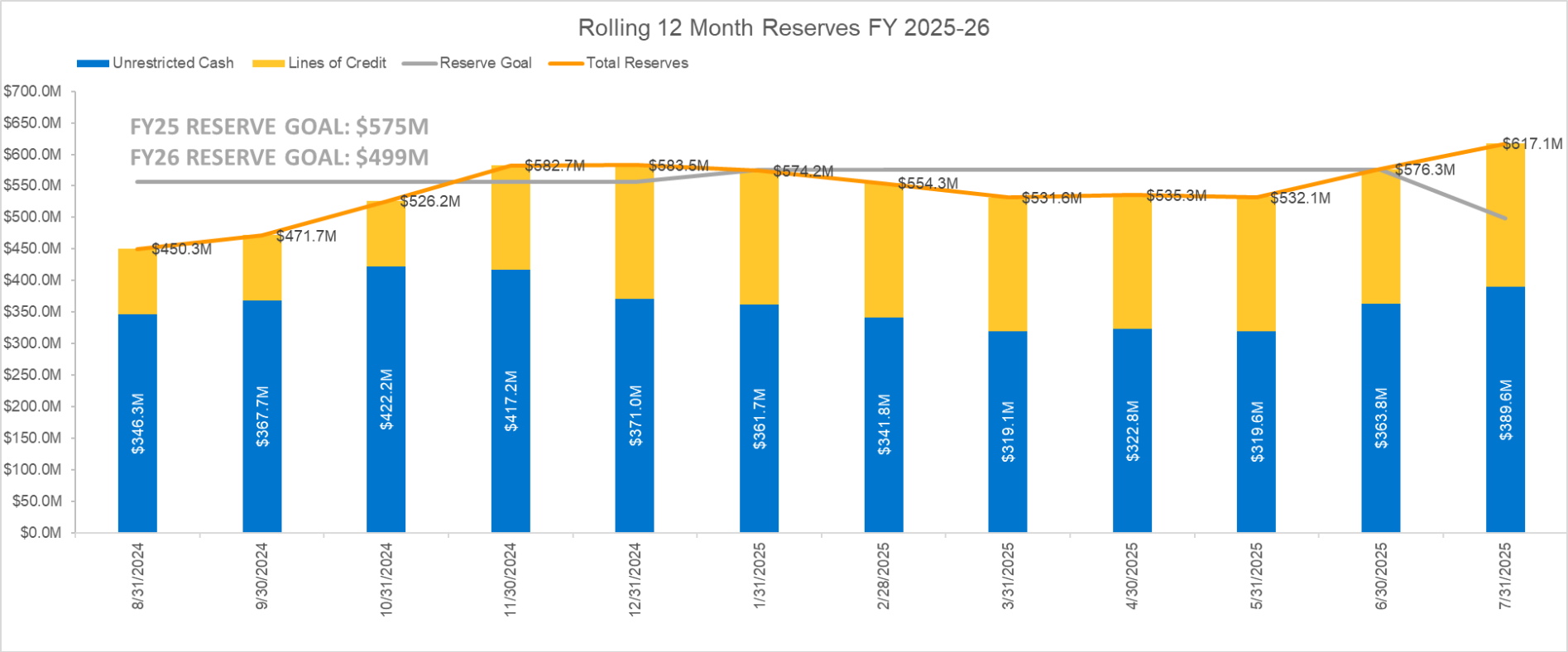
YTD FY26 Results v. Budget



Item 5: Treasurer's Report



Item 5: Treasurer's Report



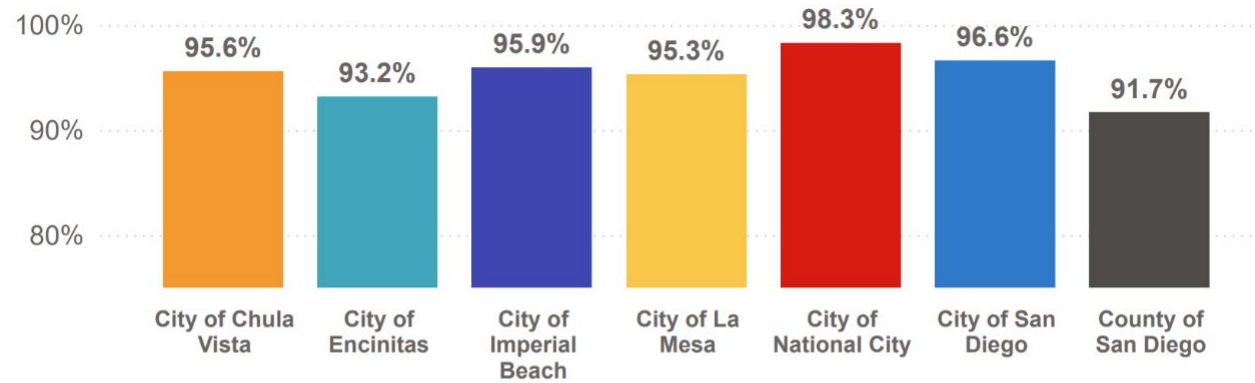
223 Days
Cash on Hand with
Total Liquidity

141 Days
Cash on Hand



Item 5: Treasurer's Report

Participation by Jurisdiction



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	99,384	95,012	95.6%
City of Encinitas	Power100	28,918	26,938	93.2%
City of Imperial Beach	PowerOn	10,811	10,373	95.9%
City of La Mesa	PowerOn	29,578	28,174	95.3%
City of National City	PowerOn	19,514	19,176	98.3%
City of San Diego	PowerOn	629,320	607,944	96.6%
County of San Diego	PowerOn	190,903	174,995	91.7%
Total		1,008,428	962,612	95.5%



Public Comment on Item No. 5

Item No. 5

**Committee Members
Comments or
Questions**

**Treasurer's Report for
Period Ending July 31,
2025**

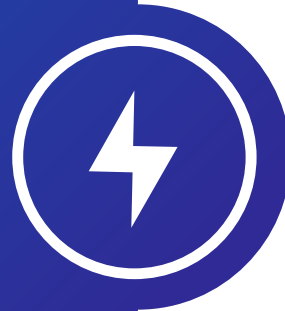


Recommendation:

Receive and File Treasurer's Report for
Period Ending July 31, 2025.

Item No. 6

Recommend Board Adoption of Resolution No. 2025__, Approving a Third Revision to the Financial Reserves Policy



Recommendation:

Recommend Board Adoption of Resolution No. 2025__, approving a third revision to the Financial Reserves Policy.

Presenters:

Jeb Spengler, Sr. Strategic Finance Manager

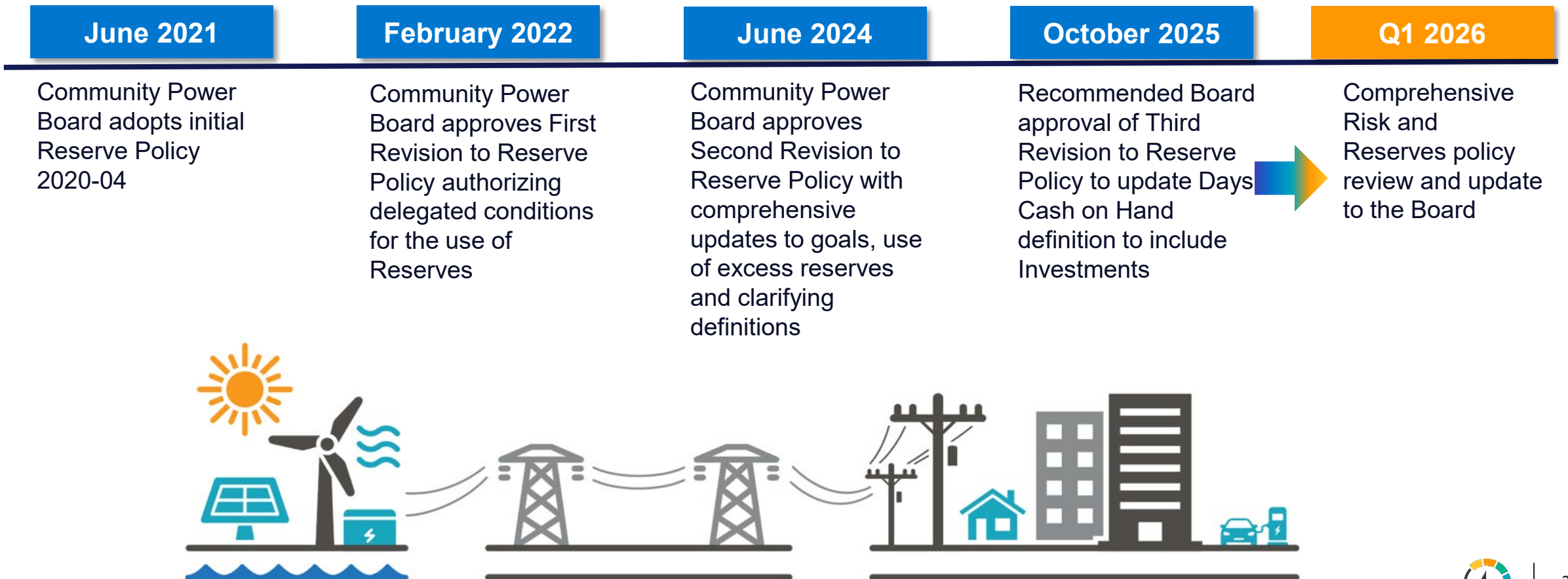
Item 6: Revision to Financial Reserves Policy

San Diego Community Power will maintain Financial Reserves as described in this policy to:

- Meet Community Power's strategic objectives
- Secure, maintain, and/or improve a standalone investment grade credit rating
- Secure favorable terms with vendors, including power producers
- Satisfy working capital requirements
- Adhere to contractual bank covenants
- Provide funds to cover unanticipated expenditures
- Support rate stability



Reserve Policy Timeline



Reserve Policy Update

Current Policy

Contribution:
Discretionary

Current Goal:
180-Days Cash on
Hand

The contribution to Reserves is determined through SDCP's annual budget process as defined in the agency's Budget Policy and/or Community Power's rate setting process as defined in the agency's Rate Development Policy.

Definitions

Reserves: Net Position

Days cash on hand:
(unrestricted cash and cash
equivalents) x 365 /
(operating expenses for the
current fiscal year)

Proposed Policy

Definitions

Reserves: Net Position

Days cash on hand:
(unrestricted cash and cash equivalents, and
investments unencumbered by legal agreements
and not earmarked for specific purposes) x 365 /
(operating expenses for the current fiscal year)

Public Comment on Item No. 6

Item No. 6

Committee Members Comments or Questions

Recommend Board Adoption of
Resolution No 2025___, approving a
third revision to the Financial
Reserves Policy



Recommendation:

Recommend Board Adoption of Resolution
No. 2025___, approving a third revision to
the Financial Reserves Policy.

Committee Member Announcements

Adjournment



Next Regular Finance and Risk Management Committee Meeting November 13, 2025

CustomerService@SDCommunityPower.org