Regular Meeting Agenda

REGULAR AGENDA

1. Treasurer’s Report for Period Ending 8/31/22
2. Preliminary FYE 2022 Auditor’s Report Presentation by Pisenti & Brinker

Committee Member Announcements

Adjournment
Item 1

Treasurer’s Report for Period Ending 8/31/22

Recommendation: Receive and File Treasurer’s Report for Period Ending 8/31/22

Presenter:
Dr. Eric Washington,
Chief Financial Officer
Results for the period compared to the adopted budget:
- Net operating revenues 8.0 percentage points over budget.
- Operating expenses came in 10.5 percentage points over budget

Financial results for the YTD FY23:
- $180.02M in net operating revenues
- $167.73M in total expenses (includes energy costs of $163.67M or 91% of net revenues)
- $12.29M change in YTD net position
Item 1: Treasurer’s Report

Year-to-date financial results compared to projections:

- Net operating revenues were 8.0% higher than proforma projections
- Total expenses were 10.4% over the proforma projections
- Change in net position was $2.5M under the projected

<table>
<thead>
<tr>
<th></th>
<th>YTD FY23 as of 8/31/22 (2 mos)</th>
<th>FY23 YTD Proforma</th>
<th>Proforma Variance ($)</th>
<th>Proforma (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Revenues</td>
<td>$180,024,561</td>
<td>$166,743,014</td>
<td>$13,281,547</td>
<td>7.97%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$167,733,430</td>
<td>$151,986,919</td>
<td>$15,746,511</td>
<td>10.36%</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>$12,291,131</td>
<td>$14,756,095</td>
<td>$(2,464,964)</td>
<td>-16.70%</td>
</tr>
</tbody>
</table>
Item 1: Treasurer’s Report

**CONTRIBUTION**
- **$12M** Reserve Contribution FY 2022-23 YTD
- **$12M** - Actual
- **$15M** - Budget
- Reserve contribution for the fiscal year

**RESERVES**
- **$86M** Total Liquidity FY 2022-23 YTD
- Unrestricted Cash
- LOC $86M
- Total available liquidity FY23 YTD

**DEBT**
- **$14M** Outstanding Debt FY 2022-23 YTD
- Outstanding loans FY23 YTD

**GOAL**
- **29%** Percent Reserve Goal Met FY 2022-23
- Reserves 29%
- Lines of Credit 21%
- Unmet Reserves 50%
- $171M Reserve Target FY23
Item 1

Recommendation: Receive and File Treasurer’s Report for Period Ending 8/31/22

Presenter:
Dr. Eric Washington,
Chief Financial Officer
Item 2

Preliminary FYE 2022 Auditor’s Report
Presentation by Pisenti & Brinker

Recommendation: Receive and File Preliminary FYE 2022 Auditor’s Report from Pisenti & Brinker

Presenter:
Dr. Eric Washington,
Chief Financial Officer
San Diego Community Power
Report to the Finance and Risk Committee
October 20, 2022
Introduction

• Brett Bradford, CPA
  • Audit Partner
  • 19 years in public accounting and performing audits of government entities
  • Currently working with several CCA’s throughout California

• Aliandra Schaffer
  • Senior Associate
  • 3 years in public accounting and performing audits of governments (CCA’s)
Results of current year audit:

- The 2022 audit is near completion. We expect to report the following:
  - Unmodified opinion – Based on our audit, the financial statements are materially accurate.
  - No significant deficiencies or material weakness in internal control noted.
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, 2022

Significant areas of focus

- Revenue recognition
  - Accounts receivable and accrued revenue
    - Test a sample of customer billings
    - Relate total cash received during the year to revenue
    - Look at cash received subsequent to year-end and relate to A/R
    - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash and securities
  - Confirmations sent to financial institutions
Risk Assessment for the year ended June 30, 2022

Significant areas of focus

• Accrued Cost of Electricity
  • Review subsequent bills from electricity providers and cash payments
• Supplier Security Deposits
  • Reviewed contracts and determined completeness of amounts recorded
• Debt
  • Confirmations sent to lender
• Financial Statement Note Disclosures – Complete and without bias
Required Board Communications

- The significant accounting policies adopted by SDCP throughout the periods audited appear appropriate and consistently applied.
- 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.
Questions?

Brett Bradford: 707-577-1582
Aliandra Schaffer: 707-577-1535
Item 2

Recommendation: Receive and File Preliminary FYE 2022 Auditor’s Report from Pisenti & Brinker

Presenter:
Dr. Eric Washington, Chief Financial Officer
Thank You

Next Regular
Finance & Risk
Management Committee
Meeting
November 3, 2022