



ACCOUNTANTS' COMPILATION REPORT

Management
Orange County Power Authority

Management is responsible for the accompanying financial statements of Orange County Power Authority (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. Orange County Power Authority'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
July 6, 2022

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF NET POSITION
As of May 31, 2022

ASSETS

Current assets		
Cash	\$	4,967,022
Restricted cash		5,000,000
Investments		147,549
Accounts receivable, net of allowance		7,628,032
Accrued revenue		7,816,242
Other receivables		232,649
Prepaid expenses		1,632,294
Deposits		233,000
Total current assets		<u>27,656,788</u>

LIABILITIES

Current liabilities		
Accrued cost of energy		18,044,023
Accounts payable		237,184
Other accrued liabilities		292,095
State surcharges and user taxes payable		247,857
Accrued interest and financing costs		20,461
Total current liabilities		<u>18,841,620</u>
Noncurrent liabilities		
Note payable		7,000,000
Loan payable		7,652,380
Accrued interest and financing costs		100,788
Total noncurrent liabilities		<u>14,753,168</u>
Total liabilities		<u>33,594,788</u>

NET POSITION

Unrestricted (deficit)		<u>(5,938,000)</u>
Total net position		<u>\$ (5,938,000)</u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Eleven Months Ended May 31, 2022**

OPERATING REVENUES

Electricity sales, net	\$ 18,430,356
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OPERATING EXPENSES

Cost of energy	20,018,979
Contract services	2,177,769
Staff compensation	896,801
General and administration	176,670
Total operating expenses	<u>23,270,220</u>
Operating income (loss)	<u>(4,839,864)</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	814
Interest and financing expense	(163,886)
Nonoperating revenues (expenses), net	<u>(163,073)</u>

CHANGE IN NET POSITION

	(5,002,936)
Net position at beginning of period	(935,064)
Net position at end of period	<u><u>\$ (5,938,000)</u></u>

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS
Eleven Months Ended May 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 3,233,939
Receipts from market settlements	510,737
Payments to suppliers for electricity	(4,560,145)
Payments for goods and services	(2,158,157)
Payments to employees for services	(855,504)
Net cash used by operating activities	(3,829,129)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from note	7,000,000
Proceeds from loan	5,000,000
Interest and related expense payments	(59,384)
Net cash provided by non-capital financing activities	11,940,615

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	348
Net cash provided (used) by investing activities	348

Net change in cash	8,111,834
Cash at beginning of period	1,855,187
Cash at end of period	\$ 9,967,021

Reconciliation to the Statement of Net Position

Cash (unrestricted)	\$ 4,967,022
Restricted cash	5,000,000
Cash and cash equivalents	\$ 9,967,022

**ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
Eleven Months Ended May 31, 2022**

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (4,839,864)
Adjustments to reconcile operating loss to net cash used by operating activities	
Revenue adjusted for allowance for uncollectible accounts	233,296
(Increase) decrease in:	
Accounts receivable	(7,861,328)
Other receivables	(232,649)
Accrued revenue	(7,816,242)
Prepaid expenses	(1,632,294)
Deposits	(228,185)
Increase (decrease) in:	
Accrued cost of electricity	18,044,023
Accounts payable	61,815
Other accrued liabilities	194,442
User taxes and energy surcharges due to other governments	247,857
Net cash used by operating activities	<u>\$ (3,829,129)</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Orange County Power Authority

Management is responsible for the accompanying special purpose statement of Orange County Power Authority (OCPA), a California Joint Powers Authority, which comprise the budgetary comparison schedule 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 OCPA.

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. OCPA'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 OCPA because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
July 6, 2022

ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Eleven Months Ended May 31, 2022

	YTD Actual	YTD Amended Budget	YTD Amended Budget Variance (under) Over	YTD Amended Budget Variance (under) Over %	Annual Amended Budget	Amended Budget Remaining
OPERATING REVENUES						
Electricity Sales, net	\$ 18,430,356	\$ 21,619,594	\$ (3,189,238)	85.2%	\$ 44,367,000	\$ 25,936,644
OPERATING EXPENSES						
Cost of Electricity	20,018,979	23,860,503	(3,841,524)	83.9%	40,816,000	20,797,021
Service Fees - SCE	28,723	9,226	19,497	311.3%	14,000	(14,723)
Personnel	896,802	1,274,893	(378,091)	70.3%	1,522,000	625,198
Professional Services	965,918	1,018,866	(52,948)	94.8%	1,137,000	171,082
Legal	739,109	748,086	(8,977)	98.8%	800,000	60,891
Communications & Outreach	444,018	390,958	53,060	113.6%	433,000	(11,018)
General and administration	176,670	178,938	(2,268)	98.7%	201,000	24,330
Total operating expenses	23,270,220	27,481,470	(4,211,250)		44,923,000	21,652,780
Operating income (loss)	(4,839,864)	(5,861,876)	1,022,012		(556,000)	4,283,864
NONOPERATING REVENUES (EXPENSES)						
Investment income	814	-	814	na	-	(814)
Interest and financing expense	(163,886)	(135,440)	(28,446)	121.0%	(149,000)	14,886
Nonoperating revenues (expenses), net	(163,073)	(135,440)	(27,633)		(149,000)	14,073
CHANGE IN NET POSITION	\$ (5,002,936)	\$ (5,997,316)	\$ 994,380		\$ (705,000)	\$ 4,297,936

**ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Eleven Months Ended May, 2022**

Budget Item	YTD Variance	Comment
Electric Sales Revenue	85.2%	Variance is coming under budget. This is primarily the result of the mix of customers enrolled being weighted more heavily to the small commercial GS-1 category than expected. Additionally, the actual load consumption from the industrial TOU-8 customers was lower than the forecast derived from SCE's historical dataset.
Cost of Energy	83.9%	Variances in this category are typically due to (1) timing difference between projected and actual REC deliveries, (2) variance from actual to anticipated market prices, and (3) variance from actual to expected volume used by customers.
Personnel	70.3%	Staffing expenses are under budget due to the timing of new hires.
Professional Services	94.8%	This category includes accounting, IT, technical and other consultants.
Legal Costs	98.8%	This category includes outside legal costs for regulatory and energy procurement needs.
Marketing and customer enrollment	113.6%	This category includes customer noticing, advertising and other customer communications
Other General & Administrative	98.7%	This category includes occupancy costs, industry membership dues, and other general and administrative costs.
Interest and financing expenses	121.0%	This category includes interest and fees related to debt. Variance predominately due to the timing of loan draws and letters of credit posted for collateral on energy supply.

**ORANGE COUNTY POWER AUTHORITY
SCHEDULE OF OUTSTANDING DEBT
AS OF MAY 31, 2022**

CITY OF IRVINE

On January 2021, OCPA borrowed \$2,500,000 from the City of Irvine for working capital costs associated with OCPA's pre-launch. On September 2021, OCPA borrowed \$5,000,000 from the City of Irvine for cash collateral in the credit facility associated with OCPA's launch. The loan repayment date for the above is January 1, 2027. Interest is due on the loan in an amount based on the gross earnings for the respective quarter as reported in the City Treasurer's monthly investment report. The estimated interest rate as of June 30, 2021 is 1.50% per annum.

Also included as a loan payable are formation related costs - \$152,380 paid directly from the City to the vendors. OCPA will reimburse the City no later than January 1, 2027. Interest does not accrue on the formation costs advanced by the City.

Principal	Maturity	Interest Rate	Payments	Outstanding Principal
\$ 152,380	January 2027	0.00%	\$ -	\$ 152,380
\$ 7,500,000	January 2027	1.50%	\$ -	\$ 7,500,000

MUFG UNION BANK, N.A. CREDIT FACILITY

On September 2021, OCPA and MUFG Union Bank, N.A. entered into a Revolving Credit Agreement for a \$35 million credit facility OCPA has borrowed \$5,000,000 as of April 30, 2022, of which \$1,000,000 was used as a reserve for the lockbox account.

MUFG, N.A. has also issued a \$2,611,947.50 Letter of Credit to Pacific Gas & Electric; a \$2,870,000.00 Letter of Credit to Southern California Edison Company and a \$703,000 Letter of Credit to California ISO. This leaves an unused credit balance of \$21,815,053

Credit Facility	Letter of Credit	Borrowing	Unused Credit
\$ 35,000,000	\$ 6,184,948	\$ 7,000,000	\$ 21,815,053