



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 June 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. 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
August 10, 2022

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF NET POSITION
As of June 30, 2022

ASSETS

Current assets	
Cash	\$ 8,092,407
Restricted cash	6,000,000
Investments	147,587
Accounts receivable, net of allowance	11,001,319
Accrued revenue	13,010,152
Other receivables	1,872,916
Prepaid expenses	5,803,900
Deposits	224,576
Total current assets	<u>46,152,857</u>

LIABILITIES

Current liabilities	
Accrued cost of energy	28,601,167
Accounts payable	583,751
Other accrued liabilities	237,519
User taxes and energy surcharges due to other governments	594,784
Accrued interest and financing costs	31,627
Total current liabilities	<u>30,048,848</u>
Noncurrent liabilities	
Note payable	7,650,000
Loan payable	7,652,380
Accrued interest and financing costs	91,927
Total noncurrent liabilities	<u>15,394,307</u>
Total liabilities	<u>45,443,155</u>

NET POSITION

Unrestricted	709,702
Total net position	<u>\$ 709,702</u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Twelve Months Ended June 30, 2022**

OPERATING REVENUES	
Electricity sales, net	\$ 38,289,664
OPERATING EXPENSES	
Cost of energy	32,635,024
Contract services	2,572,456
Staff compensation	1,038,151
General and administration	200,695
Total operating expenses	36,446,326
Operating income (loss)	1,843,338
NONOPERATING REVENUES (EXPENSES)	
Investment income	852
Interest and financing expense	(199,424)
Nonoperating revenues (expenses), net	(198,572)
CHANGE IN NET POSITION	
Net position at beginning of period	1,644,766
Net position at end of period	(935,064)
	\$ 709,702

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS
Twelve Months Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 14,872,977
Receipts from market settlements	913,054
Other operating receipts	4,815
Payments to suppliers for electricity	(12,794,428)
Payments for goods and services	(2,347,288)
Payments to employees for services	(969,641)
Net cash used by operating activities	<u>(320,511)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from note payable	11,450,000
Proceeds from loan payable	5,000,000
Principal payments on note payable	(3,800,000)
Interest and related expense payments	(92,617)
Net cash provided by non-capital financing activities	<u>12,557,383</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>348</u>
Net cash provided (used) by investing activities	<u>348</u>

Net change in cash	12,237,220
Cash at beginning of period	<u>1,855,187</u>
Cash at end of period	<u><u>\$ 14,092,407</u></u>

Reconciliation to the Statement of Net Position

Cash (unrestricted)	\$ 8,092,407
Restricted cash	<u>6,000,000</u>
Cash and cash equivalents	<u><u>\$ 14,092,407</u></u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
Twelve Months Ended June 30, 2022**

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

Operating income (loss)	\$ 1,843,338
Adjustments to reconcile operating loss to net cash used by operating activities	
Revenue adjusted for allowance for uncollectible accounts	484,679
(Increase) decrease in:	
Accounts receivable	(11,485,998)
Other receivables	(1,872,916)
Accrued revenue	(13,010,152)
Prepaid expenses	(5,803,900)
Deposits	(219,761)
Increase (decrease) in:	
Accrued cost of electricity	28,601,167
Accounts payable	408,382
Other accrued liabilities	139,866
User taxes and energy surcharges due to other governments	594,784
Net cash used by operating activities	<u>\$ (320,511)</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 June 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 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
August 10, 2022

ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Twelve Months Ended June 30, 2022

	YTD Actual	YTD Amended Budget	YTD Amended Budget Variance (under) Over	YTD Actual as a Percent of Amended Budget	Annual Amended Budget	Amended Budget Variance (under) Over
OPERATING REVENUES						
Electricity Sales, net	\$ 38,289,664	\$ 44,367,000	\$ (6,077,336)	86.3%	\$ 44,367,000	\$ (6,077,336)
OPERATING EXPENSES						
Cost of Electricity	32,635,024	40,816,000	(8,180,976)	80.0%	40,816,000	(8,180,976)
Service Fees - SCE	92,748	14,000	78,748	662.5%	14,000	78,748
Personnel	1,038,153	1,522,000	(483,847)	68.2%	1,522,000	(483,847)
Professional Services	1,074,899	1,137,000	(62,101)	94.5%	1,137,000	(62,101)
Legal	893,136	800,000	93,136	111.6%	800,000	93,136
Communications & Outreach	511,670	433,000	78,670	118.2%	433,000	78,670
General and administration	200,695	201,000	(305)	99.8%	201,000	(305)
Total operating expenses	<u>36,446,325</u>	<u>44,923,000</u>	<u>(8,476,675)</u>		<u>44,923,000</u>	<u>(8,476,675)</u>
Operating income (loss)	<u>1,843,338</u>	<u>(556,000)</u>	<u>2,399,338</u>		<u>(556,000)</u>	<u>2,399,338</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	852	-	852	N/A	-	852
Interest and financing expense	(199,424)	(149,000)	(50,424)	133.8%	(149,000)	(50,424)
Nonoperating revenues (expenses), net	<u>(198,572)</u>	<u>(149,000)</u>	<u>(49,572)</u>		<u>(149,000)</u>	<u>(49,572)</u>
CHANGE IN NET POSITION	<u>\$ 1,644,766</u>	<u>\$ (705,000)</u>	<u>\$ 2,349,766</u>		<u>\$ (705,000)</u>	<u>\$ 2,349,766</u>

**ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Twelve Months Ended June 30, 2022**

Budget Item	Actual / Budget %	Comment
Electric Sales Revenue	86.3%	Year-to-date energy sales are lower than budget by approx. \$6.1mil. The preparation of the budget required the use of outdated SCE 2019 dataset to calculate the load projections (Note: 2020 dataset was deemed unreliable due to the usage anomalies caused by global pandemic). Despite continued requests, SCE has been unable to generate a correct 2021 dataset for OCPA. Lower energy sales are primarily the result of the actual enrolled customer mix being weighted more heavily within the smallest commercial GS-1 category than expected. Additionally, the actual load consumption from our industrial TOU-8 customers has been lower than the forecast derived from SCE's 2019 historical dataset. The change in customer usage patterns since the 2019 period resulted in actual revenues being lower than projected. However, the lower-than-expected sales have not negatively impacted bottom line results as the power supply costs are below budget as well. For its upcoming FY2022/23 budget, staff will update projections and related financial impacts utilizing actual enrollment data and seek the board approval on the FY2022/23 budget projections in Q4 2022.
Cost of Energy	80.0%	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.
Service Fees - SCE	662.5%	Actual costs exceeded budget due to unexpected Phase 1 enrollment fee and new project management fees.
Personnel	68.2%	Staffing expenses are under budget due to the timing delay of new hires.
Professional Services	94.5%	This category includes accounting, IT, technical and other consultants.
Legal Costs	111.6%	This category includes outside legal costs for regulatory and energy procurement needs. Actual costs exceeded budget primarily due to unexpected legal expenses over the board directed investigations and SCE financial security requirement (FSR) appeals.
Marketing and customer enrollment	118.2%	This category includes customer noticing, advertising and other customer communications. Actual costs exceeded budget primarily due to larger than expected communications consulting fees.
Other General & Administrative	99.8%	This category includes occupancy costs, industry membership dues, and other general and administrative costs.
Interest and financing expenses	133.8%	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 for energy supply.

ORANGE COUNTY POWER AUTHORITY
 SCHEDULE OF OUTSTANDING DEBT
 AS OF JUNE 30, 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 pooled investment portfolio report.

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
		Variable - City Treasurer's report		
\$ 7,500,000	January 2027		\$ -	\$ 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 \$7,650,000 as of June 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 \$21,165,053

Credit Facility	Letter of Credit	Borrowing	Unused Credit
\$ 35,000,000	\$ 6,184,948	\$ 7,650,000	\$ 21,165,053