



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 April 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
June 8, 2022

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

ASSETS

Current assets	
Cash	\$ 2,012,843
Restricted cash	5,000,000
Investments	147,513
Other receivables	312,348
Accounts receivable and accrued revenue, net	6,877,414
Prepaid expenses	917,563
Deposits	233,000
Total current assets	<u>15,500,681</u>

LIABILITIES

Current liabilities	
Accrued cost of energy	7,292,386
Accounts payable	311,114
Other accrued liabilities	219,183
Accrued interest and financing costs	14,069
Total current liabilities	<u>7,836,753</u>
Noncurrent liabilities	
Note payable	5,000,000
Loan payable	7,652,380
Accrued interest and financing costs	91,233
Total noncurrent liabilities	<u>12,743,613</u>
Total liabilities	<u>20,580,366</u>

NET POSITION

Unrestricted (deficit)	<u>(5,079,685)</u>
Total net position	<u>\$ (5,079,685)</u>

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

OPERATING REVENUES	
Electricity sales, net	\$ 6,877,610
OPERATING EXPENSES	
Cost of energy	7,979,155
Contract services	1,968,554
Staff compensation	779,046
General and administration	127,344
Total operating expenses	<u>10,854,099</u>
Operating income (loss)	<u>(3,976,489)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	764
Interest and financing expense	<u>(168,896)</u>
Nonoperating revenues (expenses), net	<u>(168,132)</u>
CHANGE IN NET POSITION	(4,144,621)
Net position at beginning of period	<u>(935,064)</u>
Net position at end of period	<u><u>\$ (5,079,685)</u></u>

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS
Ten Months Ended April 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 373
Payments to suppliers for electricity	(2,126,188)
Payments for goods and services	(1,886,783)
Payments to employees for services	(749,739)
Net cash used by operating activities	(4,762,337)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from note	5,000,000
Proceeds from loan	5,000,000
Interest and related expense payments	(80,341)
Net cash provided by non-capital financing activities	9,919,659

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	334
Net cash provided (used) by investing activities	334

Net change in cash	5,157,656
Cash at beginning of period	1,855,187
Cash at end of period	\$ 7,012,843

Reconciliation to the Statement of Net Position

Cash (unrestricted)	\$ 2,012,843
Restricted cash	5,000,000
Cash and cash equivalents	\$ 7,012,843

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
Ten Months Ended April 30, 2022

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

Operating income (loss)	\$	(3,976,489)
Adjustments to reconcile operating loss to net cash used by operating activities		
(Increase) decrease in:		
Other receivables		(312,348)
Accrued revenue		(6,877,414)
Prepaid expenses		(917,563)
Deposits		(228,185)
Increase (decrease) in:		
Accrued cost of electricity		7,292,386
Accounts payable		135,746
Other accrued liabilities		121,530
Net cash used by operating activities	<u>\$</u>	<u>(4,762,337)</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 April 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
June 8, 2022

**ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Ten Months Ended April 30, 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	\$ 6,877,610	\$ 8,226,283	\$ (1,348,673)	83.6%	\$ 44,367,000	\$ 37,489,390
OPERATING EXPENSES						
Cost of Electricity	7,979,155	9,768,712	(1,789,557)	81.7%	40,816,000	32,836,845
Service Fees - SCE	23,723	4,613	19,110	514.3%	14,000	(9,723)
Personnel	779,046	1,094,416	(315,370)	71.2%	1,522,000	742,954
Professional Services	880,894	901,067	(20,173)	97.8%	1,137,000	256,106
Legal	682,300	696,886	(14,586)	97.9%	800,000	117,700
Communications & Outreach	381,637	349,388	32,249	109.2%	433,000	51,363
General and administration	127,344	157,052	(29,708)	81.1%	201,000	73,656
Total operating expenses	10,854,099	12,972,134	(2,118,035)		44,923,000	34,068,901
Operating income (loss)	(3,976,489)	(4,745,851)	769,362		(556,000)	3,420,489
NONOPERATING REVENUES (EXPENSES)						
Investment income	764	-	764	na	-	(764)
Interest and financing expense	(168,896)	(119,516)	49,380	141.3%	(149,000)	19,896
Nonoperating revenues (expenses), net	(168,132)	(119,516)	50,144		(149,000)	19,132
CHANGE IN NET POSITION	\$ (4,144,621)	\$ (4,865,367)	\$ 819,506		\$ (705,000)	\$ 3,439,621

**ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
Ten Months Ended April, 2022**

Budget Item	YTD Variance	Comment
Electric Sales Revenue	83.6%	Variance is coming under budget due to sales volume estimates.
Cost of Energy	81.7%	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	71.2%	Staffing expenses are under budget due to the timing of new hires.
Professional Services	97.8%	This category includes accounting, IT, technical and other consultants.
Legal Costs	97.9%	This category includes outside legal costs for regulatory and energy procurement needs.
Marketing and customer enrollment	109.2%	This category includes customer noticing, advertising and other customer communications
Other General & Administrative	81.1%	This category includes occupancy costs, industry membership dues, and other general and administrative costs.
Interest and financing expenses	141.3%	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 APRIL 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 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
\$ 152,380.00	January 2027	0.00%	\$ -	\$ 152,380.00
\$ 7,500,000.00	January 2027	1.50%	\$ -	\$ 7,500,000.00

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 Union Bank, N.A. has also issued a \$2,181,072.50 Letter of Credit to Pacific Gas & Electric; a \$2,870,000.00 Letter of Credit to Southern California Edison Company, and a \$550,000 Letter of Credit to California ISO. This leaves an unused credit balance of \$24,398,928.

Credit Facility	Letter of Credit	Borrowing	Unused Credit
\$ 35,000,000.00	\$ 5,601,072.50	\$ 5,000,000.00	\$ 24,398,927.50