



# **2021 Audited Financial Statements**

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## **Financial Statement Results: Statement of Net Position**

- Assets - Decreased \$31.5 million or 2.8%
  - Electric plant, regulatory assets, deferred outflows, prepaid expenses, and cash and investments
- Liabilities - Decreased \$18.8 million or 1.7%
  - Current portion and long-term debt, operating reserves, swap, and accounts payable
- Net position – Decreased \$12.8 million or 31.6%

## **Financial Statement Results: Statement of Revenue, Expenses, and Changes in Net Position**

- Operating revenues - Increased \$202.6 million or 33.5%
  - Increased LEC/Geo generation, CAISO transmission and ancillary services, customer revenues
- Operating expenses – Increased \$203.2 million or 35.9%
  - Purchased power, and operations and maintenance costs
- Non-operating revenues and expenses - Decreased \$5.8 million or 21.3%
  - Interest expense, amortization of deferred charges

# Regulatory Asset Accounting

- GASB 62
  - Allows regulated entities to defer revenue and expenses and better match those with timing of revenue collections, smoothing impacts to members/participants /customers.
  - Requires approval

# **Regulatory Accounting Included In 2021 Audited Financial Statements**

- Regulatory assets
  - Net change in swaps valuation
  - Net Pension and OPEB liabilities, accrued payroll/benefits
  - Difference between annual depreciation/debt service
  - Asset Retirement Obligation (ARO)
- Regulatory liabilities
  - Prepaid insurance, etc.
  - MID/CDWR/NCPA LEC construction advances
  - Inventory purchases
  - Construction work in progress
  - Funds advanced for AROs

## Recommendations

- Recommend Commission acceptance of 2021 Audited Financial Statements
- Confirm authorization of regulatory accounting for items included in 2021