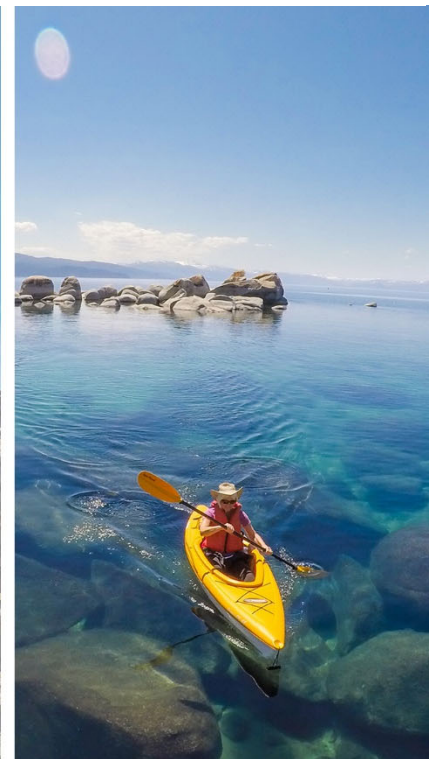
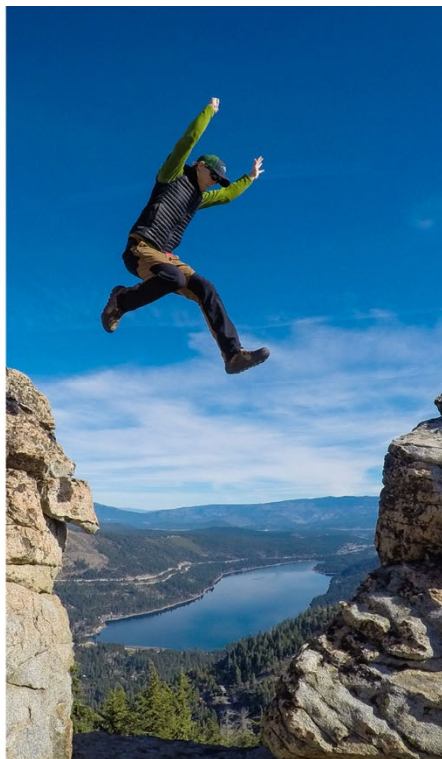
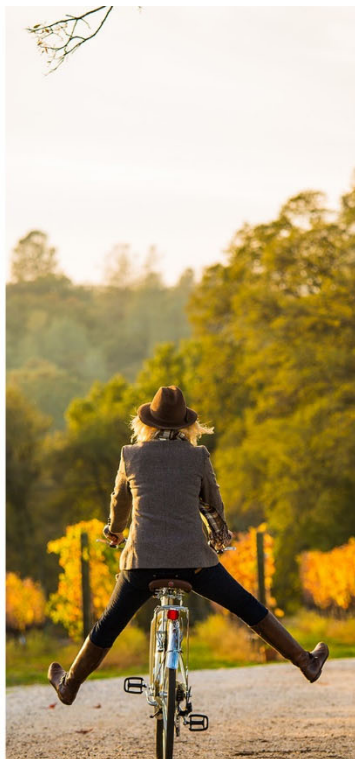




Financial Statements  
Fiscal Years Ended June 30, 2020 and 2019  
with Report of  
Independent Auditors



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## **Independent Auditor's Report**

To the Board of Directors  
Pioneer Community Energy  
Auburn, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Pioneer Community Energy (Pioneer), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pioneer's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pioneer as of June 30, 2020 and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Independent Auditor's Report (continued)**

### ***Other Matters***

#### *Required supplementary information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

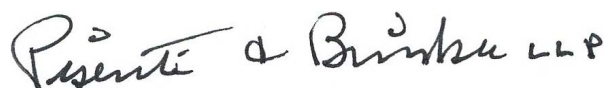
#### *Other information*

The supplementary information of combining fund information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements of Pioneer, as of and for the year ended June 30, 2019, were audited by other auditors, whose report, dated February 17, 2020, expressed an unmodified opinion on those statements.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2021 on our consideration of Pioneer's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pioneer's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pioneer's internal control over financial reporting and compliance.



Santa Rosa, California  
March 11, 2021

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

The Management's Discussion and Analysis provides an overview of Pioneer Community Energy's (Pioneer) financial activities as of and for the years ended June 30, 2020 and 2019. The information presented here should be considered in conjunction with the audited financial statements.

**BACKGROUND**

The formation of Pioneer was made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

Pioneer was created as a California Joint Powers Authority (JPA) in August 2015. Pioneer was established to provide electric power at competitive cost as well as to provide other benefits within Placer County, including reducing greenhouse gas emissions related to the use of power, procuring energy with a priority on stimulating local job creation through various programs and development, promoting long-term electric rate stability and energy reliability for residents and business, the use and development of local renewable resources, as well as promoting personal and community ownership of renewable resources.

Pioneer serves six jurisdictions including the cities and towns of Auburn, Colfax, Loomis, Lincoln, Rocklin, in addition to the unincorporated areas of Placer County. Governed by a board of directors (Board) consisting of elected representatives from each jurisdiction, Pioneer is responsible for the acquisition of electric power for its service area. Pioneer has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Financial Reporting**

Pioneer presents its financial statements as an enterprise fund under the economic resources measurement focus and the accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

**Contents of this report**

This report is divided into the following sections:

- Management discussion and analysis.
- The basic financial statements:
  - The *Statements of Net Position* include all of Pioneer's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.
  - The *Statements of Revenues, Expenses, and Changes in Net Position* report all of Pioneer's revenue and expenses for the years shown.
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as debt financing.
  - Notes to the Basic Financial Statements, which provide additional details and information related to the basic financial statements.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**FINANCIAL HIGHLIGHTS**

The following table is a summary of Pioneer's assets, liabilities, and net position and a discussion of significant changes during the years ending June 30:

**Current assets**

Current assets were mostly comprised of cash and equivalents of \$24.9 million, accounts receivable of \$8.8 million, accrued revenue of \$4.9 million, and restricted cash of \$451,000. Current assets increased each year as a result of operating surpluses.

**Noncurrent assets**

Other noncurrent assets consist of various deposits for regulatory and other operating purposes expected to be held longer than a year. Included are deposit postings with the California Public Utilities Commission (CPUC), and deposits held by energy suppliers as collateral on energy purchase transactions. mPOWER assessments are \$10.1 million. Deposits totaled \$3.0 million.

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
Current assets	\$ 39,738,154	\$ 29,158,248	\$ 23,804,994
Noncurrent assets	13,125,403	13,097,889	7,097,766
Total assets	<u>52,863,557</u>	<u>42,256,137</u>	<u>30,902,760</u>
<b>Liabilities</b>			
Current liabilities	8,983,213	6,879,453	4,701,535
Noncurrent liabilities	21,869,904	25,129,475	20,305,242
Total liabilities	<u>30,853,117</u>	<u>32,008,928</u>	<u>25,006,777</u>
<b>Net position</b>			
Investment in capital assets	-	-	33,578
Restricted	3,029,660	2,990,000	1,393,605
Unrestricted	18,980,780	7,257,209	4,468,800
Total net position	<u>\$ 22,010,440</u>	<u>\$ 10,247,209</u>	<u>\$ 5,895,983</u>

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**Current liabilities**

Current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by Pioneer. The accrued cost of electricity totaled \$7.9 million. Other components of current liabilities include accounts payable for services, the current portion of bonds payable, taxes and surcharges due to other governments and various other accrued liabilities.

Current liabilities increased each year mostly due to increased accounts payable as of June 30, 2020.

**Noncurrent liabilities**

Bonds payable are included in noncurrent liabilities. The decrease in bonds payable relates to the portion that became a current obligation during the year and accelerated debt service repayment on the CCA Fund's outstanding Series 2017 Revenue Bond.

**Operation Results**

The following table is a summary of Pioneer's results of operations and a discussion of significant changes for years ending June 30:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Operating revenues	\$ 80,507,683	\$ 72,522,624	\$ 24,760,769
Interest income	495,233	725,593	137,111
Total income	<u>81,002,916</u>	<u>73,248,217</u>	<u>24,897,880</u>
Operating expenses	68,398,999	68,204,282	18,572,883
Finance costs	840,686	692,709	429,014
Total expenses	<u>69,239,685</u>	<u>68,896,991</u>	<u>19,001,897</u>
Change in net position	<u>\$ 11,763,231</u>	<u>\$ 4,351,226</u>	<u>\$ 5,895,983</u>

**Operating revenues**

Pioneer's operating revenues are derived from the sale of electricity to commercial and residential customers throughout its territory. Pioneer began serving its customers in February of 2018. Fiscal year 2018/19 was Pioneer's first full fiscal year earning electrical revenue.

**Operating expenses**

Pioneer's largest expense each year was the purchase of electricity delivered to retail customers. Pioneer procures energy from a variety of sources and focuses on maintaining a balanced power portfolio at competitive costs. Expenses remained stable during fiscal year 2019/20 compared fiscal year 2018/19 and have increased since fiscal year 2017/18, the inaugural year in which Pioneer was operational for five months.



**PIONEER COMMUNITY ENERGY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**ECONOMIC OUTLOOK**

Pioneer serves approximately 89% of all eligible customers in Placer County. Pioneer is currently working on a communications plan with an expected launch in April 2021 with the expectation of improving the participation rate through higher customer satisfaction and brand visibility.

The core mission is to provide stable and competitive electric rates. Since launching in February 2018 through May 2020, Pioneer has delivered \$28 million of savings for ratepayers compared to Pacific Gas & Electric (“PG&E”). In order to strengthen our ability to provide stable and competitive rates, pending California Public Utilities Commission (“CPUC”) certification, Pioneer is expanding its service territory to include El Dorado County and the City of Placerville with expected commissioning in early 2022. The additional net margin from the expansion will strengthen reserves and provide capital to invest in local energy procurement, the ability to offer economic development rates to incentivize business growth and create jobs. The expansion also provides economies of scale to achieve lower cost power supply and attract more credit-worthy counterparties. Pioneer will continue to evaluate opportunities for expansion.

In the normal course of business, Pioneer enters into various agreements, including renewable energy agreements and other power purchase agreements to purchase power and electric capacity. Pioneer enters into power purchase agreements in order to comply with state law, its Risk Management Policy, and as described in its Integrated Resource Plan. California law established a Renewable Portfolio Standard (RPS) that requires load-serving entities (“LSEs”), such as Pioneer, to gradually increase the amount of renewable energy they deliver to their customers. Senate Bill 100, signed by California’s Governor in September 2018, directs LSEs to supply 60% of their retail sales with RPS-eligible resources by 2030.

Pioneer manages risks associated with these commitments by aligning purchase commitments with expected demand for electricity and by securing a diversity of technologies, geographical locations, and suppliers.

An important initiative for Pioneer is the support of local energy supply. Pioneer is working closely with a coalition of Community Choice Aggregators (“CCAs”) in introducing a biomass bill that would allow CCAs to participate in the BioMAT feed-in tariff program that currently only Investor-Owned Utilities have access to. The coalition is in the process of adding further coalition participants, but as a starter from Pioneer’s potential list of participants, Pioneer has generated support from Western Placer Waste Management Authority, Rural County Representatives of California and Wisewood Energy to join the coalition.

Pioneer will continue to provide stable and competitive electric rates whenever possible and has identified unpredictable and unreasonably high PG&E customer exit fees as a key barrier to this goal. Pioneer has made some progress on creating more certainty over the exit fees paid by its customers, but also expects those fees to remain at a high level in 2021. Pioneer is working closely with CalCCA on regulatory and legislative solutions.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2020 AND 2019**

Pioneer has a strong focus on continuing to build credit capacity through increased cash reserves, engaging lines of credit to enhance liquidity, and entering into favorable energy purchase commitments. Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses.

**REQUEST FOR INFORMATION**

This financial report is designed to provide Pioneer's customers and creditors with a general overview of the organization's finances and to demonstrate Pioneer's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 2510 Warren Dr., Suite B, Rocklin, CA 95677.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Don Eckert Jr.", written in a cursive style.

Don Eckert Jr, Executive Director

## **BASIC FINANCIAL STATEMENTS**

**PIONEER COMMUNITY ENERGY  
STATEMENTS OF NET POSITION  
YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 24,937,380	\$ 15,369,507
Accounts receivable, net of allowance	8,752,658	7,232,868
Other receivables	508,313	516,056
Accrued revenue	4,923,233	3,667,574
Prepaid expenses	165,548	2,077,587
Restricted cash and cash equivalents	451,022	294,656
Total current assets	39,738,154	29,158,248
Noncurrent assets		
Deposits	3,029,660	2,990,000
Contractual assessments receivable	10,095,743	10,107,889
Total noncurrent assets	13,125,403	13,097,889
Total assets	52,863,557	42,256,137
<b>LIABILITIES</b>		
Current liabilities		
Accrued cost of electricity	7,901,441	5,609,710
Accounts payable	254,650	323,850
Other accrued liabilities	52,076	8,341
Accrued interest payable	179,373	155,943
Bonds payable	543,694	504,042
Contract exclusivity deposits - energy suppliers	21,300	100,000
User taxes and energy surcharges due to other governments	-	77,542
Unearned revenue	30,679	100,025
Total current liabilities	8,983,213	6,879,453
Noncurrent liabilities		
Bonds payable	21,869,904	25,129,475
Total liabilities	30,853,117	32,008,928
<b>NET POSITION</b>		
Restricted for collateral deposits	3,029,660	2,990,000
Unrestricted	18,980,780	7,257,209
Total net position	\$ 22,010,440	\$ 10,247,209

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 79,558,745	\$ 71,846,243
Service charges	948,938	676,381
Total operating revenues	80,507,683	72,522,624
<b>OPERATING EXPENSES</b>		
Cost of electricity	63,408,751	63,514,649
Contract services	3,530,635	2,788,765
Staff compensation	947,734	1,130,041
General and administration	511,879	737,249
Total operating expenses	68,398,999	68,170,704
Operating income	12,108,684	4,351,920
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	495,233	725,593
Finance costs	(840,686)	(692,709)
Loss on disposal of assets	-	(33,578)
Nonoperating revenues (expenses), net	(345,453)	(694)
<b>CHANGE IN NET POSITION</b>		
	11,763,231	4,351,226
Net position at beginning of year	10,247,209	5,895,983
Net position at end of year	\$ 22,010,440	\$ 10,247,209

The accompanying notes are an integral part of these financial statements

**PIONEER COMMUNITY ENERGY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 77,021,912	\$ 71,320,466
Receipts from other revenue sources	879,592	724,784
Receipts from supplier security deposits	21,300	100,000
Payments to suppliers for electricity	(59,204,980)	(60,892,589)
Payments to suppliers for other goods and services	(4,067,978)	(3,444,733)
Payments for staff compensation	(947,735)	(1,130,041)
Payments to suppliers for collateral deposits	(39,660)	(1,596,395)
Payments to refund supplier security deposits	(100,000)	-
Contractual assessments (issued) / repaid	12,146	(4,787,186)
Payments of taxes and surcharges to other governments	(316,158)	(330,033)
Net cash provided by operating activities	13,258,439	(35,727)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Issuance of long-term debt	590,429	6,074,636
Principal paid on long-term debt	(3,810,349)	(1,083,342)
Interest and related expense payments	(817,256)	(626,347)
Net cash provided (used) by non-capital financing activities	(4,037,176)	4,364,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	502,976	572,623
Net change in cash and cash equivalents	9,724,239	4,901,843
Cash and cash equivalents at beginning of year	15,664,163	10,762,320
Cash and cash equivalents at end of year	\$ 25,388,402	\$ 15,664,163
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents-current	\$ 24,937,380	\$ 15,369,507
Restricted cash and cash equivalents-current	451,022	294,656
Cash and cash equivalents	\$ 25,388,402	\$ 15,664,163

**PIONEER COMMUNITY ENERGY  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2020 AND 2019**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

	<b>2020</b>	<b>2019</b>
Operating income	\$ 12,108,684	\$ 4,351,920
Adjustments to reconcile operating income to net cash provided by operating activities		
Revenue adjusted for uncollectible accounts	505,787	361,091
(Increase) decrease in:		
Accounts receivable	(2,025,576)	792,815
Other receivables	12,146	(4,787,186)
Accrued revenue	(1,255,659)	(1,679,683)
Prepaid expenses	1,912,039	577,216
Increase (decrease) in:		
Accounts payable	(69,202)	90,645
Accrued cost of electricity	2,291,730	1,725,633
Other accrued liabilities	43,737	(9,364)
Collateral Deposit to energy suppliers	(39,660)	(1,596,395)
Security deposits from energy suppliers	(78,700)	100,000
User taxes and energy surcharges due to other governments	(77,541)	(10,822)
Unearned revenue	(69,346)	48,403
Net cash provided by operating activities	\$ 13,258,439	\$ (35,727)
 <b>NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Loss on disposal of nondepreciable capital assets	\$ -	\$ 33,578

The accompanying notes are an integral part of these financial statements

**PIONEER COMMUNITY ENERGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

Pioneer Community Energy (Pioneer) is a joint powers authority created in August of 2015. As of June 30, 2020, parties to its Joint Powers Agreement consist of the following local governments:

<b>County</b>	<b>Cities and Towns</b>	
Placer	Auburn	Lincoln
	Colfax	Rocklin
	Loomis	

Pioneer is separate from and derives no financial support from its members. Pioneer is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

A core function of Pioneer is to provide electric service that includes providing electric energy at competitive rates and it operates as a Community Choice Aggregation Program subject to California Public Utilities Code Section 366.2.

Pioneer operates two programs, the CCA Program and the mPOWER Program.

*CCA Program* – Pioneer began providing electric generation services to its customers in February of 2018. Pioneer supplies electric energy to retail customers through its Community Choice Aggregation (CCA) Program. Pioneer participates in the wholesale energy market to acquire its energy and related products (resource adequacy and renewable energy) from a variety of wholesale energy suppliers. Pioneer’s energy is delivered through existing physical infrastructure and equipment owned and operated by the incumbent utility.

*mPOWER Program* – The mPOWER Program provides assessment financing to property owners for the installation of energy efficiency, water conservation and distributed generation improvements. The mPOWER Program is supported from revenues derived from assessments attached to and collected on participating property owners’ property tax bills.



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING**

Pioneer's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

Pioneer's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into two categories – restricted and unrestricted.

When both restricted and unrestricted resources are available for use, it is Pioneer's practice to use restricted resources first, then unrestricted resources as they are needed.

**CASH AND CASH EQUIVALENTS**

For purposes of the Statements of Cash Flows, Pioneer defines cash and cash equivalents to include cash on hand, demand deposits and short-term investments with an original maturity of three months or less. For the purpose of the Statements of Net Position, restricted cash balances are presented separately. Restricted cash reported on the Statements of Net Position includes assessment receipts pertaining to the mPOWER program that are pledged to service debt.

**PREPAID EXPENSES AND DEPOSITS**

Contracts to purchase energy may require Pioneer to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

**NET POSITION**

Net position is presented in the following components:

*Restricted:* This component of net position consists of constraints placed on net asset use primarily imposed by creditors (such as through debt or credit covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted:* This component of net position consists of net position that does not meet the definition of "restricted".

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**OPERATING AND NON-OPERATING REVENUES**

Operating revenues include revenue from the sale of electricity to customers for the CCA Program, and assessments and fees for the mPOWER program.

Interest income is considered non-operating revenue.

**REVENUE RECOGNITION**

Pioneer recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**OPERATING AND NONOPERATING EXPENSES**

Operating expenses include the costs of electricity and services, and administrative expenses. Expenses not meeting this definition are reported as nonoperating expenses, including interest expense.

**ELECTRIC POWER PURCHASED**

During the normal course of business, Pioneer purchases electric power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from Pioneer's participation in the California Independent System Operator's (CAISO) centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, Pioneer acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). Pioneer obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. Pioneer recognizes an expense on a monthly basis that corresponds to the volume of electricity sold to its customers. This expense recognition increases accrued cost of electricity reported on the Statements of Net Position. Payments made to suppliers reduce accrued cost of electricity.

Pioneer purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SECURITY DEPOSITS FROM ENERGY SUPPLIERS**

Various contracts entered into by Pioneer require the supplier to provide Pioneer with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent liabilities depending on the length of the time the deposits will be held.

**INCOME TAXES**

Pioneer is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

**ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

**2. CASH AND CASH EQUIVALENTS**

Pursuant to California Government Code and Pioneer's joint exercise of powers agreement, the Placer County Treasurer serves as Pioneer's Treasurer. As such, Pioneer is required to maintain its cash in the Placer County Treasury. Additionally, Pioneer's Series 2017 Revenue Bond held by the Placer County Treasurer's Pool (the Treasurer's Pool) requires Pioneer to maintain its cash balances in the Placer County Treasury as long as the bonds is outstanding.

California Government Code Section 53600, et. seq., and the Placer County Treasurer's Investment Policy authorizes the following investments; U.S. Treasury securities, U.S. agency securities, local agency bonds, bankers acceptances, commercial paper, negotiable certificates of deposit, repurchase agreements, corporate notes, collateralized certificates of deposit, California Local Agency Investment Fund (LAIF), Certificate of Deposit Account Registry Services (CDARS) certificates of deposit, other collateralized deposits, and supranational investments. Other allowable investments pursuant to Government Code Section 53601, although restricted by the Treasurer's Investment Policy, include mutual funds, mortgage and collateral-backed securities, asset-backed securities, reverse repurchase agreements, and joint powers agency investment pools. The Treasurer's Investment Policy objects are safety, liquidity and yield in that order.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**2. CASH AND CASH EQUIVALENTS (Continued)**

*GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*, requires additional disclosures about a government’s deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. Pioneer’s deposits are subject to the risk policies contained in the County Treasurer’s Investment Policy.

The Placer County Treasurer has a Treasury Review Panel, which performs regulatory oversight over the Pool as required by the Placer County Treasurer’s Investment Policy. Investments are stated at fair value in accordance with generally accepted accounting principles. However, the value of Pioneer’s deposits in the Pool, is determined on an amortized cost basis, which is different than the fair value of Pioneer’s position in the pool. Pioneer’s deposits in the Pool as of June 30, 2020 and 2019 are stated at fair value. Placer County’s comprehensive annual financial report, containing information relating to the Pool’s cash and investments by risk category, can be obtained from the County Auditor-Controller’s office. The Pool is not registered with the Securities and Exchange commission as an investment company.

**FAIR VALUE MEASUREMENT**

Pioneer categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles, which provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Placer County’s comprehensive annual financial report, containing information relating to the Pool’s cash and investments fair value hierarchy, can be obtained from the County Auditor-Controller’s office.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**2. CASH AND CASH EQUIVALENTS (Continued)**

**CUSTODIAL CREDIT RISK**

The custodial credit risk for deposits is the risk that in the event of the failure of a depository institution, a depositor will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e. broker-dealer) to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasurer’s Investment Policy contain the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The weighted average maturity of the Pool as of June 30, 2020 and 2019 was 339 days and 897 days.

**CREDIT RISK**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Pool has not been credit rated.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable were as follows as of June 30:

	<u>2020</u>	<u>2019</u>
Accounts receivable from customers	\$ 9,619,536	\$ 7,593,959
Allowance for uncollectible accounts	(866,878)	(361,091)
Net accounts receivable	<u>\$ 8,752,658</u>	<u>\$ 7,232,868</u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**3. ACCOUNTS RECEIVABLE (Continued)**

The majority of account collections occur within the first few months following customer invoicing. Pioneer estimates that a portion of the billed accounts will not be collected. Pioneer continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

**4. BONDS PAYABLE**

**CCA Program Revenue Bond, Series 2017 (Line of Credit)**

In December of 2017, the Pioneer Governing Board authorized the issuance of Revenue Bond Series 2017 in the form of a draw-down bond in the maximum amount of \$40 million to finance its initial purchases of electricity, prior to receiving revenue after the close of its initial billing cycles. The Revenue Bond Series 2017 draw-down feature operates as a line of credit. Additional draws can be made anytime. The bonds are callable for redemption at the option of Pioneer, in whole or in part on the first business day of any month and may be redeemed prior to maturity by payment of principal, plus accrued interest to date of redemption, without premium. The bonds mature on June 1, 2023, at which time the outstanding balance must be paid in full (balloon payment). The outstanding balance is amortized to June 1, 2023, and interest is payable semi-annually and a minimum principal payment is required once a year, based on the amortized balance. At June 30, 2020, the outstanding balance was \$10.4 million, and the unused portion of the credit line was \$29.5 million.

The Revenue Bond Series 2017 is classified as a direct borrowing held by the Placer County Treasurer's Investment Pool. Repayment is payable solely from revenues of the CCA Program. Accordingly, Pioneer's CCA Program revenues are pledged for the repayment of the Revenue Bond Series 2017 and Pioneer's cash and investments are required to be deposited and held in accounts in the Placer County Treasury and may be attached in the event of a default. Default occurs if Pioneer fails to make timely repayment of the minimum annually required debt service amounts or fails to pay the bonds in full by June 1, 2023, or if Pioneer withdraws its cash and investments from the Placer County Treasury.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**4. BONDS PAYABLE (Continued)**

**mPOWER Program Revenue Bonds**

On January 26, 2017, the Pioneer Board authorized the issuance of revenue bonds to provide the capital necessary for financing residential property improvements in the amount of \$25 million, and in the amount of \$25 million for non-residential property improvements. Pioneer uses the designation “R” in its bond series naming system to signify bonds financing residential improvements and “NR” to signify bonds financing non-residential improvements. Pioneer previously issued mPOWER revenue bonds Series R 2016-17, Series R 2017-18, Series NR 2017-18, Series R 2018-19, and Series NR 2018-19 in the amounts of \$493,000, \$5.4 million, \$138,000, \$5.6 million, and \$418,000 respectively, to finance energy retrofit projects.

During the fiscal year ended June 30, 2020, Pioneer issued revenue bonds Series R 2019-20 and Series NR 2019-20 in the amounts \$2.7 million and \$545,000. All mPOWER Program series bonds are classified as direct borrowings held in the Placer County Treasurer’s Investment Pool and are payable solely from assessments and fees from participating property owners. Pioneer has authorized, but has not issued \$10.8 million residential mPOWER bonds and \$23.9 million non-residential bonds as of June 30, 2020.

Default occurs if Pioneer fails to make timely repayment of the annually required debt service, or fails to perform any of the covenants, agreements or conditions of the Loan Agreement and would be remedied with the payment of all principal and interest matured and overdue.

The following is a summary of Pioneer’s debt outstanding at June 30, 2020:

Type of indebtedness	Maturity	Interest Rates	Annual Principal	Issuance Amount	Outstanding Balance June 30, 2020
Revenue bonds					
Revenue Bonds Series 2017 (CCA Program)	6/1/2023	2.65%	\$270k to \$355K	\$ 18,000,000	\$ 10,470,000
Series R 2016-17 (mPOWER Program)	9/2/2037	3.00%	\$110k to \$28K	492,589	291,486
Series R 2017-18 (mPOWER Program)	9/2/2038	3.00%	\$154k to \$344K	5,380,276	3,501,904
Series NR 2017-18 (mPOWER Program)	9/2/2038	3.00%	\$4k to \$11K	138,323	134,562
Series R 2018-19 (mPOWER Program)	9/2/2039	4.50%	\$185k to \$395K	5,656,485	4,364,009
Series NR 2018-19 (mPOWER Program)	9/2/2039	4.50%	\$15k to \$17K	418,152	409,652
Series R 2019-20 (mPOWER Program)	9/2/2040	4.50%	\$62.8K to \$147K	2,730,091	2,697,478
Series NR 2019-20 (mPOWER Program)	9/2/2040	4.50%	\$14.8K to \$44.8K	544,507	544,507
Total				<u>\$ 33,360,423</u>	22,413,598
Amounts due within one year					543,694
Amounts due after one year					<u>\$ 21,869,904</u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**4. BONDS PAYABLE (Continued)**

The following is a summary of changes in long-term debt for the years ended June 30, 2020 and 2019:

Bond Title, Series Number	Balance July 1, 2019	Additions	Principal Repayments	Balance June 30, 2020	Due Within One Year
Revenue Bonds Series 2017 (CCA Program)	\$ 14,405,000	\$ -	\$ (3,935,000)	\$10,470,000	\$ 250,000
Series R 2016-17 (mPOWER Program)	354,769	-	(63,283)	291,486	10,118
Series R 2017-18 (mPOWER Program)	4,839,028	-	(1,337,124)	3,501,904	123,740
Series NR 2017-18 (mPOWER Program)	138,323	-	(3,761)	134,562	3,986
Series R 2018-19 (mPOWER Program)	5,478,245	-	(1,114,236)	4,364,009	141,458
Series NR 2018-19 (mPOWER Program)	418,152	-	(8,500)	409,652	14,392
Series R 2019-20 (mPOWER Program)	-	2,730,091	(32,613)	2,697,478	-
Series NR 2019-20 (mPOWER Program)	-	544,507	-	544,507	-
Total	<u>\$ 25,633,517</u>	<u>\$ 3,274,598</u>	<u>\$ (6,494,517)</u>	<u>\$22,413,598</u>	<u>\$ 543,694</u>

Bond Title, Series Number	Balance July 1, 2018	Additions	Principal Repayments	Balance June 30, 2019	Due Within One Year
Revenue Bonds Series 2017 (CCA Program)	\$ 14,730,000	\$ -	\$ (325,000)	\$14,405,000	\$ 335,000
Series R 2016-17 (mPOWER Program)	414,150	-	(59,381)	354,769	11,137
Series R 2017-18 (mPOWER Program)	5,359,750	-	(520,722)	4,839,028	154,145
Series NR 2017-18 (mPOWER Program)	138,323	-	-	138,323	3,760
Series R 2018-19 (mPOWER Program)	-	5,656,484	(178,239)	5,478,245	-
Series NR 2018-19 (mPOWER Program)	-	418,152	-	418,152	-
Total	<u>\$ 20,642,223</u>	<u>\$ 6,074,636</u>	<u>\$ (1,083,342)</u>	<u>\$25,633,517</u>	<u>\$ 504,042</u>

Minimum future obligations for the outstanding CCA Program Revenue Bonds Series 2017 and the mPOWER Program Revenue Bonds are as follows:

Year ended June 30,	Revenue Bonds - CCA Program		Revenue Bonds - mPOWER Program		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 250,000	\$ 277,455	\$ 293,693	\$ 532,223	\$ 543,693	\$ 809,678
2022	260,000	270,830	407,428	523,709	667,428	794,539
2023	9,960,000	263,940	431,874	504,858	10,391,874	768,798
2024	-	-	457,786	484,875	457,786	484,875
2025	-	-	482,368	463,737	482,368	463,737
2026-2029	-	-	2,821,297	1,958,480	2,821,297	1,958,480
2030-2034	-	-	3,286,532	1,269,289	3,286,532	1,269,289
2035-2039	-	-	3,517,085	482,858	3,517,085	482,858
2040-2044	-	-	245,535	7,826	245,535	7,826
Total	<u>\$ 10,470,000</u>	<u>\$ 812,225</u>	<u>\$ 11,943,598</u>	<u>\$ 6,227,855</u>	<u>\$ 22,413,598</u>	<u>\$ 7,040,080</u>



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**5. STAFFING COSTS AND LIABILITIES**

Pioneer fully pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. Pioneer is not obligated to provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements. Pioneer provides compensated time off, and the related liability is recorded in these financial statements.

**Defined Contribution Retirement Plan**

Pioneer established the Pioneer Community Energy 457(b) Plan (the “Plan”), a defined contribution retirement plan, to provide benefits at retirement for its employees. The Plan is administered by a third-party retirement plan administrator. As of June 30, 2020, there were five plan participants. Pioneer contributes a minimum of \$1,000 per employee per month to the Plan and contributed a prorated amount of \$48,000 and \$54,600 in total during the fiscal year ended June 30, 2020 and 2019. Plan provisions and contribution levels are established and may be amended by the Pioneer Board at any time. The Plan does not create long-term liabilities such as those associated with defined benefit pension plans.

**Health Benefits**

Pioneer provides its employees (including dependent coverage) a maximum of \$1,891 per month toward the cost of health benefits, including medical, dental and vision care. Employees who are provided coverage by another family member receive a monthly in-lieu amount of \$300 to defray the cost of dependent coverage on the providing family member’s plan. Pioneer does not provide other post-employment (healthcare) benefits (OPEB) and therefore does not generate any long-term liabilities associated to employee health care or other benefits.

**6. RELATED PARTY TRANSACTIONS**

Placer County provides administrative and accounting services to Pioneer and allocates costs related to these services and facilities to Pioneer. For the fiscal year ended June 30, 2020 and

2019, Placer County incurred and charged \$832,000 and \$800,000, respectively to Pioneer for salaries, benefits, overhead, operating costs and administrative services related to both the CCA and mPOWER Programs. Additionally, Placer County provides legal services to Pioneer for which Placer County incurred and charged Pioneer \$124,000 and \$98,542 for salaries, benefits and related overhead for the fiscal year ended June 30, 2020 and 2019 respectively.

Conversely, Pioneer also incurred and charged Placer County for administrative collections costs related to mPOWER assessments. The amount charged by Pioneer to Placer County was \$37,000 and \$65,000 for the years ended June 30, 2020 and 2019, respectively.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**7. RISK MANAGEMENT**

Pioneer is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year ended June 30, 2020, Pioneer purchased liability and property insurance from commercial carriers. Coverage includes property, general liability, errors and omissions and non-owned automobile. Pioneer has general liability coverage of \$4,000,000 as well as \$10,000,000 of cyber liability coverage. Deductibles on the various policies range from \$0 to \$10,000.

**8. PURCHASE COMMITMENTS**

In the ordinary course of business, Pioneer enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydro-electric facilities.

The following table details the obligations to purchase existing energy, renewable, and resource adequacy (RA) contracts as of June 30, 2020:

<b>Year ending June 30,</b>	
2021	\$ 53,894,797
2022	43,014,167
2023	29,346,766
2024	15,379,127
2025	7,766,944
2026-36	<u>26,590,856</u>
Total	<u>\$ 175,992,657</u>

As of June 30, 2020, Pioneer had outstanding non-cancelable commitments to professional service providers through December 2023, for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are estimated to be approximately \$4.5 million.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**9. OPERATING LEASE**

In May 2018, Pioneer entered into an 86-month non-cancelable lease for office space in Rocklin. The rental agreement is for a term of 88 months, with an option to renew for two consecutive terms of five years each, for a total of 10 years.

Rental expense under this lease was \$112,000 and \$96,000 for the years ended June 30, 2020 and 2019, respectively.

As of June 30, 2020, future minimum lease payments under this lease were projected as follows:

<b>Year ending June 30,</b>	
2021	\$ 115,303
2022	118,762
2023	122,325
2024	137,510
2025	141,635
2026	70,472
Total	<u>\$ 706,007</u>

**10. FUTURE GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements are effective for years ending after June 30, 2020:

GASB has approved GASB Statement No. 87, *Leases*, GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB 96, *Subscription-Based Information Technology Arrangements*; and GASB No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Management is analyzing its activity to determine the effect of the new guidance on its operating results and financial condition.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

**11. SUBSEQUENT EVENT**

*Covid-19*

In December 2019, a novel strain of coronavirus disease (“COVID-19”) was first reported. Less than four months later, on March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The extent of which the ongoing response to and impacts of COVID-19 will affect Pioneer’s operational and financial performance are unknown at this time and will be monitored by management. To date, Pioneer has continued to provide electricity across its entire service territory without interruption.

*Energy Purchasing Commitments subsequent to June 30, 2020*

Pioneer has secured additional energy purchases for calendar year 2022 of \$7,043,040 and \$3,221,052 for 2023.

**SUPPLEMENTARY INFORMATION**

## PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

### PIONEER COMMUNITY ENERGY COMBINING STATEMENTS OF NET POSITION JUNE 30, 2020 AND 2019

	2020			2019		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>ASSETS</b>						
Current assets						
Cash and investments	\$ 23,565,838	\$ 1,371,542.00	\$ 24,937,380	\$ 14,706,867	\$ 662,640	\$ 15,369,507
Accounts receivable, net of allowance	8,752,658	-	8,752,658	7,232,868	-	7,232,868
Other receivables	18,859	489,454	508,313	24,913	491,143	516,056
Accrued Revenue	4,923,233	-	4,923,233	3,667,574	-	3,667,574
Prepaid expenses	165,548	-	165,548	2,077,587	-	2,077,587
Restricted cash and cash equivalents	-	451,022	451,022	-	294,656	294,656
Total current assets	37,426,136	2,312,018	39,738,154	27,709,809	1,448,439	29,158,248
Noncurrent assets						
Deposits	3,029,660	-	3,029,660	2,990,000	-	2,990,000
Contractual assessments receivable	-	10,095,743	10,095,743	-	10,107,889	10,107,889
Total noncurrent assets	3,029,660	10,095,743	13,125,403	2,990,000	10,107,889	13,097,889
Total assets	40,455,796	12,407,761	52,863,557	30,699,809	11,556,328	42,256,137
<b>LIABILITIES</b>						
Current liabilities						
Accrued cost of electricity	7,901,441	-	7,901,441	5,609,710	-	5,609,710
Accounts payable	254,268	382	254,650	323,255	595	323,850
Other accrued liabilities	50,632	1,444	52,076	5,275	3,066	8,341
Accrued interest payable	22,044	157,329	179,373	30,329	125,614	155,943
Bonds payable	250,000	293,694	543,694	335,000	169,042	504,042
Contract exclusivity deposits - energy suppliers	21,300	-	21,300	100,000	-	100,000
User taxes and energy surcharges due to other governments	-	-	-	77,542	-	77,542
Unearned revenue	-	30,679	30,679	-	100,025	100,025
Total current liabilities	8,499,685	483,528	8,983,213	6,481,111	398,342	6,879,453
Noncurrent liabilities						
Bonds payable	10,220,000	11,649,904	21,869,904	14,070,000	11,059,475	25,129,475
Total liabilities	18,719,685	12,133,432	30,853,117	20,551,111	11,457,817	32,008,928
<b>NET POSITION</b>						
Restricted for collateral deposits	3,029,660	-	3,029,660	2,990,000	-	2,990,000
Unrestricted	18,706,451	274,329	18,980,780	7,158,698	98,511	7,257,209
Total net position	\$ 21,736,111	\$ 274,329	\$ 22,010,440	\$ 10,148,698	\$ 98,511	\$ 10,247,209

# PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

## COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>OPERATING REVENUES</b>						
Electricity sales, net	\$ 79,558,745	\$ -	\$ 79,558,745	\$ 71,846,243	\$ -	\$ 71,846,243
Service charges	-	948,938	948,938	-	676,381	676,381
Total operating revenues	79,558,745	948,938	80,507,683	71,846,243	676,381	72,522,624
<b>OPERATING EXPENSES</b>						
Cost of electricity	63,408,751	-	63,408,751	63,514,649	-	63,514,649
Contract services	3,438,886	91,749	3,530,635	2,736,150	52,615	2,788,765
Staff compensation	720,756	226,978	947,734	629,632	500,409	1,130,041
General and administration	500,305	11,574	511,879	682,313	54,936	737,249
Total operating expenses	68,068,698	330,301	68,398,999	67,562,744	607,960	68,170,704
Operating income	11,490,047	618,637	12,108,684	4,283,499	68,421	4,351,920
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest income	470,813	24,420	495,233	480,985	244,608	725,593
Finance costs	(373,447)	(467,239)	(840,686)	(389,230)	(303,479)	(692,709)
Loss on disposal of capital assets	-	-	-	(33,578)	-	(33,578)
Nonoperating revenues (expenses), net	97,366	(442,819)	(345,453)	58,177	(58,871)	(694)
<b>CHANGE IN NET POSITION</b>						
Net position at beginning of year	11,587,413	175,818	11,763,231	4,341,676	9,550	4,351,226
Net position at end of year	10,148,698	98,511	10,247,209	5,807,022	88,961	5,895,983
	\$ 21,736,111	\$ 274,329	\$ 22,010,440	\$ 10,148,698	\$ 98,511	\$ 10,247,209

# PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

## PIONEER COMMUNITY ENERGY COMBINING STATEMENTS OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 77,021,912	\$ -	\$ 77,021,912	\$ 71,320,466	\$ -	\$ 71,320,466
Receipts from other revenue sources	-	879,592	879,592	-	724,784	724,784
Receipts from supplier security deposits	21,300	-	21,300	100,000	-	100,000
Payments to suppliers for electricity	(59,204,980)	-	(59,204,980)	(60,892,589)	-	(60,892,589)
Payments to suppliers for other goods and services	(3,962,821)	(105,157)	(4,067,978)	(3,339,148)	(105,585)	(3,444,733)
Payments for staff compensation	(720,756)	(226,979)	(947,735)	(629,632)	(500,409)	(1,130,041)
Payments to suppliers for collateral deposits	(39,660)	-	(39,660)	(1,596,395)	-	(1,596,395)
Payments to refund supplier security deposits	(100,000)	-	(100,000)	-	-	-
Contractual assessments (issued) / repaid	-	12,146	12,146	-	(4,787,186)	(4,787,186)
Payments of taxes and surcharges to other governments	(316,158)	-	(316,158)	(330,033)	-	(330,033)
Net cash provided (used) by operating activities	12,698,837	559,602	13,258,439	4,632,669	(4,668,396)	(35,727)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Issuance of long-term debt	-	590,429	590,429	-	6,074,636	6,074,636
Principal paid on long-term debt	(3,935,000)	124,651	(3,810,349)	(325,000)	(758,342)	(1,083,342)
Interest and related expenses payments	(381,733)	(435,523)	(817,256)	(390,345)	(236,002)	(626,347)
Net cash provided (used) by noncapital financing activities	(4,316,733)	279,557	(4,037,176)	(715,345)	5,080,292	4,364,947
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest income received	476,867	26,109	502,976	468,692	103,931	572,623
Net change in cash and cash equivalents	8,858,971	865,268	9,724,239	4,386,016	515,827	4,901,843
Cash and cash equivalents at beginning of year	14,706,867	957,296	15,664,163	10,320,851	441,469	10,762,320
Cash and cash equivalents at end of year	\$ 23,565,838	\$ 1,822,564	\$ 25,388,402	\$ 14,706,867	\$ 957,296	\$ 15,664,163
Reconciliation to the Statement of Net Position						
Cash and cash equivalents-current	\$ 23,565,838	\$ 1,371,542	\$ 24,937,380	\$ 14,706,867	\$ 662,640	\$ 15,369,507
Restricted cash and cash equivalents-current	-	451,022	451,022	-	294,656	294,656
Cash and investments	\$ 23,565,838	\$ 1,822,564	\$ 25,388,402	\$ 14,706,867	\$ 957,296	\$ 15,664,163

## PIONEER COMMUNITY ENERGY COMBINING STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

### Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities

	2020			2019		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
Operating income	\$ 11,490,047	\$ 618,637	\$ 12,108,684	\$ 4,283,499	\$ 68,421	\$ 4,351,920
Adjustments to reconcile operating income to net cash provided by operating activities						
Revenue adjusted for uncollectible accounts	505,787	-	505,787	361,091	-	361,091
(Increase) decrease in:						
Accounts receivable	(2,025,576)	-	(2,025,576)	792,815	-	792,815
Other receivables	-	12,146	12,146	-	(4,787,186)	(4,787,186)
Accrued revenue	(1,255,659)	-	(1,255,659)	(1,679,683)	-	(1,679,683)
Prepaid expenses	1,912,039	-	1,912,039	577,216	-	577,216
Increase (decrease) in:						
Accounts payable	(68,988)	(214)	(69,202)	91,745	(1,100)	90,645
Accrued cost of electricity	2,291,730	-	2,291,730	1,725,633	-	1,725,633
Other accrued liabilities	45,358	(1,621)	43,737	(12,430)	3,066	(9,364)
Collateral Deposit to energy suppliers	(39,660)	-	(39,660)	(1,596,395)	-	(1,596,395)
Security deposits from energy suppliers	(78,700)	-	(78,700)	100,000	-	100,000
User taxes and energy surcharges due to other governments	(77,541)	-	(77,541)	(10,822)	-	(10,822)
Unearned revenue	-	(69,346)	(69,346)	-	48,403	48,403
Net cash provided (used) by operating activities	\$ 12,698,837	\$ 559,602	\$ 13,258,439	\$ 4,632,669	\$ (4,668,396)	\$ (35,727)
<b>Noncash financing and investing activities</b>						
Loss on disposal of nondepreciable capital assets	\$ -	\$ -	\$ -	\$ 33,578	\$ -	\$ 33,578





**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

To the Board of Directors  
Pioneer Community Energy  
Auburn, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pioneer Community Energy (Pioneer), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Pioneer's basic financial statements, and have issued our report thereon dated March 11, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pioneer's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pioneer's internal control. Accordingly, we do not express an opinion on the effectiveness of Pioneer's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Pioneer's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards*** (continued)

**Independent Auditor's Report** (continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pioneer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Pioneer's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pioneer's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pesenti & Brinku LLP*

Santa Rosa, California  
March 11, 2021