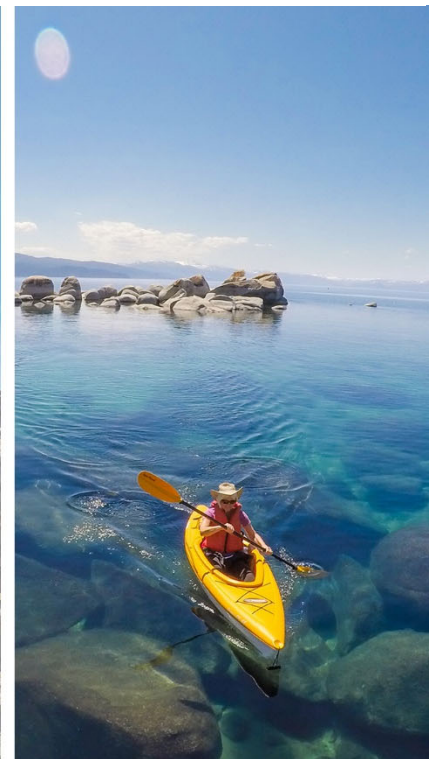
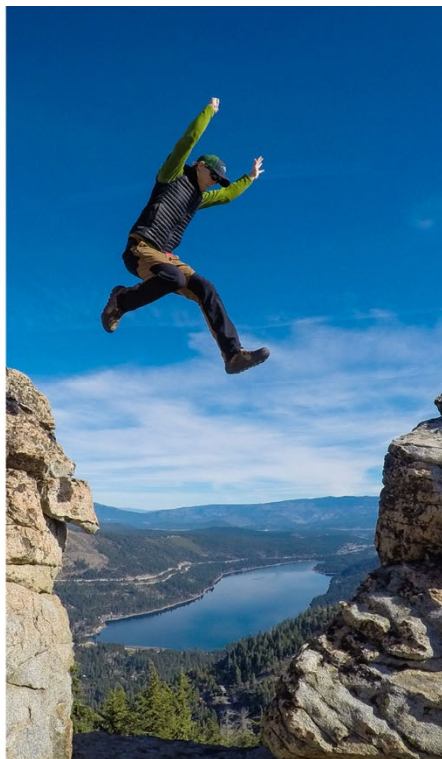
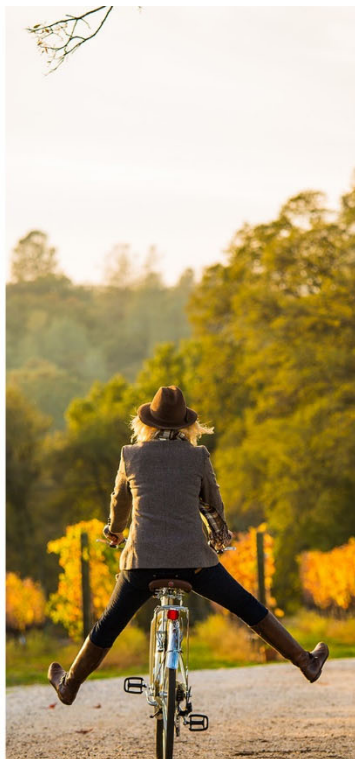




Financial Statements  
Fiscal Years Ended June 30, 2021 and 2020  
with Report of  
Independent Auditors



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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 years ended June 30, 2021 and 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 audits. We conducted our audits 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 audits 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, 2021 and 2020 and the changes in financial position and cash flows for the years 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 audits 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 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.

*Pisenti & Brinku LLP*

Santa Rosa, California  
January 14, 2022

**PIONEER COMMUNITY ENERGY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 and 2020. 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 served six jurisdictions through 2021, including the cities and towns of Auburn, Colfax, Loomis, Lincoln, and Rocklin and the unincorporated area of Placer County. Unincorporated El Dorado County and the City of Placerville annexed into Pioneer in March 2021 and services to them will be provided beginning January 2022. 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, 2021 AND 2020**

**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's 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.
  - The 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, 2021 AND 2020**

**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 ended June 30:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
Current assets	\$ 42,009,246	\$ 39,738,154	\$ 29,158,248
Noncurrent assets	10,585,022	13,125,403	13,097,889
Total assets	<u>52,594,268</u>	<u>52,863,557</u>	<u>42,256,137</u>
<b>Liabilities</b>			
Current liabilities	9,198,553	8,983,213	6,879,453
Noncurrent liabilities	19,225,073	21,869,904	25,129,475
Total liabilities	<u>28,423,626</u>	<u>30,853,117</u>	<u>32,008,928</u>
<b>Net position</b>			
Restricted	-	-	2,990,000
Unrestricted	24,170,642	22,010,440	7,257,209
Total net position	<u>\$ 24,170,642</u>	<u>\$ 22,010,440</u>	<u>\$ 10,247,209</u>

**Current assets**

Fiscal year 2021 current assets were mostly comprised of cash and cash equivalents of \$27.7 million, accounts receivable of \$8.5 million, accrued revenue of \$3.9 million, and restricted cash of \$597,000. Current assets increased each year as a result of operating surpluses.

**Noncurrent assets**

Fiscal year 2021 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. Also included as noncurrent assets is the long-term portion of the outstanding principal balance on Property Assessed Clean Energy (PACE) program loans.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Current liabilities**

Fiscal year 2021 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 \$7.4 million. Other components of current liabilities include accounts payable for services, the current portion of bonds and loan payable, taxes and surcharges due to other governments and other accrued liabilities.

**Noncurrent liabilities**

Bonds and loan payable are included in noncurrent liabilities. The decrease in bonds payable is the result of the accelerated debt service repayment on the Community Choice Aggregation (CCA) Fund's outstanding Series 2017 Revenue Bond and the accelerated payoff of mPOWER bonds by property owners during 2021. The Series 2017 Revenue Bond was replaced with a new note with Umpqua Bank.

**Operation Results**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 82,597,443	\$ 80,507,683	\$ 72,522,624
Investment gains (losses)	(69,041)	495,233	725,593
Total income	<u>82,528,402</u>	<u>81,002,916</u>	<u>73,248,217</u>
Operating expenses	79,687,675	68,398,999	68,204,282
Interest and financing expense	680,525	840,686	692,709
Total expenses	<u>80,368,200</u>	<u>69,239,685</u>	<u>68,896,991</u>
Change in net position	<u>\$ 2,160,202</u>	<u>\$ 11,763,231</u>	<u>\$ 4,351,226</u>

**Operating revenues and investment income**

Pioneer's main operating revenues are derived from the sale of electricity to commercial and residential customers throughout its territory. Operating revenues increased from 2019 to 2020 mainly as the result of rate changes. Operating revenues from 2020 to 2021 held fairly steady as no rate changes occurred. An investment loss was recognized in 2021 due to fair market value adjustments from funds held by the County Treasury.

**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. Operating expenses increased significantly in 2021 primarily due to rising costs in the energy market.



**PIONEER COMMUNITY ENERGY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC OUTLOOK**

Pioneer Community Energy serves approximately 89% of all eligible customers in Placer County and this has remained relatively stable. Pioneer will begin to serve the expansion territory of unincorporated El Dorado County and the City of Placerville January 2022. Pioneer staff are actively working thru multiple media channels and meeting with community groups to inform residents and business in the expansion territory of Pioneer becoming a choice for their energy generation.

Pioneer’s mission is to provide competitive electric rates, reliable service and a choice in energy options. Since launching in February 2018 through November 2020, Pioneer has delivered \$32.5 million of savings for ratepayers compared to Pacific Gas & Electric (“PG&E”). PG&E’s recent submittals to the California Public Utility Commission for rate changes and an expected lower Power Charge Indifference Adjustment (i.e., exit fee), reinforces Pioneer’s expectation that Pioneer will realize improved rate competitiveness when compared to PG&E. The January 2022 expansion will also provide economies of scale that would provide the opportunity to acquire lower cost power supply and attract more credit-worthy counterparties. Pioneer will continue to evaluate appropriate opportunities for expansion of its service territory.

During March 2020, the World Health Organization declared COVID-19 a pandemic. In response, to the pandemic, California created the California Arrearage Payment Program that will assist certain customers with utility bill relief for the period of March 2020 to June 2021. Pioneer is participating in that program and when funding is distributed in January 2022, Pioneer is estimating that it's eligible customers may receive relief benefit of almost \$1.4 million.

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.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**ECONOMIC OUTLOOK (continued)**

An important initiative for Pioneer is the support of local energy supply. Pioneer entered into a 10-year Power Purchase Agreement with El Dorado Irrigation District for hydro energy. This agreement is an example of the benefits of local control where local utilities worked together to benefit the community Pioneer serves. Pioneer has also worked closely with a coalition of CCAs in introducing a biomass bill that would allow CCAs to participate in the BioMAT feed-in tariff program that was only available to Investor-Owned Utilities. Those coalition efforts proved successful in the Fall of 2021 when the Governor signed into law the bill. The bill will encourage the development of biomass projects.

Pioneer has a strong focus on continuing to build credit capacity through increased cash reserves and entering favorable energy purchase commitments. This is further demonstrated by the Board's approval during October 2021 that adopted a series of financial policies that included an increased reserve target. Pioneer will work to achieve this increased reserve target in a 3-to-5-year timeline. Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses that will build the reserves.

**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,



Don Eckert Jr, Executive Director

## **BASIC FINANCIAL STATEMENTS**

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 27,676,379	\$ 24,937,380
Restricted cash and investments	596,530	451,022
Accounts receivable, net of allowance	8,512,333	8,752,658
Accrued revenue	3,869,044	4,923,233
Other receivables	301,254	349,880
Interest receivable	102,687	158,433
Contractual assessments receivable	295,433	-
Prepaid expenses	475,586	165,548
Deposits	180,000	-
Total current assets	42,009,246	39,738,154
Noncurrent assets		
Deposits	3,192,759	3,029,660
Contractual assessments receivable	7,392,263	10,095,743
Total noncurrent assets	10,585,022	13,125,403
Total assets	52,594,268	52,863,557
<b>LIABILITIES</b>		
Current liabilities		
Accrued cost of energy	7,425,535	7,901,441
Accounts payable	345,048	254,650
Other accrued liabilities	168,059	82,755
Interest payable	136,992	179,373
Supplier security deposits	159,750	21,300
Energy surcharges due to other governments	161,498	-
Bonds payable	272,420	543,694
Note payable	529,251	-
Total current liabilities	9,198,553	8,983,213
Noncurrent liabilities		
Bonds payable	9,298,640	21,869,904
Note payable	9,926,433	-
Total noncurrent liabilities	19,225,073	21,869,904
Total liabilities	28,423,626	30,853,117
<b>NET POSITION</b>		
Unrestricted	24,170,642	22,010,440
Total net position	\$ 24,170,642	\$ 22,010,440

**PIONEER COMMUNITY ENERGY  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 81,929,623	\$ 79,558,745
Service charges	667,820	948,938
Total operating revenues	82,597,443	80,507,683
<b>OPERATING EXPENSES</b>		
Cost of electricity	73,862,156	63,408,751
Contract services	3,728,854	3,530,635
Staff compensation	1,702,419	947,734
General and administration	394,246	511,879
Total operating expenses	79,687,675	68,398,999
Operating income	2,909,768	12,108,684
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment gains (losses)	(69,041)	495,233
Interest and financing expense	(680,525)	(840,686)
Nonoperating revenues (expenses), net	(749,566)	(345,453)
<b>CHANGE IN NET POSITION</b>	2,160,202	11,763,231
Net position at beginning of period	22,010,440	10,247,209
Net position at end of period	\$ 24,170,642	\$ 22,010,440

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 83,578,688	\$ 77,021,912
Other operating receipts	820,908	900,892
Contractual assessments received, net	2,757,926	12,146
Payments to suppliers for electricity	(75,277,415)	(59,344,640)
Payments for goods and services	(3,988,194)	(4,067,978)
Payments for staff compensation	(1,622,032)	(947,735)
Payments of taxes and surcharges to other governments	(262,321)	(316,158)
Net cash provided by operating activities	<u>6,007,560</u>	<u>13,258,439</u>
 <b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Note payable proceeds	10,500,000	-
Bond proceeds	-	590,429
Principal paid on bonds and note	(12,886,852)	(3,810,349)
Interest and related expense payments	(722,906)	(817,256)
Net cash used by non-capital financing activities	<u>(3,109,758)</u>	<u>(4,037,176)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	(13,295)	502,976
Net cash provided (used) by investing activities	<u>(13,295)</u>	<u>502,976</u>
 Net change in cash and cash equivalents	2,884,507	9,724,239
Cash and cash equivalents at beginning of year	<u>25,388,402</u>	<u>15,664,163</u>
Cash and cash equivalents at end of year	<u>\$ 28,272,909</u>	<u>\$ 25,388,402</u>
 <b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents (unrestricted)	\$ 27,676,379	\$ 24,937,380
Restricted cash and investments	596,530	451,022
Cash and cash equivalents	<u>\$ 28,272,909</u>	<u>\$ 25,388,402</u>

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

	<u>2021</u>	<u>2020</u>
Operating income	\$ 2,909,768	\$ 12,108,684
Adjustments to reconcile operating income to net cash provided by operating activities:		
Revenue adjusted for allowance for uncollectible accounts	1,507,096	505,787
(Increase) decrease in:		
Accounts receivable	(1,266,772)	(2,025,576)
Accrued revenue	1,054,189	(1,255,659)
Other receivables	(301,254)	-
Prepaid expenses	(310,039)	1,912,039
Deposits	(343,099)	-
Contractual assessments receivable	2,757,600	12,146
Increase (decrease) in:		
Accrued cost of electricity	(475,905)	2,291,730
Accounts payable	159,668	(69,202)
Other accrued liabilities	85,630	(25,609)
Energy surcharges due to other governments	92,228	(77,541)
Supplier security deposits	138,450	(118,360)
Net cash provided by operating activities	<u>\$ 6,007,560</u>	<u>\$ 13,258,439</u>

**PIONEER COMMUNITY ENERGY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2021 AND 2020**

**1. REPORTING ENTITY**

Pioneer Community Energy (Pioneer) is a California joint powers authority created in August of 2015. As of June 30, 2021, parties to its Joint Powers Agreement consist of the following local governments:

<b>Counties</b>	<b>Cities and Towns</b>	
Placer	Auburn	Placerville
El Dorado	Colfax	Lincoln
	Loomis	Rocklin

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 (CCA) 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 and will begin providing services to El Dorado County and the City of Placerville beginning in January 2022. Pioneer supplies electric energy to retail customers through its 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. The Pioneer Board directed that new applications for the mPOWER program will only be accepted through August 31, 2021.



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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.

**CASH AND CASH EQUIVALENTS**

For the purpose 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. The Statements of Net Position present restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes certain deposits held by energy suppliers and 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. Pioneer did not have any restrictions as of June 30, 2021 or 2020.

*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, 2021 AND 2020**

**2. 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.

Investment 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, 2021 AND 2020**

**2. 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.

**STAFFING COSTS**

Pioneer 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 post-employment benefits (OPEB) 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.

**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.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**3. CASH AND CASH EQUIVALENTS**

Prior to April 2021, the Placer County Treasurer served as Pioneer's Treasurer. As such, Pioneer was 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 are outstanding. During the year ended June 30, 2021, Pioneer repaid the 2017 Revenue Bond and appointed a new treasurer. Pioneer moved its cash and cash equivalents related to its CCA program to a private bank. Pioneer's cash and cash equivalents related to its mPower program remain in the Placer County Treasury.

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 objectives are safety, liquidity and yield in that order.

*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 with the County Treasury 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 GAAP. 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, 2021 and 2020 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.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

**FAIR VALUE MEASUREMENT**

Pioneer categorizes the fair value measurements of its investments based on the hierarchy established by GAAP, 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 and 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.

**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.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

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

**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, 2021 and 2020 was 643 days and 339 days, respectively.

**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.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable were as follows as of June 30:

	<u>2021</u>	<u>2020</u>
Accounts receivable from customers	\$ 10,886,307	\$ 9,619,536
Allowance for uncollectible accounts	(2,373,974)	(866,878)
Net accounts receivable	<u>\$ 8,512,333</u>	<u>\$ 8,752,658</u>

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. Once approved collection efforts are exhausted for closed accounts, the receivables are written off. During the Covid-19 pandemic, certain collection provisions have been suspended for active, but delinquent accounts, that may also benefit from receiving California Arrearage Payment Program (CAPP) funding which is estimated to bring relief for certain delinquent residential customers during the subsequent fiscal year. The allowance stated in these financial statements has not been reduced for the potential CAPP benefit as some uncertainties as to the timing and amount of collections exist. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**5. DEBT**

**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. The bond was fully repaid in May 2021.

**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. Revenue bonds issued prior to July 1, 2020 are listed below.

During the fiscal year ended June 30, 2021, Pioneer issued revenue bonds Series R 2020-21 and Series NR 2020-21 in the amounts of \$1.5 million and \$128,000, respectively. 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 COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**5. DEBT (Continued)**

**BONDS PAYABLE (CONTINUED)**

The following is a summary of Pioneer's bonds outstanding at June 30, 2021:

<b>Type of indebtedness</b>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal</u>	<u>Issuance Amount</u>	<u>Outstanding Balance June 30, 2021</u>
Revenue bonds					
(mPOWER Program)					
Series R 2016-17	9/2/2037	3.00%	\$7.5K to \$15.1K	\$ 492,589	\$ 190,701
Series R 2017-18	9/2/2038	3.00%	\$88.9K to \$187.3K	5,380,276	2,396,687
Series NR 2017-18	9/2/2038	3.00%	\$4K to \$11K	138,323	130,576
Series R 2018-19	9/2/2039	4.50%	\$91.7K to \$189.2K	5,656,485	2,615,291
Series NR 2018-19	9/2/2039	4.50%	\$8.3K to \$27.9K	418,152	322,617
Series R 2019-20	9/2/2040	4.50%	\$65.3K to \$164.6K	2,730,091	2,183,975
Series NR 2019-20	9/2/2040	4.50%	\$1.6K to \$4.8K	544,507	58,342
Series R 2020-21	9/2/2041	4.50%	\$52K to \$95.8K	1,544,622	1,544,622
Series NR 2020-21	9/2/2031	4.50%	\$9.7K to \$16.4K	128,249	128,249
Total (mPOWER Program)				<u>\$ 17,033,294</u>	<u>9,571,060</u>
Amounts due within one year					<u>272,420</u>
Amounts due after one year					<u>\$ 9,298,640</u>



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**5. DEBT (Continued)**

**NOTE PAYABLE**

In May 2021, Pioneer borrowed \$10,500,000 from Umpqua Bank at an interest rate of 3.85% per annum. The monthly payment of principal and interest is \$76,880 and the loan matures on April 30, 2036. Pioneer has pledged net revenues to secure payment of the note.

The following is a summary of changes in bonds and note payable for the year ended June 30, 2021:

<b>Bond Title, Series Number</b>	Balance July 1, 2020	Additions	Principal Repayments	Balance June 30, 2021	Due Within One Year
<b>2017 Revenue Bond</b>					
Series 2017 (CCA)	\$10,470,000	\$ -	\$(10,470,000)	\$ -	\$ -
Series R 2016-17 (mPOWER)	291,486	-	(100,785)	190,701	7,511
Series R 2017-18 (mPOWER)	3,501,904	-	(1,105,217)	2,396,687	88,964
Series NR 2017-18 (mPOWER)	134,562	-	(3,986)	130,576	4,225
Series R 2018-19 (mPOWER)	4,364,009	-	(1,748,718)	2,615,291	91,731
Series NR 2018-19 (mPOWER)	409,652	-	(87,035)	322,617	13,101
Series R 2019-20 (mPOWER)	2,697,478	-	(513,503)	2,183,975	65,303
Series NR 2019-20 (mPOWER)	544,507	-	(486,165)	58,342	1,586
Series R 2020-21 (mPOWER)	-	1,544,622	-	1,544,622	-
Series NR 2020-21 (mPOWER)	-	128,249	-	128,249	-
<b>Total</b>	<u>\$22,413,598</u>	<u>\$ 1,672,871</u>	<u>\$(14,515,409)</u>	<u>\$ 9,571,060</u>	<u>\$ 272,420</u>
<b>Note Payable</b>					
Umpqua Bank	\$ -	\$10,500,000	\$ (44,316)	\$10,455,684	\$ 529,251

The following is a summary of changes in bonds payable for the year ended June 30, 2020:

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

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**5. DEBT (Continued)**

Minimum future obligations for the outstanding mPOWER Program Revenue Bonds and the note payable are as follows:

<b>mPOWER Program Revenue Bonds</b>			
	Principal	Interest	Total
<b>Year ended June 30,</b>			
2022	\$ 272,420	\$ 563,399	\$ 835,819
2023	350,513	558,780	909,293
2024	371,544	537,502	909,045
2025	390,951	514,992	905,943
2026	411,702	491,278	902,980
2027-2031	2,406,466	2,052,384	4,458,850
2032-2036	2,760,153	1,227,093	3,987,247
2037-2041	2,511,508	369,960	2,881,468
2042	95,803	2,156	97,959
<b>Total</b>	<b>\$ 9,571,060</b>	<b>\$ 6,317,544</b>	<b>\$ 15,888,604</b>

<b>Note Payable</b>			
	Principal	Interest	Total
<b>Year ended June 30,</b>			
2022	\$ 529,251	\$ 393,313	\$ 922,564
2023	549,991	372,573	922,564
2024	571,543	351,021	922,564
2025	593,940	328,624	922,564
2026	617,214	305,349	922,563
2027-2031	3,468,393	1,144,427	4,612,820
2032-2036	4,125,352	409,464	4,534,816
<b>Total</b>	<b>\$ 10,455,684</b>	<b>\$ 3,304,771</b>	<b>\$ 13,760,455</b>

**6. 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, 2021, there were ten active plan members. Pioneer contributes a minimum of \$1,000 per employee per month to the Plan and contributed a prorated amount of \$141,000 and \$48,000 in total during the fiscal years ended June 30, 2021 and 2020, respectively. 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.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**7. 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 years ended June 30, 2021 and 2020, Placer County incurred and charged \$460,000 and \$832,000, 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 \$143,000 and \$124,000 for salaries, benefits and related overhead for the fiscal years ended June 30, 2021 and 2020, 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 \$19,000 and \$37,000 for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, Pioneer successfully transitioned to an in-house staffing model for key positions. This will significantly decrease the services Placer County will provide the CCA in future years, however, Placer County will continue to administer mPOWER collections and assessments.

**8. 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, 2021, 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.

**9. 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.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**9. PURCHASE COMMITMENTS (Continued)**

The following table details the obligations to purchase existing energy, renewable, and resource adequacy (RA) contracts as of June 30, 2021:

<b>Year ending June 30,</b>	
2022	\$ 83,400,000
2023	75,600,000
2024	45,700,000
2025	29,000,000
2026	18,100,000
2027-36	79,700,000
Total	<u>\$ 331,500,000</u>

As of June 30, 2021, Pioneer had outstanding non-cancelable commitments to professional service providers through June 2024, for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are estimated to be approximately \$3.3 million.

**10. 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 \$116,000 and \$112,000 for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021, future minimum lease payments under this lease were projected as follows:

<b>Year ending June 30,</b>	
2022	\$ 118,800
2023	122,300
2024	137,500
2025	141,600
2026	70,500
Total	<u>\$ 590,700</u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**11. FUTURE GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements are effective for years ending after June 30, 2021:

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*. When they become effective, application of these standards may restate portions of these financial statements.

**12. SUBSEQUENT EVENT**

In response to the COVID-19 pandemic, California created the California Arrearage Payment Program that will assist certain customers with utility bill relief for the period of March 2020 to June 2021. Pioneer is participating in that program, and it is anticipated that funding will be distributed in January 2022. Pioneer is estimating that it will receive approximately \$1,400,000 that will be used to provide customer bill relief.

During May 2021, Pioneer moved its funds (with the exception of mPOWER funds) from the Placer County Treasury to a private bank. Pioneer had been operating under the Placer County Investment Policy, but in July 2021 the Board approved Pioneer's own Investment Policy that will govern Pioneer's deposits and investments.

The Pioneer Board directed the winding down of the mPOWER program and the last day applications could be submitted for funding was August 31, 2021. After the last application is approved and funded, the administration of the program will only be the administration of the assessments, servicing the outstanding bonds and any property lien pay offs. Placer County will staff the administration of these tasks on behalf of Pioneer.

# PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

## COMBINING STATEMENTS OF NET POSITION JUNE 30, 2021 AND 2020

	2021			2020		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 26,001,679	\$ 1,674,700	\$ 27,676,379	\$ 23,565,838	\$ 1,371,542	\$ 24,937,380
Restricted cash and investments	-	596,530	596,530	-	451,022	451,022
Accounts receivable, net of allowance	8,512,333	-	8,512,333	8,752,658	-	8,752,658
Accrued revenue	3,869,044	-	3,869,044	4,923,233	-	4,923,233
Other receivables	301,267	-	301,267	18,859	331,021	349,880
Interest receivable	-	102,674	102,674	-	158,433	158,433
Contractual assessment receivable	-	295,433	295,433	-	-	-
Prepaid expenses	475,586	-	475,586	165,548	-	165,548
Deposits	180,000	-	180,000	-	-	-
Total current assets	39,339,909	2,669,337	42,009,246	37,426,136	2,312,018	39,738,154
Noncurrent assets						
Deposits	3,192,759	-	3,192,759	3,029,660	-	3,029,660
Contractual assessments receivable	-	7,392,263	7,392,263	-	10,095,743	10,095,743
Total noncurrent assets	3,192,759	7,392,263	10,585,022	3,029,660	10,095,743	13,125,403
Total assets	42,532,668	10,061,600	52,594,268	40,455,796	12,407,761	52,863,557
<b>LIABILITIES</b>						
Current liabilities						
Accrued cost of energy	7,425,535	-	7,425,535	7,901,441	-	7,901,441
Accounts payable	326,898	18,150	345,048	254,268	382	254,650
Other accrued liabilities	144,230	23,829	168,059	50,632	32,123	82,755
Interest payable	33,545	103,447	136,992	22,044	157,329	179,373
Supplier security deposits	159,750	-	159,750	21,300	-	21,300
Energy surcharges due to other governments	161,498	-	161,498	-	-	-
Bonds payable	-	272,420	272,420	250,000	293,694	543,694
Note payable	529,251	-	529,251	-	-	-
Total current liabilities	8,780,707	417,846	9,198,553	8,499,685	483,528	8,983,213
Noncurrent liabilities						
Bonds payable	-	9,298,640	9,298,640	10,220,000	11,649,904	21,869,904
Note payable	9,926,433	-	9,926,433	-	-	-
Total noncurrent liabilities	9,926,433	9,298,640	19,225,073	10,220,000	11,649,904	21,869,904
Total liabilities	18,707,140	9,716,486	28,423,626	18,719,685	12,133,432	30,853,117
<b>NET POSITION</b>						
Unrestricted	23,825,528	345,114	24,170,642	21,736,111	274,329	22,010,440
Total net position	\$ 23,825,528	\$ 345,114	\$ 24,170,642	\$ 21,736,111	\$ 274,329	\$ 22,010,440

**PIONEER COMMUNITY ENERGY  
SUPPLEMENTARY INFORMATION**

**COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>OPERATING REVENUES</b>						
Electricity sales, net	\$ 81,929,623	\$ -	\$ 81,929,623	\$ 79,558,745	\$ -	\$ 79,558,745
Service charges	-	667,820	667,820	-	948,938	948,938
Total operating revenues	81,929,623	667,820	82,597,443	79,558,745	948,938	80,507,683
<b>OPERATING EXPENSES</b>						
Cost of electricity	73,862,156	-	73,862,156	63,408,751	-	63,408,751
Contract services	3,582,863	145,991	3,728,854	3,438,886	91,749	3,530,635
Staff compensation	1,636,154	66,265	1,702,419	720,756	226,978	947,734
General and administration	384,881	9,365	394,246	500,305	11,574	511,879
Total operating expenses	79,466,054	221,621	79,687,675	68,068,698	330,301	68,398,999
Operating income	2,463,569	446,199	2,909,768	11,490,047	618,637	12,108,684
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Investment gains (losses)	(74,209)	5,168	(69,041)	470,813	24,420	495,233
Interest and financing expense	(299,943)	(380,582)	(680,525)	(373,447)	(467,239)	(840,686)
Nonoperating revenues (expenses), net	(374,152)	(375,414)	(749,566)	97,366	(442,819)	(345,453)
<b>CHANGE IN NET POSITION</b>						
Net position at beginning of year	2,089,417	70,785	2,160,202	11,587,413	175,818	11,763,231
Net position at end of year	21,736,111	274,329	22,010,440	10,148,698	98,511	10,247,209
	\$ 23,825,528	\$ 345,114	\$ 24,170,642	\$ 21,736,111	\$ 274,329	\$ 22,010,440

# PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

## COMBINING STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 83,578,688	\$ -	\$ 83,578,688	\$ 77,021,912	\$ -	\$ 77,021,912
Other operating receipts	168,042	652,866	820,908	21,300	879,592	900,892
Contractual assessment received, net	-	2,757,926	2,757,926	-	12,146	12,146
Payments to suppliers for electricity	(75,277,415)	-	(75,277,415)	(59,344,640)	-	(59,344,640)
Payments for goods and services	(3,857,269)	(130,925)	(3,988,194)	(3,962,821)	(105,157)	(4,067,978)
Payments for staff compensation	(1,555,765)	(66,267)	(1,622,032)	(720,756)	(226,979)	(947,735)
Payments of taxes and surcharges to other governments	(262,321)	-	(262,321)	(316,158)	-	(316,158)
Net cash provided by operating activities	<u>2,793,960</u>	<u>3,213,600</u>	<u>6,007,560</u>	<u>12,698,837</u>	<u>559,602</u>	<u>13,258,439</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Note payable proceeds	10,500,000	-	10,500,000	-	-	-
Bond proceeds	-	-	-	-	590,429	590,429
Principal paid on long-term debt	(10,514,314)	(2,372,538)	(12,886,852)	(3,935,000)	124,651	(3,810,349)
Interest and related expenses payments	(288,442)	(434,464)	(722,906)	(381,733)	(435,523)	(817,256)
Net cash provided (used) by noncapital financing activities	<u>(302,756)</u>	<u>(2,807,002)</u>	<u>(3,109,758)</u>	<u>(4,316,733)</u>	<u>279,557</u>	<u>(4,037,176)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income received (paid)	(55,363)	42,068	(13,295)	476,867	26,109	502,976
Net change in cash and cash equivalents	2,435,841	448,666	2,884,507	8,858,971	865,268	9,724,239
Cash and cash equivalents at beginning of year	23,565,838	1,822,564	25,388,402	14,706,867	957,296	15,664,163
Cash and cash equivalents at end of year	<u>\$ 26,001,679</u>	<u>\$ 2,271,230</u>	<u>\$ 28,272,909</u>	<u>\$ 23,565,838</u>	<u>\$ 1,822,564</u>	<u>\$ 25,388,402</u>
Reconciliation to the Statement of Net Position						
Cash and cash equivalents-current	\$ 26,001,679	\$ 1,674,700	\$ 27,676,379	\$ 23,565,838	\$ 1,371,542	\$ 24,937,380
Restricted cash and investments	-	596,530	596,530	-	451,022	451,022
Cash and investments	<u>\$ 26,001,679</u>	<u>\$ 2,271,230</u>	<u>\$ 28,272,909</u>	<u>\$ 23,565,838</u>	<u>\$ 1,822,564</u>	<u>\$ 25,388,402</u>

## YEARS ENDED JUNE 30, 2021 AND 2020

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	2021			2020		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
Operating income	\$ 2,463,571	\$ 446,197	\$ 2,909,768	\$ 11,490,047	\$ 618,637	\$ 12,108,684
Adjustments to reconcile operating income to net cash provided by operating activities:						
Revenue adjusted for allowance for uncollectible accounts	1,507,096	-	1,507,096	505,787	-	505,787
(Increase) decrease in:						
Accounts receivable	(1,266,772)	-	(1,266,772)	(2,025,576)	-	(2,025,576)
Accrued revenue	1,054,189	-	1,054,189	(1,255,659)	-	(1,255,659)
Other receivables	(3,059,180)	2,757,926	(301,254)	-	12,146	12,146
Prepaid expenses	(310,039)	-	(310,039)	1,912,039	-	1,912,039
Deposits	(343,099)	-	(343,099)	-	-	-
Contractual assessments receivable	2,757,600	-	2,757,600	-	-	-
Increase (decrease) in:						
Accrued cost of electricity	(475,905)	-	(475,905)	2,291,730	-	2,291,730
Accounts payable	141,897	17,771	159,668	(68,988)	(214)	(69,202)
Other accrued liabilities	93,924	(8,294)	85,630	45,358	(70,967)	(25,609)
Energy surcharges due to other governments	92,228	-	92,228	(77,541)	-	(77,541)
Supplier security deposits	138,450	-	138,450	(118,360)	-	(118,360)
Net cash provided by operating activities	<u>\$ 2,793,960</u>	<u>\$ 3,213,600</u>	<u>\$ 6,007,560</u>	<u>\$ 12,698,837</u>	<u>\$ 559,602</u>	<u>\$ 13,258,439</u>





**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 years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Pioneer's basic financial statements, and have issued our report thereon dated January 14, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audits 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 audits 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 audits, 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.

A handwritten signature in black ink that reads "Piseri & Brink LLP". The signature is written in a cursive, flowing style.

Santa Rosa, California  
January 14, 2022