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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: October 11, 2022 Finance Committee Meeting Minutes

1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:32am.

The meeting attendees either present or participating remotely were as follows: Finance Committee representatives: Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Ann Hatcher (Santa Clara), and Eric Campbell (Roseville); NCPA Staff: Monty Hanks, Sondra Ainsworth, Eric Siu, Jane Luckhardt, as well as Basil Wong from Santa Clara, Khaly Nguyen from Port of Oakland, and Tarun Narayan from Palo Alto. Melissa Price (Lodi) was absent. A quorum of the Committee was established.

PUBLIC FORUM

No one from the public was present at the site or at any of the teleconference locations.

REPORTS AND COMMITTEE ACTION ITEMS

2. Review of the June 30, 2022 Draft Audited Financial Statements and Related Reports

– Staff is recommending the Committee accept the FY2022 Audited Financial Statements with no substantial changes from the draft presented and confirm the authorization of regulatory accounting for items included in 2022 as presented. Treasurer-Controller, Sondra Ainsworth provided an overview of the FY2022 Financial Statement results. The Agency's assets decreased by \$29.8 million or 2.6%, liabilities decreased by \$18.9 million or 1.7% and the net position decreased by \$10.9 million or 31.6%. The Statement of Revenue, Expenses, and Charges in Net Position reflected that operating expenses increased by \$74.1 million while operating revenues increased by \$72.1 million. NCPA applies GASB 62 for asset accounting – this allows regulated entities to defer revenue and expenses and better match those with the timing of revenue collections, smoothing impacts to members, participants and customers.

Bethany Ryers, from Baker Tilly US, LLP provided a presentation regarding NCPA's Audited Financial Statements for years ending June 30, 2022 and 2021. Ms. Ryers reported that there were no exceptions noted based on Baker Tilly's testing practices. She also reported that NCPA received an unmodified opinion which is the highest level of assurance her firm can provide. There were no identified material weaknesses or significant deficiencies in

controls. Baker Tilly agrees with the Agency's accounting policies and disclosures. There were no material adjustments to the financial statements. Ms. Ryers stated that the entire audit process went smoothly and she expressed her gratitude to NCPA staff for their hard work, cooperation and responsiveness during this process.

A motion was made by Eric Campbell and seconded by Ann Hatcher recommending acceptance of the FY2022 Audited Financial Statements as well as confirming authorization of the regulatory accounting for the items included in 2022. A vote was taken by roll call: YES = Robert Orbeta (Alameda), Catalina Sanchez (Gridley), Ann Hatcher (Santa Clara) and Eric Campbell (Roseville). The motion passed.

NEW BUSINESS

- 3. Annual Review of the NCPA Employee Pension and OPEB Programs** – Sondra Ainsworth provided an update on the Agency's Pension and OPEB funding plans. She reviewed the plan implementation drivers and the goals of the programs. The OPEB actuarial valuation shows that the program's gross liability decreased from \$38.8 million to \$37.3 million resulting from the creation of a third benefit tier. As of June 30, 2022 based on June , 2021 data the fiduciary net position is 131.8%. The net investment income totaled approximately \$11 million in fiscal year 2021. For fiscal year ending June 30, 2022 the actuarially determined contribution was \$1,043,000 and the budget collections totaled \$2,831,350 which brings the settlement refund amount to \$1,788,350. Staff will budget the normal cost in FY2024.

The pension plan's actuarial liability decreased from \$67.8 million at the June 30, 2020 report to \$46.7 million at the June 31, 2021 report. As of the June 30, 2021 report the plan funding level was 75.7% - compared to 56.1% in 2015 when the new amortization funding plan was implemented. The accrued actuarial liability was \$192.5 million in 2021 compared to \$183.7 million in 2020.

MOTION: A motion was made by Ann Hatcher (Santa Clara) and seconded by Bob Orbeta (Alameda) recommending that staff provide this annual update on the OPEB and Pension funding program statuses in accordance with the Agency's Long-Term Funding plans at the next Commission meeting. A vote was taken by roll call: YES = Bob Orbeta (Alameda), Catalina Sanchez (Gridley), Eric Campbell (Roseville), and Ann Hatcher (Santa Clara). Melissa Price (Lodi) was absent. The motion passed.

4. Next Finance Committee Meeting

The next regular Finance Committee meeting is scheduled for November 15, 2022 at 10:30am.

ADJOURNMENT

The meeting was adjourned at 11:23am.