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Minutes

To: NCPA Finance Committee
From: Trisha Zimmer
Subject: October 13, 2020 Finance Committee Meeting Minutes

1. Call Meeting to Order and Roll Call

The meeting was called to order at 10:33am.

The meeting attendees either present or participating remotely are as follows: Finance Committee representatives: Greg Scharff (Palo Alto), Melissa Price (Lodi), Ann Hatcher (Santa Clara), Robert Orbeta (Alameda) and Eric Campbell (Roseville); NCPA Staff: Monty Hanks, Sondra Ainsworth, Jane Luckhardt, Eric Siu, as well as Tarun Narayn from Palo Alto, Khaly Nguyen from Port of Oakland, and Bethany Ryers from Baker Tilly. 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

NEW BUSINESS

2. Review of the June 30, 2020 Audited Financial Statements and Related Reports.

Treasurer-Controller, Sondra Ainsworth provided an overview of the Financial Statement results. NCPA's assets decreased \$16.6 million or 1.4%, liabilities decreased \$18.1 million or 1.7% and the net position increased \$2.0 million or 5.3%. The Statement of Revenue, Expenses, and Charges in Net Position revealed operating expenses decreased \$90.6 million while operating revenues decreased \$94.2 million. Ms. Ainsworth stated that the Agency applies GASB 62 for regulatory accounting for regulatory assets and liabilities. This allows regulated entities to defer revenue and expenses to better match those with the timing of revenue collections, smoothing impacts to members/participants/customers and requires Committee acceptance. The regulatory assets include – net change in swaps valuation, net position and OPEB liabilities, and the difference between annual depreciation and debt service. The regulatory liabilities include – pre-paid insurance, MID/CDWR/NCPA LEC construction advances, inventory purchases, construction work in progress and funds advanced to AROs. Ms. Ainsworth thanked her staff as well as Baker Tilly for their cooperation and hard work on this year's audit.

Bethany Ryers of Baker Tilly provided a presentation regarding NCPA's Audited Financial

Statements for years ending June 30, 2020 and 2019. Ms. Ryers took a moment to thank NCPA staff for their hard work and responsiveness, especially given the circumstances this year. The presentation included a brief overview, the key objectives of the audit and the testing methods applied. Ms. Ryers reported that there were no material adjustments to NCPA's financial statements. She also reported that Baker Tilly gave an unmodified opinion to the Agency's financials, meaning that the audit did not reveal any actual or possible material misstatements in the financial statements, and that the audit team agrees with NCPA's accounting policies and disclosures, and there were no other findings or concerns.

Staff recommends Commission acceptance of the FY2020 Audited Financial Statements as well as confirm authorization of the regulatory accounting for the items included in 2020. MOTION: a motion was made by Greg Scharff and seconded by Ann Hatcher accepting staff's recommendations. A vote was taken by roll call: YES = Robert Orbeta (Alameda), Melissa Price (Lodi), Greg Scharff (Palo Alto), Ann Hatcher (Santa Clara) and Eric Campbell (Roseville). The motion passed unanimously.

ADJOURNMENT

The meeting was adjourned at 11:04am.