



Cape Light Compact JPE

2017 Audit Exit Meeting

Date: March 13, 2019

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Agenda

- Terms of Engagement
- Open Items
- Executive Summary
- Financial Highlights



Terms of Engagement

- Express an opinion on whether the financial statements are presented in accordance with GAAP
- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants



Open Items

- Legal Letter Response
- CLA Quality Review Process
- Signed Representation Letter



Executive Summary

- April 12, 2017: Compact reorganized to become a Joint Powers Entity (JPE)
 - Previously reported Accrued Long-Term Liabilities for Pension and OPEB Benefits are not reflected and disclosed in accordance with GASB Statements No. 45 and No. 68.
- Delays in Audit Process
- Management Letter Comment:
 - Reconciliation of Barnstable Cash



Financial Highlights

Statement of Net Position				
	<u>2017</u>	<u>2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Assets				
Cash (Including Cash Held by County)	\$23.1M	\$15.1M	\$8.0M	53%
Receivables and Other Assets	\$2.6M	\$2.8M	(\$0.2M)	(7%)
Capital Assets	\$0.6M	\$0.6M	\$0.0M	0%
Deferred Outflows – Pension	\$0.8M	\$ -	\$0.8M	100%
Liabilities				
Accounts Payable and Accrued Expenses	\$4.4M	\$4.3M	\$0.1M	2%
Net Pension Liability	\$3.5M	\$ -	\$3.5M	100%
Net OPEB Obligation	\$0.9M	\$ -	\$0.9M	100%
Accrued Long-Term Liabilities	\$ -	\$3.1M	(\$3.1M)	100%
Deferred Inflows – Pension	\$0.1M	\$ -	\$0.1M	100%
Net Position	<u>\$18.4M</u>	<u>\$10.4M</u>	<u>\$8.0M</u>	<u>N/A</u>



Financial Highlights

Statement of Revenues, Expenses and Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Operating Revenues				
Energy Efficiency	\$38.8M	\$36.0M	\$2.8M	8%
Mil-adder	\$0.9M	\$0.9M	\$0.0M	0%
Intergovernmental	\$0.7M	\$1.3M	(\$0.6M)	(46%)
Green Program and Other	\$0.1M	\$0.1M	\$0.0M	0%
Operating Expenses				
Salaries and Benefits	\$1.8M	\$2.6M	(\$0.8M)	(31%)
Energy Efficiency	\$30.4M	\$24.5M	\$5.9M	24%
Legal	\$1.7M	\$0.8M	\$0.9M	113%
Other	\$1.2M	\$0.9M	\$0.3M	33%



Financial Highlights

Statement of Revenues, Expenses and Changes in Net Position (Continued)

	<u>2016</u>	<u>2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
Nonoperating Revenues (Expenses)				
Forward Cap Market	\$2.7M	\$1.1M	\$1.6M	145%
REC's and Investment Income	(\$0.1M)	(\$0.1M)	\$0.0M	0%
Change in Net Position	\$8.0M	\$10.5M	(\$2.5M)	(24%)



Financial Highlights

- **Note 6 – Pension Plan Schedules (Pg. 18-21)**
 - Compact became member of Barnstable County Contributory Retirement Association (BCRA) on January 1, 2018, however reported no lapse in participation.
 - Net Pension Liability is Reported using December 31, 2016 Measurement Date:
 - ◇ Total Net Pension Liability: \$3,467,247
 - ◇ Pension Expense \$550,713
 - ◇ Deferred Outflows: \$783,363
 - ◇ Deferred Inflows: \$44, 426
 - Required Supplementary Information
 - ◇ Compact’s Proportion Share of Net Pension Liability (pg 26)
 - ◇ Schedule of Compact’s Contributions (pg 26)



Financial Highlights

- Note 7 – Other Postemployment (Pg. 22-24)
 - No changes in benefits provided to employees who were previously contracted from Barnstable County. Utilized the previous actuarial valuation performed by the County.
 - Net OPEB Obligation: \$855,175
 - ◇ Annual OPEB Cost: \$160,336
 - ◇ Contributions Made: \$52,386
 - Required Supplementary Information
 - ◇ Compact’s Schedule of Funding Progress (pg 27)



Future GASB Implementation

- GASB Statement No. 75: *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
 - Implementation in 2018, will include restatement to beginning net position



Questions

