



# Cape Light Compact

2016 Audit Exit Conference

Date: November 8, 2017

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# Agenda

- Engagement summary/Open items
- Financial highlights
- Questions



# Engagement Summary/Open Items

- Audit began July 2017 (originally scheduled in May)
- Received cash reconciliation from Barnstable County in October 2017
- Pension and OPEB chargebacks not received as of November 7, 2017
- Formal drafts to be issued when information received



# Engagement Summary/Open Items

- Management representation letter to be issued and signed once pension and OPEB information received
- CLA independent 2<sup>nd</sup> review (quality control)
- Finals to be issued when all items above are completed



# Financial Highlights

Statement of Net Position				
	<u>2016</u>	<u>2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Assets</b>				
Cash	\$15.1M	\$4.1M	\$11.0M	268%
Receivables	\$2.8M	\$3.6M	(\$0.8M)	(22%)
Capital assets	\$0.6M	\$0.5M	\$0.1M	20%
<b>Liabilities</b>				
Payables	\$4.2M	\$5.1M	(\$0.9M)	(18%)
Accrued contracted payroll and compensated abs.	\$0.1M	\$0.2M	(\$0.1M)	(50%)
Accrued long-term liabilities	\$3.1M	\$3.1M	\$0.0M	0%
<b>Net Position</b>	<u>\$11.1M</u>	<u>(\$0.1M)</u>	<u>\$11.0M</u>	<u>N/A</u>



# Financial Highlights

- Components of Net Position by Program
  - Energy Efficiency – \$9.8M
  - Power Supply Reserve - \$0.8M
  - OPEB Reserve Fund - \$120k
  - Operating Fund - \$201k
  - Green Program - \$248k



# Financial Highlights

## Statement of Revenues, Expenses and Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Operating Revenues</b>				
Energy Efficiency	\$36.0M	\$33.7M	\$2.3M	6%
Mil-adder	\$0.9M	\$0.7M	\$0.2M	28%
Intergovernmental	\$1.3M	\$2.0M	(\$0.7M)	(35%)
Green Program and Other	\$0.1M	\$0.1M	\$0.0M	0%
<b>Operating Expenses</b>				
Contracted Labor	\$1.8M	\$4.4M	(\$2.6M)	(59%)
Energy Efficiency	\$24.5M	\$35.3M	(\$10.8M)	(31%)
Legal	\$0.7M	\$0.6M	\$0.1M	17%
Other	\$0.9M	\$1.0M	(\$0.1M)	(10%)



# Financial Highlights

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

	<u>2016</u>	<u>2015</u>	<u>Change (\$)</u>	<u>Change (%)</u>
<b>Nonoperating Revenues (Expenses)</b>				
Forward Cap Market	\$1.1M	\$1.1M	\$0.0M	0%
REC's and Inv Income	(\$0.1M)	\$0.2M	(\$0.3M)	(300%)
<b>Change in Net Position</b>	<b>\$11.1M</b>	<b>(\$3.6M)</b>	<b>\$14.7M</b>	<b>408%</b>





# Financial Highlights

- Note 7 – Related Party Transactions
  - Administrative Services agreement with County at a cost of \$49,000
  - Rent and custodial services paid to the County at a cost of \$118,000
  - The Compact has secured a \$100k line of credit for CVEC
    - ◇ No amounts have been drawn
  - The Compact purchases (at CVEC’s cost) REC’s purchased by CVEC for the Compact’s Green Program
    - ◇ Purchases totaled \$41,000



# Financial Highlights

- Note 9 – Commitments

- REC Purchases

- ◇ Committed under an agreement to purchase RECs at fixed prices through June 2017
      - Estimated commitment totals \$2.9M

- REC Sales

- ◇ Committed to sell REC's it has acquired (or had committed to acquire) at fixed prices through June 2017
      - Expected inflows total \$2.9M



# Financial Highlights

- Note 9 – Commitments
  - Compact participates in ISO-NE Forward Capacity Market
    - ◇ Committed to deliver specified units of EE at a fixed price per unit
      - Penalties are assessed if Compact fails to deliver its capacity supply obligation



# Questions

