

A large, stylized lightbulb graphic on the left side of the slide. The bulb is light green with a blue checkmark inside. The base of the bulb is composed of several horizontal green bars.

# Audit & Finance Committee Meeting

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*October 13, 2020*

# Agenda

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- FY2018-2019 Audited Financial Statements
- Auditor Presentation with required communications

# Financial Statement vs. Budget – Final

	Month of June, 2020					
	Current Month			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
<b>OPERATING REVENUES</b>						
Electricity Sales, net	22,872,364	24,917,451	(2,045,087)	275,534,023	265,221,745	10,312,277
Green electricity premium	200,435	213,069	(12,633)	2,558,513	2,560,486	(1,973)
<b>Total Operating Revenues</b>	<b>23,072,799</b>	<b>25,130,519</b>	<b>(2,057,720)</b>	<b>278,092,536</b>	<b>267,782,231</b>	<b>10,310,305</b>
<b>OPERATING EXPENSES</b>						
Cost of energy	24,171,481	16,978,689	(7,192,793)	216,065,642	216,549,065	483,423
Staff compensation	441,816	420,302	(21,514)	4,522,467	4,589,149	66,682
Data Manager	280,873	318,510	37,637	3,580,229	3,822,123	241,895
Service Fees - PG&E	108,034	104,671	(3,363)	1,255,183	1,256,056	873
Consultants & Professional Services	103,372	68,250	(35,122)	725,349	896,333	170,984
Legal	183,679	122,625	(61,054)	1,309,477	1,471,500	162,023
Communications and Noticing	121,832	146,233	24,401	1,116,387	1,754,800	638,413
General and Administrative	116,968	102,224	(14,745)	1,317,745	1,277,187	(40,558)
Community Energy Programs	85,683	591,999	506,316	1,351,626	5,094,473	3,742,847
Depreciation	5,940	8,200	2,260	93,124	98,400	5,276
<b>Total Operating Expenses</b>	<b>25,619,678</b>	<b>18,861,703</b>	<b>(6,757,975)</b>	<b>231,337,227</b>	<b>236,809,086</b>	<b>5,471,859</b>
<b>Operating Income (Loss)</b>	<b>(2,546,879)</b>	<b>6,268,816</b>	<b>(8,815,695)</b>	<b>46,755,309</b>	<b>30,973,145</b>	<b>15,782,164</b>
<b>NON-OPERATING REVENUES (EXP.)</b>						
<b>Total Nonoperating Income/(Expense)</b>	113,579	158,000	(44,421)	2,177,295	2,232,000	(54,705)
<b>CHANGE IN NET POSITION</b>	<b>(2,433,300)</b>	<b>6,426,816</b>	<b>(8,860,116)</b>	<b>48,932,604</b>	<b>33,205,145</b>	<b>15,727,459</b>
<b>CHANGE IN NET POSITION</b>						
Net Position at the beginning of period	191,505,031	161,564,770	29,940,261	140,139,128	134,786,442	5,352,686
<b>Change in Net Position</b>	<b>(2,433,300)</b>	<b>6,426,816</b>	<b>(8,860,116)</b>	<b>48,932,604</b>	<b>33,205,145</b>	<b>15,727,459</b>
Net Position at the end of period	189,071,732	167,991,587	21,080,145	189,071,732	167,991,587	21,080,145
<b>Ending Cash &amp; Cash Equivalents</b>	<b>210,562,154</b>	<b>159,102,751</b>	<b>51,459,403</b>			

## Changes and Notes since Preliminary:

- **Revenues** unchanged
- **Expenses** are \$32K lower
  - Immaterial changes - final closing
  - \$31K adjustment to Cost of Energy
  - \$1K adjustment to G&A
  - \$6.6 million Change in Estimate to REC costs was agreed with the auditors to leave in FY19-20 as presented
- **Change in Net Position w**
  - \$32K higher



*Report to the  
Audit Committee  
by Pimenti & Brinker LLP  
October 13, 2020*



**PISENTI & BRINKER** LLP  
Certified Public Accountants & Advisors

An independently owned member  
**RSM US Alliance**



# Introduction...

- Brett Bradford, CPA
  - Audit Partner
  - 17 years in public accounting and performing audits of governmental entities
- Andrea Lifto, CPA candidate
  - Engagement Manager
  - 5 years in public accounting, audits of governments (CCAs)

# Audit of the year ended June 30, 2020

## Financial Statements

- Audit is near completion – we expect to report the following:
  - Unmodified opinion – Based on our audit, the financial statements are materially accurate.
  - No significant deficiencies or material weakness is internal control noted.

# Audit of the year ended June 30, 2020

## Financial Statements

### Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control
- **Auditor** is responsible for auditing the Financial Statements
  - Considering risks of material misstatement in the Financial Statements – Inherent risk
  - Considering internal controls relevant to the Financial Statements – Control risk
  - Performing tests of year-end balances based on risk assessment
  - Evaluating adequacy of disclosures

# Risk Assessment for the year ended June 30, 2020

- Significant areas of focus
  - Revenue recognition
    - Accounts receivable and accrued revenue
      - Test a sample of customer billings
      - Relate total cash received during the year to revenue
      - Look at cash received subsequent to year-end and relate to A/R
    - Cut-off
      - Review revenue recognition through year-end and method for determining (accrued revenue)



## Risk Assessment for the year ended June 30, 2020

- Cash and Securities – Existence
  - Confirmation sent to financial institutions
- Accrued Cost of Electricity
  - Review subsequent bills from electricity providers and cash payments
- Accrued REC expense
- Supplier Security Deposits
  - Reviewed contracts and determined completeness of amounts recorded
- Financial Statement Note Disclosures – Complete and without bias

## Required Board Communications - Draft

- The significant accounting policies adopted by PCE throughout the periods audited appear appropriate and consistently applied.
- No alternative treatments of accounting principles for material items in the financial statements have been discussed with management.

## Required Board Communications – Draft (continued)

Other Required Communications with those charged with governance:

- We are not expecting to propose any adjustments to the financial statements.
- We have not identified any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.

## Required Board Communications – Draft (continued)

- There have been no disagreements with management concerning the scope of our audits, the application of accounting principles, or the basis for management's judgments on any significant matters.

## Required Board Communications – Draft (continued)

- We have not encountered any difficulties in dealing with management during the performance of our audits.

# Questions?

- Brett Bradford: 707-577-1582
- Andrea Lifto: 707-559-7317