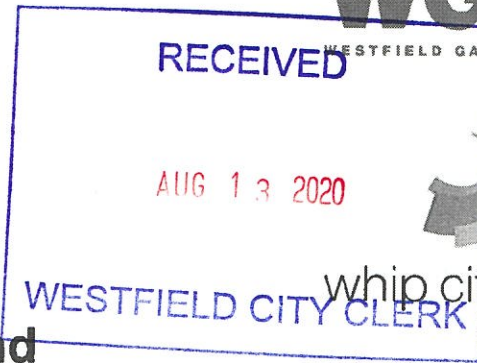


Westfield Gas & Electric Joint Meeting of the Finance Subcommittee and Municipal Light Board Meeting Minutes July 29, 2020



Location: Gas & Electric Operations Center, 40 Turnpike Industrial Rd. Conference Room, Westfield, MA

The meeting was called to order at 7:30 a.m.

Chairman of Finance Subcommittee Roman stated that this Joint meeting of the Westfield Gas & Electric Municipal Light Board and Finance Subcommittee is being electronically recorded in both video and audio by the Finance Subcommittee and Municipal Light Board. As stated in the WG+E MLB Video Policy the recording will be available on the WG+E website within one week. Is anyone, other than the Finance Subcommittee and Municipal Light Board, recording the meeting and if so state whether it is an audio or video recording and whether the recording is being live streamed. No one else at the meeting responded that they were recording the meeting.

1. ROLL CALL was taken as follows:

Present:

- Ward 2 Commissioner, Ray Rivera, Member Finance Subcommittee
- Ward 3 Commissioner, Dawn Renaudette
- Ward 5 Commissioner, Thomas P. Flaherty, Member Finance Subcommittee (Participated Remotely)
- Ward 6 Commissioner, Robert C. Sacco, Member Finance Subcommittee
- Appointed Commissioner, A. Edward Roman, Chair Finance Subcommittee

Absent:

- Ward 1 Commissioner, Kevin M. Kelleher
- Ward 4 Commissioner, Francis L. Liptak

Present: 5 Absent: 2

Others:

- Anthony J. Contrino, General Manager
- Jay Kline, Energy Supply, Business and Finance Manager
- Timothy Fouche, Accounting Manager
- Jamie Naughton, Senior Accountant

Howard Cheney, Partner, Meyers Brothers Kalicka, P.C.
Eric Pinsoneault, Senior Associate, Meyers Brothers Kalicka, P.C.
Attorney John W. Welch

Commissioner Roman, Chairman of the Finance Subcommittee, chaired the meeting.

2. PLEDGE OF ALLEGIANCE

3. PUBLIC PARTICIPATION - None.

4. NEW BUSINESS

- a) 2019 Financial Audit. Meyers Brothers Kalicka (MBK), WG+E's outside auditor, presented the results of the 2019 Financial Audit, which was a consolidated audit with the Southwest Cooperative. Howard Cheney and Eric Pinsoneault of MBK provided their findings. Mr. Cheney began the meeting by stating that the MBK was providing a clean opinion regarding the audit and that there were no significant deficiencies or material weaknesses. There are no significant accounting changes that have to be implemented and would impact the audit. The onsite audit was completed in March prior to the pandemic. Some offsite work was performed to wrap up the audit and include the retirement liability information from Scanlon and Associates, the City's outside auditor. Mr. Cheney reviewed the Department's profit and loss information, which compares 2019 figures to the prior year. Commissioner Sacco asked if Whip City Fiber is split out in the financials as they are reported monthly by staff. Mr. Cheney explained they were included in the figures reported. Chairman Roman indicated he had reviewed the financial information previously provided monthly by staff and these figures closely correlate to the consolidated figures provided within the audit document. Mr. Cheney explained that a significant portion of the pension expense figures are attributable to actuarial assumptions, which can change annually and are outside the Department's control. These changes did not impact contributions to the City's retirement fund. Commissioner Sacco questioned the ILOT contribution figure. Mr. Kline and Ms. Naughton indicated the ILOT number also includes an ILOT payment attributable to the Co-op and the extra \$100,000 the MLB had voted to provide to the City. Commissioner Sacco inquired as to footnote 13 and if WG+E is actually drawing funds from the Rate Stabilization account. Mr. Kline and Ms. Naughton responded that the Department does not actually draw monies from the fund, an accounting entry is made to reflect the deferral of income. Chairman Roman asked Mr. Cheney if the deferral accounting was acceptable. Mr. Cheney responded that the accounting rules allow WG+E to use deferrals as it has done and these rules are unique to the industry. The deferrals made were larger than in prior years. Mr. Cheney went on to state that these were clean financials with minimal journal entries and no internal control issues cited. Chairman Roman stated the audit results were great. There were no material weaknesses, no internal control issues, and monthly financials coincide with the audited financials with a minor variance of \$43k, which is a minor reconciliation in comparison to the Department's revenues. Chair Roman indicated

that a clean audit with no significant deficiencies or material weaknesses is the key to a positive audit report and that such results over the last several years are exemplary. Mr. Cheney noted the Department does a fine job with its policies and procedures. The Chair commended the Finance, Business and Accounting staff for their diligence and professionalism in achieving such excellent results. The Manager echoed the Chair's comments indicating that the Finance team does a tremendous job and deserves to be commended.

Adjourn

On motion by Commissioner Sacco, seconded by Chairman Rivera it was unanimously voted to Adjourn:

Chairman Roman declared the Executive Session of the Finance Subcommittee Meeting adjourned at 8:25 a.m.

A TRUE RECORD.

Attest:



A. Edward Roman, Chairman

Documents Presented -

Title	Author
Draft - City of Westfield Gas and Electric Light Department Consolidated Financial Statements and Supplemental Information - December 31, 2019 and 2018	Meyers Brothers Kalicka, PC Certified Public Accountants