

*****DRAFT*****

**MINUTES OF SPECIAL COMMISSION MEETING
BURLINGTON ELECTRIC COMMISSION**

Wednesday, October 27, 2021, 5:30 pm

The special meeting of the Burlington Electric Commission was convened at 5:31 pm on Wednesday, October 27, 2021 via Microsoft Teams Video Meeting.

Commissioners Chagnon, Stebbins, and Whitaker participated via Microsoft Teams.

Staff members present included Darren Springer, Paul Alexander, James Gibbons, Mike Kanarick, Munir Kasti, Laurie Lemieux (Board Clerk), and Emily Stebbins-Wheelock.

1. Agenda

There were no changes to the Agenda.

2. Public Forum

Heather Kuney and Brock Romano from KPMG were present for the meeting. There were no public comments.

3. KPMG FY2021 Audit Presentation

Ms. Stebbins-Wheelock provided a brief update of the FY21 financial results, indicating that she doesn't expect these results to change between now and when the financial statements are issued. Mr. Stebbins-Wheelock will include the FY21 audited financial statements in the Commission's packet for its November meeting so the Commission may review and prepare any questions. At the September Commission meeting the Department reported a preliminary FY21 net loss of \$275K; we are now expecting to report a net loss of \$43K due to some post-closing entries, including the recording of additional grants/ miscellaneous other income and a new FY2021 regulatory asset per an accounting order from the Public Utility Commission for labor expenses that the Department was not able to capitalize (similar to the regulatory asset recorded for FY2020).

Ms. Stebbins-Wheelock also highlighted a change in the Department's accounting and reporting for the energy efficiency for the FY2021 financial Statements. The Department became the fiscal agent for the Energy Efficiency Utility (EEU) effective January 1, 2020, and for FY2020 the assets and liabilities of the EEU were incorporated into the Department's financial statements. For FY2021, due to the adoption of GASB Standard No. 84, those EEU activities will be reported as a custodial or fiduciary fund, separate from the Department's statements. Ms. Stebbins-Wheelock then invited KPMG to begin its audit presentation.

KPMG reported that the FY2021 audit opinion would be an unmodified opinion.

KPMG reported the following:

- The Department implemented Governmental Accounting Standards Board (GASB) Statement No 84, *Fiduciary Activities*, during the year ended June 30, 2021. The implementation resulted in the restatement of net position and other financial statement line items within the presentation of June 30, 2020 comparative statements in order to properly present the fiduciary activities associated with the EEU custodial activity that was blended with the Department's enterprise fund during the prior year. No other new accounting policies were adopted during the current year and the application of existing accounting policies were consistent.
- Outstanding matters include documentation to support the cash flow statement tie out, completion of journal entry testing, management representation letters, and updated legal letter;
- There were no significant or unusual transactions identified during the audit;
- There were no uncorrected audit differences identified;
- There were no corrected misstatements differences identified;
- There were no non-GAAP policies for which the effect would have a material impact on the FY20 financial statements;
- There were no matters to communicate regarding material weakness or significant deficiencies;
- There were no disagreements with management;
- There were no significant changes to the risk assessment and audit strategy;
- We have discussed with management our judgments about the quality, not just the acceptability of the Department's accounting principles as applied to its financial reporting. The discussions generally included such matters as the consistency of the Department's accounting policies and their application, and the understandability and completeness of the Department's financial statements, which include related disclosures.
- KPMG reviewed the areas of emphasis in the audit results, which included Accounts Receivable and Revenue, Cash and Investments, Utility Plant in Service and Debt, Expenses and Inventory, Pension and Postretirement Plans, conformity with GAAP, and consistency with industry practices. KPMG stated that there are no matters to report.

KPMG stated that a required management representation letter will be obtained once all KPMG procedures are performed and prior to the issuance of the audit.

The best practice following an audit report is for the Commission to call an Executive Session to review any issues that auditors may not feel comfortable discussing with management present.

Commissioner Chagnon moved to find that premature general public knowledge of KPMG's evaluation of BED's management with the Commission would clearly place the Burlington Electric Department at a substantial disadvantage per Title 1, Section 313, Subsections (a) (1) and (a) (3) of the Vermont Statutes because such information may risk contractual relationships with BED

counterparties in the regular sale and purchase of energy and is considered an evaluation of BED personnel. The motion was seconded by Commissioner Whitaker.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Commissioner Chagnon moved that the Commission enter into Executive Session to discuss the KPMG information with the Commission under the provisions of Title 1, Section 313, subsection (a)(1)(A) of the Vermont Statutes. This motion was seconded by Commissioner Whitaker.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker . Aye

Results: 3 Ayes with 0 Nays, the motion carries.

The Commission moved into Executive Session at 6:09 p.m.

Commissioner Chagnon made a motion to exit Executive Session at 6:35 p.m. This motion was seconded by Commissioner Whitaker.

Commission Chair Stebbins conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Whitaker. Aye
Commissioner Stebbins. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Commissioner Chagnon made a motion to accept the KPMG audit report. This motion was seconded by Commissioner Whitaker.

The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

Commissioner Chagnon made a motion to adjourn; the motion was seconded by Commissioner Whitaker.

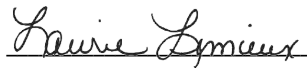
The Board Clerk, Laurie Lemieux, conducted a roll call vote by calling on the following Commissioners:

Commissioner Chagnon. Aye
Commissioner Stebbins. Aye
Commissioner Whitaker. Aye

Results: 3 Ayes with 0 Nays, the motion carries.

The meeting of the Burlington Electric Commission adjourned at 6:39 p.m.

Attest:



Laurie Lemieux, Board Clerk