

## TOWN OF BELMONT PERMANENT AUDIT COMMITTEE MEETING

Minutes: Wednesday, November 17, 2021, Zoom Meeting, 9:00AM  
Present: Robert Keefe, ex-officio member of the Select Board Mark Paolillo, Robert Forrester, Frank Caruso, ex-officio member Town Treasurer Floyd Carman, Glenn Logan, ex-officio member Town Accountant Glen Castro  
Also Present: Craig Spinale and Maria Makar-Limanov from the Belmont Municipal Light Department, Heather Isaacs, James Goulet, and Adam Borbone from Goulet, Salvidio and Associates, P.C.  
Absent:

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Chairman Robert Keefe called the meeting to order at 9:00 AM.

Heather Isaac and Adam Barbone reviewed the Audit Plan of the BMLD for the calendar year ended 2021 which is included as an attachment. Permanent Audit Committee Members asked various questions which were responded to by Ms. Isaacs, Adam Barbone and members of the BMLD. Timing of the audit is expected to be similar to last year and as planned. There are no significant disclosure or rule changes which will affect the 2021 financial statements. The total PILOT payment for calendar year 2021 is expected to be \$650k as previously planned. The PAC did request that Goulet, Salvidio & Associates, P. C. provide a written copy of the required auditor communications at the year-end review meeting in April. Also, in response to a question regarding cyber security, they stated they would share best practices noted in their other municipal light department audits. Ms. Isaac did note that accounts receivable collections were the most common area they were seeing impacted by the Covid 19 pandemic. Ms. Makar-Limanov also gave an update on the ongoing issue of overdue accounts receivable payments.

Follow up:

- Glen Castro to ensure that Heather Isaacs from Goulet, Salvidio & Associates, P.C. has the GASB74&75 OPEB information from Segal Consulting and Belmont Retirement Board Audit Report from Robert Sohoo.
- Scheduled 2021 BMLD Final Audit Meeting to be held in April 27, 2022, Zoom meeting.

The meeting was adjourned at 9:37 am.

Respectfully submitted,

Glen Castro



**Goulet, Salvidio & Associates, P.C.**  
Certified Public Accountants

2021 Audit Plan  
Belmont Light  
November 2021



# Scope of the Audit

- \* Role of the Auditor and Management
- \* Concept of Materiality
- \* Reports to be Issued:
  - \* Independent Auditors' Report on the Financial Statements
  - \* Report on Internal Control
  - \* DPU Compilation Report



# Timing of the Audit

- \* Interim procedures
  - \* Audit planning procedures are in progress
  - \* We will conduct preliminary audit work prior to December 31, 2021.
  - \* Quantity of Inventory Testing to be conducted in November 2021
  - \* Audit confirmation for Accounts Receivable to be conducted in January 2022.
- \* Audit fieldwork is scheduled for February 2022.
- \* We plan to issue our audit reports by April 2022.
- \* DPU report is required to be filed by September 30, 2022.
- \* Presentation to the Board is scheduled for April 27, 2022.
  - \* Required communications will be made.
  - \* Review of Internal Control Report, Financial Statements, and DPU report.



# Phases of the Audit

- \* Audit Planning (October - December 2021)
  - \* Obtain signed engagement letter.
  - \* Develop initial audit plan based on information obtained from management and prior year experience.
  - \* Prepare the “Provided By Client” (PBC) listing of schedules to request for audit fieldwork.
  - \* Complete fraud brainstorming session with GSA audit staff
  - \* GASB - Review new pronouncements and applicability



# Phases of the Audit

## \* Audit Fieldwork

### \* Preliminary Audit Work (November 2021)

- \* Materiality based on annualized figures
- \* Revenues - Inquire of rate changes made during the year. Recalculate bills and review billing histories for employees and board members who live in Town. Cash receipts testing.
- \* Fixed Assets – Vouch additions/bid testing
- \* Review minutes/legal invoices – prepare legal confirmations if necessary
- \* Discuss recent changes with management (employment status, electric rates, power contracts, etc.). Update narratives and organization chart based on inquiries.
- \* Vouch purchased power invoices and tie out purchase power schedule to general ledger



# Phases of the Audit

- \* Audit Fieldwork (continued)
  - \* Quantity of inventory testing to be conducted in November 2021.
  - \* Audit confirmation for Accounts Receivable to be conducted in January 2022.
  - \* Audit Final Fieldwork
    - \* Analytical review & tests (A/R, A/P, purchased power, variance analysis to prior year, etc.)
    - \* Review of data required to prepare the DPU report.
    - \* Drafting of footnote disclosures.
    - \* Review of MD&A and notes to the financial statements.
- \* Report Preparation, Issuance & Presentation to the Board



# Areas of Audit Effort

- \* Cash and Investments
  - \* Confirm with the Bank/Town
- \* Accounts and Other Receivable
  - \* Reconcile Accounts Receivable Aging to the Trial Balance and conduct analytical work.
  - \* Analysis of Allowance
  - \* Analysis of Miscellaneous Accounts Receivable
  - \* Subsequent cash receipt testing for non responsive A/R confirmations
  - \* Review Billing Adjustments
  - \* Analysis of Major Customers
- \* Inventory
  - \* Physical count analysis to final year-end inventory valuation
  - \* Price Testing
- \* Fixed Assets
  - \* Utility Plant Assets
  - \* Depreciation
  - \* Construction Work In Process
  - \* Disposals/Retirements





# Areas of Audit Effort

- \* Prepaid
  - \* Insurance
  - \* Purchased Power
- \* Notes Payable/Bonds
- \* Accounts Payable
  - \* Reconcile Open A/P Listing to Trial Balance and conduct analytical work
  - \* Search for Unrecorded Liabilities
- \* Accruals
  - \* Payroll
  - \* Rate Stabilization
  - \* OPEB Liability
  - \* Net Pension Liability
  - \* Customer Deposits



# Areas of Audit Effort

- \* Revenue
  - \* Sales of Electricity
  - \* Grants
- \* Purchased Power Expenses
  - \* MMWEC
  - \* ISO
  - \* Energy New England
- \* Payroll
  - \* Payroll and Benefits Testing
  - \* Reasonability Testing
  - \* Capitalized Payroll
- \* Expenses
- \* Surplus/PILOT



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# GASB

## Pronouncements

Summary of Statement No. 98



Goulet, Salvidio & Associates, P.C.  
Certified Public Accountants

Statement No. 98

# The Annual Comprehensive Financial Report

Effective Date: For periods ending after December 15, 2021

This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

# Audit Team Contacts

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