

**MINUTES OF THE
JOINT AUDIT COMMITTEE MEETING OF THE
BOARDS OF DIRECTORS OF
CONNECTICUT MUNICIPAL ELECTRIC ENERGY COOPERATIVE and
CONNECTICUT TRANSMISSION MUNICIPAL ELECTRIC ENERGY COOPERATIVE**

December 4, 2017

The Joint Audit Committee of the Board of Directors of Connecticut Municipal Electric Energy Cooperative (“CMEEC”) and Connecticut Transmission Municipal Electric Energy Cooperative (“CTMEEC”) met at the CMEEC offices on Monday, December 4, 2017.

In Committee Chairman David Collard’s absence, Committee Member Kevin Barber called the meeting to order at 11:00 a.m.

The following Committee Members participated:

Groton Utilities – David Collard (arrived at 11:09 a.m.)
Third Taxing District – Kevin Barber (via telephone)
Norwich Public Utilities – Stewart Peil

The following individuals from CMEEC management participated:

Edward Pryor, CMEEC, Chief Financial Officer
Michael Lane, CMEEC, Controller
Joanne Menard, CMEEC, Principal Accountant
Margaret Job, CMEEC, Administrative II

The following invited consultants participated:

Jonathan Fink, Blum Shapiro, Engagement Partner
Matthew Coit, Blum Shapiro, Manager

Ms. Job recorded.

Agenda Item I – Team Members

Johnathan Fink, Blum Shapiro Engagement Partner, explained this meeting is being held to discuss the planning for upcoming year-end audit. He provided a brief overview of the audit process for the benefit of new Audit Committee members present at the meeting. He introduced Matthew Coit as the Blum Shapiro Manager for the audit. Vanessa Rossitto, Blum Shapiro Concurring Partner, will also be a member of the onsite team conducting the audit.

Agenda Item II – Scope of Services

Mr. Fink explained that the scope of services consists of the financial statement audit for the year ended December 31, 2017; the standalone financial statements for Transco for the year ended December 31, 2017; preparation of the CMEEEC and standalone Transco financial statements; debt compliance letters for the year ended December 31, 2017 for CMEEEC and Transco; and verification of CEO performance metrics. Mr. Pryor added that verification of CEO performance metrics is a requirement under the CEO employment agreement.

Agenda Item III – Financial Statement Audit Objectives and Responsibilities

Mr. Fink provided an overview of the audit objectives. He explained that Blum will express an opinion as to whether the financial statements fairly present financial position and activities of CMEEEC and Transco. He added that Blum will not provide an opinion on internal control over financial reporting explaining that because CMEEEC is a public company, such an opinion is not required. Mr. Fink provided a brief overview of both the auditor's and management's responsibilities.

Agenda Item IV – GASB Considerations

Mr. Coit discussed the Governmental Accounting Standards Board (GASB) considerations. He provided an overview of the impact of the GASB for fiscal years 2017 through 2020 addressing Statement Numbers 75, 83 and 87.

Upon Committee Chairman Collard's arrival, Mr. Fink provided a brief overview of the discussion up to the point of his arrival.

Agenda Item V – Audit Approach

Mr. Coit noted that the focus of the audit will be on key business risks, audit risks and key business processes. The audit will assess key controls in business processes. He added that Account balance testing and activity analysis will be conducted. He noted three significant items for 2017 would focus on rate stabilization funds and member trusts; utility plant and property; and transparency legislation.

Mr. Coit also provided a high level overview of the business risk and audit focus areas for this audit.

Agenda Item VI – Upcoming Schedule

Mr. Fink discussed the audit schedule by stating that preliminary field work will take place on December 6-7, 2017. He added that final fieldwork will be conducted during the weeks of February 12, 2018 and February 19, 2018. It is anticipated that the Audit Committee will meet sometime in March 2018 with the final audit going to the Board of Directors at its board meeting scheduled to be held on March 22, 2018.

Agenda Item VII – Other Communication

Mr. Fink explained that when the audit is complete, the auditors will provide a written communication related to the audit. He explained that the list under the agenda item was simply a description of the items that the written communication will include in its explanation of potential items encountered during the audit process.

Agenda Item VIII – Fees

Mr. Fink provided an overview of Blum’s fees for the engagement.

IX – Committee areas of concern and/or knowledge of fraud

Mr. Fink asked if the Committee had any questions or areas of concern related to the audit. Chairman Collard asked for clarification of the “margin fund”. Mr. Pryor answered that there is no margin fund. He explained the margins and how they flow into the rate stabilization fund.

Mr. Pryor confirmed for Mr. Fink that SEA had been wound down and is no longer on CMEEC’s books in response to Mr. Fink’s inquiry of the same.

Motion was made by Committee Member Barber, **Seconded** by Committee Member Peil to adjourn the meeting.

Vote passed unanimously.

There being no further business to come before this Committee, the meeting was adjourned at 11:25 a.m.