

GOULET, SALVIDIO
& ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

October 3, 2024

To the Board of Commissioners of
Chester Municipal Electric Light Department
15 Middlefield Rd. Unit 14
Chester, Massachusetts 01011

We have audited the financial statements of Chester Municipal Electric Light Department for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 30, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Chester Municipal Electric Light Department are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by Chester Municipal Electric Light Department during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Chester Municipal Electric Light Department's financial statements were:

Management's Estimate of Net Pension Liability

The estimate is calculated based upon information provided to actuaries contracted by the Hampden County Regional Retirement System (HCRRS). We have evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

324 Grove Street Worcester MA, 01605

Tel: 508.757.5957 • Fax: 1.508.422.0883 • Email: admin@gsamycpa.com • Web: www.gsamycpa.com

Management's Estimate of Depreciation Expense

The estimate is calculated on a straight-line basis, systematically over the life of the Plant. We have evaluated the key factors and assumptions used to develop the depreciation method used and the estimates of useful lives of the assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's Estimate of Amortization of Contributions in Aid of Construction

The estimate is calculated on a straight-line basis, systematically over the life of the plant that the funds were used to purchase. We have evaluated the key factors and assumptions used to develop the amortization method used in determining that is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Material misstatements detected as a result of audit procedures and corrected by management were related to the adjustment of cash, accounts receivable, accumulated depreciation, amortization of contribution in aid of construction, accounts payable, and net pension liability.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 3, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Chester Municipal Electric Light Department's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as Chester Municipal Electric Light Department's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. The Department has not implemented certain GASB Statements to report its Net Other Postemployment Benefits Liability as of December 31, 2023. Due to this departure we have issued a qualified opinion, see the Independent Auditors' Report Basis for Qualified Opinion on the financial statements.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, and Net Pension Liability, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Operating Revenues and Schedule of Operation and Maintenance Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the board of commissioners and management of Chester Municipal Electric Light Department and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Goulet, Salvidio & Associates, P.C.

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Certified Public Accountants