

Town of Belmont Permanent Audit Committee

Minutes: November 10, 2004 Light Department Conference Room @ 18 Prince St.,
Belmont, MA, 02478 – 4:00 p.m.

Present: Members Ernest E. Fay, Robert Keefe, ex-officio members William
Brownsberger, Barbara Hagg and Daniela Boccia

Also present: Timothy McCarthy, Light Dept. Manager, James F. Goulet, CPA, MST,
and Lori A. Ensom both from Goulet, Salvidio & Associates, P.C.

Absent: Members Frank Caruso and Henry Hall

The meeting was called to order at 4:00 p.m.

The Belmont Municipal Light Department will be referred to as BMLD

Questions to determine how the BMLD's audit is conducted were directed to Mr. Goulet
and Ms. Enson.

Is the BMLD in compliance with GASB34?

Yes, the BMLD is in compliance.

How does Goulet, Salvidio & Associates prepare for the audit?

They attend many seminars, test the laws and regulations.

They talk to other peers to determine how to detect fraud.

They have a checklist to use when conducting an audit.

How is the audit for the BMLD conducted?

The audit is based on a calendar year.

There is an overview of the Financial Statements:

- *Assets*
- *Revenues, expenses and changes in net assets*
- *Cash flow*
- *Notes to financial statements: accounting policies, accounts receivable, rate stabilization, depreciation fund, concentration of credit risk, unbilled revenue, utility plant assets, bonds payable, investment in capital assets, net of related debt, related party transactions, risk management, pension plan, claims and judgments*
- *The Auditor chooses about 30 light customers at random for the purpose of confirmation of positive response. The letters are mailed back directly to the Auditors.*

- *Letters are sent to 4 lawyers inquiring if there is any litigation pending with the BMLD.*
- *Auditors will come in unannounced during the calendar year to look at the inventory for accuracy.*
- *The auditors look at the insurance coverage to make sure that it is current. The insurance company for the BMLD is MIAA.*
- *The auditors look over the power contracts*
- *The auditors request bank statements as of 12/31 from the Town Treasurer for comparison and accuracy.*

Other issues were briefly talked about:

- The Massachusetts State Electric Utility Industry Restructuring
- The refunds of commercial customer deposits
- The light Rate Stabilization Fund

Mr. James F. Goulet, auditor for the BMLD, agreed to make a presentation of the BMLD audit to the Permanent Audit Committee. This presentation will probably take place sometime after the Annual Town Meeting.

The meeting was adjourned at 5:00 p.m.

Respectfully submitted,

Daniela Boccia
Clerk