

City of Burlington and Burlington Electric Department Audit RFP Pre-Proposal Meeting
February 24, 2010

Listed below are all the questions submitted by interested firms prior to today's meeting:

1. Are there any significant plans for new debt issues by the City, School District, or Burlington Electric Department?

There are no current plans for large scale bond financings. The City issues new debt every year; the long term debt is in the range of under \$5 million. Burlington Electric had a bond issue in August of 2009 (FY 2010) and may be going for another bond in November of 2010 – to be determined.

2. We note that the 2009 annual report does not seem to be on the City's website. Is it complete? May we see a copy? If it is not complete, were there any problems encountered in completing it?

The Fiscal Year 2009 audited financial statements are not final. Preliminary financial statements are available for all funds except Burlington Telecom. The BED audited annual report and McNeil Generating Plant audited report will be at the meeting (or if they don't attend we can email it in a PDF form.

3. How many adjustments were recommended for City, School District, and Burlington Electric Department for 2008 and 2009?

For the City and School District, we estimate a total of 75 to 100 adjustments. BED had no adjustments in FY 2008, and had one correction relating to a new procedure in FY 2009 "which was not considered material in relation to the financial statements taken as a whole."

4. Page 7, Article III says audits must be conducted for "all City departments". Does this mean that they each need to be audited or only as part of the City audit as a whole? The 2008 audit opinion indicates that the supplementary fund financial information was not subjected to GAAS and GAGAS. Is this satisfactory to the City?

The Water Department, Airport, Electric Department and Burlington Telecom each need separate audits.

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5. Has there been a management letter issued for City, School District, and/or Burlington Electric Department for 2008 and/or 2009?

A Management Letter for the City is not yet available for 2009. At this meeting, we are providing copies of the City's 2008 Management Letter and Response Letter. These can be emailed to firms that had to call-in today. There is not a separate Management Letter for the School District. BED does not have a management letter, but does need one issued to the Electric Commission. In addition we would want the auditor to do a summary presentation to the commission after the audited statements are issued.

6. Does the City and School District prepare their own financial statements and MD&As, i.e., do the auditors participate in the preparation or do they solely audit the prepared financial statements and review the MD&A?

The City provides the financial data, but the audit firm prepares the financial statements. The financial statements are then reviewed by the staff in the Office of Clerk & Treasurer.

7. Who prepares the Burlington Electric Department's financial statements and any related documentation, Burlington Electric Department or the auditors?

BED prepares their own statements and MD&A, which is then audited.

8. One of the attachments in the RFP (Attachment IV) is a required proposal response template. However, in the RFP, it stipulates somewhat different technical and cost proposal formats, and does not reference the template. Should Attachment IV be our actual proposal response, or included in addition to our regular proposal?

Please complete the City RFP Attachment IV using the template provided, using as much space as needed. Indicate clearly where separate documents will be provided. In order to receive maximum number of points in the evaluation process, please be sure to follow this format carefully and thoroughly (but concisely) address each section. Please provide, as separate documents appended to Attachment IV, additional information requested in the Technical Requirements Proposal section (pages 18-19) of the City RFP.

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9. Page 16, Section XIII of the RFP shows March 3rd as the due date for proposals. Page 6, Section II shows the due date as March 5th. Can you confirm which is the correct due date?

March 5th is the correct date.

10. What were the fees quoted and, if different, paid for the work for 2008 and 2009?

This is not something we normally disclose in a bid process.

11. What software is used by City, School District, or Burlington Electric Department?

BED accounting software is Sungard Public Sector on our AS400, and also Microsoft Excel and Word on the LAN. Also, please refer to the table on page 14 in the City RFP for a complete list of software used by City Departments.

12. Can most, if not all, of the information requested be provided in electronic form (Excel or pdf)? Yes

13. The BED audit and the McNeil audit are not done in accordance with GAGAS. To combine the information in the City's financial statements audited in accordance with GAGAS there needs to be testing of and rendering of an opinion regarding internal controls and compliance. Who does that work? The BED auditor or the City auditor? If it is the BED auditor, how are the results of that work conveyed to the City auditor?

A GAFAS audit does not require an opinion on internal controls and compliance. Can you clarify your question?

The auditor of the City's financials incorporates the Burlington Electric final financial reports into the City report.

14. Will we have access to the 2009 audit to prepare our proposal?

Yes for the Burlington Electric Department; but not for the City.

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15. If not, can you tell me whether the city had any marked difference in special funds, revenues, etc or does the 2008 audit depict a typical year?

2008 was a typical year. Capital projects change year to year. 2009 has several new issues regarding Burlington Telecom.

16. Also, I'd like to clarify your requirement that key personnel are licensed in VT. Our managing partner/firm is licensed in VT and he oversees and is responsible for all engagements. Does this meet the City's requirement?

It is appropriate for The Vermont Office of the Secretary of State to answer this question. Our City Attorney says he will research this from a City perspective.

17. If it doesn't, will VT license applications for additional staff included in our proposal be adequate indication that all CPAs working on the audit will be licensed?

Same as above. Q&A and updated information will be posted on the RFP page of our City website.

18. Can we use the proposal template for the Burlington Electric proposal or should we follow the outline in their RFP?

You can follow the Burlington Electric Department RFP outline if you are responding just to their RFP.

The following questions were asked during the Pre-Proposal Meeting on 2/24/2010:

19. Does the City expect their books and records to be in similar condition and expect 75-100 journal entries? Yes

20. When are the City books ready for audit?

Generally early to mid October although some funds may be ready sooner.

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21. Clarification on who is responsible for testing/understanding controls and laws and regs at Burlington Electric Department?

Since BED is receiving a 7.6 million dollar grant from the Dept. of Energy, they will be subject to a single audit so this becomes a moot point.

22. Will there be an opportunity to have a meeting to review the records of the City and BED?

Due to the timeframe we are under with proposals due March 5, there is not sufficient time to allow multiple firm site visits and then recap and post on-line the additional Q&A that would occur during site visits.

23. Will the BED auditor be testing the \$7.6 million grant? Yes

24. What is Burlington's total estimated federal expenditure for 2009?

Answers to questions 24 and 25 to be posted on Monday 3/1/10.

25. What are the 2009 federal expenditure programs?