



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF BURLINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023



Powers & Sullivan, LLC
CPAs AND ADVISORS

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To the Honorable Select Board
Town of Burlington, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, Massachusetts as of and for the fiscal year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our previous years audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters and provides a status of each.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

The Town's written response to the matters identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of management of the Town of Burlington, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

December 15, 2023

TOWN OF BURLINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2023

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CURRENT YEAR COMMENTS

ARPA STATE AND LOCAL FISCAL RECOVERY FUNDS

Comment

The Town has received approximately \$8.6 million in ARPA Coronavirus State and Local Fiscal Recovery Funds (SLFRF) through the end of fiscal year 2023, however, only \$1.1 million have been spent as of June 30, 2023. These direct payments were provided to local governments to respond to the COVID-19 public health emergency and can be used on many qualifying activities.

The funds can be used to cover costs incurred during the period beginning on March 3, 2021, and ending on December 31, 2024, pursuant to the Final Rule. The Town can obligate funds for projects with contracts in place by December 31, 2024, and liquidate those funds by December 31, 2026. During this two-year window the Town will not be able to incur new obligations for the funds, in the case that planned projects do not take place, or projects come in under budget. If the Town opts to obligate funds past the December 31, 2024, timeframe there is a risk unspent funds will need to be returned to the U.S. Treasury.

Recommendation

We recommended the Town have a spending plan for the SLFRF and work to spend all funds by the December 31, 2024, deadline. Spending by this time frame ensures no funds will be returned and the Town receives the full benefit of the additional grant funding received from the pandemic.

Management's Response

The Finance Team has been actively meeting with departments heads and Select Board to develop the spending plan. The detail will be approved and finalized before December 31, 2024.

REVIEW UNCOLLECTIBLE RECEIVABLES

Comment

During our review of the general ledger, we noted that the Town is carrying personal property tax receivables that date back to 2000, real estate tax receivables that date back to 2001, and motor vehicle excise tax receivables that date back to 1999. For receivables that cannot be lien-ed, the likelihood of collection is significantly diminished the longer each receivable remains outstanding. Motor vehicle accounts have been flagged with the registry of motor vehicles which may result in collections at some point in time; however, experience indicates that any collections are not significant to the total receivable outstanding.

The process of writing off a receivable does not extinguish the taxpayer's obligation to pay, but it will help the Town by streamlining account management and the reconciliation processes.

Further, we noted some credit balances when reviewing the receivable detail. These credit balances can represent refunds that are due to taxpayers for overpayment and typically require research to identify the cause of the credit balance before a refund can be issued. Credit balances can also represent payments which were applied to the incorrect levy year.

Recommendation

We recommended the Town work with the appropriate officials to determine which receivable balances can be deemed uncollectible and therefore written-off. The Collector should continue to review and write off uncollectible

receivables on an annual basis, as deemed appropriate.

We further recommended that the Town investigate the credit accounts receivable balances and implement procedures to remove the balance either through refunds or other appropriate action.

Management's Response

The Finance Team will revisit the current procedures and follow the recommendation to ensure uncollectible receivables are treated appropriately.

PRIOR YEAR COMMENT

TAILINGS

Prior Comment

During the prior audit, it was noted that the Town had a tailings liability of approximately \$128,000 for checks written to vendors and/or employees which went unclaimed for a period of time. These checks were voided, then recorded in the general ledger as a liability in accordance with the Commonwealth's abandoned property (tailings) laws. This balance contained checks that dated back to 2000.

On a regular basis, the Treasurer should be analyzing the checks that were placed into tailings and then, in accordance with Massachusetts General Laws (MGL), make attempts to return the check to the rightful owner. After a year the Town is allowed to reclass the unclaimed funds back into the general fund.

Current Status –Resolved.

During fiscal year 2022 the Town's \$128,000 tailings liability was properly closed out and the active tailings account was adjusted. Further adjustments were noted in fiscal year 2023. The Town has taken steps to address the abandoned property and regularly review the account.