

***TOWN OF BURLINGTON, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***YEAR ENDED JUNE 30, 2018***

**TOWN OF BURLINGTON, MASSACHUSETTS**  
**REPORTS ON FEDERAL AWARD PROGRAMS**  
**YEAR ENDED JUNE 30, 2018**

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **Independent Auditor's Report**

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To the Honorable Board of Selectmen  
Town of Burlington, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Burlington, Massachusetts, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 21, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identifying. Given these limitations, during our audit we did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be material weaknesses 2018-1. However, material weaknesses may exist that have not been identified.

### **Town's Response to Findings**

The Town's response to the findings identified in our audit is described in the accompanying management response and was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the schedule of findings and questioned costs as item 2018-1.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Bowers & Gillen, LLC". The signature is fluid and cursive, with "Bowers &" on the first line, "Gillen" on the second line, and "LLC" on the third line.

December 21, 2018



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

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### **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Burlington, Massachusetts

### **Report on Compliance for Each Major Federal Program**

We have audited Town of Burlington Massachusetts' compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of Town of Burlington's major federal programs for the year ended June 30, 2018. Town of Burlington's major federal programs are identified in the summary of auditors' results section in the accompanying schedule of findings, responses and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Town of Burlington's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Burlington's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Burlington's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Town of Burlington complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings, responses and questioned costs as item 2018-2. Our opinion on each major federal program is not modified with respect to these matters.

The Town's response to internal control over compliance findings identified in our audit is described in the accompanying management response and was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the Town of Burlington is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Burlington's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Burlington's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Burlington as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Burlington's basic financial statements. We issued our report thereon dated December 21, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Powers & Sullivans, PC". The signature is fluid and cursive, with "Powers" and "Sullivans" connected by a horizontal line, and "PC" written in a smaller, separate area.

December 21, 2018

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Agency or Pass-through Number	Passed through to Subrecipients	Expenditures
<b>CHILD NUTRITION CLUSTER:</b>				
U.S. DEPARTMENT OF AGRICULTURE:				
<u>Passed through Massachusetts Department of Elementary and Secondary Education:</u>				
Non-Cash Assistance (Commodities):				
National School Lunch Program.....	10.555	09-0048	\$ -	\$ 70,736
Cash Assistance:				
National School Lunch Program.....	10.555	09-0048	- - -	251,535
Total National School Lunch Program.....				322,271
Cash Assistance:				
School Breakfast Program.....	10.553	09-0048	- - -	3,128
TOTAL CHILD NUTRITION CLUSTER.....			- - -	325,399
<b>HIGHWAY SAFETY CLUSTER:</b>				
U.S. DEPARTMENT OF TRANSPORTATION:				
<u>Passed through the Highway Safety Bureau:</u>				
State and Community Highway Safety.....	20.600	OT ENF 8/12-9/5/16	- - -	2,608
National Priority Safety Program.....	20.616	OT ENF 8/12-9/5/16	- - -	463
TOTAL TRANSPORTATION CLUSTER.....			- - -	3,071
<b>SPECIAL EDUCATION CLUSTER:</b>				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Special Education - Grants to States (IDEA, Part B).....	84.027	240-164189-2018-0048	- - -	723,809
Special Education - Grants to States (IDEA, Part B).....	84.027	240-102005-2017-0048	- - -	50,454
Special Education - Grants to States (IDEA, Part B).....	84.027	240-333-6-0048	- - -	47
Special Education - Grants to States (IDEA, Part B).....	84.027	274-026-7-0048	- - -	4,531
Total Special Education - Grants to States (IDEA, Part B).....			- - -	778,841
<u>Passed through the Massachusetts Department of Early Education and Care:</u>				
Special Education - Preschool Grants (IDEA, Preschool).....	84.173	26218	- - -	16,920
TOTAL SPECIAL EDUCATION CLUSTER.....			- - -	795,761
<b>OTHER PROGRAMS:</b>				
U.S. DEPARTMENT OF CRIMINAL JUSTICE:				
<u>Direct Program:</u>				
Bulletproof Vest Partnership Program.....	16.607	N/A	- - -	281
<b>PASS-THROUGH PROGRAMS:</b>				
U.S. DEPARTMENT OF EDUCATION:				
<u>Passed through the Massachusetts Department of Elementary and Secondary Education:</u>				
Title 1 Grants to Local Educational Agencies.....	84.010	305-140076-2018-0048	- - -	103,961
Title 1 Grants to Local Educational Agencies.....	84.010	305-102023-2017-0048	- - -	62,586
English Language Acquisition State Grant.....	84.365	180-150229-2018-0048	- - -	1,042
Improving Teacher Quality State Grants.....	84.367	140-164064-2018-0048	- - -	37,311
Improving Teacher Quality State Grants.....	84.367	140-104578-2017-0048	- - -	2,041
TOTAL EDUCATION.....			- - -	206,941
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
<u>Passed through National Association of County and City Health Officials:</u>				
Medical Reserve Corps Small Grant Program.....	93.008	Not Available	- - -	6,395
U. S. SOCIAL SECURITY ADMINISTRATION:				
<u>Passed through Massachusetts Rehabilitation Commission:</u>				
Vocational Rehabilitation Determination.....	96.001	7596KHAN ORFAN996032	- - -	50
U. S. DEPARTMENT OF HOMELAND SECURITY:				
<u>Passed through Massachusetts Emergency Management Agency</u>				
Emergency Management Performance Grants.....	97.042	FY18EMPG1700000BURL	- - -	6,460
Staffing for Adequate Fire and Emergency Response.....	97.083	EMW-2015-FH-0094	- - -	246,107
TOTAL HOMELAND SECURITY.....			- - -	252,567
TOTAL.....			\$ - - -	\$ 1,590,465

See notes to schedule of expenditures of federal awards.

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the Town of Burlington, Massachusetts under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Burlington, Massachusetts, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Burlington, Massachusetts.

**Note 2 – Summary of Significant Accounting Policies**

The accounting and reporting policies of the Town of Burlington, Massachusetts are set forth below:

- a) Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b) Cash Assistance – School Breakfast and Lunch Program – Program expenditures represent federal reimbursement for meals provided during the year.
- c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the year.
- d) The Town of Burlington, Massachusetts has not elected to use the 10-percent de-minimis indirect cost rate as allowed under the Uniform Guidance.

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Burlington, Massachusetts.
2. One material weakness relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. One instance of noncompliance material to the financial statements of the Town of Burlington, Massachusetts was disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Federal Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the Town of Burlington, Massachusetts, expresses an unmodified opinion on all major federal award programs.
6. There was one audit findings relative to the major federal award programs for the Town of Burlington, Massachusetts.
7. The program tested as a major program is the Special Education cluster.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Burlington, Massachusetts, was determined to be a high-risk auditee.

**B. Findings – Financial Statements Audit****MATERIAL WEAKNESS AND COMPLIANCE AND OTHER MATTERS**

2018-001: School Department Budgetary Control

*Condition and Criteria:* The School department had a material over expenditure of their legally adopted budget in fiscal year 2018.

*Cause:* The School department does not have adequate internal control procedures to prevent and detect a material over expenditure of their legally adopted budget.

*Effect:* The School is in violation of Massachusetts General Laws that forbids the overspending of a legally adopted budget. The amount of overspending, although properly reported in the financial statements, is material to the financial statements.

*Auditors' Recommendation:* We recommend the School Department implement procedures to change the manner in which the cost centers and line-item appropriations are budgeted along with developing procedures to implement a proper purchase order system. The finance team must develop a formal process to monitor the budget and project estimated expenditures through the end of each fiscal year.

*Response Correction Action Planned:* In fiscal year 2019, the School has changed their cost centers and line-item budgets; implemented new policies and procedures for purchase orders; and developed a process to monitor the budget to actual results on a monthly basis.

**C. Findings, Responses and Questioned Costs – Major Federal Award Program****U.S. DEPARTMENT OF EDUCATION**

Special Education Grants to States	CFDA No. 84.027
Special Education Preschool Grants	CFDA No. 84.173

2018-002: *Condition and Criteria:* Fiscal year 2017 Forms FR-1 (Final Financial Report) for the Special Education Grants to States and Special Education Preschool Grants are required to be filed by October 31, 2017. We were not provided with the FR-1 for the Special Education Grants to States and the Special Education Preschool Grants and therefore could not determine if they were filed timely.

*Cause:* Lack of procedures to ensure proper document retention and that the filing of financial reports occurred within the required period.

*Effect:* The Town is not in compliance with grant requirements

*Questioned Costs:* None

*Auditors' Recommendation:* We recommend that the School Department implement procedures to ensure proper document retention and that reports are filed timely per the Department of Elementary and Secondary Education (DESE) guidelines.

*Response Corrective Action Planned:* The Town will implement procedures to ensure the Forms FR-1 (Final Financial Report) for the Special Education Grant cluster are retained and are submitted prior to the deadline, on a go forward basis.

**D. Summary Schedule of Prior Audit Findings**

None