

TOWN OF BURLINGTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2024

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, 2024, 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.

During our audit we became aware of 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.

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.

Marcum LLP

January 31, 2025

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PRIOR YEAR COMMENTS

ARPA STATE AND LOCAL FISCAL RECOVERY FUNDS

Prior Comment

The Town 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 had 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.

In the prior year, 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.

Current Status – Resolved.

The Finance Team met with department heads and the Select Board and developed a spending plan which was approved before December 31, 2024. As of June 30, 2024 the majority of the funds have been spent, and the remaining funding obligated. The projects should be complete well before June 30, 2026.

REVIEW UNCOLLECTIBLE RECEIVABLES

Prior 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 1996. For receivables that cannot be lienied, 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.

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.

Current Status – Partially Resolved.

The Finance Team wrote off uncollectible personal property receivables prior to levy 2016. The real estate tax receivables that date back to 2001, and motor vehicle excise tax receivables that date back to 1996 still require further review and action.