



City of Burlington, Vermont

Independent Auditors' Reports Pursuant
to Government Auditing Standards
and Uniform Guidance

For the Year Ended June 30, 2021

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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 AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Burlington, Vermont

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Burlington School District and the Burlington Electric Enterprise Fund, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Burlington Electric Enterprise Fund were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 "Melanson".

Merrimack, New Hampshire
March 23, 2022



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

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited the City of Burlington, Vermont's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

The City's basic financial statements include the operations of the Burlington School District (a discretely presented component unit) which expended \$15,362,579 in federal awards which is not included in the City's Schedule of Expenditures of Federal Awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of this entity because they engaged other auditors to perform audits in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform*

Merrimack, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine



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 City'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 City's compliance.

Basis for Qualified Opinion on Community Development Block Grant/Entitlement Grant

As described in Finding 2021-001 in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding Assistance Listing 14.218 Community Development Block Grant for Reporting.

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block Grant/Entitlement Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Development Block Grant program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City 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 other major federal programs identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the City 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 City'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 the 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 City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we did identify certain deficiencies in internal control over compliance, that we consider to be significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 to be significant deficiencies.

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

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, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Burlington, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 23, 2022, 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 "Melanson".

Merrimack, New Hampshire
August 25, 2022

CITY OF BURLINGTON, VERMONT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency				
Cluster	Federal	Pass Through		Passed
Pass-through Agency	AL	Identifying	Federal	Through to
Program Title	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Subrecipient</u>
U.S. Department of Defense				
Direct Federal Program				
Military Construction Projects, National Guard	12.400	N/A	\$ 125,331	\$ -
Total U.S. Department of Defense			125,331	-
U.S. Department of Housing and Urban Development				
Direct Federal Program				
Community Development Block Grants/Entitlement Grants	14.218	N/A	967,827	455,428
HOME Investment Partnerships Program	14.239	N/A	823,581	-
Continuum of Care Program	14.267	N/A	24,498	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	<u>460,978</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			2,276,884	455,428
U.S. Department of Justice				
Direct Federal Program				
Missing Children's Assistance	16.543	N/A	3,047	-
Bulletproof Vest Partnership Program	16.607	N/A	6,646	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	35,084	-
Passed Through the Vermont Center for Crime Victim Services				
Crime Victim Assistance	16.575	02160-VOCA19-40096-8	128,945	-
Crime Victim Assistance	16.575	02160-VOCA19-40096-8 SJ	<u>54,017</u>	<u>-</u>
Total U.S. Department of Justice			227,738	-
U.S. Department of Transportation				
Direct Federal Program				
Airport Improvement Program	20.106	N/A	18,161,553	-
COVID-19 - Airport Improvement Program	20.106	N/A	7,636,908	-
Passed Through the Vermont Agency of Transportation				
Highway Planning and Construction - Southern Connector/Champlain Parkway	20.205	ME-GC-M5000(1)	811,240	-
Highway Planning and Construction- Colchester Avenue Sidepath	20.205	SDWK(23) CA0422	76,352	-
State and Community Highway Safety	20.600	SOV - Subgrant of GR1513	<u>15,449</u>	<u>-</u>
Total U.S. Department of Transportation			26,701,502	-
U.S. Department of Treasury				
Direct Federal Program				
COVID-19 - Coronavirus Relief Fund	21.019	N/A	<u>2,053,861</u>	<u>-</u>
Total U.S. Department of Treasury			2,053,861	-

(continued)

(continued)

CITY OF BURLINGTON, VERMONT

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<i>Federal Agency</i>	Federal	Pass Through	Federal	Passed
Cluster	AL	Identifying	Expenditures	Through to
Pass-through Agency	Number	Number		Subrecipient
Program Title				
Environmental Protection Agency				
Clean Water State Revolving Fund Cluster				
Passed Through the Vermont Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-196-1.1	89,623	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-196-1.1	155,486	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-246-3	1,262,102	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-247-1	122,480	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-248-3	397,569	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-249-3	181,202	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-249-3	132,141	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-254-1	78,037	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-254-1	9,551	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-268-1.1	37,707	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-268-1.1	96,954	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-279-1	53,763	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF3-402-1.1	31,183	-
Total Clean Water State Revolving Loan Cluster			2,647,798	-
Passed Through the Vermont Environmental Protection Agency				
Lake Champlain Basin Program	66.481	2019-LCBP GSI-CSO-01	124,213	-
Total Environmental Protection Agency			2,772,011	-
U.S. Department of Health and Human Services				
Passed through State of Vermont, Agency of Human Services				
Department of Health, Division of Emergency Preparedness, Response, and Injury Prevention				
2020 Epidemiology and Laboratory Capacity for Infectious Disease	93.323	03420-08349	28,498	-
2020 Epidemiology and Laboratory Capacity	93.323	03420-08723	27,998	-
Total U.S. Department of Health and Human Services			56,496	-
Corporation for National and Community Service				
Passed Through the Vermont Commission on National and Community Services				
AmeriCorps	94.006	03400-CEDO-19AFH-FY20	31,000	-
Total Corporation for National and Community Service			31,000	-
U.S. Department of Homeland Security				
Passed Through the Vermont Agency of Transportation				
Assistance to Firefighters Grant	97.044	EMW-2018-FO-01959	162,273	-
Passed Through the Vermont Department of Public Safety				
FY17 State Homeland Security Grant Program	97.067	02140-77152-1743	7,043	-
FY19 State Homeland Security Grant Program	97.067	02140-7H19142-102	5,600	-
FY20 State Homeland Security Grant Program	97.067	02140-7H20142-101	24,320	-
FY20 State Homeland Security Grant Program	97.067	02140-7H20152-110	14,070	-
Law Enforcement Officer Reimbursement Agreement Program	97.090	HSTS02-16-H-SLR716	112,728	-
Total U.S. Department of Homeland Security			326,034	-
Total Federal Expenditures			\$ 34,570,856	\$ 455,428

The accompanying notes are an integral part of this schedule.

City of Burlington, Vermont

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

- The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Burlington, Vermont (the City) under programs of the federal government for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) 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 City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.
- Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

Note 2. De Minimis Cost Rate

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Donated Personal Protective Equipment (PPE) (Unaudited)

During fiscal year 2021, the City did not receive donated PPE from federal sources.

City of Burlington, Vermont

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditors' report issued on compliance for major programs:

Community Development Block Grants	Qualified
Airport Improvement Program	Unmodified
Coronavirus Relief Fund	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major federal programs:

<i>AL Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.218	Community Development Block Grants
20.106	Airport Improvement Program
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish
between type A and type B programs:

\$1,037,126

Auditee qualified as low-risk auditee?

yes no

SECTION II - FINANCIAL STATEMENT FINDINGS

None.

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2021-001 Adhere to Reporting Requirements Under the Federal Funding Accountability and Transparency Act

Federal Program(s) Information

Federal Agency: U.S. Department of Housing and Urban Development
 Cluster: Not Applicable
 Award Name: Community Development Block Grant/Entitlement Grant
 AL Number(s): 14.218
 Award Year: 2020
 Compliance Requirement Reporting

Type of Finding

Compliance
 Internal Control over Compliance - Significant Deficiency

Criteria or Specific Requirement

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition and Context

The City did not comply with the requirements of the Transparency Act related to reporting first tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS), as follows:

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
1	1	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$240,755	\$240,755	\$0	\$0	\$0

Cause

Weaknesses in the design and operation of controls over compliance related to Transparency Act requirements.

Effect

Due to the weaknesses in internal controls noted above, the City did not comply with the requirements of the Transparency Act related to reporting first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). No questioned costs are reported as this requirement is procedural in nature.

Recommendation

The City should develop procedures to comply with the Transparency Act related to reporting first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Views of Responsible Official and Planned Corrective Action

Management's views and corrective action plan is included at the end of this report after the summary schedule of prior year audit findings and status.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

<u>Finding #</u>	<u>Program</u>	<u>Finding/Noncompliance</u>	<u>Current Year Status</u>
2020-001	Financial Statement Finding	Adhere to Suspension and Debarment Policies	Resolved
2020-002	14.218	Annually reconcile the PR26 CDBG Financial Summary Report to the General Ledger	Resolved



OFFICE OF THE CLERK/TREASURER
City of Burlington

August 30, 2022

Finding 2021-001 Adhere to Reporting Requirements Under the Federal Funding Accountability and Transparency Act

Federal Program(s) Information

Federal Agency: U.S. Department of Housing and Urban Development
 Cluster: Not Applicable
 Award Name: Community Development Block Grant/Entitlement Grant
 AL Number(s): 14.218
 Award Year: 2020
 Compliance Requirement Reporting

Type of Finding

Compliance
 Internal Control over Compliance - Significant Deficiency

Criteria or Specific Requirement

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Condition and Context

The City did not comply with the requirements of the Transparency Act related to reporting first tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) as follows:

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
1	1	0	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$240,755	\$240,755	\$0	\$0	\$0

Cause

Weaknesses in the design and operation of controls over compliance related to Transparency Act requirements.

Effect

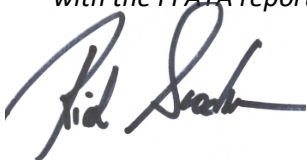
Due to the weaknesses in internal controls noted above, the City did not comply with the requirements of the Transparency Act related to reporting first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). No questioned costs are reported as this requirement is procedural in nature.

Recommendation

The City should develop procedures to comply with the Transparency Act related to reporting first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

View of Responsible Official and Planned Corrective Action

“Due to staffing changes in the City during the pandemic, the FY 21 FFATA reports were not submitted timely. However, procedures have been implemented to prepare and submit the required FFATA reports more timely going forward, and the FY 21 reports are currently in the FSRS portal. In addition, the City is looking to hire a full-time grants accountant, who will be responsible for overseeing the City’s compliance with the FFATA reporting requirements, along with the newly hired Grants Director.”



Rich Goodwin
Director Financial Operations, City of Burlington, VT
Phone (802) 865-7013
rgoodwin@burlingtonvt.gov