



## **City of Burlington, Vermont**

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

For the Year Ended June 30, 2020

## CONTENTS

	<u>Page</u>
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i></b>	1
<b>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</b>	3
Schedule of Expenditures of Federal Awards	7
Notes to Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9



**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 discretely presented component unit, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 19, 2021.

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 in *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 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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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Merrimack, New Hampshire  
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Greenfield, Massachusetts  
Ellsworth, Maine

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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 City'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 City'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 City'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  
February 19, 2021



**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, 2020. 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 \$8,525,455 in Federal awards which is not included in the City's Schedule of Expenditures of Federal Awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of these entities 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*

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*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.

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

In our opinion, the City complied, in 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, 2020.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. 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.

**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.



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 identify deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-002, that we consider to be a material weakness.

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 unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 19, 2021, 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.

*Melanson*

Merrimack, New Hampshire  
March 29, 2021





**CITY OF BURLINGTON, VERMONT**  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

<b>Federal Agency</b>	Federal	Pass Through	Federal	Passed
Cluster	CFDA	Identifying	Expenditures	Through to
Program Title	<u>Number</u>	<u>Number</u>	<u>Expenditures</u>	<u>Subrecipient</u>
<b>U.S. Department of Defense</b>				
Direct Federal Program				
Military Construction, National Guard	12.400	N/A	\$ 344,964	\$ -
Military Construction, National Guard	12.400	N/A	<u>644,816</u>	<u>-</u>
Total U.S. Department of Defense			989,780	-
<b>U.S. Department of Housing and Urban Development</b>				
CDBG - Entitlement Grants Cluster				
Direct Federal Program				
Community Development Block Grants/Entitlement Grants	14.218	N/A	682,604	308,424
Direct Federal Program				
HOME Investment Partnerships Program	14.239	N/A	303,163	-
Continuum of Care Program	14.267	N/A	25,144	-
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	<u>651,384</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			1,662,295	308,424
<b>U.S. Department of Justice</b>				
Direct Federal Program				
Missing Children's Assistance	16.543	N/A	2,514	-
Bulletproof Vest Partnership Program	16.607	N/A	33,934	-
Public Safety Partnership and Community Policing Grants	16.710	N/A	357,640	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	38,845	-
Passed Through the Vermont Center for Crime Victim Services				
Crime Victim Assistance	16.575	02160-VOCA18-2-40096-8	133,415	-
Crime Victim Assistance	16.575	02160-VOCA18-2-40096-8-SJ	<u>44,445</u>	<u>-</u>
Total U.S. Department of Justice			610,793	-
<b>U.S. Department of Transportation</b>				
Direct Federal Program				
Airport Improvement Program	20.106	N/A	9,982,179	-
Airport Improvement Program (AIP-109 - Refund)	20.106	N/A	(2,106,778)	-
COVID-19 - Airport Improvement Program - CARES Act Grant	20.106	N/A	2,278,701	-
Highway Planning and Construction Cluster				
Passed Through the Vermont Agency of Transportation				
Highway Planning and Construction - Southern Connector/Champlain Parkway	20.205	ME-GC-M5000(1)	1,541,038	-
Highway Planning and Construction - Champlain Elementary Pedestrian Crosswalk	20.205	STP BP13(6)	341,444	-
Highway Planning and Construction - North Avenue Crosswalks	20.205	TAP TA15(1)	57,500	-
Highway Planning and Construction - Colchester Avenue Sidepath	20.205	STP SDWK(19) CA0422	27,506	-
Highway Planning and Construction - Colchester Avenue Sidepath	20.205	SDWK(23) CA0422	108,350	-
Highway Planning and Construction - Colchester Avenue Sidepath	20.205	BP15(7) CA0422	<u>503</u>	<u>-</u>
Total Highway Planning and Construction Cluster			2,076,341	-
Highway Safety Cluster				
Passed Through the Vermont Agency of Transportation				
State and Community Highway Safety	20.600	SOV - Subgrant of GR1310	34,897	-
Passed Through the Vermont Department of Public Safety				
National Priority Safety Programs	20.616	NH19405C-703c	<u>13,663</u>	<u>-</u>
Total Highway Safety Cluster			48,560	-
Total U.S. Department of Transportation			12,279,003	-
<b>Environmental Protection Agency</b>				
Clean Water State Revolving Loan Cluster				
Passed Through the Vermont Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds	66.458	06140-RF1-196	300,073	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	06140-RF1-187.1	62,179	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF 1-246-2	157,586	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-247-1.0	181,089	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-254-1.0	38,465	-
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-248-2.0	<u>129,119</u>	<u>-</u>
Total Clean Water State Revolving Loan Cluster			868,511	-
Passed Through the Vermont Environmental Protection Agency				
Lake Champlain Basin Program	66.481	2019-LCBP GSI-CSO-01	<u>87,730</u>	<u>-</u>
Total Environmental Protection Agency			956,241	-
<b>Corporation for National and Community Service</b>				
Passed Through the Vermont Commission on National and Community Services				
AmeriCorps	94.006	03400-16AFH-CEDO-FY19	33,560	-
AmeriCorps	94.006	03400-CEDO-19AFH-FY20	<u>130,826</u>	<u>-</u>
Total Corporation for National and Community Service			164,386	-
<b>U.S. Department of Homeland Security</b>				
Direct Federal Program				
Law Enforcement Officer Reimbursement Agreement Program	97.090	N/A	<u>143,950</u>	<u>-</u>
Total U.S. Department of Homeland Security			143,950	-
Total Federal Expenditures			<u>\$ 16,806,448</u>	<u>\$ 308,424</u>

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, 2020

#### **Note 1. Basis of Presentation**

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, 2020. 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.

#### **Note 2. Summary of Significant Accounting Policies**

- 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.
- Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- 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 2020 the City received donated PPE from Federal sources with an estimated fair market value of \$90,000.

#### **Note 4. Subsequent Event**

##### ***Airport Improvement Program – AIP-109 (CFDA #20.106)***

Subsequent to year-end, the Burlington International Airport repaid the Federal Aviation Administration \$2,106,778 for projects costs associated with Airport Improvement Program 109.

**City of Burlington, Vermont**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**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/Entitlement Grants	Unmodified
Airport Improvement Program	Unmodified
Highway Planning and Construction Cluster	Unmodified
Clean Water State Revolving Loan Cluster	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:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
14.218	Community Development Block Grants/Entitlement Grants
20.106	Airport Improvement Program
20.205	Highway Planning and Construction Cluster
66.458	Clean Water State Revolving Loan Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

## SECTION II - FINANCIAL STATEMENT FINDINGS

None.

## SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

### Finding 2020-001 Adhere to Suspension and Debarment Policies

**Federal Agency:** Environmental Protection Agency  
**Cluster:** Clean Water State Revolving Loan Cluster  
**Award Name:** Capitalization Grants for Clean Water State Revolving Funds  
**CFDA Number:** 66.458  
**Compliance:** Procurement, Suspension, and Debarment

#### ***Type of Finding***

Internal Control over Compliance – Other Matters

#### ***Criteria or Specific Requirement***

Non-federal entities are prohibited from contracting with or making subawards to parties that are suspended or debarred. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR section 180.995, is not suspended or debarred or otherwise excluded from participating in the transactions.

#### ***Condition and Context***

The City, prior to entering into a covered transaction with an entity, is not verifying that the entity meets requirements for suspension or debarment.

#### ***Cause***

Noncompliance regarding Suspension and Debarment requirements.

#### ***Effect***

The lack of verification of vendors that are suspended or debarred increases the City's risk of paying a vendor that is suspended or debarred.

#### ***Recommendation***

We recommend that the City ensure they are not providing Federal funds to suspended or debarred organizations by evaluating procurements over \$25,000 or on sub-awards under a passthrough/subrecipient relationship of any dollar amount to ensure the City meets the compliance requirement.

This verification may be accomplished by:

- a.) Checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA),
- b.) Collecting a certification from the entity,
- c.) Adding a clause or condition to the covered transaction with that entity.

***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.

**Finding 2020-002      Annually Reconcile the PR26 CDBG Financial Summary Report to the General Ledger**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Cluster:** Community Development Block Grants/Entitlement Grants  
**Award Name:** Community Development Block Grant  
**Program Year:** 2019  
**CFDA Number:** 14.218  
**Compliance:** Reporting

***Type of Finding***

Internal Control over Compliance – Material Weakness

***Criteria or Specific Requirement***

Grantees are required to submit the PR26 CDBG Financial Summary Report, as generated by the Integrated Disbursement and Information System (IDIS), 90 days after the end of a grantee's program year.

***Condition and Context***

The PR26 CDBG Financial Summary Report reported fewer expenditures for program year 2019 than what was recorded within the City's general ledger.

***Cause***

Weakness in the design and operation of controls regarding the Reporting compliance.

***Effect***

There is a risk that reports provided to the Federal Government by the City are inaccurate or incomplete.

***Recommendation***

We recommend that the City annually reconcile the PR 26 CDBG Financial Summary Report to the general ledger. This will ensure that Federal reports are completed timely and accurately.

***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**

There were no findings in the prior year.



OFFICE OF THE CLERK/TREASURER

**City of Burlington**

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**City Hall, Room 20, 149 Church Street, Burlington, VT 05401**

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March 26, 2021

## **SECTION V – CORRECTIVE ACTION TO FINDINGS**

**Finding 2020-001:** Adhere to Suspension and Debarment  
**Federal Agency:** Environmental Protection Agency  
**Award Name:** Capitalization Grants Clean Water State  
**CFDA:** 66.458  
**Compliance:** Procurement, Suspension, Debarment

### **City Response:**

Our Grant Administrator does routinely check the debarment/ suspension list, but unfortunately did not keep a record of such.

The City will address the comment above by completing the following steps:

- Add clarifying language to the contract to explicitly list the terms of suspension and debarment for federal and state regulations.
- Include a certification statement in the contract that will be signed by the contractor
- Retain a record (screenshot) from <https://www.sam.gov>
- The City will implement this new process for all new contracts effective May 1, 2021.

**Finding 2020-002:** Annually Reconcile the PR26 CDBG Financial Summary Report to the General Ledger  
**Federal Agency:** U.S. Department of Housing and Urban Development  
**Award Name:** Community Development Block Grants  
**CFDA:** 14.218  
**Compliance:** Reporting

### **City Response:**

The City will respond to this finding by hiring, increase the level of job description, and work that describes Grant work oversight. In addition, we will seek approval for Contract with Clifton, Larson, Allen (CLA) for expert services for Grant Management.

The scope of work specifies the following areas of focus:

- Assessment of current processes
- Identify areas of strength and weakness within the current processes and controls
- Review current financial system used to support grants information processing
- Provide concrete recommendations for improvement that will lead to operations that are more efficient.
- The City will complete this task by October 31, 2021.



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