

CITY OF BURLINGTON, VERMONT

**INDEPENDENT AUDITORS' REPORTS REQUIRED BY TITLE 2 U.S. CODE OF
FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE
REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL
AWARDS (UNIFORM GUIDANCE) AND GOVERNMENT AUDITING STANDARDS**

FOR THE YEAR ENDED JUNE 30, 2023

CITY OF BURLINGTON, VERMONT

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**INDEPENDENT AUDITORS' 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***

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, 2023, 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 29, 2024.

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 *Governmental Auditing Standards*.

Report on 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 opinion 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.

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. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a significant deficiency.

Report on 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*.

Management's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompany Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the Schedule and, accordingly, we express no opinion on the response.

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.

Marcum LLP

Andover, MA
February 29, 2024



**INDEPENDENT AUDITORS' 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**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Burlington, Vermont's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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 \$13,266,169 in federal awards which is not included in the City's Schedule of Expenditures of Federal Awards for the year ended June 30, 2023. Our audit, described below did not include the operations of this entity because they engaged other auditors to perform audits in accordance with Uniform Guidance.

In our opinion, the City complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material, noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 29, 2024, 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.

Marcum LLP

Andover, MA

March 29, 2024 except for the report on the Schedule of Expenditure of Federal Awards which is dated February 29, 2024

CITY OF BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

<i>Federal Agency</i>	Federal	Pass Through	Federal	Passed
Cluster	Assistance	Identifying	Expenditures	Through to
Pass-through Agency	Listing	Number		Subrecipient
Program Title	Number	Number		
<i>U.S. Department of Housing and Urban Development</i>				
CDBG - Entitlement Grants Cluster				
Direct Federal Program				
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 1,350,679	\$ 1,128,488
Total CDBG - Entitlement Grants Cluster			1,350,679	1,128,488
Passed Through the Vermont Agency of Commerce and Community Development				
Community Development Block Grants/Small Cities Grant	14.228	0711-IG-2020	30,933	--
Direct Federal Program				
HOME Investment Partnerships Program	14.239	N/A	313,375	223,076
Continuum of Care Program	14.267	N/A	256,505	--
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	N/A	937,667	--
Total U.S. Department of Housing and Urban Development			2,889,159	1,351,564
<i>U.S. Department of Justice</i>				
Direct Federal Program				
Missing Children's Assistance	16.543	N/A	4,033	--
Bulletproof Vest Partnership Program	16.607	N/A	6,032	--
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	35,227	--
Total U.S. Department of Justice			45,292	--
<i>U.S. Department of Transportation</i>				
Direct Federal Program				
Airport Improvement Program	20.106	N/A	10,394,146	--
Highway Planning and Construction Cluster				
Passed Through the Vermont Agency of Transportation				
Highway Planning and Construction	20.205	CA0035	22,814,068	--
Highway Planning and Construction	20.205	CA0687	59,119	--
Highway Planning and Construction	20.205	CA0672	50,842	--
Highway Planning and Construction	20.205	CA0645	700,067	--
Highway Planning and Construction	20.205	FM0324	15,969	--
Total Highway Planning and Construction Cluster			23,640,066	--
Highway Safety Cluster				
Passed Through the Vermont Agency of Transportation				
State and Community Highway Safety	20.600	GR1694	326	--
Total Highway Safety Cluster			326	--
Total U.S. Department of Transportation			34,034,538	--

CITY OF BURLINGTON, VERMONT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

<i>Federal Agency</i>	Federal	Pass Through	Federal	Passed
Cluster	Assistance	Identifying	Expenditures	Through to
Pass-through Agency	Listing	Number		Subrecipient
Program Title	Number	Number		
<i>U.S. Department of Treasury</i>				
Direct Federal Program				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	4,883,028	985,000
Total U.S. Department of Treasury			4,883,028	985,000
<i>Federal Communications Commission</i>				
Direct Federal Program				
Emergency Connectivity Fund Program	32.007	N/A	6,425	--
Total Federal Communications Commission			6,425	--
<i>Environmental Protection Agency</i>				
Clean Water State Revolving Fund Cluster				
Passed Through the Vermont Environmental Protection Agency				
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-187-3.1	734,138	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-247-2	265,392	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-248-3.1	96,203	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-279-1	5,743	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-315	54,371	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-331-1	182,047	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-332-1	23,279	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-278-3.0	785,434	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-278-3.0	8,826	--
Capitalization Grants for Clean Water State Revolving Funds	66.458	RF1-312	189,320	--
Total Clean Water State Revolving Fund Cluster			2,344,753	--
Capitalization Grants for Drinking Water State Revolving Funds	66.468	RF3-426-3.0	692,978	--
Passed Through the Vermont Environmental Protection Agency				
Lake Champlain Basin Program	66.481	LCBP GSI-CSO-01	326,489	--
Total Environmental Protection Agency			3,364,220	--
<i>U.S. Department of Health and Human Services</i>				
Direct Federal Program				
Social Services Research and Demonstration	93.647	N/A	246,871	--
Passed Through the Vermont Agency of Human Services Department of Health,				
Division of Emergency Preparedness, Response, and Injury Prevention				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	03420-09191	25,188	--
Total U.S. Department of Health and Human Services			272,059	--
<i>U.S. Small Business Administration</i>				
Congressional Grants	59.059	N/A	5,501	5,501
Total U.S. Small Business Administration			5,501	--
<i>U.S. Department of Homeland Security</i>				
Passed Through the Vermont Department of Public Safety				
Homeland Security Grant Program	97.067	02140-7H19131-101	11,565	--
Homeland Security Grant Program	97.067	02140-7H21152-102	5,255	--
Passed Through the Vermont Agency of Transportation				
Assistance to Firefighters Grant	97.044	EMW-2020-FG-16755	71,219	--
Total U.S. Department of Homeland Security			88,039	--
Total Federal Expenditures			<u>\$ 45,588,261</u>	<u>\$ 2,342,065</u>

CITY OF BURLINGTON, VERMONT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2023

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, 2023. 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 2023 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, 2023

SECTION I — SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

UNMODIFIED

Internal control over financial reporting:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 X Yes None reported

Non-compliance material to financial statements noted?

 Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified?

 Yes X None reported

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

UNMODIFIED

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs:

NAME OF FEDERAL PROGRAM OR CLUSTER

ASSISTANCE LISTING NUMBER(S)

Highway Planning and Construction Cluster

20.205

COVID-19 Coronavirus State and Local Fiscal Recovery Fund

21.027

Capitalization Grants for Drinking Water State Revolving Funds

66.468

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

\$1,367,648

Auditee qualified as low-risk auditee?

 Yes X No

CITY OF BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT AND NONCOMPLIANCE FINDINGS

2023-001 *Improve Internal Controls over the Preparation of the Schedule of Expenditures of Federal Awards (SEFA) (Significant Deficiency)*

Criteria

Uniform Guidance (2 CFR Part 200) requires the City to prepare a complete and accurate SEFA.

Condition

A complete and accurate SEFA was not prepared timely after the fiscal year-end.

Cause

The City continued to revise their SEFA into March 2024.

Effect

An untimely SEFA could result in the City being out of compliance with the requirements set forth in the underlying grant agreements and the Uniform Guidance, and could impact subsequent federal funding.

Recommendation

The City must ensure that adequate procedures and controls are put into place to ensure that the SEFA is accurately completed in a timely manner. These controls should include the reconciliation of federal expenditures to the appropriate supporting documentation (e.g., general ledger, grant reports, etc.) and the identification of clusters as part of the year-end closing process.

Views of Responsible Official and Planned Corrective Action

Management has taken steps to address this finding by implementing several changes starting in Fiscal Year 2024.

- All grants must be submitted through Board of Finance. This will ensure that all grants, including smaller grants needing only Department Head approval, are documented.
- A comprehensive grant database will be maintained, AL/CFDA numbers and pass through agency information is verified.
- Clerk Treasury Accounting Staff will update the SEFA with all obtained grant information and reconcile federal expenditures with the general ledger. This reconciliation will occur frequently throughout the fiscal year to ensure reporting is completed timely.

CITY OF BURLINGTON, VERMONT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2023

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

There were no findings in the prior year.