

TOWN OF BURLINGTON, CONNECTICUT

STATE SINGLE AUDIT REPORT

JUNE 30, 2021



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**TOWN OF BURLINGTON, CONNECTICUT
STATE SINGLE AUDIT REPORT
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TABLE OF CONTENTS**

Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act	1-3
Schedule of Expenditures of State Financial Assistance	4
Notes to Schedule of Expenditures of State Financial Assistance	5
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 <i>Government Auditing Standards</i>	6-7
Schedule of Findings and Questioned Costs	8-11



Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Board of Finance
Town of Burlington, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Burlington, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town of Burlington, Connecticut's major state programs for the year ended June 30, 2021. The Town of Burlington, Connecticut's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Burlington, Connecticut's major state 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the Town of Burlington, Connecticut'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 state program. However, our audit does not provide a legal determination of the Town of Burlington, Connecticut's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Burlington, Connecticut, 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 state programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Burlington, Connecticut, 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, Connecticut's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, 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, Connecticut'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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 state 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 state 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited 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, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Burlington, Connecticut's basic financial statements. We issued our report thereon dated January 10, 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 state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

West Hartford, Connecticut
January 10, 2022

**TOWN OF BURLINGTON, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

State Grantor/Pass-Through Grantor/ Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Historic Document Preservation	12060-CSL66094-35150	\$ 5,500
Connecticard Payments	11000-CSL66051-17010	830
Total Connecticut State Library		<u>6,330</u>
Department of Transportation		
Town Aid Road-STO	13033-DOT57131-43459	130,970
Town Aid Road Grants-Municipal	12052-DOT57131-43455	130,970
Bus Operations	12001-DOT57931-12175	20,717
Local Transportation Capital Improvement Program (LOTICIP)	13033-DOT57000-43584	822,063
Total Department of Transportation		<u>1,104,720</u>
Office of Policy and Management		
Reimbursement to Towns - Tax Loss on State Property	11000-OPM20600-17004	22,931
Reimbursement Property Tax - Disability Exemption	11000-OPM20600-17011	464
Property Tax Relief For Veterans	11000-OPM20600-17024	999
Local Capital Improvement	12050-OPM20600-40254	75,000
Municipal Purposes & Projects	12052-OPM20600-43587	15,300
Total Office of Policy and Management		<u>114,694</u>
Total State Financial Assistance Before Exempt Programs		<u>1,225,744</u>
Exempt Programs		
Office of Policy and Management		
Municipal Stabilization Grant	11000-OPM20600-17104	<u>34,417</u>
Department of Education		
Education Cost Sharing	11000-SDE64370-17041-82010	<u>3,923,672</u>
Total Exempt Programs		<u>3,958,089</u>
Total State Financial Assistance		<u>\$ 5,183,833</u>

The accompanying notes are an integral part of this schedule

**TOWN OF BURLINGTON, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state grant activity of the Town of Burlington, Connecticut, under programs of the State of Connecticut for the year ended June 30, 2021. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the Schedule presents only a selected portion of the operations of the Town of Burlington, Connecticut, it is not intended to, and does not, present the financial position, changes in fund balance, changes in net position or cash flows of the Town of Burlington, Connecticut.

Basis of Accounting

The accounting policies of the Town of Burlington, Connecticut, conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the Schedule is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Expenditures reported on the Schedule are presented on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule.



**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***

Board of Finance
Town of Burlington, Connecticut

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, business-type activities, each major fund and the aggregate remaining fund information of the Town of Burlington, Connecticut, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Burlington, Connecticut's basic financial statements, and have issued our report thereon dated January 10, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Burlington, Connecticut'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 Town of Burlington, Connecticut's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Burlington, Connecticut's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2021-002, 2021-003 and 2021-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Burlington, Connecticut'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*.

The Town of Burlington, Connecticut's Response to Findings

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

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 Town of Burlington, Connecticut'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 Town of Burlington, Connecticut's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

West Hartford, Connecticut
January 10, 2022

**TOWN OF BURLINGTON, CONNECTICUT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major 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 programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? yes X no

The following schedule reflects the major programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation		
Town Aid Road Grants-Municipal	12052-DOT57131-43455	\$ 130,970
Town Aid Road-STO	13033-DOT57131-43459	130,970
Local Transportation Capital Improvement Program	13033-DOT57000-43584	822,063
Dollar threshold used to distinguish between type A and type B programs:		\$ 200,000

II. FINANCIAL STATEMENT FINDINGS

2021-001	General Ledger Maintenance - Material Weakness
Criteria	The record keeping and maintenance of the accounting system is necessary to ensure the financial statements are complete and prepared in accordance with Generally Accepted Accounting Principles.
Condition	We noted the following issues with the Town's general ledger maintenance and record keeping: <ul style="list-style-type: none">• Several funds are not included in the accounting system and are manually tracked• Five funds were identified during the performance of audit procedures that were not previously included in prior financial statements• A restatement was required in the pension fund to agree to the investment custodian's statements
Context	Additional audit procedures were required to be performed to ensure the financial statements were complete and as a result material audit adjustment were proposed.
Effect	The financial statements would not be materially correct without the audit adjustments.
Cause	Inadequate internal control structure and lack of appropriate use of the accounting system.
Recommendation	We recommend that the Town update their accounting system to include all funds and develop an internal control structure over financial statement reporting. Additionally, the pension fund should be reconciled on at least a quarterly basis to ensure the investment balance is properly stated.
Views of Responsible Officials	The Town and its Finance Department have considered the recommendations and will implement proper internal procedures to rectify the noted deficiencies in our internal control structure. Corrective action will be taken on the items noted above and new and enhanced procedures will be put in place to avoid future errors. The finance department will seek technical assistance to add funds to the trial balance.
2021-002	Controls around Compliance with Cut-Off - Significant Deficiency
Criteria	Proper cut-off of year end transactions is required to ensure the completeness of financial reporting.

Condition	We noted the following transactions were improperly recorded: <ul style="list-style-type: none"> • Sewer expenditures of \$134,419 for the 2020 fiscal year were recorded in fiscal year 2021 requiring a restatement in the general fund • Sewer expenditures of \$135,141 for the 2021 fiscal year were improperly recorded in the 2022 fiscal year • Retainage payable of \$51,057 was not recorded for the 2021 fiscal year • Construction services rendered in June 2021, totaling \$7,000, were improperly recorded in the 2022 fiscal year
Context	Material audit adjustments were proposed as a result of testing.
Effect	The financial statements would not be materially correct without the audit adjustments.
Cause	Inadequate internal controls over cut-off procedures.
Recommendation	We recommend that the Town implement internal controls to review transactions at year end to ensure completeness of balances.
Views of Responsible Officials	The Town has reviewed the recommendation and will implement procedures.
2021-003	Revenue Recognition - Significant Deficiency
Criteria	Appropriate revenue recognition is required for accurate and complete financial reporting.
Condition	The Town recognized as revenue funds that were not available at the end of the prior fiscal year, resulting in a restatement in the Small Cities Fund of \$194,169.
Context	Material audit adjustments were proposed as a result of audit procedures.
Effect	The financial statements would not be materially correct without the audit adjustments.
Cause	Improper revenue recognition.
Recommendation	We recommend that the Town follow proper revenue recognition procedures.
Views of Responsible Officials	The Town will update year end close procedures to ensure proper revenue recognition is followed.

2021-004 Segregation of Duties - Significant Deficiency

Criteria Proper segregation of duties is required to ensure the safeguarding of the Town's assets and appropriate financial reporting.

Condition During the audit the following issues with segregation of duties were noted:

- The Treasurer has the ability to open cash accounts for the Town, create wire transfers, prepare bank reconciliations, and propose adjustments to the Town's general fund as a result of the bank reconciliations.
- The records of the senior housing fund are maintained by the Treasurer on a system outside the general ledger, while the bookkeeping is performed by a relative of the Treasurer, including deposits, disbursements, and reconciliations. Records are not provided to the Town on a regular basis.

Context Lack for segregation of duties makes the Town vulnerable to potential fraud.

Effect Audit adjustments were required for the prior year audit entries not posted.

Cause Improper internal control structure.

Recommendation We recommend that the Town implement proper segregation of duties for the role of the Treasurer, including dividing the financial responsibilities and reconciliations of Town accounts. We further recommend the Town implement procedures to oversee and review the financial records of the senior housing fund.

Views of Responsible Officials The Town will review the issues note above and incorporate proper segregation of duties.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No matters were reported.

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