TOWN OF BURLINGTON, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2012
## TOWN OF BURLINGTON, MASSACHUSETTS
### REPORTS ON FEDERAL AWARD PROGRAMS
#### FISCAL YEAR ENDED JUNE 30, 2012

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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

To theHonorable Board of Selectmen
Town of Burlington, Massachusetts

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, Massachusetts, as of and for the
year ended June 30, 2012, which collectively comprise the Town of Burlington, Massachusetts’ basic financial
statements and have issued our report thereon dated January 7, 2013. We conducted our audit in accordance
with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Burlington, Massachusetts’ internal control over
financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on
the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of
Burlington, Massachusetts’, internal control over financial reporting. Accordingly, we do not express an opinion
on the effectiveness of the control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first
paragraph of this section and would not necessarily identify all deficiencies in internal control that might be
deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal
control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Burlington, Massachusetts’ financial
statements are free of 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 determination of financial statement amounts. 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.
We noted certain other matters that we reported to management of the Town of Burlington, Massachusetts, in a separate letter dated January 7, 2013.

This report is intended solely for the information and use of the Town of Burlington’s management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 7, 2013
REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Board of Selectmen
Town of Burlington, Massachusetts

Compliance

We have audited the compliance of the Town of Burlington, Massachusetts, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Town of Burlington, Massachusetts’, major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Burlington’s management. Our responsibility is to express an opinion on the Town of Burlington, Massachusetts’, compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and non-profit Organizations. Those standards and OMB Circular A-133 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 Town of Burlington, Massachusetts’, 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. Our audit does not provide a legal determination on the Town of Burlington’s compliance with those requirements.

As described in item 2012-01 in the accompanying schedule of findings and questioned costs, Town did not comply with requirements regarding the maintenance documentation of employee time and effort that has been charged to federal awards. Compliance with such requirements is necessary, in our opinion, to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town of Burlington, Massachusetts, complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Town of Burlington, Massachusetts, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Burlington, Massachusetts’, internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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, Massachusetts’ 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards**

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, Massachusetts, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 7, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Town of Burlington, Massachusetts', basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Town of Burlington’s management, Board of Selectmen, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

January 7, 2013
## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<table>
<thead>
<tr>
<th>Federal Grantor/Program Title</th>
<th>Federal CFDA Number</th>
<th>Expenditures</th>
</tr>
</thead>
</table>

### U.S. DEPARTMENT OF AGRICULTURE:

- **Passed through Massachusetts Department of Elementary and Secondary Education:**
  - Non-Cash Assistance (Commodities): 10.555 $ 53,402
  - National School Lunch Program
  - Cash Assistance: National School Lunch Program 10.555 182,471
  - **TOTAL AGRICULTURE** 235,873

### U.S. DEPARTMENT OF JUSTICE:

- **Direct:**
  - Grants to Encourage Arrest Policies & Enforcement of Protection Orders 16.590 324
  - ARRA - Public Safety Partnership and Community Policing Grants 16.710 21,136
  - Enforcing Underage Drinking Laws Program 16.727 1,865
  - **TOTAL DEPARTMENT OF JUSTICE** 23,325

### U.S. DEPARTMENT OF TRANSPORTATION:

- **Passed through the Governor's Highway Safety Bureau:**
  - State and Community Highway Safety 20.600 9,069
  - Mass Occupant Protection Program 20.604 4,763
  - **TOTAL TRANSPORTATION** 13,832

### U.S. DEPARTMENT OF EDUCATION:

- **Passed through the Massachusetts Department of Elementary and Secondary Education:**
  - Title 1 Grants to Local Educational Agencies 84.010 151,403
  - Special Education - Grants to States 84.027 794,122
  - Special Education - Grants to States 84.027A 36,338
  - Special Education Program Improvement 84.027 36,149
  - Fund for the Improvement of Education 84.215 397,935
  - State Grants for Innovative Programs 84.298 1,029
  - Education Technology State Grants 84.318 2,067
  - Improving Teacher Quality State Grants 84.367 84,250
  - State Fiscal Stabilization (SFSF) - Education State Grants, Recovery Act 84.394 35,842
  - Education Jobs Fund 84.410 338,216
  - **Passed through the Massachusetts Department of Early Education and Care**
  - Special Education - Preschool Grants 84.173 15,035
  - **TOTAL EDUCATION** 1,892,386

### SOCIAL SECURITY ADMINISTRATION:

- **Passed through Massachusetts Rehabilitation Commission:**
  - Vocational Rehabilitation Determination 96.001 180

### DEPARTMENT OF HOMELAND SECURITY:

- **Passed through Massachusetts Emergency Management Agency:**
  - National Bioterrorism Hospital Preparedness Program 93.889 3,208
  - Disaster Grants - Public Assistance (Presidentially Declared Disasters) 97.036 250,553
  - Assistance to Firefighters Grant 97.044 4,587
  - **TOTAL HOMELAND SECURITY** 258,348

### TOTAL

- **$ 2,423,944**
Note 1 - Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Burlington, Massachusetts. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other governmental agencies is included on the schedule.

Note 2 - Significant Accounting Policies

The accounting and reporting policies of the Town of Burlington, Massachusetts, are set forth below:

(a) Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting. Accordingly, expenditures are recognized when the liability is incurred.

(b) School Lunch, Breakfast, and Food Distributions - Program expenditures represent federal reimbursement provided during the year.

Note 3 – Program Clusters

In accordance with Subpart A §__105 of OMB Circular No. A-133, Audits of States, Local Governments and Non Profit Organizations, certain programs have been clustered in determining major programs. The following represents the clustered programs:

<table>
<thead>
<tr>
<th>Name of Cluster/Program</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Education Cluster</td>
<td></td>
</tr>
<tr>
<td>Special Education - Grants to States</td>
<td>84.027</td>
</tr>
<tr>
<td>Special Education - Preschool Grants</td>
<td>84.173</td>
</tr>
</tbody>
</table>
A. Summary of Auditors’ Results

1. The independent auditors’ report expresses an unqualified opinion on the financial statements of the Town of Burlington, Massachusetts.

2. No significant deficiencies relating to the audit of the financial statements are reported in the 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.

3. No instances of noncompliance material to the financial statements of the Town of Burlington, Massachusetts, were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.

5. The independent auditors’ report on compliance for the major federal award programs for the Town of Burlington, Massachusetts, expresses an unqualified opinion.

6. There was one audit finding relative to the major federal award programs for the Town of Burlington, Massachusetts.

7. The programs tested as major programs include:

<table>
<thead>
<tr>
<th>Program Title</th>
<th>CFDA Number</th>
</tr>
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<tbody>
<tr>
<td>Special Education – Grants to States</td>
<td>84.027</td>
</tr>
<tr>
<td>Special Education – Preschool Grants</td>
<td>84.173</td>
</tr>
<tr>
<td>Education Jobs Fund</td>
<td>84.410</td>
</tr>
</tbody>
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8. The threshold for distinguishing Types A and B programs was $300,000.

9. The Town of Burlington, Massachusetts, was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None
C. Findings and Questioned Costs – Major Federal Award Programs

**U.S. DEPARTMENT OF EDUCATION**

Passed through Massachusetts Department of Elementary and Secondary Education:
- Special Education - Grants to States CFDA No: 84.027
- Special Education – Preschool Grants CFDA No: 84.173

**2012-1: Condition and Criteria:** OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments” requires grantees to maintain documentation of employee time and effort that has been charged to federal awards. If 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain semi-annual certifications stating that 100% of the employee’s time was spent working on grant activities. If less than 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee’s time.

**Cause:** The only supporting documentation received was a listing of 7 out of 29 employees tested that was neither signed by the employees themselves or management as required. The document also did not signify for which half of the semi-annual certification is was in reference to. The remainder of the employees paid out of the grant were not supported by semi-annual certifications. For individuals whose salaries were charged less than 100% to the federal award, monthly personnel activity reports were not maintained.

**Questioned Costs:** Unknown

**Perspective Information:** Of the 29 employees tested, proper documentation in relation to the time and effort compliance requirements was not provided.

**Effect:** The District is not in compliance with the grant requirements.

**Auditors’ Recommendation:** We recommend that the District implement procedures to comply with OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments”.

**Views of Responsible Officials:** In fiscal 2013, the District implemented procedures to comply with this requirement.

D. Summary Schedule of Prior Audit Findings

**U.S. DEPARTMENT OF EDUCATION**

Passed through Massachusetts Department of Elementary and Secondary Education:
- Special Education - Grants to States 84.027
- Special Education – Preschool Grants 84.173
- ARRA - Special Education – Grants to States, Recovery Act 84.391
- ARRA- Education – Preschool Grants, Recovery Act 84.392

**11-01: Condition and Criteria:** OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments” requires grantees to maintain documentation of employee time and effort that has been charged to federal awards. If 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain semi-annual certifications stating that 100% of the employee’s time was spent working on grant activities. If less than 100% of an employee’s salary is charged to a federal award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee’s time.
award, a grant recipient is required to maintain monthly personnel activity reports documenting 100% of the employee’s time.

Cause: Not all employees paid out of the grant were supported by semi-annual certifications. For individuals whose salaries were charged less than 100% to the federal award, monthly personnel activity reports were not maintained.

Questioned Costs: Unknown

Perspective Information: Of the 37 employees tested, 14 were not supported by semi-annual certifications.

Effect: The District is not in compliance with the grant requirements.

Auditors’ Recommendation: We recommend that the District implement procedures to comply with OMB Circular A-87, “Cost Principles for State, Local and Indian Tribal Governments”.

Status – Unresolved: Please refer to finding 2012-1.