

***TOWN OF PLYMOUTH, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***FISCAL YEAR ENDED JUNE 30, 2010***



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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**

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To the Honorable Board of Selectmen  
Town of Plymouth, Massachusetts

## **Compliance**

We have audited 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 Town of Plymouth, Massachusetts, as of and for the year ended June 30, 2010 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2009), which collectively comprise the Town of Plymouth, Massachusetts' basic financial statements and have issued our report thereon dated January 24, 2011. 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. Other auditors audited the financial statements of the Plymouth Growth & Development Corporation, which expressed an unqualified opinion, as described in our report on the Town of Plymouth, Massachusetts' 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.

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town of Plymouth, 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 Plymouth, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Plymouth, Massachusetts' internal 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 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.

Our consideration of the 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 Plymouth, 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 Plymouth, Massachusetts in a separate letter dated January 24, 2011.

This report is intended solely for the information and use of management of the Town of Plymouth, Massachusetts, 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.

A handwritten signature in cursive script that reads "Bowers + Sullivan".

January 24, 2011



**INDEPENDENT AUDITORS' 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**

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To the Board of Selectmen  
Town of Plymouth, Massachusetts

## **Compliance**

We have audited the compliance of the Town of Plymouth, 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 the Town of Plymouth's major federal programs for the fiscal year ended June 30, 2010. The Town of Plymouth, 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 Plymouth, Massachusetts' management. Our responsibility is to express an opinion on the Town of Plymouth, 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 Plymouth, 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 Plymouth, Massachusetts' compliance with those requirements.

In our opinion, the Town of Plymouth, 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 fiscal year ended June 30, 2010.

## **Internal Control Over Compliance**

Management of the Town of Plymouth, 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 Plymouth, 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 Plymouth, 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 the 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Plymouth, Massachusetts, as of and for the fiscal year ended June 30, 2010 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2009), and have issued our report thereon dated January 24, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plymouth, 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 of management of the Town of Plymouth, Massachusetts, 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 24, 2011

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Direct Programs:</u>		
Wetlands Reserve Program	10.072	\$ 339,766
<u>Passed through State Department of Elementary and Secondary Education:</u>		
<u>Non-Cash Assistance (Commodities):</u>		
National School Lunch Program	10.555	103,820
<u>Cash Assistance:</u>		
School Breakfast Program	10.553	260,655
National School Lunch Program	10.555	960,231
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,664,472
U.S. DEPARTMENT OF COMMERCE		
<u>Passed through State Office of Housing and Community Development:</u>		
ARRA - Habitat Conservation	11.463	27,655
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
<u>Passed through State Office of Housing and Community Development:</u>		
Community Development Block Grants - Entitlement Grants	14.218	847,547
ARRA - Community Development Block Grant ARRA Entitlement Grants (CDBG-R), Recovery Act	14.253	103,840
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		951,387
U.S. DEPARTMENT OF THE INTERIOR		
<u>Passed through State Department of Fish, Wild Life and Environmental Law Enforcement:</u>		
Coastal Wetlands Planning, Protection and Restoration Act	15.614	696,966
ARRA - Outdoor Recreation Acquisition, Development and Planning	15.916	500,000
TOTAL U.S. DEPARTMENT OF THE INTERIOR		1,196,966
U.S. DEPARTMENT OF JUSTICE:		
<u>Direct Programs:</u>		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	3,357
Edward Byrne Memorial Formula Grant Program	16.579	55,511
TOTAL U.S. DEPARTMENT OF JUSTICE		58,868
U.S. DEPARTMENT OF LABOR:		
<u>Direct Programs:</u>		
ARRA - Employee Benefits Security Administration	17.151	29,461

(CONTINUED)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Direct Program:</u>		
Airport Improvement Program	20.106	<u>71,411</u>
ENVIRONMENTAL PROTECTION AGENCY		
<u>Direct Program:</u>		
Performance Partnership Grants	66.605	<u>222,049</u>
U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Education:</u>		
Title I Grants to Local Educational Agencies	84.010	736,261
Special Education - Grants to States	84.027	1,904,772
Career and Technical Education - Basic Grants to States	84.048	65,135
Safe and Drug Free Schools and Communities - State Grants	84.186	18,707
Smaller Learning Communities	84.215L	556,045
Education Technology State Grants	84.318	6,029
Improving Teacher Quality State Grants	84.367	323,966
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	202,303
ARRA - Special Education Grants to States, Recovery Act	84.391	354,865
ARRA - Special Education Preschool Grants, Recovery Act	84.392	1,543
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	26,331
<u>Passed through Massachusetts Department of Early Education and care:</u>		
Special Education Preschool Grants	84.173	<u>41,683</u>
TOTAL U.S.DEPARTMENT OF EDUCATION		<u>4,237,640</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
<u>Direct Programs:</u>		
Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	10,559
Drug-Free Communities Support Program	93.276	112,588
<u>Passed through the State Office of the Secretary:</u>		
Public Health Emergency Preparedness	93.069	<u>18,281</u>
TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>141,428</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Direct Programs:</u>		
Assistance to Firefighters Grant	97.044	15,939
Law Enforcement Terrorism Prevention Program	97.074	<u>3,800</u>
TOTAL U.S.DEPARTMENT OF HOMELAND SECURITY		<u>19,739</u>
TOTAL		\$ <u><u>8,621,076</u></u>

See notes to schedule of expenditures of federal awards.

**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 Plymouth, 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 Plymouth, 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.
- (b) Cash Assistance - School Breakfast and Lunch Program - Program expenditures represent federal reimbursement for meals provided during the fiscal year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received during the fiscal 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:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
<b>Child Nutrition Cluster</b>	
School Breakfast Program	10.553
National School Lunch Program	10.555
<b>CDBG – Entitlement Grants Cluster</b>	
Community Development Block Grants/Entitlement Grants	14.218
Community Development Block Grant ARRA Entitlement Grants (CDBG-R)	14.253
<b>Title I, Part A Cluster</b>	
Title I Grants to Local Educational Agencies	84.010
Title I Grants to Local Educational Agencies, Recovery Act	84.389
<b>Special Education Cluster</b>	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Special Education Grants to States, Recovery Act	84.391
Special Education Preschool Grants, Recovery Act	84.392

**A. Summary of Auditors’ Results**

1. The auditors’ report expresses an unqualified opinion on the financial statements of the Town of Plymouth, 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 Plymouth, 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 auditors’ report on compliance for the major federal award programs for the Town of Plymouth, Massachusetts expresses an unqualified opinion.
6. There are two audit findings relative to the major federal award programs for the Town of Plymouth, Massachusetts.

The programs tested as major grants include:

<u>Program Title</u>	<u>CFDA Number</u>
Wetlands Reserve Program	10.072
Community Development Block Grants – Entitlement Grants	14.218
Community Development Block Grants ARRA Entitlement Grants (CDBG-R), Recovery Act	14.253
Coastal Wetlands Planning, Protection and Restoration Act	15.614
Outdoor Recreation Acquisition, Development and Planning	15.916
Title I Grants to Local Educational Agencies	84.010
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Improving Teacher Quality State Grants	84.367
Title I Grants to Local Educational Agencies, Recovery Act	84.389
Special Education Grants to States, Recovery Act	84.391
Special Education Preschool Grants, Recovery Act	84.392

7. The threshold for distinguishing Types A and B programs was \$300,000.
8. The Town of Plymouth, Massachusetts, was determined to be a low-risk auditee.

**B. Findings-Financial Statements Audit**

None.

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

		Questioned <u>Costs</u>
Special Education - Grants to States	84.027	None
Special Education – Preschool Grants	84.173	None
ARRA - Special Education – Grants to States, Recovery Act	84.391	None
ARRA- Education – Preschool Grants, Recovery Act	84.392	None

10-01: *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.

*Cause:* The Town did not maintain semi-annual certifications for employee salaries charged to the federal awards programs.

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

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

*Management’s Response:* Management is in the process of implementing the proper procedures to eliminate this finding in Fiscal 2011.

		Questioned Costs
Special Education - Grants to States	84.027	None
Special Education – Preschool Grants	84.173	None
ARRA - Special Education – Grants to States, Recovery Act	84.391	None
ARRA- Education – Preschool Grants, Recovery Act	84.392	None

10-02: *Condition and Criteria:* During our audit we were provided with the detailed reports of the number of children that are receiving special education services. However, we were not provided with the signed certification statement that should accompany this report.

*Cause:* The Town did not maintain a signed copy of the certification.

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

*Auditors' Recommendation:* We recommend the Town implement procedures to insure compliance with all grant reporting requirements.

*Management's Response:* Management is in the process of implementing the proper procedures to eliminate this finding in Fiscal 2011.

**D. Summary Schedule of Prior Audit Findings**

None.