

TOWN OF PLYMOUTH, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2009

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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

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, 2009 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2008), which collectively comprise the Town of Plymouth, Massachusetts' basic financial statements and have issued our report thereon dated March 26, 2010. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Plymouth, Massachusetts ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Town of Plymouth, Massachusetts financial statements that is more than inconsequential will not be prevented or detected by the Town of Plymouth, Massachusetts' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Plymouth, Massachusetts' internal control.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or 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 March 26, 2010.

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".

March 26, 2010



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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 are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. 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 are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The 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 *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 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, 2009 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2008), and have issued our report thereon dated March 26, 2010. 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.



March 26, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<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	\$ 9,638
 <u>Passed through State Department of Elementary and Secondary Education:</u>		
Food Donation	10.550	111,238
School Breakfast Program	10.553	198,259
National School Lunch Program	10.555	<u>870,349</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,189,484</u>
 U.S. DEPARTMENT OF COMMERCE		
<u>Passed through State Office of Housing and Community Development:</u>		
Habitat Conservation	11.463	<u>85,993</u>
 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	<u>579,113</u>
 U.S. DEPARTMENT OF JUSTICE:		
<u>Direct Programs:</u>		
Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004	18,315
Bulletproof Vest Partnership Program	16.607	2,700
Edward Byrne Memorial Formula Grant Program	16.579	5,640
Violence Against Women Formula Grant	16.588	<u>224</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>26,879</u>
 U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Direct Program:</u>		
Airport Improvement Program	20.106	<u>338,728</u>
 U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Education:</u>		
Title I Grants to Local Educational Agencies	84.010	994,413
Special Education - Grants to States	84.027	1,928,129
Career and Technical Education - Basic Grants to States	84.048	64,774
Safe and Drug Free Schools and Communities - State Grants	84.186	29,575
Fund for the Improvement of Education	84.215	4,308
Smaller Learning Communities Grant	84.215L	445,505
State Grants for Innovative Programs	84.298	119
Education Technology State Grants	84.318	10,258
Reading First State Grants	84.357	56,568
Improving Teacher Quality State Grants	84.367	313,876
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2,247,998

(CONTINUED)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Passed through Massachusetts Department of</u>		
<u>Early Education and care:</u>		
Special Education Preschool Grants	84.173	<u>54,206</u>
TOTAL U.S.DEPARTMENT OF EDUCATION		<u>6,149,729</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	10,490
Drug-Free Communities Support Program	93.276	97,984
<u>Passed through the State Office of</u>		
<u>of the Secretary:</u>		
Medical Reserves Corps Small Grants Program	93.008	<u>1,996</u>
TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>110,470</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:		
<u>Direct Programs:</u>		
Learn and Serve America - School and Community Based Programs	94.004	<u>7,000</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Direct Programs:</u>		
Assistance to Firefighters Grant	97.044	177,412
Law Enforcement Terrorism Prevention Program	97.074	230,852
Buffer Zone Protection Program	97.078	<u>75,994</u>
<u>Passed through Massachusetts Emergency</u>		
<u>Management Agency</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>786</u>
TOTAL U.S.DEPARTMENT OF HOMELAND SECURITY		<u>485,044</u>
TOTAL		\$ <u><u>8,972,440</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) School Lunch Program - Program expenditures represent federal reimbursement for meals 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:

<u>Name of Cluster/Program</u>	<u>CFDA Number</u>
Special Education Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Special Education Cluster	
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173

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 basic financial statements are reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.
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 Applicable to Each Major Program and 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 no 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>
Special Education Grants to States	84.027
Special Education Preschool Grants	84.173
Smaller Learning Communities	84.215L
State Fiscal Stabilization Fund – Education State Grants, Recovery Act	84.394

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

2007-1 SIGNIFICANT DEFICIENCY

Reconciliation of Cash and Receivables

Condition and Criteria: The Town did not reconcile Treasurer's cash to the general ledger or bank statements timely during the fiscal year. Proper internal control procedures require current cash reconciliations to properly safeguard the assets of the Town. The Town also did not reconcile the detailed receivables to the general ledger in a timely manner.

Effect: The overall effect of this situation deteriorates management's ability to safeguard assets and monitor the Town's financial condition.

Cause: The Town does not have the procedures in place to reconcile cash and receivables in a timely manner.

Recommendation: We recommend the Town Treasurer implement procedures to ensure that cash is reconciled to the general ledger and bank statements and receivables are reconciled to the general ledger on a monthly basis.

Current Status: Resolved. The new Finance Director along with an outside consultant hired to assist the Town in developing stronger policies and procedures regarding the reconciliation of cash, have brought the bank to book reconciliations current.

The receivable balances were reconciled to the general ledger in a timely manner during the current fiscal year.

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

None

D. Summary Schedule of Prior Audit Findings**UNITED STATES DEPARTMENT OF AGRICULTURE**

School Breakfast Program
National School Lunch Program
CFDA No: 10.553
CFDA No: 10.555

08-1: *Condition and Criteria:* An income determination needs to be made for all income-eligible applicants prior to granting free or reduced lunches. This determination cannot be made unless a completed application has been submitted. The Town approved applications for free and reduced lunch which were completed but exceeded the income levels for eligibility.

Cause: Lack of procedures in place to enforce application completion and income eligibility.

Effect: The Town is not in compliance with Federal eligibility determination guidelines related to the National School Lunch Program.

Questioned Costs: Considered to be under \$10,000.

Auditors' Recommendation: We recommend the Town enact policies to ensure that eligibility determinations are consistent with Federal guidelines.

Status: Resolved

08-2: *Condition and Criteria:* The Town must annually select and verify a sample of applications approved for free and reduced lunches. The Town performed the income verification, but did not maintain the supporting documentation received or document the results of the testing. As a result, it was not possible to verify the accuracy of the process.

Cause: Lack of procedures in place to properly document the verification process.

Effect: The Town is not in compliance with Federal verification guidelines related to the National School Lunch Program.

Questioned Costs: Considered to be under \$10,000.

Auditors' Recommendation: We recommend the Town enact policies to document the verification process and retain the required support to ensure that the annual verification testing is consistent with Federal guidelines.

Status: Resolved

School Breakfast Program
National School Lunch Program
CFDA No: 10.553
CFDA No: 10.555

07-1: *Condition and Criteria:* An income determination needs to be made for all income-eligible applicants prior to granting free or reduced lunches. This determination cannot be made unless a completed application has been submitted. The Town approved applications for free and reduced lunch which were not filled out completely and others which were completed but exceeded the income levels for eligibility.

Cause: Lack of procedures in place to enforce application completion and income eligibility.

Effect: The Town is not in compliance with Federal eligibility determination guidelines related to the National School Lunch Program.

Questioned Costs: Considered to be under \$10,000.

Auditors' Recommendation: We recommend the Town enact policies to ensure that eligibility determinations are consistent with Federal guidelines.

Status: Resolved

07-2: *Condition and Criteria:* The Town must annually select and verify a sample of applications approved for free and reduced lunches. The Town performed the income verification, but did not maintain the supporting documentation received or document the results of the testing. As a result, it was not possible to verify the accuracy of the process.

Cause: Lack of procedures in place to properly document the verification process.

Effect: The Town is not in compliance with Federal verification guidelines related to the National School Lunch Program.

Questioned Costs: Considered to be under \$10,000.

Auditors' Recommendation: We recommend the Town enact policies to document the verification process and retain the required support to ensure that the annual verification testing is consistent with Federal guidelines.

Status: Resolved