

TOWN OF PLYMOUTH, MASSACHUSETTS

REPORTS ON FEDERAL AWARD PROGRAMS

FISCAL YEAR ENDED JUNE 30, 2011

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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, 2011 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2010), which collectively comprise the Town of Plymouth, Massachusetts' basic financial statements and have issued our report thereon dated January 23, 2012. 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 23, 2012.

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

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive, flowing style.

January 23, 2012



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 Honorable 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, 2011. 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, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-01 and 11-02.

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, 2011 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2010), and have issued our report thereon dated January 23, 2012. 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. 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 and use of management, the 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 23, 2012

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<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	\$ 4,186
 <u>Passed through State Department of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	93,753
Cash Assistance:		
School Breakfast Program	10.553	197,882
National School Lunch Program	10.555	<u>869,228</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,165,049</u>
U.S. DEPARTMENT OF COMMERCE		
<u>Passed through State Office of Housing and Community Development:</u>		
ARRA - Habitat Conservation	11.463	<u>23,877</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>815,525</u>
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	<u>264,534</u>
U.S. DEPARTMENT OF JUSTICE:		
<u>Direct Programs:</u>		
Organized Crime Drug Enforcement Task Force Grant	16.UNK	8,971
Bulletproof Vest Partnership Program	16.607	11,600
 <u>Passed through State Executive Office of Public Safety and Security:</u>		
Enforcing Underage Drinking Laws Program	16.727	<u>10,000</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>30,571</u>
U.S. DEPARTMENT OF LABOR:		
<u>Direct Programs:</u>		
ARRA - Employee Benefits Security Administration	17.151	<u>9,718</u>
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Direct Program:</u>		
Airport Improvement Program	20.106	<u>577,881</u>
ENVIRONMENTAL PROTECTION AGENCY		
<u>Direct Program:</u>		
Performance Partnership Grants	66.605	<u>177,951</u>

(CONTINUED)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

U.S. DEPARTMENT OF EDUCATION:

Passed through State Department of Elementary
and Secondary Education:

Title I Grants to Local Educational Agencies	84.010	754,860
Special Education - Grants to States	84.027	1,893,841
Career and Technical Education - Basic Grants to States	84.048	70,360
Smaller Learning Communities	84.215L	494,971
Education Technology State Grants	84.318	5,112
Improving Teacher Quality State Grants	84.367	263,288
ARRA - Education Technology State Grants	84.386	10,850
ARRA - Title I Grants to Local Educational Agencies	84.389	255,541
ARRA - Special Education Grants to States	84.391	981,412
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	1,301,191
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services	84.397	147,891
ARRA - Investing in Innovation (i3) Fund	84.411	767,998
Learn and Serve America - School and Community Based Programs	94.004	5,041

Passed through Massachusetts Department of
Early Education and care:

Special Education Preschool Grants	84.173	38,553
ARRA - Special Education Preschool Grants	84.392	18,314

TOTAL U.S.DEPARTMENT OF EDUCATION 7,009,223

U.S. DEPARTMENT OF HEALTH AND

HUMAN SERVICES:

Direct Programs:

Special Programs for the Aging - Title III, Part C Nutrition Services	93.045	9,816
Drug-Free Communities Support Program Grants	93.276	92,570

Passed through the State Office of
of the Secretary:

Public Health Emergency Preparedness	93.069	31,161
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TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES 133,547

U.S. DEPARTMENT OF HOMELAND SECURITY:

Direct Programs:

Assistance to Firefighters Grant	97.044	57,744
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Passed through State Executive Office of Public
Safety and Security:

Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	127,893
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TOTAL U.S.DEPARTMENT OF HOMELAND SECURITY 185,637

TOTAL \$ 10,393,513

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 cash basis of accounting. Accordingly, grant revenues are recognized when received and expenditures when paid.
- (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>
Child Nutrition Cluster	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Title I, Part A Cluster	
Title I Grants to Local Educational Agencies	84.010
ARRA - Title I Grants to Local Educational Agencies	84.389
Special Education Cluster	
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
ARRA - Special Education Grants to States	84.391
ARRA - Special Education Preschool Grants	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 were 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>
National School Breakfast Program	10.553
National School Lunch Program	10.555
Airport Improvement Program	20.106
Title I Grants to Local Educational Agencies	84.010
Special Education - Grants to States	84.027
Special Education - Preschool Grants	84.173
ARRA - Title I Grants to Local Educational Agencies	84.389
ARRA - Special Education Grants to States	84.391
ARRA - Special Education Preschool Grants	84.392
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394
ARRA - Investing in Innovation (i3) Fund	84.411

7. The threshold for distinguishing Types A and B programs was \$311,805.
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

U.S. DEPARTMENT OF EDUCATION

Questioned
Costs

Special Education - Grants to States	84.027	None
Special Education – Preschool Grants	84.173	None
ARRA - Special Education Grants to States	84.391	None
ARRA- Special Education Preschool Grants	84.392	None

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.

Cause: The Town did not maintain semi-annual certifications for para-professionals and aides 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”.

U.S. DEPARTMENT OF EDUCATION

Questioned
Costs

Title I Grants to Local Educational Agencies	84.010	None
ARRA - Title I Grants to Local Educational Agencies	84.389	None

11-02: *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: Of the 54 employees tested, 22 were not supported by either monthly or semi-annual certifications.

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”.

D. Summary Schedule of Prior Audit Findings

U.S. DEPARTMENT OF EDUCATION

Questioned
Costs

Special Education - Grants to States	84.027	None
Special Education – Preschool Grants	84.173	None
ARRA - Special Education Grants to States	84.391	None
ARRA- Special Education Preschool Grants	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.

Auditors’ Recommendation: Please see current year finding 11-01.

U.S. DEPARTMENT OF EDUCATION

Questioned
Costs

Special Education - Grants to States	84.027	None
Special Education – Preschool Grants	84.173	None
ARRA - Special Education – Grants to States	84.391	None
ARRA- Education – Preschool Grants	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.

Current Status: This comment is considered resolved.