

***TOWN OF PLYMOUTH, MASSACHUSETTS***

***REPORTS ON FEDERAL AWARD PROGRAMS***

***YEAR ENDED JUNE 30, 2013***

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**REPORTS ON FEDERAL AWARD PROGRAMS**  
**YEAR ENDED JUNE 30, 2013**

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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**

### **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Plymouth, Massachusetts

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, 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, 2013 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2012), and the related notes to the financial statements, which collectively comprise the Town of Plymouth, Massachusetts' basic financial statements, and have issued our report thereon dated March 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Plymouth Growth & Development Corporation, 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 of the financial statements, we considered the Town of Plymouth, Massachusetts' internal control over financial reporting (internal control) to determine the 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 Plymouth, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Plymouth, Massachusetts' internal control.

*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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **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*.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Powers + Sullivan, LLC*

March 27, 2014



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY  
OMB CIRCULAR A-133**

**Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Plymouth, Massachusetts

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Plymouth, Massachusetts' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town of Plymouth, Massachusetts' major federal programs for the year ended June 30, 2013. The Town of Plymouth, Massachusetts' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The Town of Plymouth, Massachusetts' basic financial statements include the operations of the Plymouth Growth & Development Corporation, which did not receive any federal awards during the year ended December 31, 2012. Our audit, described below, did not include the operations of the Plymouth Growth & Development Corporation because the Corporation engaged other auditors to perform an audit of their financial statements.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility of to express an opinion on compliance for each of the Town of Plymouth, Massachusetts' major federal 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Town of Plymouth, Massachusetts' compliance.

## **Opinion on Each Major Federal Program**

In our opinion, the Town of Plymouth, Massachusetts 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 federal programs for the year ended June 30, 2013.

## **Other Matters**

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

The Town of Plymouth, Massachusetts' response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Plymouth, Massachusetts' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the Town of Plymouth, Massachusetts 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 Plymouth, Massachusetts' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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. *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 federal program that is less severe than a material weakness in internal control over compliance, yet is important enough to merit attention by those charged with governance.

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 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 OMB Circular A-133. Accordingly this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, and the related notes to the financial statements, which collectively comprise the Town of Plymouth, Massachusetts' basic financial statements. We issued our report thereon dated March 27, 2014, 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 federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Powers + Sullivan, LLC*

March 27, 2014

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE:		
<u>Passed through State Department</u>		
<u>of Elementary and Secondary Education:</u>		
Non-Cash Assistance (Commodities):		
National School Lunch Program	10.555	\$ 183,973
Cash Assistance:		
School Breakfast Program	10.553	176,296
National School Lunch Program	10.555	904,118
Summer Food Service Program for Children	10.559	40,178
		<hr/>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,304,565
		<hr/>
U.S. DEPARTMENT OF COMMERCE		
<u>Passed through State Office of</u>		
<u>Housing and Community Development:</u>		
ARRA - Habitat Conservation	11.463	28,955
		<hr/>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
<u>Passed through State Office of</u>		
<u>Housing and Community Development:</u>		
Community Development Block Grants - Entitlement Grants	14.218	432,893
		<hr/>
U.S. DEPARTMENT OF JUSTICE:		
<u>Direct Programs:</u>		
Organized Crime Drug Enforcement Task Force Grant	16.UNK	17,084
Edward Byrne Memorial Formula Grant Program	16.579	13,472
Bulletproof Vest Partnership Program	16.607	365
		<hr/>
TOTAL U.S. DEPARTMENT OF JUSTICE		30,921
		<hr/>
U.S. DEPARTMENT OF TRANSPORTATION:		
<u>Direct Program:</u>		
Airport Improvement Program	20.106	551,285
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U.S. DEPARTMENT OF EDUCATION:		
<u>Passed through State Department of Elementary</u>		
<u>and Secondary Education:</u>		
Title I Grants to Local Educational Agencies	84.010	856,635
Special Education - Grants to States (IDEA, Part B)	84.027	1,901,201
Special Education - Grants to States (IDEA, Part B, 611)	84.027A	55,430
Career and Technical Education - Basic Grants to States	84.048	69,536
Smaller Learning Communities	84.215L	475,919
Improving Teacher Quality State Grants	84.367	256,757
Education Jobs Fund	84.410	686,307
ARRA - Investing in Innovation (i3) Fund	84.411	1,029,071
		<hr/>
<u>Passed through Massachusetts Department of</u>		
<u>Early Education and care:</u>		
Special Education Preschool Grants	84.173	48,510
		<hr/>
TOTAL U.S. DEPARTMENT OF EDUCATION		5,379,366
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(CONTINUED)

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2013

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	13,684
Drug-Free Communities Support Program Grants	93.276	8,198
<u>Passed through the State Office of of the Secretary:</u>		
Public Health Emergency Preparedness	93.069	<u>5,317</u>
TOTAL U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>27,199</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:		
<u>Direct Programs:</u>		
Port Security Grant Program	97.056	139,800
<u>Passed through the Massachusetts Emergency Management Agency</u>		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	29,562
<u>Passed through State Executive Office of Public Safety and Security:</u>		
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	<u>77,321</u>
TOTAL U.S.DEPARTMENT OF HOMELAND SECURITY		<u>246,683</u>
TOTAL		\$ <u><u>8,001,867</u></u>

(CONCLUDED)

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 year.
- (c) Non-Cash Assistance (Commodities) – School Lunch Program – Program expenditures represent the value of donated foods received 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>
<b>Child Nutrition Cluster</b>	
National School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
<b>Special Education Cluster</b>	
Special Education - Grants to States (IDEA, Part B)	84.027
Special Education - Grants to States (IDEA, Part B, 611)	84.027A
Special Education - Preschool Grants	84.173

**A. Summary of Auditor’s Results**

1. The auditor’s report expresses an unmodified 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 are reported in the Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133.
5. The auditor’s report on compliance for the major federal award programs for the Town of Plymouth, Massachusetts expresses an unmodified opinion.
6. There was one audit finding 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 (IDEA, Part B)	84.027
Special Education - Grants to States (IDEA, Part B, 611)	84.027A
Special Education - Preschool Grants	84.173
ARRA - Investing in Innovation (i3) Fund	84.411

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**

**U.S. DEPARTMENT OF EDUCATION**

Questioned  
Costs

Special Education - Grants to States (IDEA, Part B)	84.027	None
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**2013-001: Late Filing of Final Financial Report**

*Condition and Criteria:* Form FR-1 (Final Financial Report) for the Special Education – Grants to States (IDEA, Part B) CFDA No. 84.027 grant was due on October 31, 2012. The final financial report for this grant was not submitted until November 8, 2012. There were no extensions filed to allow the late filing of the final report.

*Context:* The final report was filed after the submission deadline for the grant noted above.

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

*Cause:* Improper controls to ensure compliance with the grant reporting requirements.

*Questioned Costs:* N/A

*Auditors' Recommendation:* We recommend the School implement procedures to insure compliance with all grant reporting requirements to ensure the timely filing of the final financial report.

*Views of Responsible Officials:* See the Town's corrective action plan.

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

**U.S. DEPARTMENT OF EDUCATION**

Questioned  
Costs

Special Education - Grants to States (IDEA, Part B)	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

12-01: *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 or monthly personnel activity reports for secretaries, para-professionals and department head's salaries charged to the SPED program.

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

*Current Status:* This comment is considered resolved.