



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

TOWN OF PLYMOUTH, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2022



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To the Honorable Select Board
Town of Plymouth, Massachusetts

In planning and performing our audit of 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, 2022 (except for the Plymouth Contributory Retirement System and the Plymouth Growth & Development Corporation which are as of and for the year ended December 31, 2021), in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit we became aware of several matters that we believe represent opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions concerning other matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management of the Town of Plymouth, Massachusetts, and is not intended to be and should not be used by anyone other than these specified parties.

Powers + Sullivan, LLC

May 9, 2023

TOWN OF PLYMOUTH, MASSACHUSETTS

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PRIOR YEAR COMMENTS

TIMELINESS OF ACTUARIAL INFORMATION FOR OPEB FINANCIAL REPORTING AND DISCLOSURE

Prior Year Comment

Current GASB pronouncements require information that is provided through independent actuaries in order to meet the financial reporting and disclosure requirements for Other Postemployment Benefits Other Than Pensions (OPEB). The actuaries base their reports on a significant amount of information provided by various Departments of the Town. The actuarial valuations are required to be completed every two years for Trust reporting with updates required on each of the off years. The actuary also provides an annual report, which includes the employer required adjustments to the financial statements.

The Town has established an annual closing process and an audit schedule that anticipates an audit fieldwork completion date of mid-December, so that sufficient time is available to complete and review the audit reports prior to any deadlines. This process was delayed in 2019 due to the availability of the OPEB actuarial valuation reports.

Time was required for the Town and the Actuary to reconcile the information which getting a later start than usual in working with the Actuary caused the ultimate delay in receiving the final report.

Current Status

The Town provided the necessary information to their actuary to receive the necessary report in a timelier manner. This comment is considered resolved.

AUTHORIZATION OF TIMESHEETS FOR HOURLY EMPLOYEES

Prior Year Comment

In previous years, we noted several instances where an hourly employee's timesheet was not signed by their department head. To provide adequate control over the payroll process, the authorization of timesheets is essential as it ensures the working hours of an employee are reviewed and confirmed, reducing the risk of payroll errors associated with an incorrect timesheet submission.

Current Status

All but two of the timesheets we reviewed this year had proper authorizing signatures. We will check this again in 2023 but the procedures implemented are substantially operating as designed.

FIXED ASSET ADDITIONS

Prior Year Comment

In prior years we noted, the procurement division of the Town compiles a detailed listing of all fixed asset activity including additions, deletions, disposals and transfers of fixed assets. The listing was, however, not reconciled to the general ledger of the Town, resulting in a large amount of the capital expenditures that were not included in the listing as fixed asset additions.

Current Status

The information received for fiscal year 2022 contained most of the required information to properly account for the capital asset activity of the Town.

Continuing Recommendation

We would recommend that the Town include the full account number when providing information on capital asset additions. This would make the process of tracing the items to the general ledger much more effective and efficient.

CENSUS DATA TESTING – OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Prior Year Comment

With the implementation of Government Accounting Standards Board Statement #75 – Accounting and financial reporting for postemployment benefits other than pensions, there is greater emphasis on substantiation of the underlying census data which is the basis for the actuarially determined liability. Based on our testing of the census data and the supporting documentation maintained in employee files to support the census data, we found approximately 50% of active and retired employee files did not include a signature from the Town's benefits manager to support the eligibility for health insurance.

Current Status

The Town is implementing procedures to assure that all member enrollment forms are signed by the benefits manager.

Recommendation

We continue to recommend that both active and retired employee files are reviewed to ensure that all necessary signatures have been obtained to support enrollment in Town health insurance plans.

Current Year Comments

OLD OUTSTANDING MOTOR VEHICLE EXCISE TAX RECEIVABLES

Current Year Comment

Through review of the Town's general ledger, we noted that the Collector's Office is carrying motor vehicle excise and boat excise tax balances that date back to fiscal year 2000. For receivables that cannot be liened, the likelihood of collection at this time has significantly diminished. This amount has been fully reserved for financial statement purposes.

Although there is still a chance to collect on accounts that have been flagged with the registry of motor vehicles, cleaning up the old balances will help to streamline the reconciliation process.

Recommendation

We recommend that the Collector's Office review the outstanding balances and work with the necessary officials to obtain the required authorization to write off the old balances or pursue collection. The Collector should continue to review and write off uncollectible receivables on an annual basis.

OLD OUTSTANDING REAL ESTATE AND PERSONAL PROPERTY TAX RECEIVABLES

Current Year Comment

Through review of the general ledger, we noted that the Town is carrying personal property tax receivables that date back to 1998, and real estate tax receivables that date back to 1995. For receivables that cannot be liened, the likelihood of collection is significantly diminished the longer each receivable remains outstanding, in this case personal property taxes are not liened.

The process of writing off a receivable does not extinguish the taxpayer's obligation to pay, but it will help the Town by streamlining account management and the reconciliation processes.

Recommendation

We recommend that the Collector's Office review the outstanding balances and work with the necessary officials to obtain the required authorization to write off the old balances or pursue collection. The Collector should continue to review and write off uncollectible receivables on an annual basis.