

Town of Plymouth Financial Statements June 30, 2022



Jeff Best, CPA, P.L.L.C.
Certified Public Accountants

Town of Plymouth, North Carolina
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June 30, 2022

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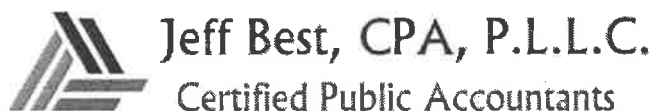
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Town Council
Town of Plymouth, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Plymouth's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Plymouth, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Plymouth's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Governmental Auditing Standards we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Plymouth's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Plymouth's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and

Contributions on pages 51 and 52, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 53 and 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plymouth's basic financial statements. The combining and individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are 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 basic 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 combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2023 on our consideration of the Town of Plymouth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Plymouth's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Plymouth's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Jeff Best". The signature is fluid and cursive, with the first name "Jeff" and last name "Best" clearly distinguishable.

Jeff Best, CPA, PLLC

Belhaven, North Carolina
July 19, 2023

Town of Plymouth, North Carolina Management's Discussion and Analysis

As management of the Town of Plymouth, we offer readers of the Town of Plymouth's financial statements this narrative overview and analysis of the financial activities of the Town of Plymouth for the fiscal year ended June 30, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

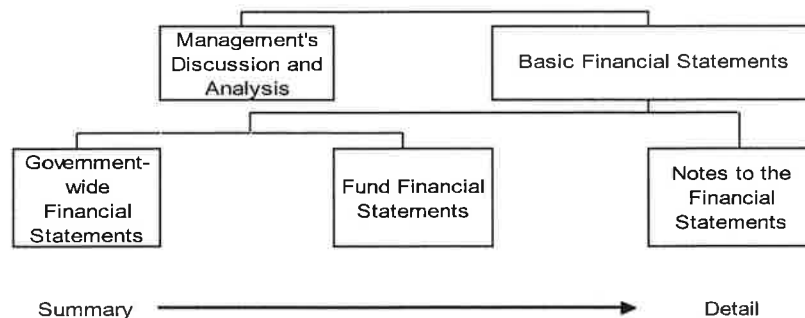
- The assets and deferred outflows of resources of the Town of Plymouth exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,706,771 (*net position*).
- The government's total net position increased by \$375,001, primarily due to an increase in the business-type activities net position.
- As of the close of the current fiscal year, the Town of Plymouth's governmental funds reported combined ending fund balances of 1,544,951 with a net change of \$63,354 in fund balance. Approximately 65.84 percent of this total amount, or \$1,017,119, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,014,058, or 47.26 percent of total general fund expenditures for the fiscal year.
- The Town of Plymouth's total debt decreased by \$400,305 (13.21%) during the current fiscal year. The key factors in this decrease were decreases in installment purchases and in the Town's LGERS net pension liability.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Plymouth's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Plymouth.

Required Components of Annual Financial Report

Figure 1



Town of Plymouth, North Carolina Management's Discussion and Analysis

Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide financial statements. The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, cultural and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water, sewer, sanitation, and stormwater services offered by the Town of Plymouth.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund financial statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Plymouth, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Plymouth can be divided into two categories: governmental funds and proprietary funds.

Town of Plymouth, North Carolina Management's Discussion and Analysis

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Plymouth adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Town Council; 2) the final budget as amended by the Town Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of Plymouth has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Plymouth uses enterprise funds to account for its water, sewer, and sanitation / stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Plymouth's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 51 of this report.

Interdependence with Other Entities: The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based

Town of Plymouth, North Carolina Management's Discussion and Analysis

on modifications to Federal and State laws and Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

**The Town of Plymouth's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 2,524,690	\$ 1,840,188	\$ 1,584,340	\$ 1,359,862	\$ 4,109,030	\$ 3,200,050
Capital assets	2,918,073	3,022,171	12,396,361	12,188,339	15,314,434	15,210,510
Deferred outflows of resources	316,017	317,210	151,001	124,268	467,018	441,478
Total assets and deferred outflows of resources	5,758,780	5,179,569	14,131,702	13,672,469	19,890,482	18,852,038
Long-term liabilities outstanding	565,892	873,356	1,766,919	1,866,875	2,332,811	2,740,231
Other liabilities	211,258	197,064	724,017	571,709	935,275	768,773
Deferred inflows of resources	770,252	11,264	145,373	-	915,625	11,264
Total liabilities and deferred inflows of resources	1,547,402	1,081,684	2,636,309	2,438,584	4,183,711	3,520,268
Net position:						
Net investment in capital assets	2,598,039	2,670,521	10,585,036	10,383,164	13,183,075	13,053,685
Restricted	313,655	417,649	-	-	313,655	417,649
Unrestricted	1,299,684	1,009,715	910,357	850,721	2,210,041	1,860,436
Total net position	\$ 4,211,378	\$ 4,097,885	\$ 11,495,393	\$ 11,233,885	\$ 15,706,771	\$ 15,331,770

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Plymouth exceeded liabilities and deferred inflows by \$15,706,771 as of June 30, 2022. The Town's net position increased by \$375,001 for the fiscal year ended June 30, 2022. However, the largest portion, 83.93% reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Plymouth uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Plymouth's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Plymouth's net position, \$313,655, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,210,041 is unrestricted.

Several particular aspects of the Town's financial operations influenced the total unrestricted governmental net position:

- The Town's collection of property taxes at 84.04% compares unfavorably with the State-wide average of 99.12%; however, this is comparable to the prior fiscal year.

Town of Plymouth, North Carolina Management's Discussion and Analysis

Town of Plymouth Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 166,943	\$ 166,107	\$ 2,627,223	\$ 2,686,574	\$ 2,794,166	\$ 2,852,681
Operating grants and contributions	110,501	154,656	-	-	110,501	154,656
Capital grants and contributions	26,552	22,627	576,548	248,275	603,100	270,902
General revenues:						
Property taxes	1,140,376	1,080,238	-	-	1,140,376	1,080,238
Other taxes	195	315	-	-	195	315
Grants and contributions not restricted to specific programs	757,298	735,536	-	-	757,298	735,536
Other	32,331	5,156	11,893	2,881	44,224	8,037
Total revenues	2,234,196	2,164,635	3,215,664	2,937,730	5,449,860	5,102,365
Expenses:						
General government	517,459	528,563	-	-	517,459	528,563
Public safety	989,506	1,183,210	-	-	989,506	1,183,210
Transportation	400,104	397,846	-	-	400,104	397,846
Economic and physical development	(11,252)	23,736	-	-	(11,252)	23,736
Special appropriations	58,994	60,008	-	-	58,994	60,008
Planning	154,276	273,182	-	-	154,276	273,182
Interest on long-term debt	11,616	13,693	-	-	11,616	13,693
Water	-	-	1,227,263	1,315,164	1,227,263	1,315,164
Sewer	-	-	1,079,195	863,587	1,079,195	863,587
Sanitation / Stormwater	-	-	647,698	711,105	647,698	711,105
Total expenses	2,120,703	2,480,238	2,954,156	2,889,856	5,074,859	5,370,094
Increase in net position	113,493	(315,603)	261,508	47,874	375,001	(267,729)
Net position, July 1	4,097,885	4,413,488	11,233,885	11,186,011	15,331,770	15,599,499
Net position, June 30	\$ 4,211,378	\$ 4,097,885	\$ 11,495,393	\$ 11,233,885	\$ 15,706,771	\$ 15,331,770

Governmental activities: Governmental activities increased the Town net assets by \$113,493. Key elements of the increase are as follows:

- During the current fiscal year, the Town increased the revenues and expenditures. The Town stayed within the approved budget.

Business-type activities: Business-type activities increased the Town of Plymouth's net position by \$261,508. Key elements of this increase are as follows:

- The Town received grant/loan from the NC Division of Water Infrastructure not to exceed \$1,000,000, \$750,000 Grant and \$250,000 loan with zero percent interest for a Water System Improvement Project. The final amount of the loan was \$146,787, with debt service starting in May 2021.
- The Town received a loan from the NC Division of Water Infrastructure in the amount of \$2,042,500, with \$500,000 forgiven and \$1,542,500 a loan with zero percent interest for the Wastewater Treatment Rehabilitation and Line Replacement Project.

Town of Plymouth, North Carolina Management's Discussion and Analysis

Financial Analysis of the Town's Funds

As noted earlier, the Town of Plymouth uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town of Plymouth's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Plymouth's financing requirements.

The general fund is the chief operating fund of the Town of Plymouth. At the end of the current fiscal year, the Town of Plymouth's fund balance available in the General Fund was \$1,014,058, while total fund balance reached \$1,541,890. The Town currently has an available fund balance of 47.26% of general fund expenditures, while total fund balance represents 71.99% of the same amount.

At June 30, 2022, the governmental funds of the Town of Plymouth reported a combined fund balance of \$1,544,951 with a net increase in fund balance of \$63,354.

General Fund Budgetary Highlights

During the fiscal year, the Town revised the budget on two occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Proprietary funds. The Town of Plymouth's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund, Sewer Fund, and Sanitation / Stormwater Fund at the end of the fiscal year amounted to \$996,638, (249,278), and \$162,997, respectively. The total change in net position for all three funds was \$339,177, \$(108,272), and \$30,603, respectively.

Capital Asset and Debt Administration

Capital assets. The Town of Plymouth's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totaled \$15,263,107 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year included the following:

- Community Development Block Grant- Infrastructure (CDBG-I) project for the waterline and Water Treatment Plant (WTP) Improvements. Project continues.

Town of Plymouth, North Carolina Management's Discussion and Analysis

- Wastewater Treatment Plant Rehabilitation and Line Replacement Project. Project continues.
- Purchase of equipment in the General Fund.

Town of Plymouth's Capital Assets

Figure 4
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 614,515	\$ 614,515	\$ 107,630	\$ 107,630	\$ 722,145	\$ 722,145
Buildings and systems	879,911	912,526	12,125,994	9,950,601	13,005,905	10,863,127
Improvements other than buildings	1,046,810	1,139,203	-	-	1,046,810	1,139,203
Machinery and equipment	164,709	168,197	372,130	379,243	536,839	547,440
Vehicles and motorized equipment	126,113	187,730	(209,393)	(207,410)	(83,280)	(19,680)
Construction in progress	34,688	-	-	1,958,274	34,688	1,958,274
Total	\$ 2,866,746	\$ 3,022,171	\$ 12,396,361	\$ 12,188,338	\$ 15,263,107	\$ 15,210,509

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2022, the Town of Plymouth had installment purchases debt outstanding of \$291,812, which was used to finance the replacement of a water main, two fire trucks, a street paver, and CDBG repayment; and had revolving loans debt outstanding of \$1,788,220, used to finance the construction of a wastewater treatment plant and the extension of water and sewer lines.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Plymouth is \$16,570,626.

Additional information regarding the Town of Plymouth's long-term debt can be found in Note IIIB.6 beginning on page 46 of this report.

Town of Plymouth's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment purchases	\$ 268,707	\$ 351,650	\$ 23,105	\$ 58,829	\$ 291,812	\$ 410,479
Revolving loans	-	-	1,788,220	1,746,346	1,788,220	1,746,346
Lease asset	50,198	-	-	-	50,198	-
Compensated absences	42,385	38,299	41,788	41,947	84,173	80,246
Pension related debt (LGRS)	152,683	383,777	98,827	216,559	251,510	600,336
Pension related debt (LEO)	163,337	192,148	-	-	163,337	192,148
Total	\$ 677,310	\$ 965,874	\$ 1,951,940	\$ 2,063,681	\$ 2,629,250	\$ 3,029,555

The Town of Plymouth's total debt decreased by \$(400,305) (13.21%) during the past fiscal year, primarily due to increased revolving loans and an increase in the Town's LGRS net pension liability.

Town of Plymouth, North Carolina Management's Discussion and Analysis

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

- Downtown Streetscape Project, funded with a \$942,000 construction loan from USDA. The proposed scope of work includes replacement of sidewalks and streetlights in the Downtown Business District. This project was subsequently discontinued in June 2021 prior to closing on the loan.
- Wastewater Treatment Plant Project, funded with a \$2,042,500 CWSRF loan with \$500,000 forgiven from the NC Division of Water Infrastructure. The proposed scope of improvements includes rehabilitation and replacement of aged and failing units at the wastewater treatment plant and the addition of chlorination and dichlorination processes to meet new regulatory limits.
- Waterfront Park Renovation Project, funded with a \$107,500 grant from Division of Environmental Quality and a \$11,944 local match (\$5,972 cash and \$5,972 In-kind). The funding will extend the bulkhead and boardwalk approximately 65 feet and install four outlets and lights along the river behind the Police Department.
- Water System Improvement Project, FY 15 Community Development Block Grant- Infrastructure (CDBG-I) project for the installation of a brine tank and SCADA system at the Water Treatment Plant (WTP) and installation of approximately 1800 liner feet of raw water line. The project is financed with grant in the amount of \$504,000 from Division of Water Quality Community Development Block Grant program.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: The Town's property tax rate remained at .0054.

Business – type Activities: All utility rates will remain the same.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Dorenda Wallace, Finance Officer, Town of Plymouth, 124 East Water Street, Plymouth, NC 27962. You may also call (252) 793-9101.

Town of Plymouth, North Carolina
Statement of Net Position
June 30, 2022
Exhibit 1

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,876,370	\$ 575,744	\$ 2,452,114
Taxes receivables (net)	339,217	-	339,217
Accounts receivable (net)	-	607,415	607,415
Grant receivable	5,084	225,746	230,830
Internal balances	45,437	(45,437)	-
Due from other governments	242,327	15,191	257,518
Inventories	-	9,062	9,062
Restricted cash and cash equivalents	16,255	196,619	212,874
Total current assets	2,524,690	1,584,340	4,109,030
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	649,203	808,239	1,457,442
Other capital assets, net of depreciation	2,217,543	11,588,122	13,805,665
Total capital assets	2,866,746	12,396,361	15,263,107
Right to use leased assets, net of amortization	51,327	-	51,327
Total assets	\$ 5,442,763	\$ 13,980,701	\$ 19,372,137
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	316,017	151,001	467,018
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 99,840	\$ 93,242	\$ 193,082
Customer deposits	-	196,619	196,619
Current portion of long-term liabilities	111,418	185,021	296,439
Payable from restricted assets	-	249,135	249,135
Total current liabilities	211,258	724,017	935,275
Long-term liabilities:			
Due in more than one year	565,892	1,766,919	2,332,811
Total liabilities	777,150	2,490,936	3,268,086
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	5,111	-	5,111
Pension deferrals	229,570	145,373	374,943
Unearned grant revenue	535,571	-	535,571
Total deferred inflows of resources	770,252	145,373	915,625
NET POSITION			
Net investment in capital assets	2,598,039	10,585,036	13,183,075
Restricted for:			
Stabilization by State Statute	297,400	-	297,400
Streets	16,255	-	16,255
Unrestricted	1,299,684	910,357	2,210,041
Total net position	\$ 4,211,378	\$ 11,495,393	\$ 15,706,771

The accompanying notes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Statement of Activities
For the Fiscal Year Ended June 30, 2022
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
General government	\$ 517,459	\$ 3,789	\$ -	\$ -	\$ (513,670)	\$ -	\$ -	\$ (513,670)
Public safety	989,506	125,239	808	26,552	(836,907)	-	-	(836,907)
Transportation	400,104	1,255	109,693	-	(289,156)	-	-	(289,156)
Economic and physical development	(11,252)	-	-	-	11,252	-	-	11,252
Special appropriations	58,994	36,660	-	-	(22,334)	-	-	(22,334)
Planning	154,276	-	-	-	(154,276)	-	-	(154,276)
Interest on long-term debt	11,616	-	-	-	(11,616)	-	-	(11,616)
Total governmental activities	2,120,703	166,943	110,501	26,552	(1,816,707)	-	-	(1,816,707)
Business-type activities:								
Water	1,227,263	980,487	-	576,548	-	329,772	-	329,772
Sewer	1,079,195	970,923	-	-	-	(108,272)	-	(108,272)
Sanitation / Stormwater	647,698	675,813	-	-	-	28,115	-	28,115
Total business-type activities	2,954,156	2,627,223	-	576,548	-	249,615	-	249,615
Total primary government	\$ 5,074,859	\$ 2,794,166	\$ 110,501	\$ 603,100	\$ (1,816,707)	\$ 249,615	\$ -	\$ (1,567,092)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					1,140,376	-	-	1,140,376
Other taxes					195	-	-	195
Grants and contributions not restricted to specific programs					757,298	-	-	757,298
Unrestricted investment earnings					3,207	-	-	3,207
Miscellaneous					29,124	11,893	-	41,017
Total general revenues and transfers					1,930,200	11,893	-	1,942,093
Change in net position					113,493	261,508	-	375,001
Net position, beginning					4,097,885	11,233,885	-	15,331,770
Net position, ending					\$ 4,211,378	\$ 11,495,393	\$ -	\$ 15,706,771

The accompanying notes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Balance Sheet and Reconciliation of the Balance Sheet to the
Statement of Net Position– Governmental Funds
June 30, 2022
Exhibit 3

	Major Funds			
	General Fund	CAMA Waterfront Park	Coronavirus State and Local Fiscal Recovery	Total
ASSETS				
Cash and cash equivalents	\$ 1,337,738	\$ 3,061	\$ 535,571	\$ 1,876,370
Restricted cash	16,255	-	-	16,255
Receivables, net:				
Taxes	339,217	-	-	339,217
Due from other funds	49,989	-	-	49,989
Due from other governments	242,327	-	-	242,327
Grants receivable	5,084	-	-	5,084
Total assets	\$ 1,990,610	\$ 3,061	\$ 535,571	\$ 2,529,242
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 99,840	\$ -	\$ -	\$ 99,840
Unearned revenue	-	-	535,571	535,571
Due to other funds	4,552	-	-	4,552
Total liabilities	104,392	-	535,571	639,963
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	339,217	-	-	339,217
Prepaid taxes	5,111	-	-	5,111
Total deferred inflows of resources	344,328	-	-	344,328
FUND BALANCES				
Restricted				
Stabilization by State Statute	297,400	-	-	297,400
Streets	16,255	-	-	16,255
Committed				
Town Promotion	20,000	-	-	20,000
Assigned				
Subsequent years' expenditures	194,177	-	-	194,177
Unassigned	1,014,058	3,061	-	1,017,119
Total fund balances	1,541,890	3,061	-	1,544,951
Total liabilities, deferred inflows of resources and fund balances	\$ 1,990,610	\$ 3,061	\$ 535,571	

The accompanying notes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Balance Sheet and Reconciliation of the Balance Sheet to the
Statement of Net Position– Governmental Funds
June 30, 2022
Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1)
are different because:

Total Fund Balances, Governmental Funds		1,544,951
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	7,405,829	
Accumulated depreciation	(4,539,083)	2,866,746
Right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross right to use assets at historical cost	67,662	
Accumulated amortization	(16,335)	51,327
Net pension liability		(152,683)
Total pension liability		(163,337)
Deferred outflows of resources related to pensions are not reported in the funds		316,017
Liabilities for earned revenues considered deferred inflows of resources in fund statements		339,217
Deferred inflows of resources related to pensions are not reported in the funds		(229,570)
Some liabilities, including installment purchases and compensated absences, are not due and payable in the current period and therefore are not reported in the funds		(361,290)
Net position of governmental activities		\$ 4,211,378

The accompanying notes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2022
Exhibit 4

	Major Funds			
	General Fund	CAMA Waterfront Park	Coronavirus State and Local Fiscal Recovery	Total
REVENUES				
Ad valorem taxes	\$ 1,047,735	\$ -	\$ -	\$ 1,047,735
Other taxes and licenses	195	-	-	195
Unrestricted intergovernmental	757,298	-	-	757,298
Restricted intergovernmental	259,235	-	-	259,235
Permits and fees	39,900	-	-	39,900
Sales and services	4,861	-	-	4,861
Investment earnings	3,207	-	-	3,207
Miscellaneous	29,124	-	-	29,124
Total revenues	2,141,555	-	-	2,141,555
EXPENDITURES				
Current:				
General government	512,057	-	-	512,057
Public safety	940,307	-	-	940,307
Transportation	408,114	-	-	408,114
Special appropriations	19,086	-	-	19,086
Planning	154,276	-	-	154,276
Debt service:				
Principal retirement	100,407	-	-	100,407
Interest and other charges	11,616	-	-	11,616
Total expenditures	2,145,863	-	-	2,145,863
Excess (deficiency) of revenues over (under) expenditures	(4,308)	-	-	(4,308)
OTHER FINANCING SOURCES (USES)				
Lease asset obligations issued	67,662	-	-	67,662
Net change in fund balance	63,354	-	-	63,354
Fund balances, beginning	1,478,536	3,061	-	1,481,597
Fund balances, ending	\$ 1,541,890	\$ 3,061	\$ -	\$ 1,544,951

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balance to the Statement of Activities – Governmental Funds
For the Fiscal Year Ended June 30, 2022
Exhibit 5

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 63,354
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	76,452
Depreciation expense for governmental assets	(231,877)
Total	(155,425)

Right to use leased asset capital outlay expenditures which were capitalized	67,662
Amortization expense for intangible assets	(16,335)
Total	51,327

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	75,772
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	92,641
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment on long-term debt and related items.

Principal payments on long-term debt	100,407
Lease asset obligations issued	(67,662)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(4,086)
Pension expense	(42,835)
Total changes in net position of governmental activities	\$ 113,493

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina
General Fund Statement of Revenues, Expenditures, and Change
in Fund Balance –Budget and Actual
For the Fiscal Year Ended June 30, 2022
Exhibit 6

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Ad valorem taxes	\$ 1,036,500	\$ 1,036,500	\$ 1,047,735	\$ 11,235
Other taxes and licenses	-	-	195	195
Unrestricted intergovernmental	672,500	672,500	757,298	84,798
Restricted intergovernmental	244,369	265,761	259,235	(6,526)
Permits and fees	31,500	31,500	39,900	8,400
Sales and services	5,100	5,100	4,861	(239)
Investment earnings	8,000	8,000	3,207	(4,793)
Miscellaneous	5,000	14,500	29,124	14,624
Total revenues	2,002,969	2,033,861	2,141,555	107,694
EXPENDITURES				
Current:				
General government	525,896	565,373	512,057	53,316
Public safety	1,184,723	1,132,597	940,307	192,290
Transportation	446,609	480,541	408,114	72,427
Special appropriations	34,900	34,900	19,086	15,814
Planning	147,621	155,411	154,276	1,135
Debt Service:				
Principal retirement	-	82,899	100,407	(17,508)
Interest and other charges	-	11,178	11,616	(438)
Total expenditures	2,339,749	2,462,899	2,145,863	317,036
Revenues over (under) expenditures	(336,780)	(429,038)	(4,308)	424,730
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	(7,500)	-	7,500
Lease asset obligations issued	-	-	67,662	67,662
Total other financing sources (uses)	-	(7,500)	67,662	75,162
Fund balance appropriated	336,780	436,538	-	(436,538)
Net change in fund balance	\$ -	\$ -	63,354	\$ 63,354
Fund balance, beginning			1,478,536	
Fund balance, ending			\$ 1,541,890	

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Statement of Fund Net Position – Proprietary Funds
June 30, 2022
Exhibit 7

	Major Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation / Stormwater Fund	Total
ASSETS				
Current assets:				
Cash and equivalents	\$ 216,507	\$ 190,256	\$ 168,981	\$ 575,744
Restricted cash	196,619	-	-	196,619
Accounts receivables (net)	238,859	237,371	131,185	607,415
Due from other funds	733,129	8,167	26,253	767,549
Due from other governments	7,492	7,393	306	15,191
Grant receivable	33,277	192,469	-	225,746
Inventories	8,156	906	-	9,062
Total current assets	1,434,039	636,562	326,725	2,397,326
Noncurrent assets:				
Capital assets:				
Land and construction in progress	561,955	246,284	-	808,239
Other capital assets, net of depreciation	4,190,396	7,338,758	58,968	11,588,122
Capital assets (net)	4,752,351	7,585,042	58,968	12,396,361
Total assets	\$ 6,186,390	\$ 8,221,604	\$ 385,693	\$ 14,793,687
DEFERRED OUTFLOWS OF RESOURCES	133,592	-	17,409	151,001
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	73,730	3,475	16,037	93,242
Due to other funds	17,442	665,265	130,279	812,986
Compensated absences - current	8,969	-	1,518	10,487
Customer deposits	196,619	-	-	196,619
Installment loan - current	97,409	-	-	97,409
Liabilities payable from restricted assets:				
Accounts payable	32,035	217,100	-	249,135
Total current liabilities	426,204	885,840	147,834	1,459,878
Noncurrent liabilities:				
Compensated absences - noncurrent	26,151	-	5,150	31,301
Net pension liability	87,434	-	11,393	98,827
Installment purchase - noncurrent	325,666	1,388,250	-	1,713,916
Total noncurrent liabilities	439,251	1,388,250	16,543	1,844,044
Total liabilities	865,455	2,274,090	164,377	3,303,922
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	128,613	-	16,760	145,373
Total deferred inflows of resources	128,613	-	16,760	145,373
NET POSITION				
Net investment in capital assets	4,329,276	6,196,792	58,968	10,585,036
Unrestricted	996,638	(249,278)	162,997	910,357
Total net position	\$ 5,325,914	\$ 5,947,514	\$ 221,965	\$ 11,495,393

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position –
Proprietary Funds
For the Fiscal Year Ended June 30, 2022
Exhibit 8

	Major Enterprise Funds			
			Sanitation / Stormwater	
	Water Fund	Sewer Fund	Fund	Total
OPERATING REVENUES				
Charges for service	\$ 980,487	\$ 970,923	\$ 675,813	\$ 2,627,223
Total operating revenues	980,487	970,923	675,813	2,627,223
OPERATING EXPENSES				
Salaries and benefits	702,715	-	96,500	799,215
Supplies	69,348	9,434	5,439	84,221
Maintenance and repair	95,616	79,129	77	174,822
Expense reimbursement to General Fund	283,260	229,392	193,247	705,899
Expense reimbursement to (from) Water Fund	(387,533)	362,180	25,353	-
Other operating expense	132,072	117,722	105,779	355,573
Contracted service	-	-	150,275	150,275
Landfill availability	-	-	59,674	59,674
Depreciation	251,534	281,338	10,254	543,126
Total operating expenses	1,147,012	1,079,195	646,598	2,872,805
Operating income (loss)	(166,525)	(108,272)	29,215	(245,582)
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	(11,843)	-	(1,100)	(12,943)
Asset Inventory project expenses	(68,408)	-	-	(68,408)
Miscellaneous revenues	9,405	-	2,488	11,893
Total nonoperating revenues (expenses)	(70,846)	-	1,388	(69,458)
Income (loss) before contributions and transfers	(237,371)	(108,272)	30,603	(315,040)
Capital contributions	576,548	-	-	576,548
Change in net position	339,177	(108,272)	30,603	261,508
Net position, beginning	4,986,737	6,055,786	191,362	11,233,885
Net position, ending	\$ 5,325,914	\$ 5,947,514	\$ 221,965	\$ 11,495,393

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended June 30, 2022
Exhibit 9

	Major Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation / Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,000,640	\$ 981,358	\$ 668,380	\$ 2,650,378
Cash paid for goods and services	(260,961)	(209,838)	(317,985)	(788,784)
Cash paid for interfund goods and services used	(283,260)	(591,572)	(218,600)	(1,093,432)
Cash received for interfund goods and services used	387,533	-	-	387,533
Cash paid to or on behalf of employees for services	(701,935)	-	(96,531)	(798,466)
Customer deposits received and returned, net	3,554	-	-	3,554
Net cash provided (used) by operating activities	145,571	179,948	35,264	360,783
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term borrowings	(95,400)	(77,125)	(13,707)	(186,232)
Interest paid on long-term borrowings	(11,843)	-	(1,100)	(12,943)
Acquisition and construction of capital assets	(592,993)	(33,343)	-	(626,336)
Miscellaneous revenue	9,405	-	2,347	11,752
Capital contributions - Federal and State grants	592,907	7,575	-	600,482
Net cash provided (used) by capital and related financing activities	(97,924)	(102,893)	(12,460)	(213,277)
Net increase (decrease) in cash and cash equivalents	47,647	77,055	22,804	147,506
Balances, beginning	\$ 365,479	\$ 113,201	146,177	624,857
Balances, ending	\$ 413,126	\$ 190,256	\$ 168,981	\$ 772,363
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (166,525)	\$ (108,272)	\$ 29,215	\$ (245,582)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	251,534	281,338	10,254	543,126
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	20,153	10,435	(7,433)	23,155
(Increase) decrease in deferred outflows of resources - pensions	(24,638)	-	(2,095)	(26,733)
Increase (decrease) in net pension liability	(102,438)	-	(15,294)	(117,732)
Increase (decrease) in deferred inflows of resources - pensions	128,613	-	16,760	145,373
Increase (decrease) in accounts payable and accrued liabilities	36,075	(3,553)	3,259	35,781
Increase (decrease) in compensated absences	(757)	-	598	(159)
Increase (decrease) in customer deposits	3,554	-	-	3,554
Total adjustments	312,096	288,220	6,049	606,365
Net cash provided by operating activities	\$ 145,571	\$ 179,948	\$ 35,264	\$ 360,783

The accompanying footnotes are an integral part of these financial statements.

Town of Plymouth, North Carolina Notes to Financial Statements

NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Plymouth conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Plymouth is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – governmental and proprietary – are presented. The Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

Town of Plymouth, North Carolina

Notes to Financial Statements

The Town reports the following major governmental fund:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety and street maintenance and construction.

CAMA Waterfront Park Project Fund. This fund is used to account for grant funds used for a kayak launch, piers, boardwalk, and parking construction.

Coronavirus State and Local Fiscal Recovery Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

The Town reports the following major enterprise funds:

Water Fund. This fund is used to account for the Town's water operations.

Sewer Fund. This fund is used to account for the Town's sewer operations.

Sanitation / Stormwater Fund. This fund is used to account for the Town's sanitation and stormwater operations.

CDBG 15-I-3047 Water System Project Fund. This fund is used to account for grant funds that are restricted for a particular purpose. This fund is combined with the water fund for reporting purposes.

Wastewater Treatment Plant Rehabilitation and Line Replacement Project Fund. This fund is used to account for grant funds that are restricted for a particular purpose. This fund is combined with the sewer fund for reporting purposes.

Asset Inventory Assessment H-AIA-D-20-0194 Project Fund. This fund is used to account for grant funds that are restricted for a particular purpose. This fund is combined with the water fund for reporting purposes.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Town are maintained during the year using the modified accrual basis of accounting.

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from

Town of Plymouth, North Carolina

Notes to Financial Statements

property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Plymouth because the tax is levied by Washington County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received

Town of Plymouth, North Carolina

Notes to Financial Statements

in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances were adopted for the CAMA Waterfront Park Project Fund, the Coronavirus State and Local Fiscal Recovery Fund, the CDBG 15-I-3047 Water System Project Fund, the Wastewater Treatment Plant Rehabilitation and Line Replacement Project Fund, and the Asset Inventory Assessment H-AIA-D-20-0194 Project Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Town of Plymouth, North Carolina

Notes to Financial Statements

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening local streets per G.S. 136-41.1 through 136-41.4. Customer deposits are classified as restricted cash because they must be returned to the customer at the conclusion of service.

Governmental Activities:

General Fund: Streets	\$ 16,255
Total governmental cash	16,255

Business-type Activities:

Customer deposits	196,619
Total business-type cash	196,619
Total restricted cash	\$ 212,874

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2021. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Town of Plymouth, North Carolina

Notes to Financial Statements

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2017 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2017 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Infrastructure	30 years
Buildings	50 years
Improvements	25 years
Vehicles	6 years
Furniture and equipment	10 years
Computer equipment	3 years

8. Right to Use Assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

9. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category—prepaid taxes, property taxes receivable, pension deferrals, and unearned grant revenue.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of

Town of Plymouth, North Carolina

Notes to Financial Statements

net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out, method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for the unlimited accumulation of earned sick leave. Sick leave does not vest, except for the sick leave that was earned between June 2003 and March 2005. During this time period, there was a possible 168 hours earned per employee, which will be paid upon termination of employment. Except for the period mentioned, any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made, except for the time period between June 2003 and March 2005.

As of June 30, 2022, the Town has accrued compensatory time of \$2,450. This time will be paid to the employee upon termination of employment. Exempt employees do not accrue compensatory time. Nonexempt employees, with the exception of law enforcement and firefighters, working over 40 hours per week accrue compensatory time at a rate of 1.5 hours for each hour worked. Law enforcement and firefighters earn compensatory time for hours worked over 171 hours in a 28 day cycle and for hours worked over 212 hours in a 28 day cycle, respectively. Compensatory time can be accumulated up to 80 hours with the remaining balance paid to the employee, unless the Town Manager approves otherwise. Compensatory time must be used before sick or vacation time.

Town of Plymouth, North Carolina

Notes to Financial Statements

12. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The Town does not have any nonspendable fund balances for the governmental fund types.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets—Powell Bill – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Plymouth's governing body (highest level of

Town of Plymouth, North Carolina

Notes to Financial Statements

decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or otherwise revise the limitation.

Committed for Town Promotion – portion of fund balance assigned by the Town Council for Town promotion.

Assigned Fund Balance – portion of fund balance that the Town of Plymouth intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation, and all modifications must be board approved.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

At this time, the Town does not have a revenue spending policy or a minimum fund balance policy in place.

13. Defined Benefit Cost-Sharing Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to / deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Plymouth's employer contributions are recognized when due and the Town of Plymouth has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

14. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through July 19, 2023, the date on which the financial statements were available to be issued.

NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2022, the expenditures made in the Town's General Fund debt service exceeded the authorized appropriations made by the governing board by \$17,946. This over-expenditure occurred because the Town did not properly adjust their budget.

Town of Plymouth, North Carolina
Notes to Financial Statements

NOTE III – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2022, the Town's deposits had a carrying amount of \$680,856 and a bank balance of \$847,463. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2022, the Town's petty cash fund totaled \$600.

2. Investments

At June 30, 2022, the Town of Plymouth had \$1,983,532 invested with the North Carolina Capital Management Trust's Governmental Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

Town of Plymouth, North Carolina
Notes to Financial Statements

Fund	June 30, 2022
General Fund:	
Taxes receivable	\$ 62,740
Total General Fund	62,740
Enterprise Funds:	
Water fund - accounts receivable	218,507
Sewer fund - accounts receivable	181,493
Sanitation / Stormwater fund - accounts receivable	110,545
Total Enterprise Funds	510,545
Total	\$ 573,285

4. Capital Assets

Primary Government. Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 614,515	\$ -	\$ -	\$ 614,515
Construction in progress	-	34,688	-	34,688
Total capital assets not being depreciated	614,515	34,688	-	649,203
Capital assets being depreciated:				
Buildings	1,881,784	-	-	1,881,784
Other improvements	2,270,859	16,319	-	2,287,178
Equipment	733,599	25,445	18,572	740,472
Vehicles and motorized equipment	1,955,176	-	107,984	1,847,192
Total capital assets being depreciated	6,841,418	41,764	126,556	6,756,626
Less accumulated depreciation for:				
Buildings	969,258	32,615	-	1,001,873
Other improvements	1,131,656	108,712	-	1,240,368
Equipment	565,402	28,933	18,572	575,763
Vehicles and motorized equipment	1,767,446	61,617	107,984	1,721,079
Total accumulated depreciation	4,433,762	231,877	126,556	4,539,083
Total capital assets being depreciated, net	2,407,656			2,217,543
Governmental activity capital assets, net	\$ 3,022,171			\$ 2,866,746

Depreciation expense was charged to functional programs of the primary government as follows:

General government	\$ 59,437
Public safety	50,644
Transportation	42,133
Economic and physical development	39,755
Special appropriations	39,908
Total depreciation expense	\$ 231,877

Town of Plymouth, North Carolina

Notes to Financial Statements

Business-Type Activities. Capital asset activity for the Business-Type Activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Water Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	115,138	508,140	623,278	-
Total capital assets not being depreciated	168,953	508,140	623,278	53,815
Capital assets being depreciated:				
Plant and distributions systems	6,862,632	623,278	-	7,485,910
Equipment	901,717	-	131,825	769,892
Vehicles	63,347	-	15,350	47,997
Total capital assets being depreciated	7,827,696	623,278	147,175	8,303,799
Less accumulated depreciation for:				
Plant and distributions systems	2,422,135	235,692	-	2,657,827
Equipment	800,739	15,841	131,825	684,755
Vehicles	278,031	-	15,350	262,681
Total accumulated depreciation	3,500,905	251,533	147,175	3,605,263
Total capital assets being depreciated, net	4,326,791			4,698,536
Water fund capital assets, net	\$ 4,495,744			\$ 4,752,351
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	1,843,136	192,469	2,035,605	-
Total capital assets not being depreciated	1,896,951	192,469	2,035,605	53,815
Capital assets being depreciated:				
Plant and distributions systems	9,598,431	2,035,605	-	11,634,036
Equipment	545,070	50,399	60,530	534,939
Vehicles	132,683	-	18,084	114,599
Total capital assets being depreciated	10,276,184	2,086,004	78,614	12,283,574
Less accumulated depreciation for:				
Plant and distributions systems	4,088,327	247,798	-	4,336,125
Equipment	335,887	31,557	60,530	306,914
Vehicles	125,409	1,983	18,084	109,308
Total accumulated depreciation	4,549,623	281,338	78,614	4,752,347
Total capital assets being depreciated, net	5,726,561			7,531,227
Sewer fund capital assets, net	\$ 7,623,512			\$ 7,585,042

Town of Plymouth, North Carolina

Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Sanitation / Stormwater Fund				
Capital assets being depreciated:				
Equipment	\$ 111,296	\$ -	\$ -	\$ 111,296
Vehicles	70,067	-	-	70,067
Total capital assets being depreciated	181,363	-	-	181,363
Less accumulated depreciation for:				
Equipment	42,214	10,114	-	52,328
Vehicles	70,067	-	-	70,067
Total accumulated depreciation	112,281	10,114	-	122,395
Total capital assets being depreciated, net	69,082			58,968
Sanitation / Stormwater fund capital assets, net	\$ 69,082			\$ 58,968
Business-type activity capital assets, net	\$ 12,188,338			\$ 12,396,361

5. Right to Use Leased Assets

The Town has recorded two right to use leased assets. The assets are right to use assets for leased camera and copier equipment. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Right to use assets				
Leased camera equipment	\$ -	\$ 54,551	\$ -	\$ 54,551
Leased copier equipment	-	13,111	-	13,111
Total right to use assets	-	67,662	-	67,662
Less accumulated amortization for:				
Leased camera equipment	-	10,910	-	10,910
Leased copier equipment	-	5,425	-	5,425
Total accumulated amortization	-	16,335	-	16,335
Right to use assets, net	\$ -	\$ 51,327	\$ -	\$ 51,327

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Plymouth is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed

Town of Plymouth, North Carolina

Notes to Financial Statements

by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Plymouth employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Plymouth's contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Plymouth were \$137,240 for the year ended June 30, 2022.

Town of Plymouth, North Carolina

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Refunds of Contributions – Town employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a liability of \$251,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.01640%, which was an decrease of 0.00040% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$117,229. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,014	\$ -
Changes in assumptions	158,012	-
Net difference between projected and actual earnings on pension plan investments	-	359,332
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,023	10,636
Town contributions subsequent to the measurement date	137,240	-
Total	\$ 384,289	\$ 369,968

\$137,240 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Plymouth, North Carolina

Notes to Financial Statements

Year Ended June 30:	
2023	\$ 25,985
2024	(8,144)
2025	(30,800)
2026	(109,960)
2027	-
Thereafter	-
	\$ (122,919)

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salaries increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

Town of Plymouth, North Carolina

Notes to Financial Statements

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	976,340	251,510	(344,983)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Town of Plymouth, North Carolina Notes to Financial Statements

b. Law Enforcement Officers Special Separation Allowance

Plan Description

The Town of Plymouth administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	9
Total	9

Summary of Significant Account Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salaries increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

Town of Plymouth, North Carolina

Notes to Financial Statements

Mortality rates are based on the MP-2015 Mortality tables.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are paid by the general fund. The Town paid \$0 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, the Town reported a total pension liability of \$163,337. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$36,771.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 53,202	\$ 665
Changes of assumptions	29,527	4,310
Total	\$ 82,729	\$ 4,975

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>		
2023	\$	23,689
2024		23,685
2025		20,078
2026		9,886
2027		416
Thereafter		-
Total	\$	77,754

Sensitivity of the Town's total pension liability to changes in the discount rate

Town of Plymouth, North Carolina

Notes to Financial Statements

The following presents the Town's total pension liability calculated using the discount rate of 2.25 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 176,611	\$ 163,337	\$ 150,962

Beginning balance	\$ 192,148
Service cost	10,026
Interest on the total pension liability	3,225
Differences between expected and actual experience	12,228
Changes of assumptions or other inputs	(4,147)
Benefit payments	(50,143)
Other changes	-
Ending balance of the total pension liability	\$ 163,337

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Plymouth, North Carolina

Notes to Financial Statements

Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 118,583	\$ 36,771	\$ 155,354
Pension Liability	251,510	163,337	414,847
Proportionate share of the net pension liability	0.01640%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	80,014	53,202	133,216
Changes of assumptions	158,012	29,527	187,539
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,023	-	9,023
Benefit payments and administrative costs paid subsequent to the measurement date	137,240	-	137,240
Deferred Inflows of Resources			
Differences between expected and actual experience	-	665	665
Changes of assumptions	-	4,310	4,310
Net difference between projected and actual earnings on plan investments	359,332	-	359,332
Changes in proportion and differences between contributions and proportionate share of contributions	10,636	-	10,636

c. Supplemental Retirement Income Plan

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

Town of Plymouth, North Carolina

Notes to Financial Statements

Contributions for the year ended June 30, 2022 were \$28,495, which consisted of \$20,509 from the Town and \$7,986 from the law enforcement officers. No amounts were forfeited.

The Town has also elected to contribute to the Supplemental Retirement Income Plan (Plan) for general full-time employees. The Town contributes each month a minimum of 1.50% of each employee's salary and matches voluntary employee contributions up to 5% of each employee's salary. All amounts contributed are vested immediately. Contributions for the year ended June 30, 2022 were \$46,868, which consisted of \$29,706 from the Town and \$17,162 from the general employees. No amounts were forfeited.

2. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 137,240
Difference between expected and actual experience	133,216
Changes of assumptions	187,539
Net difference between projected and actual earnings on pension plans and investments	-
Town benefit payments and plan administrative expense made subsequent to the measurement date	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	9,023
Total	\$ 467,018

Town of Plymouth, North Carolina

Notes to Financial Statements

Deferred inflows of resources at year-end is comprised of the following:

	Statement of Net Position	General Fund Balance
Taxes receivable (General Fund)	\$ -	\$ 339,217
Prepaid taxes (General Fund)	5,111	5,111
Difference between expected and actual experience	665	-
Changes of assumptions	4,310	-
Net difference between projected and actual earnings on plan investments	359,332	
Changes in proportion and difference between employer contributions and proportionate share of contributions	10,636	-
Unearned grant revenue	535,571	
Total	\$ 915,625	\$ 344,328

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and worker's compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Town Council each year. Stop loss insurance is purchased by the Town Council to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of reinsurance, excess and stop loss policies purchased by the Town Council can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance through the North Carolina League of Municipalities. Because the Town is in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the Town is eligible to purchase coverage of \$500,000 per structure through the National Flood Insurance Plan. The Town also is eligible to purchase commercial flood insurance for another \$1,500,000 of coverage per structure. As of June 30, 2022, the Town does not carry any additional flood insurance. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000 and the tax collector is bonded for \$15,000. The remaining employees that have access to funds are bonded under blanket bond for \$15,000.

Town of Plymouth, North Carolina

Notes to Financial Statements

5. Claims, Judgments, and Contingent Liabilities

The Town is involved in legal and regulatory matters arising in the ordinary course of operations. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management and the Town attorney that the resolution of outstanding matters will not have a material adverse effect on the financial position or results of operations of the Town.

6. Long-Term Obligations

a. Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed in June 2022 to lease public safety cameras and requires 5 annual payments of \$12,000. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$43,641 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of the notes.

The second agreement was executed in August 2018 to lease copier equipment and requires 60 monthly payments of \$495. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 5%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$7,686 at June 30, 2022. The right to use asset is discussed in more detail in the right to use asset section of the notes.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Cameras		Copiers		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 11,429	\$ 2,127	\$ 5,686	\$ 221	\$ 17,115	\$ 2,348
2024	10,884	1,634	1,961	20	12,845	1,654
2025	10,366	1,116	-	-	10,366	1,116
2026	9,872	571	-	-	9,872	571
Total	\$ 42,551	\$ 5,448	\$ 7,647	\$ 241	\$ 50,198	\$ 5,689

b. Installment Purchases

Serviced by the Governmental Activities:

In February 2016, the Town entered into a \$550,000 installment contract to purchase two fire trucks. The financing contract requires ten annual principal payments of \$55,000, plus interest. Payments begin in February 2017. The interest rate is 2.29%. The outstanding balance at June 30, 2022 is \$165,000.

Town of Plymouth, North Carolina

Notes to Financial Statements

In January 2019, the Town entered into a \$60,386 installment contract to purchase a track loader. The financing contract requires four annual payments of \$17,010, including interest. Payments begin in January 2020. The interest rate is 4.95%. The outstanding balance at June 30, 2022 is \$16,207.

In October 2018, the Town entered into a \$125,000 installment contract for the purchase and improvements of a municipal building and land. The financing contract requires ten annual payments of \$12,500, plus interest. Payments begin in October 2019. The interest rate is 4.49%. The outstanding balance at June 30, 2022 is \$87,500.

Serviced by the Business-type Activities:

In January 2019, the Town entered into a \$86,086 installment contract to purchase a backhoe. The financing contract requires four annual payments of \$24,249, including interest. Payments begin in May 2020. The interest rate is 4.95%. The outstanding balance at June 30, 2022 is \$23,105.

Annual debt service payments of the installment purchases as of June 30, 2022, including \$25,230 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 83,707	\$ 8,509	\$ 23,105	\$ 1,144	\$ 106,812	\$ 9,653
2024	67,500	5,887	-	-	67,500	5,887
2025	67,500	4,077	-	-	67,500	4,077
2026	12,500	2,245	-	-	12,500	2,245
2027	12,500	3,368	-	-	12,500	3,368
2028-2029	25,000	-	-	-	25,000	-
Total	\$ 268,707	\$ 24,086	\$ 23,105	\$ 1,144	\$ 291,812	\$ 25,230

c. Revolving Loan

Serviced by the Business-type Activities:

The Town's revolving loans issued to finance the construction of a wastewater treatment plant and the extension of the water and sewer lines are reported as long-term debt in the Water and Sewer Fund. All revolving loans are collateralized by the full faith, credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

Town of Plymouth, North Carolina

Notes to Financial Statements

Revolving loans payable at June 30, 2022 are comprised of the following issues:

\$1,339,309 2005 Drinking Water revolving loan due in annual installments of \$66,965 through May 2026, interest at 2.87%. Payments began in 2007.	\$ 267,862
\$146,787 Drinking Water revolving loan due in annual installments of \$7,339 through May 2040, interest at 0.0%. Payments began in 2021.	132,108
\$2,042,500 Sanitary Sewer revolving loan due in annual installments of \$77,125 through May 2040, interest at 0.0%. \$500,000 was forgiven. Payments began in 2021.	1,388,250
Total	\$ 1,788,220

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2023	\$ 151,429	\$ 7,688
2024	151,430	5,766
2025	151,429	3,844
2026	151,430	1,921
2027	84,464	-
2028-2032	422,322	-
2033-2037	422,322	-
2038-2040	253,394	-
Total	\$ 1,788,220	\$ 19,219

d. Changes in Long-Term Liabilities

	Balance July 01, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 351,650	\$ -	\$ 82,943	\$ 268,707	\$ 83,707
Compensated absences	38,299	4,086	-	42,385	10,596
Leases	-	67,662	17,464	50,198	17,115
Net pension liability (LGERs)	383,777	-	231,094	152,683	-
Net pension liability (LEOSSA)	192,148	-	28,811	163,337	-
Governmental activity long-term liabilities	\$ 965,874	\$ 71,748	\$ 360,312	\$ 677,310	\$ 111,418
Business-type activities:					
Installment purchase	\$ 58,829	\$ -	\$ 35,724	\$ 23,105	\$ 23,105
Revolving loans	1,746,346	192,469	150,595	1,788,220	151,429
Compensated absences	41,947	-	159	41,788	10,487
Net pension liability (LGERs)	216,559	-	117,732	98,827	-
Business-type activity long-term liabilities	\$ 2,063,681	\$ 192,469	\$ 304,210	\$ 1,951,940	\$ 185,021

Town of Plymouth, North Carolina

Notes to Financial Statements

At June 30, 2022, the Town of Plymouth had a legal debt margin of \$16,570,626.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2022, consist of the following:

Due to the General Fund for operating costs from:		
CAMA Waterfront Park Project Fund	\$	-
Sewer Fund		8,518
Sanitation Fund		41,026
Stormwater Fund		445
Total	\$	49,989
Due to the Water Fund for operating costs from:		
General Fund	\$	4,552
Sewer Fund		647,936
Sanitation Fund		80,641
Total	\$	733,129
Due to the Sewer Fund for operating costs from:		
Sanitation Fund	\$	8,167
Total	\$	8,167
Due to the Sanitation / Stormwater Fund for operating costs from:		
Water Fund	\$	17,442
Sewer Fund		8,811
Total	\$	26,253

The interfund balances resulted from the time lag between dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 2,866,746	\$ 12,396,361
less: long-term debt	268,707	1,811,325
Net investment in capital assets	\$ 2,598,039	\$ 10,585,036

Town of Plymouth, North Carolina
Notes to Financial Statements

E. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriations:

Total fund balance - General Fund	\$ 1,541,890
Less:	
Stabilization by State Statute	297,400
Streets - Powell Bill	16,255
Town promotion	20,000
Subsequent year's expenditures	194,177
Remaining Fund Balance	<u>\$ 1,014,058</u>

NOTE IV –RELATED ORGANIZATION

The five-member board of the Town of Plymouth Housing Authority is appointed by the mayor of the Town of Plymouth. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Plymouth is also disclosed as a related organization in the notes to the financial statements for the Town of Plymouth Housing Authority.

NOTE V –SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Town of Plymouth, North Carolina
Local Governmental Employees' Retirement System
Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years
Schedule 1

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plymouth's proportion of the net pension liability (asset) (%)	0.01640%	0.01680%	0.01714%	0.01724%	0.01583%	0.01251%	0.01070%	-0.01116%	0.01410%
Plymouth's proportion of the net pension liability (asset) (\$)	\$ 251,510	\$ 600,336	\$ 468,080	\$ 408,992	\$ 241,839	\$ 265,504	\$ 48,021	\$ (65,618)	\$ 169,959
Plymouth's covered-employee payroll	\$ 1,132,902	\$ 1,310,834	\$ 1,414,764	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914	\$ 802,580	\$ 802,580
Plymouth's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	22.20%	45.80%	33.09%	30.46%	23.53%	29.54%	5.79%	-8.18%	21.18%
Plan fiduciary net position as a percentage of the total pension liability	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	95.35%

Town of Plymouth, North Carolina
Local Governmental Employees' Retirement System
Schedule of the Town's Contributions
Required Supplementary Information
Last Nine Fiscal Years
Schedule 2

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 137,240	\$ 118,231	\$ 121,102	\$ 100,087	\$ 88,854	\$ 77,658	\$ 62,302	\$ 74,487	\$ 83,859
Contributions in relation to the contractually required contribution	137,240	118,231	121,102	100,087	88,854	77,658	62,302	74,487	83,859
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plymouth's covered-employee payroll	\$ 1,183,027	\$ 1,132,902	\$ 1,310,834	\$ 1,414,764	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914	\$ 802,580
Contributions as a percentage of covered-employee payroll	11.60%	10.44%	9.24%	7.07%	6.62%	7.55%	6.93%	8.98%	10.45%

Town of Plymouth, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2022
Schedule 3

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 192,148	\$ 81,584	\$ 67,765	\$ 39,821	\$ 37,200	\$ 35,380
Service Cost	10,026	8,771	6,658	7,551	4,592	5,660
Interest on the total pension liability	3,225	2,660	2,467	1,258	1,388	1,185
Differences between expected and actual experience in the measurement of the total pension liability	12,228	54,907	2,699	22,005	(8,805)	-
Changes of assumptions or other inputs	(4,147)	44,226	1,995	(2,870)	7,954	(677)
Benefit payments	(50,143)	-	-	-	(2,508)	(4,348)
Ending balance of the total pension liability	\$ 163,337	\$ 192,148	\$ 81,584	\$ 67,765	\$ 39,821	\$ 37,200

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Town of Plymouth, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2022
Schedule 4

	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 163,337	\$ 192,148	\$ 81,584	\$ 67,765	\$ 39,821	\$ 37,200
Covered payroll	393,261	346,495	304,206	334,216	228,620	274,585
Total pension liability as a percentage of covered payroll	41.53%	55.45%	26.82%	20.28%	17.42%	13.55%

Notes to the schedules:

The Town of Plymouth has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Town of Plymouth, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2022
Schedule 5

	Budget	Actual	Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 1,023,051	
Interest		24,684	
Total	\$ 1,036,500	1,047,735	\$ 11,235
Other taxes and licenses:			
Privilege licenses		195	
Total	-	195	195
Unrestricted intergovernmental:			
Local option sales taxes		532,271	
Payments in lieu of taxes		19,626	
Franchise taxes		192,304	
Beer and wine taxes		13,097	
Total	672,500	757,298	84,798
Restricted intergovernmental:			
Powell Bill allocation		109,693	
Volunteer fire department fund grant		26,552	
Washington Co. Fire Department contribution		122,182	
Controlled substance tax		808	
Total	265,761	259,235	(6,526)
Permits and fees:			
Zoning permits		1,950	
Police report fees		35	
Code violation fees		1,255	
Vehicle tags		36,660	
Total	31,500	39,900	8,400
Sales and services:			
Court costs		1,072	
Rent		3,789	
Total	5,100	4,861	(239)

Town of Plymouth, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2022
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Investment earnings	8,000	3,207	(4,793)
Miscellaneous	14,500	29,124	14,624
Total revenues	2,033,861	2,141,555	107,694
Expenditures:			
General government:			
Governing body:			
Mayor and councilmen		32,187	
Travel and training		(10)	
Operating expense		11,662	
Expense reimbursement from proprietary funds		(26,310)	
Total		17,529	
Administration:			
Salaries and benefits		335,921	
Professional services		31,097	
Operating expenditures		70,678	
Capital outlay		13,111	
Expense reimbursement from proprietary funds		(280,340)	
Total		170,467	
Attorney:			
Foreclosures		3,286	
Other		95,279	
Expense reimbursement from proprietary funds		(62,586)	
Total		35,979	
Information technology:			
Contracted services		29,700	
Operating expense		85,835	
Capital outlay		27,879	
Expense reimbursement from proprietary funds		(85,689)	
Total		57,725	
Building and grounds:			
Salaries and benefits		87,508	
Operating expenditures		170,386	
Capital Outlay		51,207	
Expense reimbursement from proprietary funds		(78,745)	
Total		230,356	
Total general government	565,373	512,057	53,316

Town of Plymouth, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2022
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and benefits		669,387	
Operating expense		63,236	
Capital outlay		77,571	
Total		810,194	
Fire:			
Pension fund		4,930	
Operating expense		68,555	
Capital outlay		56,628	
Total		130,113	
Total public safety	1,132,597	940,307	192,290
Transportation:			
Streets:			
Street lights		128,884	
Operating expenses		207,026	
Total		335,910	
Fleet:			
Salaries and benefits		59,666	
Operating expenses		184,768	
Expense reimbursement from proprietary funds		(172,230)	
Total		72,204	
Total transportation	480,541	408,114	72,427
Special appropriations:			
Museum		12,400	
Plymouth promotion		5,075	
Christmas parade		1,611	
Total		19,086	
Total special appropriations	34,900	19,086	15,814

Town of Plymouth, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2022
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Planning:			
Salaries and benefits		58,487	
Operating expenses		74,300	
Contracted services		21,489	
Total		154,276	
Total planning	155,411	154,276	1,135
Debt Service:			
Principal retirement		100,407	
Interest and other charges		11,616	
Total		112,023	
Total debt service	94,077	112,023	(17,946)
Total expenditures	2,462,899	2,145,863	317,036
Revenues over (under) expenditures	(429,038)	(4,308)	424,730
Other financing sources (uses)			
Transfers to other funds:			
Asset Inventory Assessment H-AIA-D-20-0194	(7,500)	-	7,500
Lease asset obligations issued	-	67,662	67,662
Total other financing sources (uses)	(7,500)	67,662	75,162
Fund balance appropriated	436,538	-	(436,538)
Net change in fund balance	\$ -	63,354	\$ 63,354
Fund balance, beginning		1,478,536	
Fund balance, ending		\$ 1,541,890	

**Town of Plymouth, North Carolina
CAMA Waterfront Park Project Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022
Schedule 6**

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
REVENUES:					
State Grant	\$ 107,500	\$ -	\$ -	\$ -	\$ (107,500)
Total revenues	107,500	-	-	-	(107,500)
EXPENDITURES:					
Current:					
Economic and physical development	119,444	3,140	-	3,140	116,304
Total expenditures	119,444	3,140	-	3,140	116,304
Revenue over (under) expenditures	(11,944)	(3,140)	-	(3,140)	8,804
OTHER FINANCING SOURCES (USES):					
Town Match	11,944	9,125	-	9,125	(2,819)
Total other financing sources (uses)	11,944	9,125	-	9,125	(2,819)
Net change in fund balance	\$ -	\$ 5,985	-	\$ 5,985	\$ 5,985
Fund balance, beginning			3,061		
Fund balance, ending			\$ 3,061		

Town of Plymouth, North Carolina
Coronavirus State and Local Fiscal Recovery Fund
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2022
Schedule 7

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
Revenues:					
Federal grant - ARP Local Fiscal Recovery	\$ 1,071,142	\$ -	\$ -	\$ -	\$ (1,071,142)
Total revenues	1,071,142	-	-	-	(1,071,142)
Expenditures:					
Current:					
Economic and physical development:	1,071,142	-	-	-	1,071,142
Total expenditures	1,071,142	-	-	-	1,071,142
Revenue over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Plymouth, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022
Schedule 8

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 980,487	
Total operating revenues	\$ 1,020,856	980,487	\$ (40,369)
Nonoperating revenues:			
Miscellaneous income		9,405	
Total nonoperating revenues	8,830	9,405	575
Total revenues	1,029,686	989,892	(39,794)
Expenditures:			
Operating expenditures:			
Salaries and benefits		701,935	
Expense reimbursement from Sewer and Stormwater		(387,533)	
Supplies		69,348	
Maintenance and repairs		95,616	
Expense reimbursement to General Fund		283,260	
Asset Inventory project expenses		68,408	
Other operating expenditures		132,072	
Total operating expenditures	997,839	963,106	34,733
Debt service:			
Principal retirement		95,400	
Interest and fees		11,843	
Total debt service	108,998	107,243	1,755
Total expenditures	1,106,837	1,070,349	36,488
Revenues over (under) expenditures	(77,151)	(80,457)	(3,306)
Other financing sources (uses)			
Fund balance appropriated	77,151	-	(77,151)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	(80,457)	\$ (80,457)

Town of Plymouth, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022
Schedule 8

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Principal retirement	95,400
Capital contributions	576,548
(Increase) decrease in compensated absences	757
Increase (decrease) in deferred outflows of resources - pensions	24,638
(Increase) decrease in net pension liability	102,438
(Increase) decrease in deferred inflows of resources - pensions	(128,613)
Depreciation	(251,534)
Total reconciling items	419,634
Changes in net position	\$ 339,177

Town of Plymouth, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022
Schedule 9

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Sewer charges		\$ 970,923	
Total operating revenues	\$ 949,000	970,923	\$ 21,923
Total revenues	949,000	970,923	\$ 21,923
Expenditures:			
Operating expenditures:			
Supplies		9,434	
Maintenance and repairs		79,129	
Expense reimbursement to General Fund		229,392	
Expense reimbursement to Water Fund		362,180	
Other operating expenditures		117,722	
Total operating expenditures	931,978	797,857	134,121
Debt service:			
Principal retirement		77,125	
Total debt service	77,125	77,125	-
Total expenditures	1,009,103	874,982	134,121
Revenues over (under) expenditures	(60,103)	95,941	156,044
Fund balance appropriated	60,103	-	(60,103)
Revenues and fund balance appropriated over (under)			
Revenues over (under) expenditures	\$ -	95,941	\$ 95,941
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		77,125	
Depreciation		(281,338)	
Total reconciling items		(204,213)	
Changes in net position		\$ (108,272)	

**Town of Plymouth, North Carolina
Sanitation / Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022
Schedule 10**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Landfill revenue		\$ 207,976	
Garbage revenue		358,872	
Stormwater revenue		108,965	
Total operating revenues	\$ 690,000	675,813	\$ (14,187)
Nonoperating revenues:			
Miscellaneous revenues		2,488	
Total nonoperating revenues	2,500	2,488	(12)
Total revenues	692,500	678,301	(14,199)
Expenditures:			
Operating expenditures:			
Salaries and benefits		96,531	
Supplies		5,439	
Maintenance and repairs		77	
Contracted services		150,275	
Landfill availability		59,674	
Expense reimbursement to General Fund		193,247	
Expense reimbursement to Water Fund		25,353	
Other operating expenditures		105,779	
Total operating expenditures	677,692	636,375	41,317
Debt service:			
Principal retirement		13,707	
Interest and fees		1,100	
Total debt service	14,808	14,807	1
Total expenditures	692,500	651,182	41,318
Revenues over (under) expenditures	\$ -	27,119	\$ 27,119

Town of Plymouth, North Carolina
Sanitation / Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2022
Schedule 10

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

(Increase) decrease in compensated absences	(598)
Increase (decrease) in deferred outflows of resources - pensions	2,095
(Increase) decrease in net pension liability	15,294
Depreciation	(10,254)
Total reconciling items	3,484
Changes in net position	\$ 30,603

Town of Plymouth, North Carolina
CDBG 15-I-3047 Water System Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022
Schedule 11

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
Revenues:					
CDBG 15-I-3047	\$ 641,320	\$ 115,138	\$ 508,140	\$ 623,278	\$ (18,042)
Total revenues	641,320	115,138	508,140	623,278	(18,042)
Expenditures:					
Current:					
Economic and physical development:					
Public Water Improvements	590,870	76,304	497,292	573,596	17,274
Administration	50,450	38,834	10,848	49,682	768
Total expenditures	641,320	115,138	508,140	623,278	18,042
Revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Plymouth, North Carolina
Wastewater Treatment Plant Rehabilitation and Line Replacement
Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022
Schedule 12

	Project	Prior	Actual	Total	Variance
	Authorization	Years	Current	to Date	Positive
			Year		(Negative)
Revenues:					
Federal principal forgiveness CS370500-05	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Total revenues	500,000	500,000	-	500,000	-
Expenditures:					
Current:					
Economic and physical development:					
Engineering	107,500	304,837	-	304,837	(197,337)
Construction	1,729,000	1,537,587	192,469	1,730,056	(1,056)
Administration	206,000	712	-	712	205,288
Total expenditures	2,042,500	1,843,136	192,469	2,035,605	6,895
Revenue over (under) expenditures	(1,542,500)	(1,343,136)	(192,469)	(1,535,605)	6,895
Other financing sources (uses):					
Loan proceeds	1,542,500	1,350,031	192,469	1,542,500	-
Total other financing sources	1,542,500	1,350,031	192,469	1,542,500	-
Revenue and other sources (uses)					
over (under) expenditures	\$ -	\$ 6,895	\$ -	\$ 6,895	\$ 6,895

Town of Plymouth, North Carolina
Asset Inventory Assessment H-AIA-D-20-0194 Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2022
Schedule 13

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
Revenues:					
State grant - H-AIA-D-20-0194	\$ 150,000	\$ 74,144	\$ 68,408	\$ 142,552	\$ (7,448)
Total revenues	150,000	74,144	68,408	142,552	(7,448)
Expenditures:					
Current:					
Economic and physical development:					
Engineering	157,500	74,144	68,408	142,552	14,948
Total expenditures	157,500	74,144	68,408	142,552	14,948
Other financing sources (uses):					
Town match	7,500	-	-	-	(7,500)
Total other financing sources	7,500	-	-	-	(7,500)
Revenue and other financing sources (uses)					
over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Plymouth, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2022
Schedule 14

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 1,136,655	\$ 955,228	\$ 181,427
2020-2021	112,041	31,242	69,452	73,831
2019-2020	39,972	82	7,743	32,311
2018-2019	24,723	-	7,339	17,384
2017-2018	22,254	-	7,412	14,842
2016-2017	42,728	-	5,610	37,118
2015-2016	25,476	44	6,641	18,879
2014-2015	10,805	-	1,837	8,968
2013-2014	10,700	-	1,752	8,948
2012-2013	9,852	-	1,603	8,249
2011-2012	8,222	-	8,222	-
Totals	\$ 306,773	\$ 1,168,023	\$ 1,072,839	401,957
Less allowance for uncollectible accounts:				
General Fund				62,740
Ad valorem taxes receivable - net				\$ 339,217
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 1,047,735
Stormwater revenue collected on property tax bills				53,220
Reconciling items:				
Taxes written off				7,215
Taxes written off, subsequently collected				(2,384)
Adjustments				(8,263)
Interest collected				(24,684)
Subtotal				(28,116)
Total collections and credits				\$ 1,072,839

Town of Plymouth, North Carolina
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2022
Schedule 15

	Town-Wide		Total Levy		
			Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate			
Original levy:					
Property taxed at current rate	\$ 179,631,111	0.54	\$ 970,008	\$ 869,478	\$ 100,530
Discoveries	31,486,481	0.54	170,027	170,027	-
Abatements	(625,926)	0.54	(3,380)	-	(3,380)
Total property valuation	210,491,667				
Net levy			1,136,655	1,039,505	97,150
Uncollected taxes at June 30, 2022			(181,427)	(181,427)	-
Current year's taxes collected			\$ 955,228	\$ 858,078	\$ 97,150
Current levy collection percentage			84.04%	82.55%	100.00%

**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 Mayor and
Members of the Town Council
Town of Plymouth, North Carolina

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 accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Town of Plymouth's basic financial statements, and have issued our report thereon dated July 19, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Plymouth's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 22-02 through 22-06 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 22-01 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Plymouth's 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 22-06.

Town of Plymouth's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Plymouth's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

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 result 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.



Jeff Best, CPA, PLLC
Belhaven, North Carolina
July 19, 2023

**Town of Plymouth, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2022**

Section II - Financial Statement Findings

Significant Deficiency

22-01 Meter Readings with Zero Usage

Criteria: The Town should review monthly billings for all utility customers and investigate all zero usage accounts.

Condition: A sample of forty utility customers were selected for testing. Four utility customers had zero usage on the account consumption history Report.

Effect: Accounts showing zero usage are at risk of not being properly billed therefore the financial statements could be misstated.

Cause: The Town is not reviewing the monthly utility bills to determine if there is a zero usage customer and investigating why this occurred.

Recommendation: The Town should implement a procedure to ensure that the bills showing zero usage are investigated at the time of billing to ensure all accounts are being billed correctly.

Management Response: The Town agrees with this finding and implemented the recommendation.

Material Weakness

22-02 Improper Utility Billing

Criteria: The Town should have a procedure in place to ensure that utility customers are billed at the correct rate.

Condition: A sample of forty utility customers were selected for testing. One utility customer's bill was calculated incorrectly. This is a condition that has existed in previous years.

Effect: One commercial utility Customer with a compound meter with usage over 20,000 gallons was billed incorrectly. The financial statements were misstated.

Cause: For one utility customer with usage over 20,000 gallons the rate was not set up correctly in the software program. This resulted in incorrect bills for this utility customer.

Recommendation: The Town should implement a procedure to ensure that the billing rates are entered correctly, and all billings are correct.

Management Response: The Town agrees with this finding and implemented the recommendation.

**Town of Plymouth, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2022**

**22-03 Adjustment of the Capital Project – Wastewater Treatment Plant Rehabilitation
and Line Replacement**

Criteria: Capital Project - Waste Water Treatment Plant Rehabilitation and Line Replacement should be adjusted to record all receivables and accounts payable.

Condition: The Town did not record all receivables and payables for this project.

Effect: The Town's general ledger and financial statements were misstated.

Cause: The Town did not have adequate procedures in place to ensure that this capital project was adjusted properly to account for all the accounts receivables and account payables.

Recommendation: The Town should put procedures in place to ensure that capital projects are adjusted to facilitate accurate financial reporting to the Town Council and Management for decision making purposes.

Management Response: The Town agrees with this finding and implemented the recommendation.

22-04 ORBIT Retirement System Enrollment

Criteria: All employees are eligible to participate in the Local Government Employees Retirement System (LGERS) at the time of their hire.

Condition: Nine new employees were not enrolled in the retirement system in a timely manner.

Effect: The Town did not withhold the employees' contribution amounts from their paychecks. Subsequently, the Town is responsible for remitting the employees' and the Town's both contribution amounts to the retirement system. The employees' contributions amounted to \$7,987.43 and the Town's share amounted to \$15,695.75.

Cause: Town employees were unfamiliar with the LGERS enrollment rules.

Recommendation: We recommend the Town carefully review the rules for participation in LGERS.

Management Response: The Town agrees with this finding and has, with the help of the Local Government Commission, educated themselves of the rules of eligibility and participation of LGERS.

**Town of Plymouth, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2022**

22-05 Timely Financial Reporting

Criteria: The Town should have a system in place to ensure the timeliness of financial reporting.

Condition: Effective financial reporting requires timely access to information for management and other users of the financial statements.

Effect: The Town's management and other users of the financial statements do not have timely information for decision-making and monitoring of the Town's financial position and adherence to laws, regulations, and other requirements.

Cause: Fund revenue and expenditures were not properly booked by the Town, causing a delay in obtaining a complete trial balance.

Recommendation: We recommend the Town thoroughly review all its revenues and expenditures for grant projects to ensure they are properly recorded.

Management Response: The Town agrees with this finding and will implement the recommendation.

Material Noncompliance / Material Weakness

22-06 Excess of Expenditures over Appropriations

Criteria: GS 159-8(a) states all monies received or expended by a local government or public authority should be included in the budget or project ordinance.

Condition: The Town expended \$17,946 more in debt service in the General Fund than appropriated in the annual budget ordinance.

Effect: Monies were spent that had not been appropriated.

Cause: Budget amendments were not adopted to account for excess expenditures.

Recommendation: Budget amendments should be made periodically to ensure that all expenditures are properly appropriated. Disbursements should be periodically reviewed and budget amendments adopted to ensure that monies will not be spent until appropriated.

Management Response: The Town agrees with this finding and will implement the recommendation.

**Town of Plymouth, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022**

Findings:

21-01 Improper Utility Billing

Status: Not Corrected - See Finding 22-02

21-02 Revenue Recognition

Status: Corrected

21-03 Expenditure / Expense Recognition

Status: Corrected

21-04 Timely Financial Reporting

Status: Not Corrected - See Finding 22-05

21-05 Excess of Expenditures over Appropriations

Status: Not Corrected - See Finding 22-06