

# Town of Plymouth Financial Statements June 30, 2020



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**Town of Plymouth, North Carolina**  
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**June 30, 2020**

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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 Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds of Town of Plymouth, North Carolina as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, 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.

## **Other Matters**

### *Required Supplementary information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 52 and 53, 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 54 and 55 be presented to supplement the basic financial statements. Such information, 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 general accepted in the United States of America, which consisted 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 and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Plymouth. The combining and individual fund statements, budgetary schedules, other schedules, and Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards 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 August 31, 2021 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 grants agreements, and other matters. The purpose of the 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 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.



Jeff Best, CPA, PLLC

Belhaven, North Carolina  
August 31, 2021

# 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, 2020. 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**

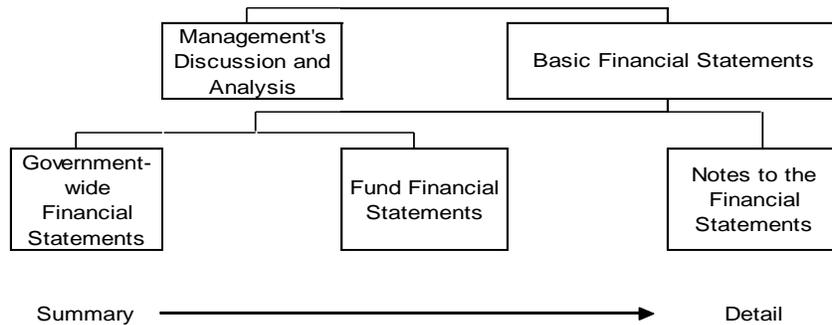
- The assets and deferred outflows of resources of the Town of Plymouth exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,599,499 (*net position*).
- The government's total net position increased by \$449,634, primarily due to an increase in the business-type 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 \$1,599,494 with a net change of \$175,424 in fund balance. Approximately 67.93 percent of this total amount, or \$1,086,493, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,086,557, or 60.29 percent of total general fund expenditures for the fiscal year.
- The Town of Plymouth's total debt increased by \$121,734 (6.80%) during the current fiscal year. The key factors in this increase were increases in revolving loans and the increase 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 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 52 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,917,418	\$ 1,763,175	\$ 1,481,959	\$ 984,197	\$ 3,399,377	\$ 2,747,372
Capital assets	3,244,230	3,397,969	11,243,375	10,752,497	14,487,605	14,150,466
Deferred outflows of resources	219,129	248,971	120,795	143,538	339,924	392,509
<b>Total assets and deferred outflows of resources</b>	<b>5,380,777</b>	<b>5,410,115</b>	<b>12,846,129</b>	<b>11,880,232</b>	<b>18,226,906</b>	<b>17,290,347</b>
Long-term liabilities outstanding	775,319	804,499	845,688	681,511	1,621,007	1,486,010
Other liabilities	170,809	206,072	814,430	435,440	985,239	641,512
Deferred inflows of resources	21,161	12,139	-	823	21,161	12,962
<b>Total liabilities and deferred inflows of resources</b>	<b>967,289</b>	<b>1,022,710</b>	<b>1,660,118</b>	<b>1,117,774</b>	<b>2,627,407</b>	<b>2,140,484</b>
Net position:						
Net investment in capital assets	2,810,366	2,867,808	10,409,623	10,076,177	13,219,989	12,943,985
Restricted	493,001	441,651	-	-	493,001	441,651
Unrestricted	1,110,121	1,077,949	776,388	686,280	1,886,509	1,764,229
<b>Total net position</b>	<b>\$ 4,413,488</b>	<b>\$ 4,387,408</b>	<b>\$ 11,186,011</b>	<b>\$ 10,762,457</b>	<b>\$ 15,599,499</b>	<b>\$ 15,149,865</b>

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 \$15,599,499 as of June 30, 2020. The Town's net position increased by \$449,634 for the fiscal year ended June 30, 2020. However, the largest portion, 84.75%, 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, \$493,001, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,886,509 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 91.86% compares unfavorably with the State-wide average of 98.78%; 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	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 164,222	\$ 163,393	\$ 2,691,409	\$ 2,590,972	\$ 2,855,631	\$ 2,754,365
Operating grants and contributions	104,114	105,227	-	-	104,114	105,227
Capital grants and contributions	134,668	214,100	676,316	333,753	810,984	547,853
<b>General revenues:</b>						
Property taxes	1,037,925	1,046,585	-	-	1,037,925	1,046,585
Other taxes	240	285	-	-	240	285
Grants and contributions not restricted to specific programs	668,976	693,327	-	-	668,976	693,327
Other	31,935	52,951	3,257	17,686	35,192	70,637
<b>Total revenues</b>	<b>2,142,080</b>	<b>2,275,868</b>	<b>3,370,982</b>	<b>2,942,411</b>	<b>5,513,062</b>	<b>5,218,279</b>
<b>Expenses:</b>						
General government	313,568	602,776	-	-	313,568	602,776
Public safety	1,073,106	1,100,103	-	-	1,073,106	1,100,103
Transportation	363,678	429,555	-	-	363,678	429,555
Economic and physical development	217,057	(38,509)	-	-	217,057	(38,509)
Special appropriations	69,345	75,161	-	-	69,345	75,161
Planning	62,993	45,967	-	-	62,993	45,967
Interest on long-term debt	16,253	9,558	-	-	16,253	9,558
Water	-	-	1,124,380	987,482	1,124,380	987,482
Sewer	-	-	1,135,453	1,060,249	1,135,453	1,060,249
Sanitation / Stormwater	-	-	687,595	597,311	687,595	597,311
<b>Total expenses</b>	<b>2,116,000</b>	<b>2,224,611</b>	<b>2,947,428</b>	<b>2,645,042</b>	<b>5,063,428</b>	<b>4,869,653</b>
Transfers	-	4,609	-	(4,609)	-	-
Increase in net position	26,080	55,866	423,554	292,760	449,634	348,626
<b>Net position, July 1, beginning, restated</b>	<b>4,387,408</b>	<b>4,331,542</b>	<b>10,762,457</b>	<b>10,469,697</b>	<b>15,149,865</b>	<b>14,801,239</b>
<b>Net position, June 30</b>	<b>\$ 4,413,488</b>	<b>\$ 4,387,408</b>	<b>\$ 11,186,011</b>	<b>\$ 10,762,457</b>	<b>\$ 15,599,499</b>	<b>\$ 15,149,865</b>

**Governmental activities:** Governmental activities increased the Town net assets by \$26,080. 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 \$423,554. 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 \$1,086,557, while total fund balance reached \$1,599,558. The Town currently has an available fund balance of 60.29% of general fund expenditures, while total fund balance represents 88.76% of the same amount.

At June 30, 2020, the governmental funds of the Town of Plymouth reported a combined fund balance of \$1,599,494 with a net increase in fund balance of \$175,424.

## **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 \$1,127,333, (\$508,012), and \$157,067, respectively. The total change in net position for all three funds was \$214,590, \$215,948, and \$(6,984), 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, 2020, totaled \$14,487,605 (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:

- Purchase of the Town Hall extension. Project completed.
- Purchase of property for the Open Air Market. Project completed.
- CAMA Waterfront Park project. Project continues.

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

- Community Development Block Grant- Infrastructure (CDBG-I) project for the waterline and Water Treatment Plant (WTP) Improvements. Project continues.
- Wastewater Treatment Plant Rehabilitation and Line Replacement project. Project continues.
- Water System H-SRP-D-17-0144 project. Project continues.
- Purchase of a Public Safety vehicle.
- Purchase of equipment in the General Fund.

### Town of Plymouth's Capital Assets Figure 4 (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 614,515	\$ 614,515	\$ 107,630	\$ 107,630	\$ 722,145	\$ 722,145
Buildings and systems	945,141	977,756	9,825,934	10,073,732	10,771,075	11,051,488
Improvements other than buildings	1,118,332	1,159,846	-	-	1,118,332	1,159,846
Machinery and equipment	172,838	201,086	286,723	327,880	459,561	528,966
Vehicles and motorized equipment	279,840	378,360	(195,609)	35,702	84,231	414,062
Construction in progress	113,564	66,406	1,218,697	207,553	1,332,261	273,959
<b>Total</b>	<b>\$ 3,244,230</b>	<b>\$ 3,397,969</b>	<b>\$ 11,243,375</b>	<b>\$ 10,752,497</b>	<b>\$ 14,487,605</b>	<b>\$ 14,150,466</b>

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, 2020, the Town of Plymouth had installment purchases debt outstanding of \$526,358, 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 \$741,258, 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 \$15,170,432.

Additional information regarding the Town of Plymouth's long-term debt can be found in Note III.B.5 beginning on page 46 of this report.

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

### Town of Plymouth's Outstanding Debt

**Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchases	\$ 433,864	\$ 530,161	\$ 92,494	\$ 112,482	\$ 526,358	\$ 642,643
Revolving loans	-	-	741,258	563,837	741,258	563,837
Compensated absences	69,152	70,531	26,675	37,605	95,827	108,136
Pension related debt (LGERS)	290,221	249,972	177,859	159,020	468,080	408,992
Pension related debt (LEO)	81,584	67,765	-	-	81,584	67,765
<b>Total</b>	<b>\$ 874,821</b>	<b>\$ 918,429</b>	<b>\$ 1,038,286</b>	<b>\$ 872,944</b>	<b>\$ 1,913,107</b>	<b>\$ 1,791,373</b>

The Town of Plymouth's total debt increased by \$121,734 (6.80%) during the past fiscal year, primarily due to increased revolving loans and an increase in the Town's LGERS net pension liability.

### 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.
- Water System Improvement Project, funded with a \$1,000,000.00 DWSRP grant/loan from the NC Division of Water Infrastructure. The proposed scope of improvements includes 5,500 feet of waterline replacements, 93 service lateral replacements, 11 hydrant replacements, and miscellaneous work. The objective of the work is to replace aging infrastructure and resolve pressure issues within the system.
- 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.



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

### **Budget Highlights for the Fiscal Year Ending June 30, 2021**

**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, 2020**  
**Exhibit 1**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,197,553	\$ 277,053	\$ 1,474,606
Taxes receivables (net)	231,480	-	231,480
Accounts receivable (net)	295	557,053	557,348
Grant receivable	112,584	478,777	591,361
Internal balances	45,437	(45,437)	-
Due from other governments	209,822	22,213	232,035
Inventories	-	9,062	9,062
Restricted cash and cash equivalents	120,247	183,238	303,485
<b>Total current assets</b>	<b>1,917,418</b>	<b>1,481,959</b>	<b>3,399,377</b>
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	728,079	1,326,327	2,054,406
Other capital assets, net of depreciation	2,516,151	9,917,048	12,433,199
<b>Total capital assets</b>	<b>3,244,230</b>	<b>11,243,375</b>	<b>14,487,605</b>
<b>Total assets</b>	<b>\$ 5,161,648</b>	<b>\$ 12,725,334</b>	<b>\$ 17,886,982</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	219,129	120,795	339,924
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 71,307	\$ 62,507	\$ 133,814
Customer deposits	-	183,238	183,238
Current portion of long-term liabilities	99,502	192,598	292,100
Payable from restricted assets	-	376,087	376,087
<b>Total current liabilities</b>	<b>170,809</b>	<b>814,430</b>	<b>985,239</b>
Long-term liabilities:			
Due in more than one year	775,319	845,688	1,621,007
<b>Total liabilities</b>	<b>946,128</b>	<b>1,660,118</b>	<b>2,606,246</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	15,137	-	15,137
Pension deferrals	6,024	-	6,024
<b>Total deferred inflows of resources</b>	<b>21,161</b>	<b>-</b>	<b>21,161</b>
<b>NET POSITION</b>			
Net investment in capital assets	2,810,366	10,409,623	13,219,989
Restricted for:			
Stabilization by State Statute	372,754	-	372,754
Streets	120,247	-	120,247
Unrestricted	1,110,121	776,388	1,886,509
<b>Total net position</b>	<b>\$ 4,413,488</b>	<b>\$ 11,186,011</b>	<b>\$ 15,599,499</b>

*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, 2020**  
**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		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
Governmental Activities:							
General government	\$ 313,568	\$ 3,692	\$ -	\$ -	\$ (309,876)	\$ -	\$ (309,876)
Public safety	1,073,106	125,080	916	27,168	(919,942)	-	(919,942)
Transportation	363,678	485	103,198	-	(259,995)	-	(259,995)
Economic and physical development	217,057	-	-	107,500	(109,557)	-	(109,557)
Special appropriations	69,345	34,965	-	-	(34,380)	-	(34,380)
Planning	62,993	-	-	-	(62,993)	-	(62,993)
Interest on long-term debt	16,253	-	-	-	(16,253)	-	(16,253)
<b>Total governmental activities</b>	<b>2,116,000</b>	<b>164,222</b>	<b>104,114</b>	<b>134,668</b>	<b>(1,712,996)</b>	<b>-</b>	<b>(1,712,996)</b>
Business-type activities:							
Water	1,124,380	1,023,532	-	314,863	-	214,015	214,015
Sewer	1,135,453	989,948	-	361,453	-	215,948	215,948
Sanitation / Stormwater	687,595	677,929	-	-	-	(9,666)	(9,666)
<b>Total business-type activities</b>	<b>2,947,428</b>	<b>2,691,409</b>	<b>-</b>	<b>676,316</b>	<b>-</b>	<b>420,297</b>	<b>420,297</b>
<b>Total primary government</b>	<b>\$ 5,063,428</b>	<b>\$ 2,855,631</b>	<b>\$ 104,114</b>	<b>\$ 810,984</b>	<b>\$ (1,712,996)</b>	<b>\$ 420,297</b>	<b>\$ (1,292,699)</b>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,037,925	-	1,037,925
Other taxes					240	-	240
Grants and contributions not restricted to specific programs					668,976	-	668,976
Unrestricted investment earnings					16,206	-	16,206
Miscellaneous					15,729	3,257	18,986
<b>Total general revenues and transfers</b>					<b>1,739,076</b>	<b>3,257</b>	<b>1,742,333</b>
Change in net position					26,080	423,554	449,634
Net position, beginning					4,387,408	10,762,457	15,149,865
Net position, ending					\$ 4,413,488	\$ 11,186,011	\$ 15,599,499

*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, 2020**  
**Exhibit 3**

	<b>Major Funds</b>		
	General Fund	CAMA Waterfront Park	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,197,553	\$ -	\$ 1,197,553
Restricted cash	120,247	-	120,247
Receivables, net:			
Taxes	231,480	-	231,480
Code violations	295	-	295
Due from other funds	160,401	-	160,401
Due from other governments	206,974	2,848	209,822
Grants receivable	5,084	107,500	112,584
<b>Total assets</b>	<b>\$ 1,922,034</b>	<b>\$ 110,348</b>	<b>\$ 2,032,382</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 71,307	\$ -	\$ 71,307
Due to other funds	4,552	110,412	114,964
<b>Total liabilities</b>	<b>75,859</b>	<b>110,412</b>	<b>186,271</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes receivable	231,480	-	231,480
Prepaid taxes	15,137	-	15,137
<b>Total deferred inflows of resources</b>	<b>246,617</b>	<b>-</b>	<b>246,617</b>
<b>FUND BALANCES</b>			
Restricted			
Stabilization by State Statute	372,754	-	372,754
Streets	120,247	-	120,247
Committed			
Town Promotion	20,000	-	20,000
Unassigned	1,086,557	(64)	1,086,493
<b>Total fund balances</b>	<b>1,599,558</b>	<b>(64)</b>	<b>1,599,494</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,922,034</b>	<b>\$ 110,348</b>	

*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, 2020**  
**Exhibit 3**

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

Total Fund Balances, Governmental Funds		1,599,494
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	7,356,855	
Accumulated depreciation	(4,112,625)	3,244,230
<hr/>		
Net pension liability		(290,221)
Total pension liability		(81,584)
Deferred outflows of resources related to pensions are not reported in the funds		219,129
Liabilities for earned revenues considered deferred inflows of resources in fund statements		231,480
Deferred inflows of resources related to pensions are not reported in the funds		(6,024)
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		(503,016)
<hr/>		
Net position of governmental activities		\$ 4,413,488
<hr/>		

*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, 2020**  
**Exhibit 4**

	<u>Major Fund</u>			Total
	General Fund	CAMA Waterfront Park	Total Non-Major Funds	
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,050,816	\$ -	\$ -	\$ 1,050,816
Other taxes and licenses	240	-	-	240
Unrestricted intergovernmental	668,976	-	-	668,976
Restricted intergovernmental	251,755	107,500	-	359,255
Permits and fees	38,172	-	-	38,172
Sales and services	5,577	-	-	5,577
Investment earnings	16,206	-	-	16,206
Miscellaneous	15,729	-	-	15,729
<b>Total revenues</b>	<b>2,047,471</b>	<b>107,500</b>	<b>-</b>	<b>2,154,971</b>
<b>EXPENDITURES</b>				
Current:				
General government	301,563	-	-	301,563
Public safety	931,655	-	-	931,655
Transportation	363,914	-	-	363,914
Economic and physical development	-	110,424	72,095	182,519
Special appropriations	29,437	-	-	29,437
Planning	62,993	-	-	62,993
Debt service:				
Principal retirement	96,297	-	-	96,297
Interest and other charges	16,253	-	-	16,253
<b>Total expenditures</b>	<b>1,802,112</b>	<b>110,424</b>	<b>72,095</b>	<b>1,984,631</b>
Excess (deficiency) of revenues over (under) expenditures	245,359	(2,924)	(72,095)	170,340
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	75,950	-	67,011	142,961
Transfers to other funds	(67,011)	-	(75,950)	(142,961)
Installment purchase obligations issued	-	-	5,084	5,084
<b>Total other financing sources (uses)</b>	<b>8,939</b>	<b>-</b>	<b>(3,855)</b>	<b>5,084</b>
<b>Net change in fund balance</b>	<b>254,298</b>	<b>(2,924)</b>	<b>(75,950)</b>	<b>175,424</b>
Fund balances, beginning	1,345,260	2,860	75,950	1,424,070
<b>Fund balances, ending</b>	<b>\$ 1,599,558</b>	<b>\$ (64)</b>	<b>\$ -</b>	<b>\$ 1,599,494</b>

*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, 2020**  
**Exhibit 5**

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

Net changes in fund balances - total governmental funds	\$	175,424
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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		190,354
Depreciation expense for governmental assets		(335,343)
Cost of capital assets disposed of during the year, not recognized on the modified accrual basis		(8,750)
<hr/>		
Total		(153,739)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		70,071
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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		(12,891)
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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		96,297
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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		1,379
Pension expense		(150,461)
<hr/>		
Total changes in net position of governmental activities	\$	26,080

*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, 2020**  
**Exhibit 6**

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
<b>REVENUES</b>				
Ad valorem taxes	\$ 1,098,074	\$ 1,063,074	\$ 1,050,816	\$ (12,258)
Other taxes and licenses	-	-	240	240
Unrestricted intergovernmental	734,892	734,892	668,976	(65,916)
Restricted intergovernmental	253,351	253,351	251,755	(1,596)
Permits and fees	1,000	36,200	38,172	1,972
Sales and services	3,600	5,600	5,577	(23)
Investment earnings	27,500	27,500	16,206	(11,294)
Miscellaneous	6,700	9,950	15,729	5,779
Total revenues	2,125,117	2,130,567	2,047,471	(83,096)
<b>EXPENDITURES</b>				
Current:				
General government	377,094	367,077	301,563	65,514
Public safety	1,098,495	1,035,938	931,655	104,283
Transportation	459,711	439,712	363,914	75,798
Special appropriations	71,201	34,150	29,437	4,713
Planning	118,616	138,167	62,993	75,174
Debt Service:				
Principal retirement	-	99,325	96,297	3,028
Interest and other charges	-	16,198	16,253	(55)
Total expenditures	2,125,117	2,130,567	1,802,112	328,455
Revenues over (under) expenditures	-	-	245,359	245,359
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	-	-	75,950	75,950
Transfers to other funds	-	-	(67,011)	(67,011)
Total other financing sources (uses)	-	-	8,939	8,939
Net change in fund balance	\$ -	\$ -	254,298	\$ 254,298
Fund balance, beginning			1,345,260	
Fund balance, ending			\$ 1,599,558	

*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, 2020**  
**Exhibit 7**

	Major Enterprise Funds			Total
	Water Fund	Sewer Fund	Sanitation / Stormwater Fund	
<b>ASSETS</b>				
Current assets:				
Cash and equivalents	\$ 117,070	\$ -	\$ 159,983	\$ 277,053
Restricted cash	183,238	-	-	183,238
Accounts receivables (net)	226,991	205,663	124,399	557,053
Due from other funds	782,212	8,167	26,253	816,632
Due from other governments	14,411	7,616	186	22,213
Grant receivable	139,159	339,618	-	478,777
Inventories	8,156	906	-	9,062
<b>Total current assets</b>	<b>1,471,237</b>	<b>561,970</b>	<b>310,821</b>	<b>2,344,028</b>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	551,249	775,078	-	1,326,327
Other capital assets, net of depreciation	3,970,167	5,867,048	79,833	9,917,048
<b>Capital assets (net)</b>	<b>4,521,416</b>	<b>6,642,126</b>	<b>79,833</b>	<b>11,243,375</b>
<b>Total assets</b>	<b>\$ 5,992,653</b>	<b>\$ 7,204,096</b>	<b>\$ 390,654</b>	<b>\$ 13,587,403</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>108,875</b>	<b>-</b>	<b>11,920</b>	<b>120,795</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	33,001	13,070	16,436	62,507
Due to other funds	17,442	714,348	130,279	862,069
Compensated absences - current	6,317	-	352	6,669
Customer deposits	183,238	-	-	183,238
Installment loan - current	87,942	-	-	87,942
Liabilities payable from restricted assets:				
Accounts payable	19,490	315,072	-	334,562
Retainage payable	14,033	27,492	-	41,525
<b>Total current liabilities</b>	<b>361,463</b>	<b>1,069,982</b>	<b>147,067</b>	<b>1,578,512</b>
Noncurrent liabilities:				
Compensated absences - noncurrent	18,950	-	1,056	20,006
Net pension liability	160,308	-	17,551	177,859
Installment purchase - noncurrent	496,013	223,401	26,396	745,810
<b>Total noncurrent liabilities</b>	<b>675,271</b>	<b>223,401</b>	<b>45,003</b>	<b>943,675</b>
<b>Total liabilities</b>	<b>1,036,734</b>	<b>1,293,383</b>	<b>192,070</b>	<b>2,522,187</b>
<b>NET POSITION</b>				
Net investment in capital assets	3,937,461	6,418,725	53,437	10,409,623
Unrestricted	1,127,333	(508,012)	157,067	776,388
<b>Total net position</b>	<b>\$ 5,064,794</b>	<b>\$ 5,910,713</b>	<b>\$ 210,504</b>	<b>\$ 11,186,011</b>

*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, 2020**  
**Exhibit 8**

	Major Enterprise Funds			Total
	Water Fund	Sewer Fund	Sanitation / Stormwater Fund	
<b>OPERATING REVENUES</b>				
Charges for service	\$ 1,023,532	\$ 989,948	\$ 677,929	\$ 2,691,409
<b>Total operating revenues</b>	<b>1,023,532</b>	<b>989,948</b>	<b>677,929</b>	<b>2,691,409</b>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	728,671	-	85,129	813,800
Supplies	55,171	9,322	3,995	68,488
Maintenance and repair	107,000	105,388	1,429	213,817
Expense reimbursement to General Fund	318,350	258,829	215,818	792,997
Expense reimbursement to (from) Water Fund	(421,324)	351,103	70,221	-
Other operating expense	87,676	97,937	85,412	271,025
Contracted service	-	-	146,326	146,326
Landfill availability	-	-	59,674	59,674
Depreciation	231,123	269,552	19,591	520,266
<b>Total operating expenses</b>	<b>1,106,667</b>	<b>1,092,131</b>	<b>687,595</b>	<b>2,886,393</b>
<b>Operating income (loss)</b>	<b>(83,135)</b>	<b>(102,183)</b>	<b>(9,666)</b>	<b>(194,984)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and fees	(17,713)	(43,322)	-	(61,035)
Miscellaneous revenues	575	-	2,682	3,257
<b>Total nonoperating revenues (expenses)</b>	<b>(17,138)</b>	<b>(43,322)</b>	<b>2,682</b>	<b>(57,778)</b>
<b>Income (loss) before contributions and transfers</b>	<b>(100,273)</b>	<b>(145,505)</b>	<b>(6,984)</b>	<b>(252,762)</b>
Capital contributions	314,863	361,453	-	676,316
Change in net position	214,590	215,948	(6,984)	423,554
Net position, beginning	4,850,204	5,694,765	217,488	10,762,457
<b>Net position, ending</b>	<b>\$ 5,064,794</b>	<b>\$ 5,910,713</b>	<b>\$ 210,504</b>	<b>\$ 11,186,011</b>

*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, 2020**  
**Exhibit 9**

	Major Enterprise Fund			
	Water Fund	Sewer Fund	Sanitation / Stormwater Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 1,044,092	\$ 971,886	\$ 668,844	\$ 2,684,822
Cash paid for goods and services	(241,701)	(213,858)	(297,309)	(752,868)
Cash paid for interfund goods and services used	(318,350)	(609,932)	(286,039)	(1,214,321)
Cash received for interfund goods and services used	421,324	-	-	421,324
Cash paid to or on behalf of employees for services	(699,039)	-	(84,932)	(783,971)
Customer deposits received and returned, net	11,521	-	-	11,521
Net cash provided (used) by operating activities	217,847	148,096	564	366,507
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to (from) other funds	75,617	(147,953)	72,336	-
Net cash provided (used) by noncapital financing activities	75,617	(147,953)	72,336	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term borrowings	(86,944)	(95,079)	-	(182,023)
Interest paid on long-term borrowings	(17,713)	(43,322)	-	(61,035)
Installment purchases proceeds	116,064	223,401	-	339,465
Acquisition and construction of capital assets	(411,160)	(240,152)	-	(651,312)
Miscellaneous revenue	575	-	2,682	3,257
Capital contributions - Federal and State grants	234,305	155,009	-	389,314
Net cash provided (used) by capital and related financing activities	(164,873)	(143)	2,682	(162,334)
Net increase (decrease) in cash and cash equivalents	128,591	-	75,582	204,173
Balances, beginning	171,717	-	84,401	256,118
Balances, ending	\$ 300,308	\$ -	\$ 159,983	\$ 460,291
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (83,135)	\$ (102,183)	\$ (9,666)	\$ (194,984)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	231,123	269,552	19,591	520,266
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	20,560	(18,062)	(9,085)	(6,587)
(Increase) decrease in deferred outflows of resources - pensions	20,096	-	2,647	22,743
Increase (decrease) in net pension liability	17,427	-	1,412	18,839
Increase (decrease) in deferred inflows of resources - pensions	(740)	-	(83)	(823)
Increase (decrease) in accounts payable and accrued liabilities	8,146	(1,211)	(473)	6,462
Increase (decrease) in compensated absences	(7,151)	-	(3,779)	(10,930)
Increase (decrease) in customer deposits	11,521	-	-	11,521
Total adjustments	300,982	250,279	10,230	561,491
Net cash provided by operating activities	\$ 217,847	\$ 148,096	\$ 564	\$ 366,507

*The accompanying footnotes are an integral part of these 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 emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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.

The Town reports the following non-major governmental funds:

**Bulkhead Restoration Project Fund.** This fund is used to account for grant funds that are restricted for a particular purpose.

**Downtown Streetscapes Project Fund.** This fund is used to account for grant funds that are restricted for a particular purpose.

**Open Air Market – Downtown Project Fund.** This fund is used to account for grant funds that are restricted for a particular purpose.

**Town Hall #2 Project Fund.** This fund is used to account for installment purchase funds that are restricted for a particular purpose.

**Landfill Reclamation Project Fund.** This fund is used to account for grant funds that are restricted for a particular purpose.

**CAMA Conaby Creek Project 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.

**Water System CDBG 15-I-3047 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.

**Water System H-SRP-D-17-0144 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.

## Town of Plymouth, North Carolina Notes to Financial Statements

**Wastewater Treatment Plant Rehabilitation 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.

### ***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 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 enterprise fund 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.

## Town of Plymouth, North Carolina Notes to Financial Statements

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 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 by 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 Bulkhead Restoration Project Fund, the Downtown Streetscapes Project Fund, the Open Air Market Project Fund, the Town Hall #2 Project Fund, the Landfill Reclamation Project Fund, the CAMA Conaby Creek Project Fund, the CDBG 15-I-3047 Water System Project Fund, the Wastewater Treatment Plant Rehabilitation and Line Replacement Project Fund, and the Water System H-SRP-D-17-0144 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.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

***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, 2020, 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.

***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.

<b>Governmental Activities:</b>	
General Fund: Streets	\$ 120,247
Total governmental cash	120,247
 <b>Business-type Activities:</b>	
Customer deposits	183,238
Total business-type cash	183,238
Total restricted cash	\$ 303,485

## Town of Plymouth, North Carolina Notes to Financial Statements

### **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, 2013. 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.

### **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. 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

## Town of Plymouth, North Carolina Notes to Financial Statements

be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2020 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, and pension deferrals.

### ***9. 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 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.

### ***10. 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.

## Town of Plymouth, North Carolina Notes to Financial Statements

As of June 30, 2020, the Town has accrued compensatory time of \$10,160. 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.

### **11. 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

## Town of Plymouth, North Carolina Notes to Financial Statements

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 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. The Town does not have any assigned fund balance at June 30, 2020.

*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.

### **12. 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.

### **13. Subsequent Events – Date of Management Evaluation**

Management has evaluated subsequent events through August 31, 2021, the date on which the financial statements were available to be issued.

**NOTE II – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***A. Significant Violations of Finance-Related Legal and Contractual Provisions***

***1. Noncompliance with North Carolina General Statutes***

For the fiscal year ended June 30, 2020, the Town violated North Carolina General Statutes by not maintaining complete written or audible minutes to the meetings of the Town Council. This noncompliance occurred due to malicious software virus and the Town's backup system failed. The Town has corrected these issues.

For the fiscal year ended June 30, 2020, the Town violated North Carolina General Statutes by not releasing the financial statements of the Town in a timely manner. This noncompliance occurred due to the Town's failure to properly book its revenues and expenditures properly. The Town is working to correct these issues.

***B. Excess of Expenditures over Appropriations***

For the fiscal year ended June 30, 2020, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for transfers to other funds by \$67,011. This over-expenditure occurred because the Town decided to decline grant funding for this project and to close it out.

For the fiscal year ended June 30, 2020, the expenditures made in the Town's Sewer Fund exceeded the authorized appropriations made by the governing board for debt service payments by \$40,730. This over-expenditure occurred because the Town did not properly adjust their budget.

**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

## Town of Plymouth, North Carolina Notes to Financial Statements

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, 2020, the Town's deposits had a carrying amount of \$450,361 and a bank balance of \$728,215. Of the bank balance, \$250,000 was covered by federal depository insurance. At June 30, 2020, the Town's petty cash fund totaled \$600.

### **2. Investments**

At June 30, 2020, the Town of Plymouth had \$1,327,130 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, 2020 are net of the following allowances for doubtful accounts:

Fund	June 30, 2020
<b>General Fund:</b>	
Taxes receivable	\$ 59,033
Total General Fund	59,033
<b>Enterprise Funds:</b>	
Water fund - accounts receivable	169,565
Sewer fund - accounts receivable	121,053
Sanitation / Stormwater fund - accounts receivable	82,362
Total Enterprise Funds	372,980
Total	\$ 432,013

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

**4. Capital Assets**

**Primary Government.** Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 614,515	\$ -	\$ -	\$ 614,515
Construction in progress	66,406	115,508	68,350	113,564
<b>Total capital assets not being depreciated</b>	<b>680,921</b>	<b>115,508</b>	<b>68,350</b>	<b>728,079</b>
<b>Capital assets being depreciated:</b>				
Buildings	1,881,784	-	-	1,881,784
Other improvements	2,082,195	59,600	-	2,141,795
Equipment	709,418	-	-	709,418
Vehicles and motorized equipment	1,820,929	74,846	-	1,895,775
<b>Total capital assets being depreciated</b>	<b>6,494,326</b>	<b>134,446</b>	<b>-</b>	<b>6,628,772</b>
<b>Less accumulated depreciation for:</b>				
Buildings	904,028	32,615	-	936,643
Other improvements	922,349	101,114	-	1,023,463
Equipment	508,332	28,248	-	536,580
Vehicles and motorized equipment	1,442,569	173,366	-	1,615,935
<b>Total accumulated depreciation</b>	<b>3,777,278</b>	<b>335,343</b>	<b>-</b>	<b>4,112,621</b>
<b>Total capital assets being depreciated, net</b>	<b>2,717,048</b>			<b>2,516,151</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 3,397,969</b>			<b>\$ 3,244,230</b>

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

General government	\$ 57,743
Public safety	157,390
Transportation	45,764
Economic and physical development	34,538
Special appropriations	39,908
<b>Total depreciation expense</b>	<b>\$ 335,343</b>

**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, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities: Water Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	69,006	428,428	-	497,434
Total capital assets not being depreciated	122,821	428,428	-	551,249
<b>Capital assets being depreciated:</b>				
Plant and distributions systems	6,275,482	-	-	6,275,482
Equipment	901,717	-	-	901,717
Vehicles	63,347	-	-	63,347
Total capital assets being depreciated	7,240,546	-	-	7,240,546
<b>Less accumulated depreciation for:</b>				
Plant and distributions systems	2,207,450	-	-	2,207,450
Equipment	768,459	16,439	-	784,898
Vehicles	63,347	214,684	-	278,031
Total accumulated depreciation	3,039,256	231,123	-	3,270,379
Total capital assets being depreciated, net	4,201,290			3,970,167
<b>Water fund capital assets, net</b>	<b>\$ 4,324,111</b>			<b>\$ 4,521,416</b>
<hr/>				
	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities: Sewer Fund</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	138,547	582,716	-	721,263
Total capital assets not being depreciated	192,362	582,716	-	775,078
<b>Capital assets being depreciated:</b>				
Plant and distributions systems	9,598,431	-	-	9,598,431
Equipment	415,854	-	-	415,854
Vehicles	132,683	-	-	132,683
Total capital assets being depreciated	10,146,968	-	-	10,146,968
<b>Less accumulated depreciation for:</b>				
Plant and distributions systems	3,592,731	247,798	-	3,840,529
Equipment	300,882	15,444	-	316,326
Vehicles	116,755	6,310	-	123,065
Total accumulated depreciation	4,010,368	269,552	-	4,279,920
Total capital assets being depreciated, net	6,136,600			5,867,048
<b>Sewer fund capital assets, net</b>	<b>\$ 6,328,962</b>			<b>\$ 6,642,126</b>

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities: Sanitation / Stormwater Fund</b>				
<b>Capital assets being depreciated:</b>				
Equipment	\$ 102,896	\$ -	\$ -	\$ 102,896
Vehicles	70,067	-	-	70,067
Total capital assets being depreciated	172,963	-	-	172,963
<b>Less accumulated depreciation for:</b>				
Equipment	23,246	9,274	-	32,520
Vehicles	50,293	10,317	-	60,610
Total accumulated depreciation	73,539	19,591	-	93,130
Total capital assets being depreciated, net	99,424			79,833
<b>Sanitation / Stormwater fund capital assets, net</b>	<b>\$ 99,424</b>			<b>\$ 79,833</b>
<b>Business-type activity capital assets, net</b>	<b>\$ 10,752,497</b>			<b>\$ 11,243,375</b>

**Construction Commitments.** The government has active construction projects as of June 30, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
CAMA Waterfront Park Project Fund	\$ 113,564	\$ 5,880
Water System CDBG 15-I-3047 Project Fund	31,330	473,220
Wastewater Treatment Plant Rehabilitation Fund	721,263	1,321,237
Water System H-SRP-R-17-0144 Project Fund	466,104	533,896
Total	\$ 1,332,261	\$ 2,334,233

**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 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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](http://www.osc.nc.gov).

## Town of Plymouth, North Carolina Notes to Financial Statements

*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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 \$121,102 for the year ended June 30, 2020.

*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.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

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

At June 30, 2020, the Town reported a liability of \$468,080 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 1899. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 1899. The total pension liability was then rolled forward to the measurement date of June 30, 1899 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, 1899, the Town's proportion was 0.01714%, which was an decrease of 0.0010% from its proportion measured as of June 30, 1899.

For the year ended June 30, 2020, the Town recognized pension expense of \$229,344. At June 30, 2020, 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	\$ 80,147	\$ -
Changes in assumptions	76,289	-
Net difference between projected and actual earnings on pension plan investments	11,417	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	28,947	-
Town contributions subsequent to the measurement date	121,102	-
Total	\$ 317,902	\$ -

\$121,102 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2021	\$	97,629
2022		36,020
2023		49,340
2024		13,811
2025		-
Thereafter		-
	\$	196,800

## Town of Plymouth, North Carolina Notes to Financial Statements

*Actuarial Assumptions.* The total pension liability in the December 31, 1899 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, 1899 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 weighting 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, 1899 are summarized in the following table:

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%	

## Town of Plymouth, North Carolina Notes to Financial Statements

The information above is based on 30-year expectations developed with the consulting actuary for the 1899 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 7.00%. 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	1,070,585	468,080	(32,723)

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

### *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

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

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, 1899, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	-
Active plan members	7
Total	7

*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, 1899 valuation. The total pension liability in the December 31, 1899 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salaries increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 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, 1899.

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.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

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

At June 30, 2020, the Town reported a total pension liability of \$81,854. The total pension liability was measured as of December 31, 1899 based on a December 31, 1899 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 1899 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$12,907.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,849	\$ 3,921
Changes of assumptions	5,173	2,103
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
<b>Total</b>	<b>\$ 22,022</b>	<b>\$ 6,024</b>

\$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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	3,782
2022	3,831
2023	4,000
2024	3,996
2025	389
Thereafter	-
<b>Total</b>	<b>15,998</b>

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

The following presents the Town's total pension liability calculated using the discount rate of 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 87,051	\$ 81,584	\$ 76,431

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

Beginning balance	\$ 67,765
Service cost	6,658
Interest on the total pension liability	2,467
Differences between expected and actual experience	2,699
Changes of assumptions or other inputs	1,995
Benefit payments	-
Other changes	-
<b>Ending balance of the total pension liability</b>	<b>\$ 81,584</b>

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, 1899 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**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	\$ 229,344	\$ 12,907	\$ 242,251
Pension Liability	468,080	81,584	549,664
Proportionate share of the net pension liability	0.01714%	N/A	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	80,147	16,849	96,996
Changes of assumptions	76,289	5,173	81,462
Net difference between projected and actual earnings on plan investments	11,417	-	11,417
Changes in proportion and differences between contributions and proportionate share of contributions	28,947	-	28,947
Benefit payments and administrative costs paid subsequent to the measurement date	121,102	-	121,102
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	-	3,921	3,921
Changes of assumptions	-	2,103	2,103
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

## Town of Plymouth, North Carolina Notes to Financial Statements

### *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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR 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. Contributions for the year ended June 30, 2020 were \$31,556, which consisted of \$7,080 from the Town and \$24,476 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, 2020 were \$40,302, which consisted of \$14,397 from the Town and \$25,905 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.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

**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	\$ 121,102
Difference between expected and actual experience	96,996
Changes of assumptions	81,462
Net difference between projected and actual earnings on pension plans and investments	11,417
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	28,947
<b>Total</b>	<b>\$ 339,924</b>

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

	Statement of Net Position	General Fund Balance
Taxes receivable (General Fund)	\$ -	\$ 231,480
Prepaid taxes (General Fund)	15,137	15,137
Difference between expected and actual experience	3,921	-
Changes of assumptions	2,103	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-
<b>Total</b>	<b>\$ 21,161</b>	<b>\$ 246,617</b>

**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 Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees 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 Board of Trustees 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.

## Town of Plymouth, North Carolina Notes to Financial Statements

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, 2020, 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.

### **5. Long-Term Obligations**

#### **a. 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, 2020 is \$275,000.

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, 2020 is \$46,364.

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, 2020 is \$112,500.

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, 2020 is \$66,098.

In January 2019, the Town entered into a \$38,595 installment contract to purchase a leaf vacuum. The financing contract requires three annual payments of \$14,808, including interest. Payments begin in July 2019. The interest rate is 8.03%. The outstanding balance at June 30, 2020 is \$26,396.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

Annual debt service payments of the installment purchases as of June 30, 2020, including \$56,481 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 82,214	\$ 13,675	\$ 33,665	\$ 5,392	\$ 115,879	\$ 19,067
2022	82,943	11,095	35,724	3,333	118,667	14,428
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
2026-2029	50,000	3,369	-	-	50,000	3,369
Total	\$ 433,864	\$ 46,612	\$ 92,494	\$ 9,869	\$ 526,358	\$ 56,481

***b. 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.

Revolving loans payable at June 30, 2020 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.	\$ 401,793
\$163,480 Drinking Water revolving loan due in annual installments of \$8,174 through May 2040, interest at 0.0%. Payments began in 2021. At June 30, 2020, the Town had drawn down \$116,064.	116,064
\$2,042,500 Sanitary Sewer revolving loan due in annual installments of \$77,125 through May 2040, interest at 0.0%. Payments began in 2021. \$500,000 was forgiven. At June 30, 2020, the Town had drawn down \$223,401.	223,401
<b>Total</b>	<b>\$ 741,258</b>

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2021	\$ 152,264	\$ 11,531
2022	152,265	9,610
2023	144,290	7,688
2024	75,140	5,766
2025	75,139	3,844
2026-2030	107,836	1,921
2031-2035	34,324	-
Total	\$ 741,258	\$ 40,360

***c. Changes in Long-Term Liabilities***

	Balance July 01, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 530,161	\$ -	\$ 96,297	\$ 433,864	\$ 82,214
Compensated absences	70,531	-	1,379	69,152	17,288
Net pension liability (LGERS)	249,972	40,249	-	290,221	-
Net pension liability (LEO)	67,765	13,819	-	81,584	-
Governmental activity long-term liabilities	\$ 918,429	\$ 54,068	\$ 97,676	\$ 874,821	\$ 99,502
<b>Business-type activities:</b>					
Installment purchase	\$ 112,482	\$ -	\$ 19,988	\$ 92,494	\$ 33,665
Revolving loans	563,837	339,465	162,044	741,258	152,264
Compensated absences	37,605	-	10,930	26,675	6,669
Net pension liability (LGERS)	159,020	18,839	-	177,859	-
Business-type activity long-term liabilities	\$ 872,944	\$ 358,304	\$ 192,962	\$ 1,038,286	\$ 192,598

At June 30, 2020, the Town of Plymouth had a legal debt margin of \$15,170,432.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

***C. Interfund Balances and Activity***

Balances due to/from other funds at June 30, 2020, consist of the following:

Due to the General Fund for operating costs from:	
CAMA Waterfront Park Project Fund	\$ 110,412
Sewer Fund	8,518
Sanitation Fund	41,026
Stormwater Fund	445
Total	\$ 160,401
Due to the Water Fund for operating costs from:	
General Fund	\$ 4,552
Sewer Fund	697,019
Sanitation Fund	80,641
Total	\$ 782,212
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.

**Town of Plymouth, North Carolina**  
**Notes to Financial Statements**

Transfers to/from other funds at June 30, 2020 consist of the following:

From the General Fund to the Downtown Streetscapes Project Fund to fund project expenditures	\$ 67,011
From the Bulkhead Restoration Project Fund to the General Fund to close out the project fund	175
From the Open Air Market - Downtown Project Fund to the General Fund to close out the project fund	880
From the Town Hall #2 Project Fund to the General Fund to close out the project fund	65,400
From the Landfill Reclamation Project Fund to the General Fund to close out the project fund	872
From the CAMA Conaby Creek Project Fund to the General Fund to close out the project fund	8,623
Total	\$ 142,961

***D. Net Investment in Capital Assets***

	Governmental	Business-type
Capital Assets	\$ 3,244,230	\$ 11,243,375
less: long-term debt	433,864	833,752
Net investment in capital assets	\$ 2,810,366	\$ 10,409,623

***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	\$ 1,599,558
Less:	
Stabilization by State Statute	372,754
Streets - Powell Bill	120,247
Town promotion	20,000
Remaining Fund Balance	\$ 1,086,557

**NOTE III –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 IV –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.

**NOTE V –COVID-19 PANDEMIC**

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Absent any government order or contagion of its workforce, the Town plans to continue its normal operations while taking all reasonable efforts to protect its citizens and employee. The Town's financial position and results of operations as of and for the fiscal year ended June 30, 2020 have not been materially impacted with this pandemic through that date. However, the Town cannot reasonably estimate the length or severity of this pandemic or the extent to which the disruption may materially impact its future financial statements through the distribution of intergovernmental revenues by the State of North Carolina and collection of property and vehicle taxes.

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

	2020	2019	2018	2017	2016	2015	2014
Plymouth's proportion of the net pension liability (asset) (%)	0.01714%	0.01724%	0.01583%	0.01251%	0.01070%	-0.01116%	0.01410%
Plymouth's proportion of the net pension liability (asset) (\$)	\$ 468,080	\$ 408,992	\$ 241,839	\$ 265,504	\$ 48,021	\$ (65,618)	\$ 169,959
Plymouth's covered-employee payroll	\$ 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	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	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 Seven Fiscal Years**  
**Schedule 2**

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 121,102	\$ 100,087	\$ 88,854	\$ 77,658	\$ 62,302	\$ 74,487	\$ 83,859
Contributions in relation to the contractually required contribution	121,102	100,087	88,854	77,658	62,302	74,487	83,859
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plymouth's covered-employee payroll	\$ 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	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, 2020**  
**Schedule 3**

	2020	2019	2018	2017
Beginning balance	\$ 67,765	\$ 39,821	\$ 37,200	\$ 35,380
Service Cost	6,658	7,551	4,592	5,660
Interest on the total pension liability	2,467	1,258	1,388	1,185
Differences between expected and actual experience in the measurement of the total pension liability	2,699	22,005	(8,805)	-
Changes of assumptions or other inputs	1,995	(2,870)	7,954	(677)
Benefit payments	-	-	(2,508)	(4,348)
Ending balance of the total pension liability	<u>\$ 81,584</u>	<u>\$ 67,765</u>	<u>\$ 39,821</u>	<u>\$ 37,200</u>

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, 2020**  
**Schedule 4**

	2020	2019	2018	2017
Total pension liability	\$ 81,584	\$ 67,765	\$ 39,821	\$ 37,200
Covered payroll	304,206	334,216	228,620	274,585
Total pension liability as a percentage of covered payroll	26.82%	20.28%	17.42%	13.55%

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, 2020**  
**Schedule 5**

	Budget	Actual	Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 1,020,339	
Interest		30,477	
Total	\$ 1,063,074	1,050,816	\$ (12,258)
Other taxes and licenses:			
Privilege licenses		240	
Total	-	240	240
Unrestricted intergovernmental:			
Local option sales taxes		444,479	
Payments in lieu of taxes		3,873	
Franchise taxes		202,911	
Beer and wine taxes		15,258	
Washington County ABC Board		2,455	
Total	734,892	668,976	(65,916)
Restricted intergovernmental:			
Powell Bill allocation		103,198	
COPS grant		585	
Volunteer fire department fund grant		27,168	
Washington Co. Fire Department contribution		120,473	
Controlled substance tax		331	
Total	253,351	251,755	(1,596)
Permits and fees:			
Zoning permits		2,350	
Police citations		300	
Police report fees		72	
Code violation fees		485	
Vehicle tags		34,965	
Total	36,200	38,172	1,972
Sales and services:			
Court costs		1,885	
Rent		3,692	
Total	5,600	5,577	(23)

**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, 2020**  
**Schedule 5**

	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>
Investment earnings	27,500	16,206	
Miscellaneous	9,950	15,729	
<b>Total revenues</b>	<b>2,130,567</b>	<b>2,047,471</b>	<b>(83,096)</b>
<b>Expenditures:</b>			
General government:			
Governing body:			
Mayor and councilmen		31,003	
Travel and training		640	
Operating expense		14,842	
Expense reimbursement from proprietary funds		(27,755)	
<b>Total</b>		<b>18,730</b>	
Administration:			
Salaries and benefits		317,724	
Professional services		24,650	
Operating expenditures		69,551	
Expense reimbursement from proprietary funds		(285,479)	
<b>Total</b>		<b>126,446</b>	
Attorney:			
Foreclosures		11,303	
Condemnations		65	
Other		61,839	
Expense reimbursement from proprietary funds		(87,230)	
<b>Total</b>		<b>(14,023)</b>	
Information technology:			
Contracted services		34,300	
Operating expense		65,683	
Capital outlay		14,994	
Expense reimbursement from proprietary funds		(122,915)	
<b>Total</b>		<b>(7,938)</b>	
Building and grounds:			
Salaries and benefits		91,266	
Operating expenditures		198,101	
Expense reimbursement from proprietary funds		(111,020)	
<b>Total</b>		<b>178,347</b>	
<b>Total general government</b>	<b>367,077</b>	<b>301,563</b>	<b>65,514</b>

**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, 2020**  
**Schedule 5**

	Budget	Actual	Positive (Negative)
<b>Public Safety:</b>			
Police:			
Salaries and benefits		722,944	
Operating expense		58,864	
Capital outlay		28,846	
<b>Total</b>		<b>810,654</b>	
Fire:			
Pension fund		4,643	
Operating expense		61,376	
Capital outlay		54,982	
<b>Total</b>		<b>121,001</b>	
<b>Total public safety</b>	<b>1,035,938</b>	<b>931,655</b>	<b>104,283</b>
<b>Transportation:</b>			
Streets:			
Street lights		130,192	
Operating expenses		91,793	
<b>Total</b>		<b>221,985</b>	
Fleet:			
Salaries and benefits		58,919	
Operating expenses		195,609	
Capital outlay		46,000	
Expense reimbursement from proprietary funds		(158,599)	
<b>Total</b>		<b>141,929</b>	
<b>Total transportation</b>	<b>439,712</b>	<b>363,914</b>	<b>75,798</b>
<b>Special appropriations:</b>			
Museum		12,400	
Plymouth promotion		16,287	
Christmas parade		750	
<b>Total</b>		<b>29,437</b>	
<b>Total special appropriations</b>	<b>34,150</b>	<b>29,437</b>	<b>4,713</b>

**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, 2020**  
**Schedule 5**

	Budget	Actual	Variance Positive (Negative)
Planning:			
Salaries and benefits		30,488	
Operating expenses		16,525	
Contracted services		15,980	
Total		62,993	
<b>Total planning</b>	138,167	62,993	75,174
Debt Service:			
Principal retirement		96,297	
Interest and other charges		16,253	
Total		112,550	
<b>Total debt service</b>	115,523	112,550	2,973
Total expenditures	2,130,567	1,802,112	328,455
Revenues over (under) expenditures	-	245,359	245,359
<b>Other financing sources (uses)</b>			
Transfers from other funds:			
Bulkhead Restoration Project Fund	-	175	175
Open Air Market - Downtown Project Fund	-	880	880
Town Hall #2 Project Fund	-	65,400	65,400
Landfill Reclamation Project Fund	-	872	872
CAMA Conaby Creek Project Fund	-	8,623	8,623
Transfers to other funds:			
Downtown Streetscapes Project Fund	-	(67,011)	(67,011)
Total other financing sources (uses)	-	8,939	8,939
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>254,298</b>	<b>\$ 254,298</b>
Fund balance, beginning		1,345,260	
Fund balance, ending		\$ 1,599,558	

**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, 2020  
Schedule 6**

	Project	Actual		Total	Variance
	Authorization	Prior	Current	to Date	Positive
		Years	Year		(Negative)
<b>REVENUES:</b>					
State Grant	\$ 107,500	\$ -	\$ 107,500	\$ 107,500	\$ -
Total revenues	107,500	-	107,500	107,500	-
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	119,444	3,140	110,424	113,564	5,880
Total expenditures	119,444	3,140	110,424	113,564	5,880
Revenue over (under) expenditures	(11,944)	(3,140)	(2,924)	(6,064)	5,880
<b>OTHER FINANCING SOURCES (USES):</b>					
Town Match	11,944	6,000	-	6,000	(5,944)
Total other financing sources (uses)	11,944	6,000	-	6,000	(5,944)
Net change in fund balance	\$ -	\$ 2,860	(2,924)	\$ (64)	\$ (64)
Fund balance, beginning			2,860		
Fund balance, ending			\$ (64)		

**Town of Plymouth, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances – Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2020**  
**Schedule 7**

	Bulkhead Restoration Project	Downtown Streetscapes Project	Open Air Market	Town Hall #2	NC DENR Landfill Reclamation	CAMA Conaby Creek	Total
<b>EXPENDITURES</b>							
Current:							
Economic and physical development	\$ -	\$ 67,011	\$ -	\$ 5,084	\$ -	\$ -	\$ 72,095
Total expenditures	-	67,011	-	5,084	-	-	72,095
Excess (deficiency) of revenues over (under) expenditures	-	(67,011)	-	(5,084)	-	-	(72,095)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	-	67,011	-	-	-	-	67,011
Transfers out	(175)	-	(880)	(65,400)	(872)	(8,623)	(75,950)
Installment purchase proceeds	-	-	-	5,084	-	-	5,084
Total other financing sources (uses)	(175)	67,011	(880)	(60,316)	(872)	(8,623)	(3,855)
Net change in fund balances	(175)	-	(880)	(65,400)	(872)	(8,623)	(75,950)
Fund balance, beginning	175	-	880	65,400	872	8,623	75,950
Fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**Town of Plymouth, North Carolina  
Bulkhead Restoration Project Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances – Budget and Actual  
From Inception and the Year Ended June 30, 2020  
Schedule 8**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Federal Grant	\$ 117,022	\$ 117,022	\$ -	\$ 117,022	\$ -
Domtar Paper Company	527,000	375,000	-	375,000	(152,000)
Investment income	-	190	-	190	190
Total revenues	644,022	492,212	-	492,212	(151,810)
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	644,022	491,808	-	491,808	152,214
Total expenditures	644,022	491,808	-	491,808	152,214
Revenue over (under) expenditures	-	404	-	404	404
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer out - General Fund	-	-	(175)	(175)	(175)
Total other financing sources (uses)	-	-	(175)	(175)	(175)
Net change in fund balance	\$ -	\$ 404	(175)	\$ 229	\$ 229
Fund balance, beginning			175		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina  
Downtown Streetscapes Project Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances – Budget and Actual  
From Inception and the Year Ended June 30, 2020  
Schedule 9**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
Federal Grant	\$ 950,000	\$ -	\$ -	\$ -	\$ (950,000)
Total revenues	950,000	-	-	-	(950,000)
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	950,000	8,750	67,011	75,761	874,239
Total expenditures	950,000	8,750	67,011	75,761	874,239
Revenue over (under) expenditures	-	(8,750)	(67,011)	(75,761)	(75,761)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in - General Fund	-	-	67,011	67,011	67,011
Transfer out - General Fund	-	8,750	-	8,750	8,750
Total other financing sources (uses)	-	8,750	67,011	75,761	75,761
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning				-	
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina**  
**Open Air Market - Downtown Project Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual**  
**From Inception and the Year Ended June 30, 2020**  
**Schedule 10**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
NC Dept of Commerce	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Total revenues	50,000	50,000	-	50,000	-
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	47,000	51,158	-	51,158	(4,158)
Land acquisition	23,000	17,962	-	17,962	5,038
Total expenditures	70,000	69,120	-	69,120	880
Revenue over (under) expenditures	(20,000)	(19,120)	-	(19,120)	880
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in - General Fund	20,000	-	-	-	(20,000)
Transfer out - General Fund	-	-	(880)	(880)	(880)
Total other financing sources (uses)	20,000	-	(880)	(880)	(20,880)
Net change in fund balance	\$ -	\$ (19,120)	(880)	\$ (20,000)	\$ (20,000)
Fund balance, beginning			880		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina**  
**Town Hall #2 Project Fund**  
**Schedule of Revenues, Expenditures, and Changes**  
**in Fund Balances – Budget and Actual**  
**From Inception and the Year Ended June 30, 2020**  
**Schedule 11**

	Project	Prior	Actual	Total	Variance
	Authorization	Years	Current	to Date	Positive
			Year		(Negative)
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	\$ 125,000	\$ 54,516	\$ 5,084	\$ 59,600	\$ 65,400
Total expenditures	125,000	54,516	5,084	59,600	65,400
Revenue over (under) expenditures	(125,000)	(54,516)	(5,084)	(59,600)	65,400
<b>OTHER FINANCING SOURCES (USES):</b>					
Installment proceeds	125,000	119,916	5,084	125,000	-
Transfer out - General Fund	-	-	(65,400)	(65,400)	(65,400)
Total other financing sources (uses)	125,000	119,916	(60,316)	59,600	(65,400)
Net change in fund balance	\$ -	\$ 65,400	(65,400)	\$ -	\$ -
Fund balance, beginning			65,400		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina  
Landfill Reclamation Project Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances – Budget and Actual  
From Inception and For the Year Ended June 30, 2020  
Schedule 12**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
<b>REVENUES:</b>					
State Grant	\$ 250,000	\$ 40,705	\$ -	\$ 40,705	\$ (209,295)
Total revenues	250,000	40,705	-	40,705	(209,295)
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	250,000	40,705	-	40,705	209,295
Total expenditures	250,000	40,705	-	40,705	209,295
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfer in - General Fund	-	872	-	872	872
Transfer out - General Fund	-	-	(872)	(872)	(872)
Total other financing sources (uses)	-	872	(872)	-	-
Net change in fund balance	\$ -	\$ 872	(872)	\$ -	\$ -
Fund balance, beginning			872		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina  
CAMA Conaby Creek Project Fund  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances – Budget and Actual  
From Inception and For the Year Ended June 30, 2020  
Schedule 13**

	Project	Prior	Actual	Total	Variance
	Authorization	Years	Current Year	to Date	Positive (Negative)
<b>REVENUES:</b>					
State Grant	\$ 144,800	\$ 137,419	\$ -	\$ 137,419	\$ (7,381)
Total revenues	144,800	137,419	-	137,419	(7,381)
<b>EXPENDITURES:</b>					
Current:					
Economic and physical development	160,889	145,054	-	145,054	15,835
Total expenditures	160,889	145,054	-	145,054	15,835
Revenue over (under) expenditures	(16,089)	(7,635)	-	(7,635)	8,454
<b>OTHER FINANCING SOURCES (USES):</b>					
Town Match	16,089	11,649	-	11,649	(4,440)
Transfer in - Water Fund	-	4,067	-	4,067	4,067
Transfer in - Sanitation / Stormwater Fund	-	542	-	542	542
Transfer out - General Fund	-	-	(8,623)	(8,623)	(8,623)
Total other financing sources (uses)	16,089	16,258	(8,623)	7,635	(8,454)
Net change in fund balance	\$ -	\$ 8,623	(8,623)	\$ -	\$ -
Fund balance, beginning			8,623		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina**  
**Water Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**  
**Schedule 14**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales		\$ 1,023,532	
Total operating revenues	\$ 962,800	1,023,532	\$ 60,732
Nonoperating revenues:			
Miscellaneous income		575	
Total nonoperating revenues	-	575	575
Total revenues	962,800	1,024,107	61,307
<b>Expenditures:</b>			
Operating expenditures:			
Salaries and benefits		699,039	
Expense reimbursement from Sewer and Stormwater		(421,324)	
Supplies		55,171	
Maintenance and repairs		107,000	
Expense reimbursement to General Fund		318,350	
Other operating expenditures		87,676	
Total operating expenditures	858,130	845,912	12,218
Debt service:			
Principal retirement		86,944	
Interest and fees		17,713	
Total debt service	104,670	104,657	13
Total expenditures	962,800	950,569	12,231
Revenues over (under) expenditures	\$ -	73,538	\$ 73,538
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		86,944	
Capital contributions		314,863	
(Increase) decrease in compensated absences		7,151	
Increase (decrease) in deferred outflows of resources - pensions		(20,096)	
(Increase) decrease in net pension liability		(17,427)	
(Increase) decrease in deferred inflows of resources - pensions		740	
Depreciation		(231,123)	
Total reconciling items		141,052	
Changes in net position		\$ 214,590	

**Town of Plymouth, North Carolina**  
**Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Fiscal Year Ended June 30, 2020**  
**Schedule 15**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Water sales		\$ 989,948	
Total operating revenues	\$ 975,790	989,948	\$ 14,158
<b>Expenditures:</b>			
Operating expenditures:			
Supplies		9,322	
Maintenance and repairs		105,388	
Expense reimbursement to General Fund		258,829	
Expense reimbursement to Water Fund		351,103	
Other operating expenditures		97,937	
Total operating expenditures	878,119	822,579	55,540
<b>Debt service:</b>			
Principal retirement		95,079	
Interest and fees		43,322	
Total debt service	97,671	138,401	(40,730)
Total expenditures	975,790	960,980	14,810
Revenues over (under) expenditures	\$ -	28,968	\$ 28,968
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
Principal retirement		95,079	
Capital contributions		361,453	
Depreciation		(269,552)	
Total reconciling items		186,980	
Changes in net position		\$ 215,948	

**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, 2020  
Schedule 16**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Operating revenues:			
Landfill revenue		\$ 205,451	
Garbage revenue		354,715	
Stormwater revenue		117,763	
Total operating revenues	\$ 703,000	677,929	\$ (25,071)
Nonoperating revenues:			
Miscellaneous revenues		2,682	
Total nonoperating revenues	2,400	2,682	282
Total revenues	705,400	680,611	(24,789)
<b>Expenditures:</b>			
Operating expenditures:			
Salaries and benefits		84,932	
Supplies		3,995	
Maintenance and repairs		1,429	
Contracted services		146,326	
Landfill availability		59,674	
Expense reimbursement to General Fund		215,818	
Expense reimbursement to Water Fund		70,221	
Other operating expenditures		85,412	
Total operating expenditures	690,591	667,807	22,784
Total debt service	14,809	-	14,809
Total expenditures	705,400	667,807	37,593
Revenues over (under) expenditures	\$ -	12,804	\$ 12,804
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling items:			
(Increase) decrease in compensated absences		3,779	
Increase (decrease) in deferred outflows of resources - pensions		(2,647)	
(Increase) decrease in net pension liability		(1,412)	
(Increase) decrease in deferred inflows of resources - pensions		83	
Depreciation		(19,591)	
Total reconciling items		(19,788)	
Changes in net position		\$ (6,984)	

**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, 2020**  
**Schedule 17**

	Project		Actual			Variance
	Authorization	Prior	Current	Total	to Date	Positive
		Years	Year			(Negative)
<b>Revenues:</b>						
CDBG 15-I-3047	\$ 504,550	\$ -	\$ 31,330	\$ 31,330	\$ 31,330	\$ (473,220)
<b>Total revenues</b>	<b>504,550</b>	<b>-</b>	<b>31,330</b>	<b>31,330</b>	<b>31,330</b>	<b>(473,220)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Economic and physical development:</b>						
Public Water Improvements	454,100	-	10,000	10,000	10,000	444,100
Administration	50,450	-	21,330	21,330	21,330	29,120
<b>Total expenditures</b>	<b>504,550</b>	<b>-</b>	<b>31,330</b>	<b>31,330</b>	<b>31,330</b>	<b>473,220</b>
<b>Revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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, 2020**  
**Schedule 18**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues:</b>					
Federal principal forgiveness CS370500-05	\$ 500,000	\$ 138,547	\$ 361,453	\$ 500,000	\$ -
<b>Total revenues</b>	<b>500,000</b>	<b>138,547</b>	<b>361,453</b>	<b>500,000</b>	<b>-</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Economic and physical development:</b>					
Engineering	107,500	137,835	119,138	256,973	(149,473)
Construction	1,729,000	-	463,578	463,578	1,265,422
Administration	206,000	712	-	712	205,288
<b>Total expenditures</b>	<b>2,042,500</b>	<b>138,547</b>	<b>582,716</b>	<b>721,263</b>	<b>1,321,237</b>
Revenue over (under) expenditures	(1,542,500)	-	(221,263)	(221,263)	1,321,237
<b>Other financing sources:</b>					
Loan proceeds	1,542,500	-	223,401	223,401	\$ (1,319,099)
<b>Revenue and other sources (uses)</b>					
<b>over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,138</b>	<b>\$ 2,138</b>	<b>\$ 2,138</b>

**Town of Plymouth, North Carolina**  
**Water System H-SRP-D-17-0144 Project Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2020**  
**Schedule 19**

	Project	Actual		Total	Variance
	Authorization	Prior	Current	to Date	Positive
		Years	Year		(Negative)
<b>Revenues:</b>					
State grant - H-SRP-D-17-0144	\$ 750,000	\$ 66,506	\$ 283,533	\$ 350,039	\$ (399,961)
<b>Total revenues</b>	<b>750,000</b>	<b>66,506</b>	<b>283,533</b>	<b>350,039</b>	<b>(399,961)</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Economic and physical development:</b>					
Engineering	188,000	68,745	88,257	157,002	30,998
Construction	799,500	-	298,214	298,214	501,286
Administration	12,500	261	10,627	10,888	1,612
<b>Total expenditures</b>	<b>1,000,000</b>	<b>69,006</b>	<b>397,098</b>	<b>466,104</b>	<b>533,896</b>
Revenue over (under) expenditures	(250,000)	(2,500)	(113,565)	(116,065)	133,935
<b>Other financing sources:</b>					
Loan proceeds	250,000	-	116,064	116,064	(133,936)
Revenue and other sources (uses) over (under) expenditures	\$ -	\$ (2,500)	\$ 2,499	\$ (1)	\$ (1)

**Town of Plymouth, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**  
**Schedule 20**

Fiscal Year	Uncollected Balance		Collections and Credits	Uncollected
	June 30, 2019	Additions		Balance
	June 30, 2019	Additions	and Credits	June 30, 2020
2019-2020	\$ -	\$ 1,053,290	\$ 967,599	\$ 85,691
2018-2019	80,935	24,115	66,387	38,663
2017-2018	48,708	2	18,192	30,518
2016-2017	60,380	-	12,963	47,417
2015-2016	35,702	-	5,058	30,644
2014-2015	16,518	100	1,670	14,948
2013-2014	15,837	-	1,773	14,064
2012-2013	13,457	-	2,511	10,946
2011-2012	10,523	-	1,442	9,081
2010-2011	9,668	-	1,127	8,541
2009-2010	8,666	-	8,666	-
<b>Totals</b>	<b>\$ 300,394</b>	<b>\$ 1,077,507</b>	<b>\$ 1,087,388</b>	<b>290,513</b>
Less allowance for uncollectible accounts:				
General Fund				59,033
<b>Ad valorem taxes receivable - net</b>				<b>\$ 231,480</b>
<u>Reconcilement with revenues:</u>				
Ad valorem taxes - General Fund				\$ 1,050,816
Stormwater revenue collected on property tax bills				63,988
Reconciling items:				
Taxes written off				8,033
Adjustments				(4,972)
Interest collected				(30,477)
Subtotal				(27,416)
<b>Total collections and credits</b>				<b>\$ 1,087,388</b>

**Town of Plymouth, North Carolina**  
**Analysis of Current Tax Levy – Town-Wide Levy**  
**June 30, 2020**  
**Schedule 21**

	Town-Wide		Amount of	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
	Property Valuation	Rate	Levy		
Original levy:				\$	3
Property taxed at current rate	\$ 176,866,296	0.54	\$ 955,078	\$ 872,447	\$ 82,631
Discoveries	18,698,889	0.54	100,974	100,974	-
Abatements	(511,481)	0.54	(2,762)	-	(2,762)
<b>Total property valuation</b>	<b>195,053,704</b>				
Net levy			1,053,290	973,421	79,869
Uncollected taxes at June 30, 2020			(85,691)	(85,691)	-
<b>Current year's taxes collected</b>			<b>\$ 967,599</b>	<b>\$ 887,730</b>	<b>\$ 79,869</b>
<b>Current levy collection percentage</b>			<b>91.86%</b>	<b>91.20%</b>	<b>100.00%</b>

**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, each major fund, and the aggregate remaining fund information of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2020, 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 August 31, 2021.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Plymouth'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 the 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 questioned costs, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 20-01 and 20-06 through 20-08 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 20-02 through 20-05 to be significant deficiencies.

#### 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in accompanying schedule of findings and questioned costs as items 20-06 through 20-09.

#### Town of Plymouth's Response to Findings

The Town of Plymouth's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. 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  
August 31, 2021

**Report On Compliance With Requirements Applicable To Each Major State Program And  
Internal Control Over Compliance; In Accordance With the OMB Uniform  
Guidance and the State Single Audit Implementation Act**

**Independent Auditor's Report**

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

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

We have audited the Town of Plymouth, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Town of Plymouth's major state program for the year ended June 30, 2020. The Town of Plymouth's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Town of Plymouth's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Plymouth's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the Town of Plymouth's compliance.

### **Opinion on Each Major State Program**

In our opinion, the Town of Plymouth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major state program for the year ended June 30, 2020.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as item 20-09 Our opinion on the major state program is not modified with respect to these matters.

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

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

Management of the Town of Plymouth is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Plymouth's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Plymouth's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The Town of Plymouth's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Town of Plymouth's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Jeff Best". The signature is written in a cursive, flowing style.

Jeff Best, CPA, PLLC  
Belhaven, North Carolina  
August 31, 2021





**Town of Plymouth, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**Section II - Financial Statement Findings**

**Material Weakness**

**20-01 IT - Disaster Recovery**

Criteria: The Town should have a backup system in place to prevent the loss of electronic data.

Condition: Regular backups of electronic data were not performed.

Effect: A large portion of data was irretrievably lost; Town employees spent many hours re-keying information into the system. Some data could not be replaced.

Cause: A ransomware virus attack to the Town's IT System.

Recommendation: We recommend the Town perform periodic backup recovery tests to ensure that data is backed up properly and data has not been corrupted.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and has implemented a plan with their IT support company, including more robust firewalls and daily backups, to resolve this issue.

**Significant Deficiency**

**20-02 Bank Reconciliations**

Criteria: The Town should prepare bank reconciliations monthly and maintain accurate financial records.

Condition: The Town did not prepare timely bank reconciliations and incorrect entries were made in the Downtown Streetscape Fund that understated cash and overstated expenses.

Effect: The financial records were misstated.

Cause: The Town is not preparing bank reconciliation timely and properly reviewing their financial records.

Recommendation: The Town should prepare all bank reconciliations timely.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will put procedures in place to ensure that bank reconciliations are completed within the month subsequent to the issuance of the bank statements.



## Town of Plymouth, North Carolina Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

### 20-03 Improper Utility Billing

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

Condition: After the installation of new billing software, twelve commercial utility customers with compound meters were not charged correctly as determined by the Town Council.

Effect: Twelve commercial utility Customers with compound meters were billed incorrectly beginning at the time of the software change. The financial statements were misstated.

Cause: The combined usage box in the utility billing module of the Town's utility billing software was not checked as required for compound meters on twelve commercial utility accounts. This resulted in incorrect bills for these utility customers with compound meters at rates approved by the Town Council.

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

Views of responsible officials and planned corrective actions: The Town agrees with this finding and implemented the recommendation.

### 20-04 Fund Balance

Criteria: The Town should have a procedure in place to ensure that fund balance is correct.

Condition: Fund balance in the General Fund was understated by \$9,020 and in the Water Fund by \$2,550.

Effect: The general ledger fund balance was incorrect.

Cause: Audit adjustments were not properly made to the general ledger.

Recommendation: The Town should implement a procedure to ensure all audit adjustments are made and fund balance is correct.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and implemented the recommendation.



**Town of Plymouth, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**20-05 Outstanding Check**

Criteria: The Town should have a procedure in place to ensure checks entered into the system are actually printed and paid to the vendor in a timely manner and the outstanding checks are correctly reported.

Condition: Check number 66459 dated June 30, 2020 in the amount of \$3,275 was recorded as outstanding at year end. The check number cleared the bank in September 2020 in the amount of \$7,590. Upon investigation it was found to be for two invoices: one for June 2020 and one for August

Effect: Cash and accounts payable were understated.

Cause: The check was entered into the system to pay the invoice of \$3,275, but not actually printed and mailed to the vendor.

Recommendation: The Town should implement a procedure to ensure all checks entered into the system are actually printed and paid to the vendor.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and implemented the recommendation.

**Material Noncompliance/Material Weakness**

**20-06 Minutes of the Board**

Criteria: North Carolina General Statutes §143, Article 318 states, "Every public body shall keep full and accurate minutes of all official meetings, included any closed sessions."

Condition: The Town Council did not maintain written or complete audible meeting minutes. From January through December 2020, minutes were not maintained for 32 of the 51 Town Council meetings. These meetings included regular sessions, closed sessions, and special meetings.

Effect: The Town residents were not informed on the discussions and actions taken by the Town

Cause: A ransomware virus attack caused a loss of data, including the meeting minutes.

Recommendation: The Town Council and Mayor should implement proper oversight procedures to ensure complete and accurate meeting minutes are maintained for all Council meetings.

Views of responsible officials and planned corrective actions: The Town Council and Mayor agrees with this finding and has implemented the recommendation. The minutes will be produced immediately, approved, signed, and released to the public.

**Town of Plymouth, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**20-07 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.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will implement the recommendation.

**20-08 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 \$67,011 more in transfers to other funds in the General Fund and \$40,730 more in debt service in the Sewer 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.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will implement the recommendation.



**Town of Plymouth, North Carolina  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**Section III - State Award Findings and Questioned Costs**

NC Department of Environment and Natural Resources  
Division of Soil and Water Conservation  
Program Name: Connect NC Bond "Tax Exempt" Program  
Grant Number: Water System H-SRP-D-2017-0144

**20-09 Noncompliance Connect NC Bond "Tax Exempt" Program**

Noncompliance  
Activities Allowed or Unallowed

Criteria: Grant recipients are required to certify the responses provided in the Project Questionnaire have not changed. This report is due annually by March 31st.

Condition: Town personnel could not produce the signed certification form for the year under audit.

Effect: The Town is not in compliance with project requirements.

Cause: An employee error resulting in the documentation not being properly filed and retained.

Recommendation: The Town should implement a procedure to ensure all required documentation relating to grant projects is retained and available for inspection.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and implemented the recommendation.

**Town of Plymouth, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2020**



**Town of Plymouth**

124 EAST WATER - PLYMOUTH, NORTH CAROLINA 27962  
TELEPHONE: (252) 793-9101  
FAX: (252) 793-6738

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**Section II – Financial Statement Findings**

**Material Weakness**

**20-01 IT – Disaster Recovery**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to ensure the safety of their electronic data and periodically test the backups.

Proposed Completion Date: The corrective action was fully implemented in July, 2021.

**Significant Deficiency**

**20-02 Bank Reconciliations**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to prepare all bank reconciliations timely.

Proposed Completion Date: The corrective action will be fully implemented in September, 2021.

**20-03 Improper Utility Billing**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town has will put procedures in place to ensure that the billing rates are entered correctly, and all billings are correct.

Proposed Completion Date: The corrective action was implemented in August, 2021.

**20-04 Fund Balance**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to ensure all audit adjustments are made and fund balance is correct.

**Town of Plymouth, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2020**

Proposed Completion Date: The Town will enter audit adjustments within three to five business days after receipt. The adjustments were received September 17, 2021. The completion date is expected to be no later than September 24th.

**20-05 Outstanding Check**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to ensure all checks entered into the system are printed and timely paid to the vendor.

Proposed Completion Date: The Town has ensured that all checks entered into the system are printed and paid to the vendor on a weekly basis as of August, 2021.

**Material Noncompliance/Material Weakness**

**20-06 Minutes of the Board**

Name of Contact Person: Vershumn "Shawn" Hawkins, Town Mayor

Corrective Action: The Town Council and Mayor will implement proper oversight procedures to ensure complete and accurate meeting minutes are maintained for all Council meetings.

Proposed Completion Date: The Town began implementation in February, 2021.

**20-07 Timely Financial Reporting**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to thoroughly review all of its revenues and expenditures for grant projects to ensure they are properly recorded.

Proposed Completion Date: The Town will implement the corrective action beginning September 30, 2021. Going forward, the Town will print and review a trial balance statement at the end of each month.

**20-08 Excess of Expenditures over Appropriations**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to thoroughly review all its revenues and expenditures to ensure they are properly budgeted.

Proposed Completion Date: The Town began tracking budget vs. actual revenues and expenses on a monthly basis as of February, 2021.



**Town of Plymouth, North Carolina  
Corrective Action Plan  
For the Year Ended June 30, 2020**

**Section III – State Award Findings and Questioned Costs**

**20-09 Noncompliance Connect NC Bond “Tax Exempt” Program – Water System H-SRP-D-2017-0144**

Name of Contact Person: Chris Layton, Town Manager

Corrective Action: The Town will put procedures in place to ensure all required documentation relating to grant projects is retained and available for inspection.

Proposed Completion Date: The Town implemented the corrective action on March 15, 2021.

**Town of Plymouth, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For the Year Ended June 30, 2020**

Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA Number	State Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
<b>Federal Awards:</b>				
<u>U.S. Dept of Housing and Urban Development</u>				
Passed –through the NC Dept. of Environmental Quality:				
Division of Water Infrastructure				
Community Development Block Grant				
Community Development Block Grant 15-I-3047	14.228	XXXX	\$ 31,330	\$ -
<b>Total U.S. Dept. of Housing and Urban Development</b>			<b>31,330</b>	<b>-</b>
<u>Environmental Protection Agency</u>				
Passed-through the N.C. Department of Environmental Quality				
Division of Water Resources				
Capitalization Grants For Clean Water State Revolving Funds				
- Loan to be Repaid	66.458	XXXX	223,401	-
Capitalization Grants For Clean Water State Revolving Funds				
- Loan Forgiveness	66.458	XXXX	361,453	-
<b>Total Environmental Protection Agency</b>			<b>584,854</b>	<b>-</b>
Total Federal Awards			616,184	-
<b>State Awards:</b>				
<u>NC Department of Insurance</u>				
Office of the State Fire Marshall			-	27,168
Taskforce Grant				585
<b>Total NC Department of Insurance</b>			<b>-</b>	<b>27,753</b>
<u>NC Department of Transportation</u>				
Powell Bill			-	76,847
<b>Total NC Department of Transportation</b>			<b>-</b>	<b>76,847</b>
<u>NC Division of Coastal Management</u>				
CAMA Waterfront Park			-	110,424
<b>Total NC Division of Coastal Management</b>			<b>-</b>	<b>110,424</b>
<u>NC Department of Environment and Natural Resources</u>				
Division of Soil and Water Conservation:				
Water System H-SRP-D-2017-0144			-	397,098
<b>Total NC Department of Environment and Natural Resources</b>			<b>-</b>	<b>397,098</b>
Total State Awards			-	612,122
<b>Total Federal and State Awards</b>			<b>\$ 616,184</b>	<b>\$ 612,122</b>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Plymouth under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Plymouth, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets or cash flows of the Town of Plymouth.

2 Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Town of Plymouth has elected not to use the 10-percent de Minimis indirect cost rate as allowed under Uniform Guidance.