

Town of Plymouth
Financial Statements
June 30, 2018



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Town of Plymouth, North Carolina
Table of Contents
June 30, 2018

TAB: REPORT

Independent Auditors' Report	1
Management's Discussion and Analysis	4

TAB: FINANCIAL STATEMENTS

Basic Financial Statements

Government-Wide Financial Statements

Exhibit 1 – Statement of Net Position	13
Exhibit 2 – Statement of Activities	14

Fund Financial Statements

Exhibit 3 – Balance Sheet and Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds	15
Exhibit 4 – Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund	16
Exhibit 5 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities – Governmental Funds	17
Exhibit 6 – General Fund Statement of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual	18
Exhibit 7 – Statement of Fund Net Position – Proprietary Fund	19
Exhibit 8 – Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	20
Exhibit 9 – Statement of Cash Flows – Proprietary Fund	21

Notes to Financial Statements	22
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Required Supplementary Financial Data

Schedule 1 – Local Government Employees' Retirement System Schedule of Proportionate Share of Net Pension Liability (Asset)	49
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Town of Plymouth, North Carolina
Table of Contents
June 30, 2018

Schedule 2 – Local Government Employees’ Retirement System Schedule of Contributions	50
Schedule 3 – Law Enforcement Officers’ Special Separation Allowance Schedule of Changes in Total Pension Liability	51
Schedule 4 – Law Enforcement Officers’ Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll	52
Individual Fund Statements	
Schedule 5 – General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	53
Schedule 6 – Combining Balance Sheet – Nonmajor Governmental Funds	57
Schedule 7 – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	58
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – From Inception:	
Schedule 8 – Bulkhead Restoration Project Fund	59
Schedule 9 – Downtown Streetscapes Project Fund	60
Schedule 10 – Landfill Reclamation Project Fund	61
Schedule 11 – CAMA Conaby Creek Project Fund	62
Schedule 12 – CDBG 10-D-2603 Catalyst Ballpark Project Fund	63
Schedules of Revenue and Expenditures – Budget and Actual (Non-GAAP)	
Schedule 13 – Water Fund	64
Schedule 14 – Sewer Fund	65
Schedule 15 – Sanitation Fund	66
Schedule 16 – Stormwater Fund	67
Schedule 17 – Water Treatment Plant Rehabilitation and Line Replacement Project Fund	68

Town of Plymouth, North Carolina
Table of Contents
June 30, 2018

Schedule 18 – Wastewater Treatment Plant Rehabilitation and Line Replacement Project Fund	69
Other Schedules	
Schedule 17 – Schedule of Ad Valorem Taxes Receivable	70
Schedule 18 – Analysis of Current Tax Levy – Town-Wide Levy	71
Compliance Section	
Report on Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	72
Report On Compliance For Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act	74
Schedule of Findings and Questioned Costs	76
Corrective Action Plan	78
Summary Schedule of Prior Year Audit Findings	79
Schedule of Expenditures of Federal and State Awards	80

INDEPENDENT AUDITORS' 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, 2018, 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 *Government Auditing Standards*, issued by the Comptroller General 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 on 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, 2018, 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.

Emphasis of Matter

As discussed in Note VI of the financial statements, the Town made an adjustment to increase net position in the proprietary funds in order to correct an error in the prior period's financials. Our opinion is not modified with respect to this matter.

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 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 49 and 50, respectively, 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 50 and 51, respectively, 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, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, and the Schedule

of Expenditures of Federal and State Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund 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, 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 November 15, 2018 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
November 15, 2018

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, 2018. 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

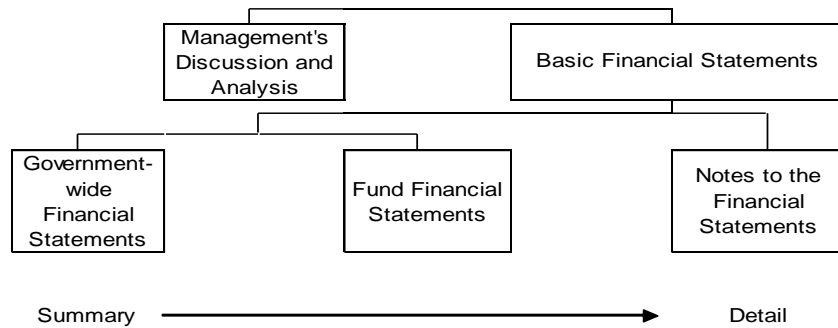
- The assets and deferred outflows of resources of the Town of Plymouth exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,801,239 (*net position*).
- The government's total net position increased by \$2,286,441, primarily due to an increase in the business-type 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 \$1,339,986 with a net change of \$49,141 in fund balance. Approximately 44.96 percent of this total amount, or \$602,482, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$607,013, or 32.44 percent of total general fund expenditures for the fiscal year.
- The Town of Plymouth's total debt decreased by \$307,947 (16.64%) during the current fiscal year. The key factors in this decrease were debt payments on the Town's installment purchases and revolving loans and the decrease in the Town's LGERS pension debt.

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. 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. Town of Plymouth uses enterprise funds to account for its water, sewer, sanitation, and 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 22 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 49 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	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 1,742,427	\$ 1,662,220	\$ 1,450,146	\$ 854,342	\$ 3,192,573	\$ 2,516,562
Capital assets	3,253,088	3,358,115	10,676,560	8,729,386	13,929,648	12,087,501
Deferred outflows of resources	150,152	173,787	94,627	100,019	244,779	273,806
Total assets and deferred outflows of resources	5,145,667	5,194,122	12,221,333	9,683,747	17,367,000	14,877,869
Long-term liabilities outstanding	578,578	529,890	851,050	745,090	1,429,628	1,274,980
Other liabilities	218,570	198,457	896,114	531,936	1,114,684	730,393
Deferred inflows of resources	16,977	12,022	4,472	6,682	21,449	18,704
Total liabilities and deferred inflows of resources	814,125	740,369	1,751,636	1,283,708	2,565,761	2,024,077
Net position:						
Net investment in capital assets	2,811,520	2,819,755	9,950,362	7,811,746	12,761,882	10,631,501
Restricted	717,504	753,181	-	-	717,504	753,181
Unrestricted	802,518	710,483	519,335	369,633	1,321,853	1,080,116
Total net position	\$ 4,331,542	\$ 4,283,419	\$ 10,469,697	\$ 8,181,379	\$ 14,801,239	\$ 12,464,798

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Plymouth exceeded liabilities by \$14,801,239 as of June 30, 2018. The Town's net position increased by \$2,286,441 for the fiscal year ended June 30, 2018. However, the largest portion, 86.22%, 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, \$717,504, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,321,853 is unrestricted. Additionally, the Town of Plymouth discovered that, in the prior year, a town match was not properly recorded, which resulted in an understatement of net position. A prior period adjustment to record the effects of the correction increased beginning net position by \$50,000.

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

One particular aspect of the Town's financial operations influenced the total unrestricted governmental net position:

- The Town's collection of property taxes at 90.93% compares unfavorably with the State-wide average of 97.01%; however, this was an improvement from the prior fiscal year. The Town received a FY13 Community Development Block Grant- Infrastructure (CDBG-I) project for the waterline and Water Treatment Plant (WTP) Improvements. The project is financed with approximately \$2.7M in CDBG-I funds (94% of total project costs) from NC Department of Environmental Quality (DEQ) Division of Water Infrastructure (DWI), with a local match of \$165,250.

Town of Plymouth Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 156,453	\$ 117,674	\$ 2,554,116	\$ 2,502,872	\$ 2,710,569	\$ 2,620,546
Operating grants and contributions	108,215	110,497	-	-	108,215	110,497
Capital grants and contributions	-	95,973	2,296,366	502,101	2,296,366	598,074
General revenues:						
Property taxes	1,048,214	1,079,222	-	-	1,048,214	1,079,222
Other taxes	-	105	-	-	-	105
Grants and contributions not restricted to specific programs	717,276	804,004	-	-	717,276	804,004
Other	28,434	39,182	2,516	2,671	30,950	41,853
Total revenues	2,058,592	2,246,657	4,852,998	3,007,644	6,911,590	5,254,301
Expenses:						
General government	360,806	448,860	-	-	360,806	448,860
Public safety	1,001,844	1,089,473	-	-	1,001,844	1,089,473
Transportation	357,195	432,937	-	-	357,195	432,937
Economic and physical development	19,856	90,578	-	-	19,856	90,578
Special appropriations	65,788	60,240	-	-	65,788	60,240
Planning	78,125	93,669	-	-	78,125	93,669
Interest on long-term debt	11,605	11,939	-	-	11,605	11,939
Water	-	-	1,044,228	1,016,584	1,044,228	1,016,584
Sewer	-	-	1,078,151	956,148	1,078,151	956,148
Sanitation	-	-	525,218	545,382	525,218	545,382
Stormwater	-	-	82,333	70,356	82,333	70,356
Total expenses	1,895,219	2,227,696	2,729,930	2,588,470	4,625,149	4,816,166
Transfers	(115,250)	-	115,250	-	-	-
Increase in net position	48,123	18,961	2,238,318	419,174	2,286,441	438,135
Net position, July 1, as previously reported	4,283,419	4,332,735	8,181,379	7,779,744	12,464,798	12,112,479
Restatement	-	(68,277)	50,000	(17,539)	50,000	(85,816)
Net position, July 1, beginning, restated	4,283,419	4,264,458	8,231,379	7,762,205	12,514,798	12,026,663
Net position, June 30	\$ 4,331,542	\$ 4,283,419	\$ 10,469,697	\$ 8,181,379	\$ 14,801,239	\$ 12,464,798

Governmental activities: Governmental activities increased the Town net assets by \$48,123. Key elements of the increase are as follows:

- During the current fiscal year, the Town experienced a decrease in revenues; however, the Town was able to reduce expenditures to be able to stay within budget.

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

Business-type activities: Business-type activities increased the Town of Plymouth's net position by \$2,238,318. Key elements of this increase are as follows:

- The Town received a FY13 Community Development Block Grant- Infrastructure (CDBG-I) project for the Waterline and Water Treatment Plant (WTP) Improvements. The project is financed with approximately \$2.7M in CDBG-I funds (approximately 94% of total project costs) from NC Department of Environmental Quality (DEQ) Division of Water Infrastructure (DWI), with a local match of \$165,250.

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 \$607,013, while total fund balance reached \$1,344,517. The Town currently has an available fund balance of 32.44% of general fund expenditures, while total fund balance represents 71.84% of the same amount.

At June 30, 2018, the governmental funds of the Town of Plymouth reported a combined fund balance of \$1,339,986 with a net increase in fund balance of \$49,141.

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, Sanitation Fund, and Stormwater Fund at the end of the fiscal year amounted to \$1,049,884 \$(591,320), \$(60,568), and \$121,339, respectively. The total change in net position for all four funds was \$2,135,096, \$25,521, \$39,796, and \$37,905, 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, 2018, totaled \$13,929,648 (net of accumulated depreciation).

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

These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year included the following:

- Community Development Block Grant- Infrastructure (CDBG-I) project for the waterline and Water Treatment Plant (WTP) Improvements. Project continues.
- Purchase of Building for the Finance department.
- Purchase of a Public Safety vehicle.
- Purchases of various equipment in the Sewer Fund.
- Purchases of various equipment for the Transportation department.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 591,515	\$ 591,515	\$ 107,630	\$ 107,630	\$ 699,145	\$ 699,145
Buildings and systems	1,010,372	977,787	7,505,419	7,851,332	8,515,791	8,829,119
Improvements other than buildings	570,099	630,761	-	-	570,099	630,761
Machinery and equipment	113,007	90,834	204,685	184,718	317,692	275,552
Vehicles and motorized equipment	463,308	575,181	41,116	63,315	504,424	638,496
Construction in progress	504,787	492,037	2,817,710	522,391	3,322,497	1,014,428
Total	\$ 3,253,088	\$ 3,358,115	\$ 10,676,560	\$ 8,729,386	\$ 13,929,648	\$ 12,087,501

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

Long-term Debt. As of June 30, 2018, the Town of Plymouth had installment purchases debt outstanding of \$441,568, 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 \$725,998, 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 \$15,615,748.

Additional information regarding the Town of Plymouth's long-term debt can be found in Note III.B.5 beginning on page 45 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	
	2018	2017	2018	2017	2018	2017
Installment purchases	\$ 441,568	\$ 538,360	\$ -	\$ 29,483	\$ 441,568	\$ 567,843
Revolving loans	-	-	725,998	888,159	725,998	888,159
Compensated absences	64,412	68,164	28,686	23,401	93,098	91,565
Pension related debt (LGERS)	145,673	167,742	96,166	97,762	241,839	265,504
Pension related debt (LEO)	39,821	37,200	-	-	39,821	37,200
Total	\$ 691,474	\$ 811,466	\$ 850,850	\$ 1,038,805	\$ 1,542,324	\$ 1,850,271

The Town of Plymouth's total debt decreased by \$307,947 (16.64%) during the past fiscal year, primarily due to debt payments made on the Town's outstanding installments purchases and revolving loans and a decrease 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 \$950,000 construction loan from USDA. The proposed scope of work includes replacement of sidewalks and streetlights along Water Street.
- 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 grant/loan from the NC Division of Water Infrastructure. The proposed scope of improvements include 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.
- The Asset Inventory and Assessment project continues to inspect and diagram the town's water infrastructure to allow the Town to address the ongoing system issues in the future.

Budget Highlights for the Fiscal Year Ending June 30, 2019

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

Business – type Activities: All utility rates will remain the same, except in the Sanitation fund. It had a rate increase of \$2.



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

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 Joanne Floyd, 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, 2018
Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 988,992	\$ 253,162	\$ 1,242,154
Taxes receivables (net)	294,176	-	294,176
Accounts receivable (net)	295	552,347	552,642
Grant receivable	-	49,600	49,600
Internal balances	45,437	(45,437)	-
Due from other governments	222,422	466,407	688,829
Inventories	-	9,061	9,061
Restricted cash and cash equivalents	191,105	165,006	356,111
Total current assets	1,742,427	1,450,146	3,192,573
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	1,096,302	2,871,523	3,967,825
Other capital assets, net of depreciation	2,156,786	7,805,037	9,961,823
Total capital assets	3,253,088	10,676,560	13,929,648
Total assets	\$ 4,995,515	\$ 12,126,706	\$ 17,122,221
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 150,152	\$ 94,627	\$ 244,779
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 105,674	\$ 76,400	\$ 182,074
Customer deposits	-	165,006	165,006
Current portion of long-term liabilities	112,896	166,552	279,448
Payable from restricted assets	-	654,708	654,708
Total current liabilities	218,570	1,062,666	1,281,236
Long-term liabilities:			
Net pension liability	145,673	96,166	241,839
Due in more than one year	393,084	588,332	981,416
Total pension liability	39,821	-	39,821
Total liabilities	797,148	1,747,164	2,544,312
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,591	-	2,591
Pension deferrals	14,386	4,472	18,858
Total deferred inflows of resources	16,977	4,472	21,449
NET POSITION			
Net investment in capital assets	2,811,520	9,950,362	12,761,882
Restricted for:			
Stabilization by State Statute	526,399	-	526,399
Streets	191,105	-	191,105
Unrestricted	802,518	519,335	1,321,853
Total net position	\$ 4,331,542	\$ 10,469,697	\$ 14,801,239

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, 2018
Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 360,806	\$ 900	\$ -	\$ -	\$ (359,906)	\$ -	\$ (359,906)
Public safety	1,001,844	119,765	272	-	(881,807)	-	(881,807)
Transportation	357,195	100	107,943	-	(249,152)	-	(249,152)
Economic and physical development	19,856	-	-	-	(19,856)	-	(19,856)
Special appropriations	65,788	35,688	-	-	(30,100)	-	(30,100)
Planning	78,125	-	-	-	(78,125)	-	(78,125)
Interest on long-term debt	11,605	-	-	-	(11,605)	-	(11,605)
Total governmental activities	1,895,219	156,453	108,215	-	(1,630,551)	-	(1,630,551)
Business-type activities:							
Water	1,044,228	929,311	-	2,134,763	-	2,019,846	2,019,846
Sewer	1,078,151	971,764	-	131,908	-	25,521	25,521
Sanitation	525,218	532,803	-	29,695	-	37,280	37,280
Stormwater	82,333	120,238	-	-	-	37,905	37,905
Total business-type activities	2,729,930	2,554,116	-	2,296,366	-	2,120,552	2,120,552
Total primary government	\$ 4,625,149	\$ 2,710,569	\$ 108,215	\$ 2,296,366	\$ (1,630,551)	\$ 2,120,552	\$ 490,001

General revenues:

Taxes:		
Property taxes, levied for general purpose	1,048,214	1,048,214
Other taxes	-	-
Grants and contributions not restricted to specific programs	717,276	717,276
Unrestricted investment earnings	14,408	14,408
Miscellaneous	14,026	16,542
Total general revenues not including transfers	1,793,924	1,796,440
Transfers	(115,250)	-
Total general revenues and transfers	1,678,674	1,796,440
Change in net position	48,123	2,286,441
Net position, beginning as previously reported	4,283,419	12,464,798
Prior period adjustment	-	50,000
Net position, beginning	4,283,419	12,514,798
Net position, ending	\$ 4,331,542	\$ 14,801,239

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, 2018
Exhibit 3

	<u>Major Funds</u>		Total
	General Fund	Non-Major Funds	Total
ASSETS			
Cash and cash equivalents	\$ 925,273	\$ 63,719	\$ 988,992
Restricted cash	191,105	-	191,105
Receivables, net:			
Taxes	294,176	-	294,176
Code violations	295	-	295
Due from other funds	119,110	-	119,110
Due from other governments	221,551	871	222,422
Total assets	\$ 1,751,510	\$ 64,590	\$ 1,816,100
LIABILITIES			
Liabilities:			
Accounts payable and accrued liabilities	\$ 105,674	\$ -	\$ 105,674
Due to other funds	4,552	69,121	73,673
Total liabilities	110,226	69,121	179,347
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	294,176	-	294,176
Prepaid taxes	2,591	-	2,591
Total deferred inflows of resources	296,767	-	296,767
FUND BALANCES			
Restricted			
Stabilization by State Statute	526,399	-	526,399
Streets	191,105	-	191,105
Committed			
Town Promotion	20,000	-	20,000
Unassigned	607,013	(4,531)	602,482
Total fund balances	1,344,517	(4,531)	1,339,986
Total liabilities, deferred inflows of resources and fund balances	\$ 1,751,510	\$ 64,590	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Gross capital assets at historical cost		6,752,349	
Accumulated depreciation		(3,499,261)	3,253,088
Net pension liability			(145,673)
Total pension liability			(39,821)
Deferred outflows of resources related to pensions are not reported in the funds			150,152
Liabilities for earned revenues considered deferred inflows of resources in fund statements			294,176
Deferred inflows of resources related to pensions are not reported in the funds			(14,386)
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			(505,980)
Net position of governmental activities			\$ 4,331,542

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

Town of Plymouth, North Carolina
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Governmental Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 4

	<u>Major Funds</u>		Total
	General Fund	Non-Major Funds	
REVENUES			
Ad valorem taxes	\$ 1,038,198	\$ -	\$ 1,038,198
Unrestricted intergovernmental	717,276	-	717,276
Restricted intergovernmental	224,271	-	224,271
Permits and fees	37,579	-	37,579
Sales and services	2,818	-	2,818
Investment earnings	14,408	-	14,408
Miscellaneous	14,026	-	14,026
Total revenues	2,048,576	-	2,048,576
EXPENDITURES			
Current:			
General government	362,124	-	362,124
Public safety	892,308	-	892,308
Transportation	387,584	-	387,584
Economic and physical development	-	12,750	12,750
Special appropriations	42,897	-	42,897
Planning	78,125	-	78,125
Debt servie:			
Principal retirement	96,792	-	96,792
Interest and other charges	11,605	-	11,605
Total expenditures	1,871,435	12,750	1,884,185
Excess (deficiency) of revenues over (under) expenditures	177,141	(12,750)	164,391
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	(134,295)	-	(134,295)
Town matches	(8,044)	27,089	19,045
Total other financing sources (uses)	(142,339)	27,089	(115,250)
Net change in fund balance	34,802	14,339	49,141
Fund balance, beginning	1,309,715	(18,870)	1,290,845
Prior period adjustment (Note VIII.C)	-	-	-
Fund balance, beginning, as restated	1,309,715	(18,870)	1,290,845
Fund balances, ending	\$ 1,344,517	\$ (4,531)	\$ 1,339,986

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 Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	49,141
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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		172,031
Depreciation expense for governmental assets		(277,058)
		(105,027)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.		50,660
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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		10,016

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		
Principal payments on long-term debt		96,792

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		3,752
Pension expense		(57,211)
Total changes in net position of governmental activities	\$	48,123

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 to Actual
For the Fiscal Year Ended June 30, 2018
Exhibit 6

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Ad valorem taxes	\$ 1,094,700	\$ 1,094,700	\$ 1,038,198	\$ (56,502)
Unrestricted intergovernmental	752,500	755,200	717,276	(37,924)
Restricted intergovernmental	208,000	208,000	224,271	16,271
Permits and fees	41,000	46,000	37,579	(8,421)
Sales and services	900	1,900	2,818	918
Investment earnings	1,500	1,500	14,408	12,908
Miscellaneous	18,700	10,000	14,026	4,026
Total revenues	2,117,300	2,117,300	2,048,576	(68,724)
EXPENDITURES				
Current:				
General government	378,018	363,241	362,124	1,117
Public safety	1,040,040	974,963	892,308	82,655
Transportation	510,042	481,496	387,584	93,912
Special appropriations	84,018	43,900	42,897	1,003
Planning	105,182	147,257	78,125	69,132
Debt Service:				
Principal retirement	-	96,793	96,792	1
Interest and other charges	-	11,606	11,605	1
Total expenditures	2,117,300	2,119,256	1,871,435	247,821
Revenues over (under) expenditures	-	(1,956)	177,141	179,097
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	-	(115,250)	(134,295)	(19,045)
Town matches	-	(8,044)	(8,044)	-
Installment purchase proceeds	-	-	-	-
Total other financing sources (uses)	-	(123,294)	(142,339)	(19,045)
Fund balance appropriated	-	125,250	-	(125,250)
Net change in fund balance	\$ -	\$ -	34,802	\$ 34,802
Fund balance, beginning			1,309,715	
Fund balances, ending			\$ 1,344,517	

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

Town of Plymouth, North Carolina
Statement of Fund Net Position – Proprietary Fund
June 30, 2018
Exhibit 7

	Major Enterprise Funds				
	Water Fund	Sewer Fund	Sanitation Fund	Stormwater Fund	Total
ASSETS					
Current assets:					
Cash and equivalents	\$ 158,244	\$ -	\$ -	\$ 94,918	\$ 253,162
Restricted cash	165,006	-	-	-	165,006
Accounts receivables (net)	243,927	194,122	96,267	18,031	552,347
Due from other funds	866,488	8,167	17,622	8,631	900,908
Due from other governments	461,839	4,193	171	204	466,407
Grant receivable	-	49,600	-	-	49,600
Inventories	8,155	906	-	-	9,061
Total current assets	1,903,659	256,988	114,060	121,784	2,396,491
Noncurrent assets:					
Capital assets:					
Land and construction in progress	2,768,108	103,415	-	-	2,871,523
Other capital assets, net of depreciation	1,352,682	6,394,376	27,890	30,089	7,805,037
Capital assets (net)	4,120,790	6,497,791	27,890	30,089	10,676,560
Total assets	\$ 6,024,449	\$ 6,754,779	\$ 141,950	\$ 151,873	\$ 13,073,051
DEFERRED OUTFLOWS OF RESOURCES	\$ 85,504	\$ -	\$ 9,123	\$ -	\$ 94,627
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	34,944	26,757	14,699	\$ -	\$ 76,400
Due to other funds	17,442	771,951	156,507	445	946,345
Compensated absences - current	3,677	-	631	-	4,308
Customer deposits	165,006	-	-	-	165,006
Installment loan - current	67,165	95,079	-	-	162,244
Liabilities payable from restricted assets:					
Accounts payable	567,394	49,600	-	-	616,994
Retainage payable	37,714	-	-	-	37,714
Total current liabilities	893,342	943,387	171,837	445	2,009,011
Noncurrent liabilities:					
Compensated absences - noncurrent	22,166	-	2,212	-	24,378
Net pension liability	86,895	-	9,271	-	96,166
Installment purchase - noncurrent	468,759	95,195	-	-	563,954
Total noncurrent liabilities	577,820	95,195	11,483	-	684,498
Total liabilities	1,471,162	1,038,582	183,320	445	2,693,509
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	4,041	-	431	-	4,472
Total deferred inflows of resources	4,041	-	431	-	4,472
NET POSITION					
Net investment in capital assets	3,584,866	6,307,517	27,890	30,089	9,950,362
Unrestricted	1,049,884	(591,320)	(60,568)	121,339	519,335
Total net position	\$ 4,634,750	\$ 5,716,197	\$ (32,678)	\$ 151,428	\$ 10,469,697

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 Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 8

	Major Enterprise Funds				Total
	Water Fund	Sewer Fund	Sanitation Fund	Stormwater Fund	
OPERATING REVENUES					
Charges for service	\$ 929,311	\$ 971,764	\$ 532,803	\$ 120,238	\$ 2,554,116
Total operating revenues	929,311	971,764	532,803	120,238	2,554,116
OPERATING EXPENSES					
Salaries and benefits	683,156	-	74,527	-	757,683
Supplies	47,242	15,043	5,966	1,616	69,867
Maintenance and repair	120,400	165,095	607	30,622	316,724
Expense reimbursement to General Fund	250,786	205,779	137,061	18,000	611,626
Expense reimbursement to (from) Water Fund	(332,897)	311,119	-	21,778	-
Other operating expense	127,918	100,396	4,370	-	232,684
Contracted service	-	-	170,445	-	170,445
Landfill availability	-	-	128,522	-	128,522
Depreciation	129,238	273,294	3,720	10,317	416,569
Total operating expenses	1,025,843	1,070,726	525,218	82,333	2,704,120
Operating income (loss)	(96,532)	(98,962)	7,585	37,905	(150,004)
NONOPERATING REVENUES (EXPENSES)					
Interest and fees	(18,385)	(7,425)	-	-	(25,810)
Miscellaneous revenues	-	-	2,516	-	2,516
Federal and State grants	53,766	82,308	29,695	-	165,769
Total nonoperating revenues (expenses)	35,381	74,883	32,211	-	142,475
Income (loss) before contributions and transfers	(61,151)	(24,079)	39,796	37,905	(7,529)
Capital contributions	2,080,997	49,600	-	-	2,130,597
Town match	115,250	-	-	-	115,250
Change in net position	2,135,096	25,521	39,796	37,905	2,238,318
Net position, beginning	2,449,654	5,690,676	(72,474)	113,523	8,181,379
Prior period adjustment	50,000	-	-	-	50,000
Total net position, restated	2,499,654	5,690,676	(72,474)	113,523	8,231,379
Total net position, ending	\$ 4,634,750	\$ 5,716,197	\$ (32,678)	\$ 151,428	\$ 10,469,697

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

Town of Plymouth, North Carolina
Statement of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2018
Exhibit 9

	Major Enterprise Fund				
	Water Fund	Sewer Fund	Sanitation Fund	Stormwater Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 902,548	\$ 964,004	\$ 544,656	\$ 112,992	\$ 2,524,200
Cash paid for goods and services	48,962	(261,750)	(307,104)	(32,238)	(552,130)
Cash paid for interfund goods and services used	(250,786)	(516,898)	(137,061)	(39,778)	(944,523)
Cash paid to or on behalf of employees for services	(677,752)	-	(73,060)	-	(750,812)
Customer deposits received and returned, net	9,800	-	-	-	9,800
Net cash provided (used) by operating activities	32,772	185,356	27,431	40,976	286,535
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Due to (from) other funds	(93,075)	(14,313)	(29,947)	53,942	(83,393)
Transfers from other funds	165,250	-	-	-	165,250
Net cash provided (used) by noncapital financing activities	72,175	(14,313)	(29,947)	53,942	81,857
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on long-term borrowings	(96,248)	(95,194)	-	-	(191,442)
Interest paid on long-term borrowings	(18,385)	(7,425)	-	-	(25,810)
Acquisition and construction of capital assets	(1,778,204)	(68,424)	-	-	(1,846,628)
Miscellaneous revenue	-	-	2,516	-	2,516
Capital contributions	1,911,063	-	-	-	1,911,063
Federal and State grant proceeds	44,871	-	-	-	44,871
Net cash provided (used) by capital and related financing activities	63,097	(171,043)	2,516	-	(105,430)
Net increase (decrease) in cash and cash equivalents	168,044	-	-	94,918	262,962
Balances, beginning	155,206	-	-	-	155,206
Balances, ending	\$ 323,250	\$ -	\$ -	\$ 94,918	\$ 418,168
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ (96,532)	\$ (98,962)	\$ 7,585	\$ 37,905	\$ (150,004)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	129,238	273,294	3,720	10,317	416,569
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	(26,763)	(7,760)	11,853	(7,246)	(29,916)
(Increase) decrease in inventory	1	-	-	-	1
(Increase) decrease in deferred outflows of resources - pensions	5,217	-	175	-	5,392
Increase (decrease) in net pension liability	(1,779)	-	183	-	(1,596)
Increase (decrease) in deferred inflows of resources - pensions	(2,020)	-	(190)	-	(2,210)
Increase (decrease) in accounts payable and accrued liabilities	11,624	18,784	2,806	-	33,214
Increase (decrease) in compensated absences	3,986	-	1,299	-	5,285
Increase (decrease) in customer deposits	9,800	-	-	-	9,800
Total adjustments	129,304	284,318	19,846	3,071	436,539
Net cash provided by operating activities	\$ 32,772	185,356	27,431	40,976	286,535

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.

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.

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

Canoby Creek Project Fund. This fund is used to account for grant funds that are restricted for a particular purpose.

Catalyst Ball Park 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 Fund. This fund is used to account for the Town's sanitation operations.

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

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

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 water fund for reporting purposes.

C. Measurement Focus and Basis of Accounting

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

Town of Plymouth, North Carolina Notes to Financial Statements

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.

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

Town of Plymouth, North Carolina Notes to Financial Statements

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 utilities franchise 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 Bulkhead Restoration Project Fund, the Landfill Reclamation Fund, the Catalyst Ball Park Fund, and the Rural Center Sewer Rehabilitation Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market

Town of Plymouth, North Carolina
Notes to Financial Statements

prices. The securities of the NCCMT-Government Portfolio, a SEC registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

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.

<u>Town of Plymouth Restricted Cash</u>	
Governmental Activities:	
General Fund: Streets	\$ 191,105
Total governmental cash	191,105
Business-type Activities:	
Customer deposits	165,006
Total business-type cash	165,006
Total restricted cash	\$ 356,111

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 be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2018 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—prepayment of tax, 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

Town of Plymouth, North Carolina Notes to Financial Statements

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.

As of June 30, 2018, the Town has accrued compensatory time of \$11,907. 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.

Town of Plymouth, North Carolina Notes to Financial Statements

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 – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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.

Subsequent years’ expenditures– portion of fund balance that is appropriated in the next years’ budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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 asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net

Town of Plymouth, North Carolina Notes to Financial Statements

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 November 15, 2018, the date on which the financial statements were available to be issued.

NOTE II—STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance / Net Position

The fund balance deficit in the Downtown Streetscapes Project Fund of \$8,750 will be corrected by a transfer from the General Fund. The net position deficit in the Sanitation Fund of \$32,678 will be corrected by a transfer from the Water Fund.

NOTE III – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

Town of Plymouth, North Carolina
Notes to Financial Statements

At June 30, 2018, the Town's deposits had a carrying amount of \$150,088 and a bank balance of \$166,941. Of the bank balance, \$166,941 was covered by federal depository insurance. At June 30, 2018, the Town's petty cash fund totaled \$612.

2. Investments

At June 30, 2018, the Town of Plymouth had \$1,447,565 invested with the North Carolina Capital Management Trust's Cash 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, 2018 are net of the following allowances for doubtful accounts:

Fund	June 30, 2018
General Fund:	
Taxes receivable	\$ 69,053
Total General Fund	69,053
Enterprise Funds:	
Water fund - accounts receivable	86,995
Sewer fund - accounts receivable	64,947
Sanitation fund - accounts receivable	44,815
Stormwater fund - accounts receivable	5,701
Total Enterprise Funds	202,458
Total	\$ 271,511

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, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,515	\$ -	\$ -	\$ 591,515
Construction in progress	492,037	12,750	-	504,787
Total capital assets not being depreciated	1,083,552	12,750	-	1,096,302
Capital assets being depreciated:				
Buildings	1,816,584	65,200	-	1,881,784
Other improvements	1,398,984	-	-	1,398,984
Equipment	550,496	44,359	-	594,855
Vehicles and motorized equipment	1,730,702	49,722	-	1,780,424
Total capital assets being depreciated	5,496,766	159,281	-	5,656,047
Less accumulated depreciation for:				
Buildings	838,797	32,615	-	871,412
Other improvements	768,223	60,662	-	828,885
Equipment	459,662	22,186	-	481,848
Vehicles and motorized equipment	1,155,521	161,595	-	1,317,116
Total accumulated depreciation	3,222,203	277,058	-	3,499,261
Total capital assets being depreciated, net	2,274,563			2,156,786
Governmental activity capital assets, net	\$ 3,358,115			\$ 3,253,088

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

General government	\$ 61,083
Public safety	152,011
Transportation	29,967
Economic and physical development	7,106
Special appropriations	26,891
Total depreciation expense	\$ 277,058

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, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-tye activities: Water Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	522,391	2,245,719	-	2,768,110
Total capital assets not being depreciated	576,206	2,245,719	-	2,821,925
Capital assets being depreciated:				
Plant and distributions systems	3,361,256	-	-	3,361,256
Equipment	795,631	-	-	795,631
Vehicles	63,347	-	-	63,347
Total capital assets being depreciated	4,220,234	-	-	4,220,234
Less accumulated depreciation for:				
Plant and distributions systems	2,011,220	98,115	-	2,109,335
Equipment	719,252	29,998	-	749,250
Vehicles	61,659	1,125	-	62,784
Total accumulated depreciation	2,792,131	129,238	-	2,921,369
Total capital assets being depreciated, net	1,428,103			1,298,865
Water fund capital assets, net	\$ 2,004,309			\$ 4,120,790

	Beginning Balances	Increases	Decreases	Ending Balances
Business-tye activities: Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	-	49,600	-	49,600
Total capital assets not being depreciated	53,815	49,600	-	103,415
Capital assets being depreciated:				
Plant and distributions systems	9,598,431	-	-	9,598,431
Equipment	347,430	68,424	-	415,854
Vehicles	120,783	-	-	120,783
Total capital assets being depreciated	10,066,644	68,424	-	10,135,068
Less accumulated depreciation for:				
Plant and distributions systems	3,097,135	247,798	-	3,344,933
Equipment	270,699	14,739	-	285,438
Vehicles	99,564	10,757	-	110,321
Total accumulated depreciation	3,467,398	273,294	-	3,740,692
Total capital assets being depreciated, net	6,599,246			6,394,376
Sewer fund capital assets, net	\$ 6,653,061			\$ 6,497,791

Town of Plymouth, North Carolina
Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-tye activities: Sanitation Fund				
Capital assets being depreciated:				
Equipment	\$ 44,301	\$ -	\$ -	\$ 44,301
Vehicles	8,167	-	-	8,167
Total capital assets being depreciated	52,468	-	-	52,468
Less accumulated depreciation for:				
Equipment	12,693	3,720	-	16,413
Vehicles	8,165	-	-	8,165
Total accumulated depreciation	20,858	3,720	-	24,578
Total capital assets being depreciated, net	31,610			27,890
Sanitation fund capital assets, net	\$ 31,610			\$ 27,890
	Beginning Balances	Increases	Decreases	Ending Balances
Business-tye activities: Stormwater Fund				
Capital assets being depreciated:				
Vehicles	\$ 61,900	\$ -	\$ -	\$ 61,900
Total capital assets being depreciated	61,900	-	-	61,900
Less accumulated depreciation for:				
Vehicles	21,494	10,317	-	31,811
Total accumulated depreciation	21,494	10,317	-	31,811
Total capital assets being depreciated, net	40,406			30,089
Stormwater fund capital assets, net	40,406			30,089
Business-tye activity capital assets, net	\$ 8,729,386			\$ 10,676,560

Construction Commitments. The government has active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Bulkhead Restoration Project Fund	\$ 491,808	\$ 152,214
Downtown Streetscapes Project Fund	8,750	941,250
CAMA Conaby Creek Project Fund	4,000	156,889
Wastewater Treatment Plant Rehabilitation Fund	49,600	1,992,900
Water Treatment Plant Rehabilitation Fund	2,768,109	181,968
Total	\$ 3,322,267	\$ 3,425,221

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

Town of Plymouth, North Carolina Notes to Financial Statements

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.

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, 2018, was 8.25% of compensation for law enforcement officers and 7.62% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of

Town of Plymouth, North Carolina
Notes to Financial Statements

benefits earned by employees during the year. Contributions to the pension plan from the Town of Plymouth were \$88,854 for the year ended June 30, 2018.

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

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

At June 30, 2018, the Town reported a liability of \$241,839 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the Town’s proportion was 0.01583%, which was an increase of 0.00332% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$91,952. At June 30, 2018, 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	\$ 13,932	\$ 6,846
Changes in assumptions	34,538	-
Net difference between projected and actual earnings on pension plan investments	58,719	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	41,924	4,400
Town contributions subsequent to the measurement date	88,854	-
Total	\$ 237,967	\$ 11,246

\$88,854 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Plymouth, North Carolina
Notes to Financial Statements

Year Ended June 30:	
2019	\$ 21,537
2020	82,790
2021	45,367
2022	(11,827)
2023	-
Thereafter	-
	\$ 137,867

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2017 are summarized in the following table:

Town of Plymouth, North Carolina
Notes to Financial Statements

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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 7.20%. 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 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 7.20 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 (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	726,005	241,839	(162,287)

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.

Town of Plymouth, North Carolina
Notes to Financial Statements

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	6
Total	6

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, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

Mortality rates are based on the RP-2014 Mortality tables.

Town of Plymouth, North Carolina
Notes to Financial Statements

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 \$2,508 as benefits came due for the reporting period.

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

At June 30, 2018, the Town reported a total pension liability of \$39,821. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$5,039.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 7,177
Changes of assumptions	6,484	435
Town benefit payments and plan administrative expense made subsequent to the measurement date	328	-
Total	\$ 6,812	\$ 7,612

\$328 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	(279)
2019	(279)
2020	(279)
2021	(230)
2022	(61)
Thereafter	-
Total	(1,128)

Town of Plymouth, North Carolina
Notes to Financial Statements

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 43,485	\$ 39,821	\$ 36,422

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance

	2017
Beginning balance	\$ 37,200
Service cost	4,592
Interest on the total pension liability	1,388
Differences between expected and actual experience	(8,805)
Changes of assumptions or other inputs	7,954
Benefit payments	(2,508)
Ending balance of the total pension liability	\$ 39,821

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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Plymouth, North Carolina
Notes to Financial Statements

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 95,901	\$ 39,821	\$ 135,722
Pension Liability	241,839	5,039	246,878
Proportionate share of the net pension liability	0.01583%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	13,932	-	13,932
Changes of assumptions	34,538	6,484	41,022
Net difference between projected and actual earnings on plan investments	58,719	-	58,719
Changes in proportion and differences between contributions and proportionate share of contributions	41,924	-	41,924
Benefit payments and administrative costs paid subsequent to the measurement date	88,854	328	89,182
Deferred Inflows of Resources			
Differences between expected and actual experience	6,846	7,177	14,023
Changes of assumptions	-	435	435
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	4,400	-	4,400

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.

Town of Plymouth, North Carolina
Notes to Financial Statements

Contributions for the year ended June 30, 2018 were \$29,518, which consisted of \$20,088 from the Town and \$9,430 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, 2018 were \$44,301, which consisted of \$26,884 from the Town and \$17,417 from the general employees. No amounts were forfeited.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 88,854
Difference between expected and actual experience	13,932
Changes of assumptions	41,022
Net difference between projected and actual earnings on pension plans and investments	58,719
Town benefit payments and plan administrative expense made subsequent to the measurement date	328
Changes in proportion and difference between employer contributions and proportionate share of contributions	41,924
Total	\$ 244,779

Town of Plymouth, North Carolina
Notes to Financial Statements

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

	Statement of Net Position	General Fund Balance
Taxes receivable (General Fund)	\$ -	\$ 294,176
Property taxes	2,591	2,591
Difference between expected and actual experience	14,023	-
Changes of assumptions	435	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	4,400	-
Total	\$ 21,449	\$ 296,767

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.

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, 2018, the Town does not carry any additional flood insurance. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000 and the tax collector is bonded for \$15,000. The remaining employees that have access to funds are bonded under blanket bond for \$15,000.

Town of Plymouth, North Carolina
Notes to Financial Statements

5. 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%.

In September 2016, the Town entered into an \$81,050 installment contract to purchase a street paver. The financing contract requires three annual payments of \$27,017, plus interest beginning December 2018. The interest rate is 2.83%.

In February 2017, the Town entered into a \$44,327 agreement to repay a CDBG grant. The Department of Commerce awarded the Town a grant for the Catalyst Ballpark Project. The project will not be completed and the funds must be repaid. The agreement calls for three annual payments of \$14,776 beginning July 1, 2018. The interest rate is 0.00%

Annual debt service payments of the installment purchases as of June 30, 2018, including \$48,798 of interest, are as follows:

Year Ending June 30	Governmental Activities		Totals	
	Principal	Interest	Principal	Interest
2019	\$ 96,793	\$ 9,582	\$ 96,793	\$ 9,582
2020	69,775	7,557	69,775	7,557
2021	55,000	6,315	55,000	6,315
2022	55,000	5,038	55,000	5,038
2023	55,000	3,778	55,000	3,778
2024-2026	110,000	3,782	110,000	3,782
Total	\$ 441,568	\$ 36,052	\$ 441,568	\$ 36,052

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.

Town of Plymouth, North Carolina
Notes to Financial Statements

Revolving loans payable at June 30, 2018 are comprised of the following issues:

\$1,903,783 1999 Sewer and Drinking Water revolving loan due in annual installments of \$95,195 through May 2020, interest at 2.6%. Payments began in 2001.	\$ 190,274
\$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.	535,724
Total	\$ 725,998

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2019	\$ 162,160	\$ 20,325
2020	162,044	15,925
2021	66,965	11,531
2022	66,965	9,610
2023	66,965	7,688
2024-2026	200,899	11,532
Total	\$ 725,998	\$ 76,611

c. Changes in Long-Term Liabilities

	Balance July 01, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 538,360	\$ -	\$ 96,792	\$ 441,568	\$ 96,793
Compensated absences	68,164	-	3,752	64,412	16,103
Net pension liability (LGERS)	167,742	-	22,069	145,673	-
Net pension liability (LEO)	37,200	2,621	-	39,821	-
Governmental activity long-term liabilities	\$ 811,466	\$ 2,621	\$ 122,613	\$ 691,474	\$ 112,896
Business-type activities:					
Installment purchase	\$ 29,483	\$ -	\$ 29,483	\$ -	\$ -
Revolving loans	888,159	-	162,161	725,998	162,160
Compensated Absences	23,401	5,285	-	28,686	4,392
Net pension liability (LGERS)	97,762	-	1,596	96,166	-
Business-type activity long-term liabilities	\$ 1,038,805	\$ 5,285	\$ 193,240	\$ 850,850	\$ 166,552

At June 30, 2018, the Town of Plymouth had a legal debt margin of \$15,615,748.

Town of Plymouth, North Carolina
Notes to Financial Statements

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2018, consist of the following:

Due to the General Fund for operating costs from:	
Bulkhead Restoration Project Fund	\$ 59,500
Downtown Streetscapes Project Fund	8,750
Landfill Reclamation Project Fund	871
Sewer Fund	8,518
Sanitation Fund	41,026
Stormwater Fund	445
Total	\$ 119,110

Due to the Water Fund for operating costs from:	
General Fund	\$ 4,552
Sewer Fund	754,622
Sanitation Fund	107,314
Total	\$ 866,488

Due to the Sewer Fund for operating costs from:	
Sanitation Fund	\$ 8,167
Total	\$ 8,167

Due to the Sanitation Fund for operating costs from:	
Water Fund	\$ 8,811
Sewer Fund	8,811
Total	\$ 17,622

Due to the Stormwater Fund for operating costs from:	
Water Fund	\$ 8,631
Total	\$ 8,631

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.

Transfers to / from other funds at June 30, 2018, consist of the following:

From the General Fund to the CDBG 2010 Catalyst Park Project Fund to fund project expenditures	\$ 19,045
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From the General Fund to the Water Treatment Plant Rehabilitation and Line Replacement Project Fund to fund project expenditures	115,250
Total	134,295

Town of Plymouth, North Carolina
Notes to Financial Statements

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 3,253,088	\$ 10,676,560
less: long-term debt	441,568	726,198
Net investment in capital assets	\$ 2,811,520	\$ 9,950,362

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	\$ 1,344,517
Less:	
Stabilization by State Statute	526,399
Streets - Powell Bill	191,105
Town promotion	20,000
Remaining Fund Balance	\$ 607,013

NOTE IV –RELATED ORGANIZATION

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

NOTE V –SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE VI – PRIOR PERIOD ADJUSTMENT

During fiscal year ended June 30, 2018, the Town discovered that a transfer was improperly recorded in fiscal year ended June 30, 2017. Therefore, an adjustment to beginning net position has been recorded, the net effect of which increased beginning net position by \$50,000 in the Water Fund.

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

	2018	2017	2016	2015
Plymouth's proportion of the net pension liability (asset) (%)	0.01583%	0.01251%	0.01070%	-0.01116%
Plymouth's proportion of the net pension liability (asset) (\$)	\$ 241,839	\$ 265,504	\$ 48,021	\$ (65,618)
Plymouth's covered-employee payroll	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914
Plymouth's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.01%	25.83%	5.34%	-7.91%
Plan fiduciary net position as a percentage of the total pension liability	94.18%	91.47%	98.09%	102.64%

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

	2018	2017	2016	2015
Contractually required contribution	\$ 88,854	\$ 77,658	\$ 62,302	\$ 74,487
Contributions in relation to the contractually required contribution	88,854	77,658	62,302	74,487
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plymouth's covered-employee payroll	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914
Contributions as a percentage of covered-employee payroll	6.62%	7.55%	6.93%	8.98%

Town of Plymouth, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
June 30, 2018
Schedule 3

	2018	2017
Beginning balance	\$ 37,200	\$ 35,380
Service Cost	4,592	5,660
Interest on the total pension liability	1,388	1,185
Differences between expected and actual experience in the measurement of the total pension liability	(8,805)	-
Changes of assumptions or other inputs	7,954	(677)
Benefit payments	(2,508)	(4,348)
Ending balance of the total pension liability	\$ 39,821	\$ 37,200

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

Town of Plymouth, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplemental Information
June 30, 2018
Schedule 4

	2018	2017
Total pension liability	\$ 39,821	\$ 37,200
Covered payroll	228,620	274,585
Total pension liability as a percentage of covered payroll	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, 2018
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 1,004,207	
Interest		33,991	
Total	\$ 1,094,700	1,038,198	\$ (56,502)
Unrestricted intergovernmental:			
Local option sales taxes		469,408	
Payments in lieu of taxes		7,978	
Franchise taxes		217,771	
Beer and wine taxes		16,021	
Washington County ABC Board		6,098	
Total	755,200	717,276	(37,924)
Restricted intergovernmental:			
Powell Bill allocation		107,943	
Washington Co. Fire Department contribution		116,056	
Controlled substance tax		272	
Total	208,000	224,271	16,271
Permits and fees:			
Zoning permits		1,225	
Police citations		505	
Police report fees		61	
Code violation fees		100	
Vehicle tags		35,688	
Total	46,000	37,579	(8,421)
Sales and services:			
Court costs		1,918	
Rent		900	
Total	1,900	2,818	918

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, 2018
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Investment earnings		14,408	
Miscellaneous		14,026	
Total revenues	2,117,300	2,048,576	(68,724)
Expenditures:			
General government:			
Governing body:			
Mayor and councilmen		29,065	
Travel and training		622	
Operating expense		10,018	
Expense reimbursement from proprietary funds		(21,407)	
Total	20,899	18,298	
Administration:			
Salaries and benefits		248,342	
Professional services		23,175	
Operating expenditures		52,005	
Capital outlay		66,372	
Expense reimbursement from proprietary funds		(220,185)	
Total	142,677	169,709	
Attorney:			
Foreclosures		4,200	
Condemnations		1,840	
Other		86,231	
Expense reimbursement from proprietary funds		(67,679)	
Total	16,351	24,592	
Information technology:			
Contracted services		33,300	
Operating expense		57,291	
Capital outlay		2,795	
Expense reimbursement from proprietary funds		(94,802)	
Total	16,422	(1,416)	
Building and grounds:			
Salaries and benefits		77,323	
Operating expenditures		151,347	
Capital Outlay		7,899	
Expense reimbursement from proprietary funds		(85,628)	
Total	166,892	150,941	
Total general government	363,241	362,124	1,117

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, 2018
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and benefits		699,727	
Operating expense		54,946	
Capital outlay		31,275	
Total	839,090	785,948	
Fire:			
Pension fund		3,485	
Operating expense		91,675	
Capital outlay		11,200	
Total	135,873	106,360	
Total public safety	974,963	892,308	82,655
Transportation:			
Streets:			
Street lights		129,879	
Operating expenses		64,332	
Capital outlay		25,260	
Total	315,404	219,471	
Fleet:			
Salaries and benefits		46,425	
Operating expenses		225,166	
Capital outlay		18,447	
Expense reimbursement from proprietary funds		(121,925)	
Total	166,092	168,113	
Total transportation	481,496	387,584	93,912
Special appropriations:			
Museum		12,400	
Plymouth promotion		30,497	
Total	43,900	42,897	
Total special appropriations	43,900	42,897	1,003

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, 2018
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Planning:			
Salaries and benefits		37,085	
Operating expenses		22,994	
Contracted services		18,046	
Total	147,257	78,125	
Total planning	147,257	78,125	69,132
Debt Service:			
Principal retirement		96,792	
Interest and other charges		11,605	
Total	108,399	108,397	
Total debt service	108,399	108,397	2
Total expenditures	2,119,256	1,871,435	247,821
Revenues over (under) expenditures	(1,956)	177,141	179,097
Other financing sources (uses)			
Transfers (to) from other funds:			
To Catalyst Ballpark Project Fund		(19,045)	(19,045)
To CDBG Water Treatment Rehabilitation Project Fund		(115,250)	-
Town matches:			
To CAMA Conaby Creek		(8,044)	-
Total other financing sources (uses)	(123,294)	(142,339)	(19,045)
Fund balance appropriated	125,250	-	(125,250)
Net change in fund balance	\$ -	34,802	\$ 34,802
Fund balance, beginning		1,309,715	
Fund balance, ending		\$ 1,344,517	

Town of Plymouth, North Carolina
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2018
Schedule 6

	Bulkhead Restoration Project	Downtown Streetscapes	NC DENR Landfill Reclamation	CAMA Conaby Creek	CDBG 2010 Catalyst Ball Park	Total
ASSETS						
Cash and equivalents	\$ 59,675	\$ -	\$ -	\$ 4,044	\$ -	\$ 63,719
Due from other funds	-	-	-	-	-	-
Grants receivable	-	-	871	-	-	871
Total assets	\$ 59,675	\$ -	\$ 871	\$ 4,044	\$ -	\$ 64,590
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	59,500	8,750	871	-	-	69,121
Total liabilities	59,500	8,750	871	-	-	69,121
FUND BALANCES						
Restricted:						
Stabilization by State Statute	-	-	-	-	-	-
Unrestricted	175	(8,750)	-	4,044	-	(4,531)
Total fund balances	175	(8,750)	-	4,044	-	(4,531)
Total liabilities and fund balances	\$ 59,675	\$ -	\$ 871	\$ 4,044	\$ -	\$ 64,590

Town of Plymouth, North Carolina
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2018
Schedule 7

	Bulkhead Restoration Project	Downtown Streetscapes	NC DENR Landfill Reclamation	CAMA Conaby Creek	CDBG 2010 Catalyst Ball Park	Total
EXPENDITURES						
Current:						
Economic and physical development	-	8,750	-	4,000	-	12,750
Total expenditures	-	8,750	-	4,000	-	12,750
Excess (deficiency) of revenues over (under) expenditures	-	(8,750)	-	(4,000)	-	(12,750)
OTHER FINANCING SOURCES (USES)						
Town match	-	-	-	8,044	19,045	27,089
Total other financing sources (uses)	-	-	-	8,044	19,045	27,089
Net change in fund balance	-	(8,750)	-	4,044	19,045	14,339
Fund balance, beginning	175	-	-	-	(19,045)	(18,870)
Fund balance, ending	\$ 175	\$ (8,750)	\$ -	\$ 4,044	\$ -	\$ (4,531)

**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, 2018
Schedule 8**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
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)
EXPENDITURES:					
Current:					
Economic and physical development	644,022	491,808	-	491,808	152,214
Total expenditures	644,022	491,808	-	491,808	152,214
Net change in fund balance	\$ -	\$ 404	-	\$ 404	\$ 404
Fund balance, beginning				175	
Fund balance, ending			\$	175	

**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, 2018
Schedule 9**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
Federal Grant	\$ 950,000	\$ -	\$ -	\$ -	\$ (950,000)
Total revenues	950,000	-	-	-	(950,000)
EXPENDITURES:					
Current:					
Economic and physical development	950,000	-	8,750	8,750	941,250
Total expenditures	950,000	-	8,750	8,750	941,250
Net change in fund balance	\$ -	\$ -	(8,750)	\$ (8,750)	\$ (8,750)
Fund balance, beginning			-		
Fund balance, ending			\$ (8,750)		

**Town of Plymouth, North Carolina
Landfill Reclamation Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2018
Schedule 10**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
State Grant	\$ 250,000	\$ 40,705	\$ -	\$ 40,705	\$ (209,295)
Total revenues	250,000	40,705	-	40,705	(209,295)
EXPENDITURES:					
Current:					
Economic and physical development	250,000	40,705	-	40,705	209,295
Total expenditures	250,000	40,705	-	40,705	209,295
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			-		
Fund balance, ending			\$ -		

**Town of Plymouth, North Carolina
CAMA Conaby Creek Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2018
Schedule 11**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
State Grant	\$ 144,800	\$ -	\$ -	\$ -	\$ (144,800)
Total revenues	144,800	-	-	-	(144,800)
EXPENDITURES:					
Current:					
Economic and physical development	160,889	-	4,000	4,000	156,889
Total expenditures	160,889	-	4,000	4,000	156,889
Revenue over (under) expenditures	(16,089)	-	(4,000)	(4,000)	12,089
OTHER FINANCING SOURCES (USES):					
Town Match	16,089	-	8,044	8,044	(8,045)
Total other financing sources (uses)	16,089	-	8,044	8,044	(8,045)
Net change in fund balance	\$ -	\$ -	4,044	\$ 4,044	\$ 4,044
Fund balance, beginning			-		
Fund balance, ending			\$ 4,044		

**Town of Plymouth, North Carolina
CDBG 10-D-2603 Catalyst Ballpark Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2018
Schedule 12**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
REVENUES:					
State Grant	\$ 500,000	\$ 44,327	\$ -	\$ 44,327	\$ (455,673)
Total revenues	500,000	44,327	-	44,327	(455,673)
EXPENDITURES:					
Current:					
Economic and physical development	500,000	63,372	-	63,372	436,628
Total expenditures	500,000	63,372	-	63,372	436,628
Revenue over (under) expenditures	-	(19,045)	-	(19,045)	(19,045)
OTHER FINANCING SOURCES (USES):					
Town Match	-	-	19,045	19,045	19,045
Total other financing sources (uses)	-	-	19,045	19,045	19,045
Net change in fund balance	\$ -	\$ (19,045)	19,045	\$ -	\$ -
Fund balance, beginning			(19,045)		
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, 2018
Schedule 13

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 929,311	
Total operating revenues	\$ 985,300	929,311	\$ (55,989)
Nonoperating revenues:			
FEMA reimbursement		8,894	
Grant revenue		44,872	
Total nonoperating revenues	44,872	53,766	8,894
Total revenues	1,030,172	983,077	\$ (47,095)
Expenditures:			
Operating expenditures:			
Salaries and benefits		677,752	
Expense reimbursement from Sewer and Stormwater		(332,897)	
Supplies		47,242	
Maintenance and repairs		120,400	
Expense reimbursement to General Fund		250,786	
Other operating expenditures		127,918	
Total operating expenditures	915,283	891,201	24,082
Debt service:			
Principal retirement		96,248	
Interest and fees		18,385	
Total debt service	114,889	114,633	256
Capital outlay:			
Total expenditures	-	-	-
Total expenditures	1,030,172	1,005,834	24,338
Revenues and fund balance appropriated over (under) expenditures	\$ -	(22,757)	\$ (31,651)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		96,248	
Capital contributions		2,080,997	
(Increase) decrease in compensated absences		(3,986)	
Town match from CDBG fund		115,250	
Increase (decrease) in deferred outflows of resources - pensions		(5,217)	
(Increase) decrease in net pension liability		1,779	
(Increase) decrease in deferred inflows of resources - pensions		2,020	
Depreciation		(129,238)	
Total reconciling items		2,157,853	
Changes in net position		\$ 2,135,096	

Town of Plymouth, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Schedule 14

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 971,764	
Total operating revenues	\$ 1,000,000	971,764	\$ (28,236)
Nonoperating revenues:			
FEMA reimbursement		82,308	
Total nonoperating revenues	44,872	82,308	37,436
Total revenues	1,044,872	1,054,072	\$ 9,200
Expenditures:			
Operating expenditures:			
Supplies		15,043	
Maintenance and repairs		165,095	
Expense reimbursement to General Fund		205,779	
Expense reimbursement to Water Fund		311,119	
Other operating expenditures		100,396	
Total operating expenditures	897,379	797,432	99,947
Debt service:			
Principal retirement		95,194	
Interest and fees		7,425	
Total debt service	102,621	102,619	2
Total expenditures	1,000,000	900,051	99,949
Revenues and fund balance appropriated over (under) expenditures	\$ -	154,021	\$ 71,713

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

Reconciling items:			
Principal retirement		95,194	
Capital contributions		49,600	
Depreciation		(273,294)	
Total reconciling items		(128,500)	
Changes in net position		\$ 25,521	

**Town of Plymouth, North Carolina
Sanitation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Schedule 15**

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Landfill revenue		\$ 208,699	
Garbage revenue		324,104	
Total operating revenues	\$ 574,000	532,803	\$ (41,197)
Nonoperating revenues:			
FEMA reimbursement		29,695	
Miscellaneous revenues		2,516	
Total nonoperating revenues	2,400	32,211	29,811
Total revenues	576,400	565,014	(11,386)
Expenditures:			
Operating expenditures:			
Salaries and benefits		73,060	
Supplies		5,966	
Maintenance and repairs		607	
Contracted services		170,445	
Landfill availability		128,522	
Expense reimbursement to General Fund		137,061	
Other operating expenditures		4,370	
Total operating expenditures	576,400	520,031	56,369
Revenues and fund balance appropriated over (under) expenditures	\$ -	44,983	\$ 44,983
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
(Increase) decrease in compensated absences		(1,299)	
Increase (decrease) in deferred outflows of resources - pensions		(175)	
(Increase) decrease in net pension liability		(183)	
(Increase) decrease in deferred inflows of resources - pensions		190	
Depreciation		(3,720)	
Total reconciling items		(5,187)	
Changes in net position		\$ 39,796	

Town of Plymouth, North Carolina
Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2018
Schedule 16

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Stormwater revenues		120,238	
Total operating revenues	\$ 75,000	120,238	\$ 45,238
Total revenues	75,000	120,238	\$ 45,238
Expenditures:			
Operating expenditures:			
Supplies		1,616	
Maintenance and repairs		30,622	
Expense reimbursement to General Fund		18,000	
Expense reimbursement to Water Fund		21,778	
Total operating expenditures	85,000	72,016	12,984
Total expenditures	85,000	72,016	12,984
Revenues over (under) expenditures	(10,000)	48,222	58,222
Fund balance appropriated	10,000	-	(10,000)
Revenues and fund balance appropriated over (under) expenditures	\$ -	48,222	\$ 48,222
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(10,317)	
Total reconciling items		(10,317)	
Changes in net position		\$ 37,905	

Town of Plymouth, North Carolina
Water 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, 2018
Schedule 18

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Federal Grant	\$ 2,784,827	\$ 522,002	\$ 2,080,997	\$ 2,602,999	\$ (181,828)
Expenditures:					
Current:					
Economic and physical development:					
Public Water Improvements	2,664,827	439,639	2,052,453	2,492,092	172,735
Housing Rehabilitation - Water Connections	165,250	-	165,250	165,250	-
Administration	120,000	82,751	28,016	110,767	9,233
Total expenditures	2,950,077	522,390	2,245,719	2,768,109	181,968
Revenue over (under) expenditures	(165,250)	(388)	(164,722)	(165,110)	140
Other financing sources:					
Town Match	165,250	50,000	115,250	165,250	-
Revenue and other sources (uses) over (under) expenditures	\$ -	\$ 49,612	\$ (49,472)	\$ 140	\$ -

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, 2018
Schedule 19

	Project Authorization	Prior Years	Actual		Variance Positive (Negative)
			Current Year	Total to Date	
Revenues:					
Federal grant	\$ 500,000	\$ -	\$ 49,600	\$ 49,600	\$ (450,400)
Total revenues	500,000	-	49,600	49,600	(450,400)
Expenditures:					
Current:					
Economic and physical development:					
Engineering	107,500	-	49,600	49,600	57,900
Construction	1,729,000	-	-	-	1,729,000
Administration	206,000	-	-	-	206,000
Total expenditures	2,042,500	-	49,600	49,600	1,992,900
Revenue over (under) expenditures	(1,542,500)	-	-	-	1,542,500
Other financing sources:					
Loan proceeds	1,542,500	-	-	-	-
Revenue and other sources (uses) over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Town of Plymouth, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2018
Schedule 20

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017-2018	\$ -	\$ 1,054,063	\$ 958,441	\$ 95,622
2016-2017	117,404	38,281	64,480	91,205
2015-2016	68,271	3,115	22,166	49,220
2014-2015	31,654	-	8,366	23,288
2013-2014	29,754	-	6,331	23,423
2012-2013	26,233	-	3,994	22,239
2011-2012	20,729	-	3,045	17,684
2010-2011	18,145	-	1,988	16,157
2009-2010	17,085	-	3,512	13,573
2008-2009	14,463	-	3,642	10,821
2007-2008	10,477	-	10,477	-
Totals	\$ 354,215	\$ 1,095,459	\$ 1,086,442	363,232

Less allowance for uncollectible accounts:

General Fund	69,053
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Ad valorem taxes receivable - net	\$ 294,179
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Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 1,038,198
Stormwater revenue collected on property tax bills	54,471
Reconciling items:	
Taxes written off	8,590
Taxes written off, subsequently collected	(3,307)
Prepayment 2018 prepaid	(1,759)
Releases and fees	24,267
Adjustments	(27)
Interest collected	(33,991)
Subtotal	(6,227)
Total collections and credits	\$ 1,086,442

Town of Plymouth, North Carolina
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2018
Schedule 21

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 178,712,593	0.54	\$ 965,048	\$ 881,465	\$ 83,583
Discoveries	18,743,889	0.54	101,217	101,217	-
Abatements	(2,259,630)	0.54	(12,202)	(9,750)	(2,452)
Total property valuation	195,196,852				
Net levy			1,054,063	972,932	81,131
Uncollected taxes at June 30, 2016			(95,622)	(95,622)	-
Current year's taxes collected			\$ 958,441	\$ 877,310	\$ 81,131
Current levy collection percentage			90.93%	90.17%	100.00%

**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On
An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

Independent Auditors' 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, 2018, and the related notes to the financial statement, which collectively comprises the Town of Plymouth's basic financial statements, and have issued our report thereon dated November 15, 2018.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 18-2, that we consider to be a material weakness.

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 the accompanying schedule of findings and questioned costs as item 18-1.

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.

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
November 15, 2018

**Report On Compliance For Each Major Federal Program and Report on Internal Control Over
Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation
Act**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Plymouth, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and 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 federal program for the year ended June 30, 2018. The Town of Plymouth's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Plymouth's major federal 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 federal 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 each major federal program. However, our audit does not provide a legal determination of the Town of Plymouth's compliance.

Opinion on Each Major Federal 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 its major federal program for the year ended June 30, 2018.

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 federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal 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'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 federal 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 federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet 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 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.



Jeff Best, CPA, PLLC
Belhaven, North Carolina
November 15, 2018

Town of Plymouth, North Carolina Schedule of Findings and Questioned Costs For the Year Ended June 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 X Yes No

Significant deficiency(ies)

 Yes X None Reported

Noncompliance material to financial statements noted

 X Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 Yes X No

Significant deficiency(ies) identified

 Yes X None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Identification of major federal programs

CFDA Number
14.228

Name of Federal Program
Community Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk Auditee?

 Yes X No

Town of Plymouth, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Section II - Financial Statement Findings

Significant Noncompliance

18-1 Deficit Fund Balance / Net Position

Criteria: G.S. 159-13(b) requires that fund balance deficits be “fully appropriated” when adopting the budget ordinance for the subsequent year. For North Carolina General Statutes purposes, “fully appropriated” means a transfer that affects fund balance rather than a loan.

Condition: The fund balance deficit in the Downtown Streetscapes Project Fund of \$8,750 will be corrected by grant proceeds received. The net position deficit in the Sanitation Fund of \$32,678 will be corrected by a transfer from the Water Fund.

Effect: Non-compliance with North Carolina General Statutes.

Cause: The Town did not make the appropriate transfers to correct the deficit balances.

Recommendation: Management needs to evaluate the Town’s financial information and periodically determine whether each fund has the ability to fund its deficit and, if not, appropriate additional funds as

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will put procedures in place to appropriate additional funds as necessary.

Material Weakness

18-2 Prior Period Adjustment

Criteria: The Town should have accurate financial statements.

Condition: The Town improperly recorded a transfer in the fiscal year ended June 30, 2017.

Effect: Fund balance and net position were understated.

Cause: The Town improperly recorded a transfer in a repairs and maintenance account in the General Fund and did not record the opposite side of the transfer in the Water Treatment Plant Rehabilitation and Line Replacement Project Fund.

Recommendation: Management needs to ensure that all transfers are properly identified and recorded as transfers and to review the financial statements to ensure that transfers between funds are accurate.

Views of responsible officials and planned corrective actions: The Town agrees with this finding. The Town will put procedures in place to appropriate additional funds as necessary.

Section III - Federal Award Findings and Questioned Costs

None Reported.

**Town of Plymouth, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2018**

Section II - Financial Statement Findings

Significant Noncompliance

18-1 Deficit Fund Balance – Based upon review of financial statements

Name of Contact Person: Sam Styons, Town Manager

Corrective Action: The Town will put procedures in place to review its financial information and periodically determine whether each fund has the ability to fund its deficit and, if not, appropriate additional funds as necessary.

Proposed Completion Date: The Council agrees with this finding and has begun the implementation process.

Material Weakness

18-2 Prior Period Adjustment


Name of Contact Person: Sam Styons, Town Manager

Corrective Action: The Town will put procedures in place to review its financial information and ensure that all transfers are properly recorded and that all transfers between funds are accurate.

Proposed Completion Date: The Council agrees with this finding and has begun the implementation process.

Section III - Federal Award Findings and Questioned Costs

None Reported



**Town of Plymouth, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2018**

Findings:

17-1 Prior Period Adjustment - Proper Recording of Payroll Accruals

Status: Corrected

17-2 Deficit Fund Balance – Based upon review of financial statements

Status: Partially Corrected

Town of Plymouth, North Carolina Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2018

Grantor/Pass-through <u>Grantor/Program Title</u>	Federal CFDA Number	Federal (Direct and Pass-through) Expenditures	State Expenditures
Federal Awards:			
<u>U.S. Dept of Housing and Urban Development</u>			
Passed-through the N.C. Dept. of Commerce:			
Community Development Block Grant, State's Program and Non-Entitlement Grants in Hawaii			
Community Development Block Grant, State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 2,080,997	\$ -
Total U.S. Dept. of Housing and Urban Development		2,080,997	-
<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			
	66.458	49,600	-
Total US Department of Justice		49,600	-
<u>US Department of Homeland Security</u>			
Passed-through Department of Public Safety: Division of Emergency Management:			
Public Assistance Grants	97.036	90,673	30,224
Total US Department of Homeland Security		90,673	30,224
Total Federal Awards		2,221,270	-
State Awards:			
<u>NC Department of Environment and Natural Resources</u>			
AIA Grant		-	44,872
Total NC Department of Environment and Natural Resources		-	44,872
<u>NC Department of Transportation</u>			
Powell Bill		-	143,621
Total NC Department of Transportation		-	143,621
Total Federal and State Awards		2,221,270	218,717

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, 2018. 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.