

Town of Plymouth Financial Statements June 30, 2019



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Town of Plymouth, North Carolina
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position, and cash flows, where appropriate, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 51 and 52, 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 53 and 54, 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 generally 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 individual fund statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements and other schedules 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 individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 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.

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

Jeff Best, CPA, PLLC

Belhaven, North Carolina
November 22, 2019

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

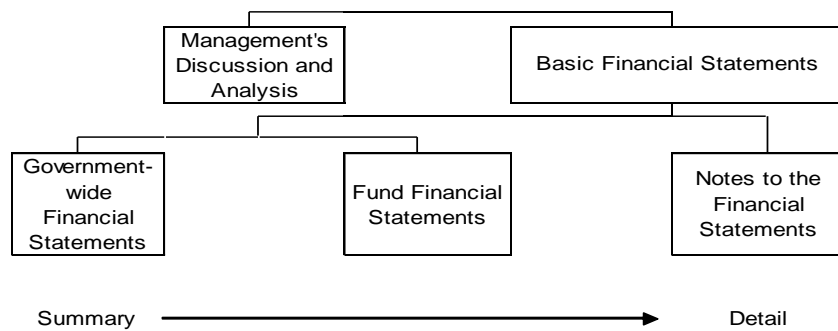
- The assets and deferred outflows of resources of the Town of Plymouth exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,149,865 (*net position*).
- The government's total net position increased by \$348,626, primarily due to an increase in the business-type 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 \$1,424,070 with a net change of \$84,084 in fund balance. Approximately 67.58 percent of this total amount, or \$962,419, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$884,097, or 42.13 percent of total general fund expenditures for the fiscal year.
- The Town of Plymouth's total debt increased by \$249,049 (16.15%) during the current fiscal year. The key factors in this increase were increases in installment purchases and the increase 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, and sanitation / stormwater operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

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

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

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

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

Government-Wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2019	0	2019	0	2019	0
Current and other assets	\$ 1,763,175	\$ 1,742,427	\$ 984,197	\$ 1,450,146	\$ 2,747,372	\$ 3,192,573
Capital assets	3,397,969	3,253,088	10,752,497	10,676,560	14,150,466	13,929,648
Deferred outflows of resources	248,974	150,152	143,538	94,627	392,512	244,779
Total assets and deferred outflows of resources	5,410,118	5,145,667	11,880,232	12,221,333	17,290,350	17,367,000
Long-term liabilities outstanding	804,499	578,578	681,511	851,050	1,486,010	1,429,628
Other liabilities	206,072	218,570	435,440	896,114	641,512	1,114,684
Deferred inflows of resources	12,139	16,977	823	4,472	12,962	21,449
Total liabilities and deferred inflows of resources	1,022,710	814,125	1,117,774	1,751,636	2,140,484	2,565,761
Net position:						
Net investment in capital assets	2,867,808	2,811,520	10,076,177	9,950,362	12,943,985	12,761,882
Restricted	441,651	717,504	-	-	441,651	717,504
Unrestricted	1,077,949	802,518	686,280	519,335	1,764,229	1,321,853
Total net position	\$ 4,387,408	\$ 4,331,542	\$ 10,762,457	\$ 10,469,697	\$ 15,149,865	\$ 14,801,239

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Plymouth exceeded liabilities and deferred inflows by \$15,149,865 as of June 30, 2019. The Town's net position increased by \$348,626 for the fiscal year ended June 30, 2019. However, the largest portion, 85.44%, 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, 441,651, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,764,229 is unrestricted.

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

- The Town's collection of property taxes at 92.26% compares unfavorably with the State-wide average of 97.01%; however, this was an improvement from the prior fiscal year.
- The Town allocated the Town Match for the CAMA Waterfront Park Renovation Project. This project is fund with a \$107,500 grant from Division of Environmental Quality and a \$11,944 local match (\$5972 cash and \$5,972 In-kind).

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

- The Town provided funding in the amount of \$20,000 to complete the concrete project at the Open Air Market.

Town of Plymouth Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 163,393	\$ 156,453	\$ 2,590,972	\$ 2,554,116	\$ 2,754,365	\$ 2,710,569
Operating grants and contributions	105,227	108,215	-	-	105,227	108,215
Capital grants and contributions	214,100	-	333,753	2,296,366	547,853	2,296,366
General revenues:						
Property taxes	1,046,585	1,048,214	-	-	1,046,585	1,048,214
Other taxes	285	-	-	-	285	-
Grants and contributions not restricted to specific programs	693,327	717,276	-	-	693,327	717,276
Other	52,951	28,434	17,686	2,516	70,637	30,950
Total revenues	2,275,868	2,058,592	2,942,411	4,852,998	5,218,279	6,911,590
Expenses:						
General government	602,776	360,806	-	-	602,776	360,806
Public safety	1,100,103	1,001,844	-	-	1,100,103	1,001,844
Transportation	429,555	357,195	-	-	429,555	357,195
Economic and physical development	(38,509)	19,856	-	-	(38,509)	19,856
Special appropriations	75,161	65,788	-	-	75,161	65,788
Planning	45,967	78,125	-	-	45,967	78,125
Interest on long-term debt	9,558	11,605	-	-	9,558	11,605
Water	-	-	987,482	1,044,228	987,482	1,044,228
Sewer	-	-	1,060,249	1,078,151	1,060,249	1,078,151
Sanitation / Stormwater	-	-	597,311	607,551	597,311	607,551
Total expenses	2,224,611	1,895,219	2,645,042	2,729,930	4,869,653	4,625,149
Transfers	4,609	(115,250)	(4,609)	115,250	-	-
Increase in net position	55,866	48,123	292,760	2,238,318	348,626	2,286,441
Net position, July 1, as previously reported	4,331,542	4,283,419	10,469,697	8,181,379	14,801,239	12,464,798
Restatement	-	-	-	50,000	-	50,000
Net position, July 1, beginning, restated	4,331,542	4,283,419	10,469,697	8,231,379	14,801,239	12,514,798
Net position, June 30	\$ 4,387,408	\$ 4,331,542	\$ 10,762,457	\$ 10,469,697	\$ 15,149,865	\$ 14,801,239

Governmental activities: Governmental activities increased the Town net assets by \$55,866. Key elements of the increase are as follows:

- During the current fiscal year, the Town increased the revenues and expenditures. The Town stayed within the approved budget.
- The Town provided funding in the amount of \$20,000 to complete the concrete project at the Open Air Market.
- The Town allocated the Town Match for the CAMA Waterfront Park Renovation Project. This project is fund with a \$107,500 grant from Division of Environmental Quality and a \$11,944 local match (\$5972 cash and \$5,972 In-kind).

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 \$292,760. Key elements of this increase are as follows:

- The Town received grant/loan from the NC Division of Water Infrastructure in the amount of \$1,000,000, \$750,000 Grant and \$250,000 loan with zero percent interest for a Water System Improvement Project.
- The Town received a loan grant/loan from the NC Division of Water Infrastructure in the amount of \$2,042,500, \$500,000 Grant and \$1,542,500 loan with zero percent for the Wastewater Treatment Rehabilitation and Line Replacement Project.
- 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 \$884,097, while total fund balance reached 1,345,260. The Town currently has an available fund balance of 42.13% of general fund expenditures, while total fund balance represents 64.11% of the same amount.

At June 30, 2019, the governmental funds of the Town of Plymouth reported a combined fund balance of \$1,424,070 with a net increase in fund balance of \$84,084.

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

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

Water Fund, Sewer Fund, and Sanitation / Stormwater Fund at the end of the fiscal year amounted to \$1,080,938, (\$539,118), and 144,460, respectively. The total change in net position for all three funds was \$215,454, (21,432), and 98,738, 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, 2019, totaled \$14,150,466 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year included the following:

- Purchase of the Town Hall extension. Project completed.
- Purchase of property for the Open Air Market. Project completed.
- Community Development Block Grant- Infrastructure (CDBG-I) project for the waterline and Water Treatment Plant (WTP) Improvements. Project continues.
- CAMA Grant project to fund the Conaby Creek Water Park project. Project completed.
- Purchase of a Public Safety vehicle.
- Purchase of equipment in the General Fund
- Purchases of equipment in the Water Fund.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 614,515	\$ 591,515	\$ 107,630	\$ 107,630	\$ 722,145	\$ 699,145
Buildings and systems	977,756	1,010,372	10,073,732	7,505,419	11,051,488	8,515,791
Improvements other than buildings	1,159,846	570,099	-	-	1,159,846	570,099
Machinery and equipment	201,086	113,007	327,880	204,685	528,966	317,692
Vehicles and motorized equipment	378,360	463,308	35,702	41,116	414,062	504,424
Construction in progress	66,406	504,787	207,553	2,817,710	273,959	3,322,497
Total	\$ 3,397,969	\$ 3,253,088	\$ 10,752,497	\$ 10,676,560	\$ 14,150,466	\$ 13,929,648

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, 2019, the Town of Plymouth had installment purchases debt outstanding of \$642,643, 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 \$563,837, used to finance the construction of a wastewater treatment plant and the extension of water and sewer lines.

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

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 \$14,957,746.

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

Town of Plymouth's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Installment purchases	\$ 530,161	\$ 441,568	\$ 112,482	\$ -	\$ 642,643	\$ 441,568
Revolving loans	-	-	563,837	725,998	563,837	725,998
Compensated absences	70,531	64,412	37,605	28,686	108,136	93,098
Pension related debt (LGERS)	249,972	145,673	159,020	96,166	408,992	241,839
Pension related debt (LEO)	67,765	39,821	-	-	67,765	39,821
Total	\$ 918,429	\$ 691,474	\$ 872,944	\$ 850,850	\$ 1,791,373	\$ 1,542,324

The Town of Plymouth's total debt increased by \$249,049 (16.15%) during the past fiscal year, primarily due to increased installment purchases and an increase in the Town's LGERS net pension liability.

Economic Factors and Next Year's Budgets and Rates

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

- Downtown Streetscape Project, funded with a \$942,000 construction loan from USDA. The proposed scope of work includes replacement of sidewalks and streetlights in the Downtown Business District.
- 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.
- Waterfront Park Renovation Project, funded with a \$107,500 grant from Division of Environmental Quality and a \$11,944 local match (\$5972 cash and \$5,972 In-kind). The funding will extend the bulkhead and boardwalk approximately 65 feet and install four outlets and lights along the river behind the Police Department.
- Water System Improvement Project, FY 15 Community Development Block Grant- Infrastructure (CDBG-I) project for the installation of a brine tank and SCADA system at the Water Treatment Plant (WTP) and installation of approximately 1800 liner feet of raw water line. The project is



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

financed with grant in the amount of \$504,000 from Division of Water Quality Community Development Block Grant program.

Budget Highlights for the Fiscal Year Ending June 30, 2020

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

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

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to 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, 2019
Exhibit 1

	Primary Government		
	Governmental	Business-type	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,087,077	\$ 84,401	\$ 1,171,478
Taxes receivables (net)	244,371	-	244,371
Accounts receivable (net)	295	549,981	550,276
Grant receivable	-	205,053	205,053
Internal balances	45,437	(45,437)	-
Due from other governments	268,582	9,420	278,002
Inventories	-	9,062	9,062
Prepaid items	23,517	-	23,517
Restricted cash and cash equivalents	93,896	171,717	265,613
Total current assets	1,763,175	984,197	2,747,372
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	680,921	315,183	996,104
Other capital assets, net of depreciation	2,717,048	10,437,314	13,154,362
Total capital assets	3,397,969	10,752,497	14,150,466
Total assets	\$ 5,161,144	\$ 11,736,694	\$ 16,897,838
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 248,974	\$ 143,538	\$ 392,512
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 92,142	\$ 56,045	\$ 148,187
Customer deposits	-	171,717	171,717
Current portion of long-term liabilities	113,930	191,433	305,363
Payable from restricted assets	-	16,245	16,245
Total current liabilities	206,072	435,440	641,512
Long-term liabilities:			
Due in more than one year	804,499	681,511	1,486,010
Total liabilities	1,010,571	1,116,951	2,127,522
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	2,592	-	2,592
Pension deferrals	9,547	823	10,370
Total deferred inflows of resources	12,139	823	12,962
NET POSITION			
Net investment in capital assets	2,867,808	10,076,177	12,943,985
Restricted for:			
Stabilization by State Statute	347,755	-	347,755
Streets	93,896	-	93,896
Unrestricted	1,077,949	686,280	1,764,229
Total net position	\$ 4,387,408	\$ 10,762,457	\$ 15,149,865

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, 2019
Exhibit 2

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	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	\$ 602,776	\$ 2,475	\$ -	\$ -	\$ (600,301)	\$ -	\$ (600,301)
Public safety	1,100,103	125,626	-	26,681	(947,796)	-	(947,796)
Transportation	429,555	-	105,227	-	(324,328)	-	(324,328)
Economic and physical development	(38,509)	-	-	187,419	225,928	-	225,928
Special appropriations	75,161	35,292	-	-	(39,869)	-	(39,869)
Planning	45,967	-	-	-	(45,967)	-	(45,967)
Interest on long-term debt	9,558	-	-	-	(9,558)	-	(9,558)
Total governmental activities	2,224,611	163,393	105,227	214,100	(1,741,891)	-	(1,741,891)
Business-type activities:							
Water	987,482	957,197	-	244,806	-	214,521	214,521
Sewer	1,060,249	949,870	-	88,947	-	(21,432)	(21,432)
Sanitation / Stormwater	597,311	683,905	-	-	-	86,594	86,594
Total business-type activities	2,645,042	2,590,972	-	333,753	-	279,683	279,683
Total primary government	\$ 4,869,653	\$ 2,754,365	\$ 105,227	\$ 547,853	\$ (1,741,891)	\$ 279,683	\$ (1,462,208)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,046,585	-	1,046,585
Other taxes					285	-	285
Grants and contributions not restricted to specific programs					693,327	-	693,327
Unrestricted investment earnings					28,253	-	28,253
Miscellaneous					24,698	17,686	42,384
Total general revenues not including transfers					1,793,148	17,686	1,810,834
Transfers					4,609	(4,609)	-
Total general revenues and transfers					1,797,757	13,077	1,810,834
Change in net position					55,866	292,760	348,626
Net position, beginning					4,331,542	10,469,697	14,801,239
Net position, ending					\$ 4,387,408	\$ 10,762,457	\$ 15,149,865

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, 2019
Exhibit 3

	<u>Major Funds</u>		Total Non-Major Funds	Total
	General Fund			
ASSETS				
Cash and cash equivalents	\$ 1,000,791	\$	86,286	\$ 1,087,077
Restricted cash	93,896		-	93,896
Receivables, net:				
Taxes	244,371		-	244,371
Code violations	295		-	295
Prepaid items	23,517		-	23,517
Due from other funds	109,489		-	109,489
Due from other governments	216,558		52,024	268,582
Total assets	\$ 1,688,917	\$	138,310	\$ 1,827,227
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 92,142	\$	-	\$ 92,142
Due to other funds	4,552		59,500	64,052
Total liabilities	96,694		59,500	156,194
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	244,371		-	244,371
Prepaid taxes	2,592		-	2,592
Total deferred inflows of resources	246,963		-	246,963
FUND BALANCES				
Restricted				
Stabilization by State Statute	347,267		488	347,755
Streets	93,896		-	93,896
Committed				
Town Promotion	20,000		-	20,000
Unassigned	884,097		78,322	962,419
Total fund balances	1,345,260		78,810	1,424,070
Total liabilities, deferred inflows of resources and fund balances	\$ 1,688,917	\$	138,310	

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, 2019
Exhibit 3

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
and therefore are not reported in the funds.

Gross capital assets at historical cost	7,175,251	
Accumulated depreciation	(3,777,282)	3,397,969
<hr/>		
Net pension liability		(249,972)
Total pension liability		(67,765)
Deferred outflows of resources related to pensions are not reported in the funds		248,974
Liabilities for earned revenues considered deferred inflows of resources in fund statements		244,371
Deferred inflows of resources related to pensions are not reported in the funds		(9,547)
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		(600,692)
Net position of governmental activities		\$ 4,387,408

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, 2019
Exhibit 4

	<u>Major Funds</u>	Total Non-Major Funds	Total
	General Fund		
REVENUES			
Ad valorem taxes	\$ 1,096,390	\$ -	\$ 1,096,390
Other taxes and licenses	285	-	285
Unrestricted intergovernmental	693,327	-	693,327
Restricted intergovernmental	252,597	187,419	440,016
Permits and fees	37,553	-	37,553
Sales and services	5,151	-	5,151
Investment earnings	28,253	-	28,253
Miscellaneous	24,698	-	24,698
Total revenues	2,138,254	187,419	2,325,673
EXPENDITURES			
Current:			
General government	394,103	-	394,103
Public safety	1,015,605	-	1,015,605
Transportation	501,005	-	501,005
Economic and physical development	-	267,830	267,830
Special appropriations	35,253	-	35,253
Planning	45,967	-	45,967
Debt service:			
Principal retirement	96,793	-	96,793
Interest and other charges	9,558	-	9,558
Total expenditures	2,098,284	267,830	2,366,114
Excess (deficiency) of revenues over (under) expenditures	39,970	(80,411)	(40,441)
OTHER FINANCING SOURCES (USES)			
Transfers (to) from other funds	(29,622)	34,231	4,609
Town matches	(9,605)	9,605	-
Installment purchase obligations issued	-	119,916	119,916
Total other financing sources (uses)	(39,227)	163,752	124,525
Net change in fund balance	743	83,341	84,084
Fund balances, beginning	1,344,517	(4,531)	1,339,986
Fund balances, ending	\$ 1,345,260	\$ 78,810	\$ 1,424,070

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, 2019
Exhibit 5

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

Net changes in fund balances - total governmental funds	\$ 84,084
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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	464,691
Depreciation expense for governmental assets	(319,810)
	144,881

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	59,065
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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	(49,805)
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment on long-term debt and related items.

Principal payments on long-term debt	96,793
New long-term debt issued	(185,386)

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	(6,119)
Pension expense	(87,647)
Total changes in net position of governmental activities	\$ 55,866

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

Town of Plymouth, North Carolina
General Fund Statement of Revenues, Expenditures, and Change
in Fund Balance –Budget and Actual
For the Fiscal Year Ended June 30, 2019
Exhibit 6

	General Fund			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Ad valorem taxes	\$ 1,103,700	\$ 1,063,700	\$ 1,096,390	\$ 32,690
Other taxes and licenses	-	-	285	285
Unrestricted intergovernmental	753,000	753,000	693,327	(59,673)
Restricted intergovernmental	258,000	258,000	252,597	(5,403)
Permits and fees	1,000	41,000	37,553	(3,447)
Sales and services	900	1,900	5,151	3,251
Investment earnings	10,000	10,000	28,253	18,253
Miscellaneous	8,000	7,000	24,698	17,698
Total revenues	2,134,600	2,134,600	2,138,254	3,654
EXPENDITURES				
Current:				
General government	400,687	410,488	394,103	16,385
Public safety	1,118,338	1,054,539	1,015,605	38,934
Transportation	493,691	530,905	501,005	29,900
Special appropriations	40,204	34,226	35,253	(1,027)
Planning	81,680	72,984	45,967	27,017
Debt Service:				
Principal retirement	-	96,793	96,793	-
Interest and other charges	-	9,568	9,558	10
Total expenditures	2,134,600	2,209,503	2,098,284	111,219
Revenues over (under) expenditures	-	(74,903)	39,970	114,873
OTHER FINANCING SOURCES (USES):				
Transfers to other funds	-	(29,622)	(29,622)	-
Town matches	-	(6,000)	(9,605)	(3,605)
Total other financing sources (uses)	-	(35,622)	(39,227)	(3,605)
Fund balance appropriated	-	110,525	-	(110,525)
Net change in fund balance	\$ -	\$ -	743	\$ 743
Fund balance, beginning			1,344,517	
Fund balance, ending			\$ 1,345,260	

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, 2019
Exhibit 7

	Major Enterprise Funds			
			Sanitation / Stormwater Fund	
	Water Fund	Sewer Fund		Total
ASSETS				
Current assets:				
Cash and equivalents	\$ -	\$ -	\$ 84,401	\$ 84,401
Restricted cash	171,717	-	-	171,717
Accounts receivables (net)	247,551	187,601	114,829	549,981
Due from other funds	857,829	8,167	98,589	964,585
Due from other governments	6,506	2,243	671	9,420
Grant receivable	66,506	138,547	-	205,053
Inventories	8,156	906	-	9,062
Total current assets	1,358,265	337,464	298,490	1,994,219
Noncurrent assets:				
Capital assets:				
Land and construction in progress	122,821	192,362	-	315,183
Other capital assets, net of depreciation	4,201,290	6,136,600	99,424	10,437,314
Capital assets (net)	4,324,111	6,328,962	99,424	10,752,497
Total assets	\$ 5,682,376	\$ 6,666,426	\$ 397,914	\$ 12,746,716
DEFERRED OUTFLOWS OF RESOURCES	128,971	-	14,567	143,538
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	24,855	14,281	16,909	56,045
Due to other funds	17,442	862,301	130,279	1,010,022
Compensated absences - current	8,105	-	1,297	9,402
Customer deposits	171,717	-	-	171,717
Installment loan - current	86,953	-	-	86,953
Liabilities payable from restricted assets:				
Accounts payable	16,245	-	-	16,245
Total current liabilities	325,317	876,582	148,485	1,350,384
Noncurrent liabilities:				
Compensated absences - noncurrent	24,313	-	3,890	28,203
Net pension liability	142,881	-	16,139	159,020
Installment purchase - noncurrent	467,892	95,079	26,396	589,367
Total noncurrent liabilities	635,086	95,079	46,425	776,590
Total liabilities	960,403	971,661	194,910	2,126,974
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	740	-	83	823
Total deferred inflows of resources	740	-	83	823
NET POSITION				
Net investment in capital assets	3,769,266	6,233,883	73,028	10,076,177
Unrestricted	1,080,938	(539,118)	144,460	686,280
Total net position	\$ 4,850,204	\$ 5,694,765	\$ 217,488	\$ 10,762,457

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, 2019
Exhibit 8

	Major Enterprise Funds			
			Sanitation / Stormwater	
	Water Fund	Sewer Fund	Fund	Total
OPERATING REVENUES				
Charges for service	\$ 955,697	\$ 949,870	\$ 683,905	\$ 2,589,472
Water and sewer taps	1,500	-	-	1,500
Total operating revenues	957,197	949,870	683,905	2,590,972
OPERATING EXPENSES				
Salaries and benefits	706,477	-	82,696	789,173
Supplies	50,247	11,167	6,745	68,159
Maintenance and repair	108,052	93,972	4,100	206,124
Expense reimbursement to General Fund	266,840	219,572	175,804	662,216
Expense reimbursement to (from) Water Fund	(359,259)	335,756	23,503	-
Other operating expense	81,863	125,156	14,979	221,998
Contracted service	-	-	146,209	146,209
Landfill availability	-	-	123,516	123,516
Depreciation	117,887	269,676	17,150	404,713
Total operating expenses	972,107	1,055,299	594,702	2,622,108
Operating income (loss)	(14,910)	(105,429)	89,203	(31,136)
NONOPERATING REVENUES (EXPENSES)				
Interest and fees	(15,375)	(4,950)	(2,609)	(22,934)
Miscellaneous revenues	5,000		12,686	17,686
Total nonoperating revenues (expenses)	(10,375)	(4,950)	10,077	(5,248)
Income (loss) before contributions and transfers	(25,285)	(110,379)	99,280	(36,384)
Capital contributions	244,806	88,947	-	333,753
Transfers to other funds	(4,067)	-	(542)	(4,609)
Change in net position	215,454	(21,432)	98,738	292,760
Net position, beginning	4,634,750	5,716,197	118,750	10,469,697
Net position, ending	\$ 4,850,204	\$ 5,694,765	\$ 217,488	\$ 10,762,457

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, 2019
Exhibit 9

	Major Enterprise Fund			
			Sanitation / Stormwater	
	Water Fund	Sewer Fund	Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 953,573	\$ 958,341	\$ 683,078	\$ 2,594,992
Cash paid for goods and services	109,007	(242,771)	(293,339)	(427,103)
Cash paid for interfund goods and services used	(266,840)	(555,328)	(199,307)	(1,021,475)
Cash paid to or on behalf of employees for services	(690,684)	-	(79,276)	(769,960)
Customer deposits received and returned, net	6,711	-	-	6,711
Net cash provided (used) by operating activities	111,767	160,242	111,156	383,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Due to (from) other funds	(8,659)	90,347	99,039	180,727
Transfers (to) from other funds	(4,067)	-	(542)	(4,609)
Net cash provided (used) by noncapital financing activities	(12,726)	90,347	98,497	176,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term borrowings	(66,965)	(95,195)	(12,200)	(174,360)
Interest paid on long-term borrowings	(15,375)	(4,950)	(2,609)	(22,934)
Installment purchases proceeds	86,086	-	38,595	124,681
Acquisition and construction of capital assets	(892,953)	(150,444)	(256,642)	(1,300,039)
Miscellaneous revenue	5,000	-	12,686	17,686
Capital contributions	633,633	-	-	633,633
Net cash provided (used) by capital and related financing activities	(250,574)	(250,589)	(220,170)	(721,333)
Net increase (decrease) in cash and cash equivalents	(151,533)	-	(10,517)	(162,050)
Balances, beginning	323,250	-	94,918	418,168
Balances, ending	\$ 171,717	\$ -	\$ 84,401	\$ 256,118
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (14,910)	\$ (105,429)	\$ 89,203	\$ (31,136)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	117,887	269,676	17,150	404,713
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(3,624)	8,471	(827)	4,020
(Increase) decrease in inventory	(1)	-	-	(1)
(Increase) decrease in deferred outflows of resources - pensions	(43,467)	-	(5,444)	(48,911)
Increase (decrease) in net pension liability	55,986	-	6,868	62,854
Increase (decrease) in deferred inflows of resources - pensions	(3,301)	-	(348)	(3,649)
Increase (decrease) in accounts payable and accrued liabilities	(10,089)	(12,476)	2,210	(20,355)
Increase (decrease) in compensated absences	6,575	-	2,344	8,919
Increase (decrease) in customer deposits	6,711	-	-	6,711
Total adjustments	126,677	265,671	21,953	414,301
Net cash provided by operating activities	\$ 111,767	\$ 160,242	\$ 111,156	\$ 383,165

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.

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

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

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

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

Waterfront 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 / Stormwater Fund. This fund is used to account for the Town's sanitation and 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 water fund for reporting purposes.

Water System H-SRP-D-17-0144 Fund. This fund is used to account for grant funds that are restricted for a particular purpose. This fund is combined with the water fund for reporting purposes.



Town of Plymouth, North Carolina Notes to Financial Statements

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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



Town of Plymouth, North Carolina Notes to Financial Statements

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Plymouth because the tax is levied by Washington County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances were adopted for the 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

Town of Plymouth, North Carolina

Notes to Financial Statements

savings association whose principal office is located in North Carolina. Also, the Town may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2019, The Term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Plymouth Restricted Cash

Governmental Activities:

General Fund: Streets	\$ 93,896
Total governmental cash	93,896

Business-type Activities:

Customer deposits	171,717
Total business-type cash	171,717
Total restricted cash	\$ 265,613

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 of Plymouth, North Carolina

Notes to Financial Statements

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 2019 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 of Plymouth, North Carolina Notes to Financial Statements

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 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, 2019, the Town has accrued compensatory time of \$10,064. 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

Town of Plymouth, North Carolina

Notes to Financial Statements

be accumulated up to 80 hours with the remaining balance paid to the employee, unless the Town Manager approves otherwise. Compensatory time must be used before sick or vacation time.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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



Town of Plymouth, North Carolina Notes to Financial Statements

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

13. Subsequent Events – Date of Management Evaluation

Management has evaluated subsequent events through November 22, 2019, the date on which the financial statements were available to be issued.

NOTE II – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

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

At June 30, 2019, the Town's deposits had a carrying amount of \$122,870 and a bank balance of \$199,075. Of the bank balance, \$199,075 was covered by federal depository insurance. At June 30, 2019, the Town's petty cash fund totaled \$612.

2. Investments

At June 30, 2019, the Town of Plymouth had \$1,313,609 invested with the North Carolina Capital Management Trust's Governmental Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy regarding credit risk of its investments.

3. Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

Town of Plymouth, North Carolina

Notes to Financial Statements

Fund	June 30, 2019
General Fund:	
Taxes receivable	\$ 56,023
Total General Fund	56,023
Enterprise Funds:	
Water fund - accounts receivable	107,887
Sewer fund - accounts receivable	90,874
Sanitation / Stormwater fund - accounts receivable	66,376
Total Enterprise Funds	265,137
Total	\$ 321,160

4. Capital Assets

Primary Government. Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 591,515	\$ 23,000	\$ -	\$ 614,515
Construction in progress	504,787	267,830	706,211	66,406
Total capital assets not being depreciated	1,096,302	290,830	706,211	680,921
Capital assets being depreciated:				
Buildings	1,881,784	-	-	1,881,784
Other improvements	1,398,984	683,211	-	2,082,195
Equipment	594,855	114,563	-	709,418
Vehicles and motorized equipment	1,738,631	82,298	-	1,820,929
Total capital assets being depreciated	5,614,254	880,072	-	6,494,326
Less accumulated depreciation for:				
Buildings	871,412	32,616	-	904,028
Other improvements	828,885	93,464	-	922,349
Equipment	481,848	26,484	-	508,332
Vehicles and motorized equipment	1,275,323	167,246	-	1,442,569
Total accumulated depreciation	3,457,468	319,810	-	3,777,278
Total capital assets being depreciated, net	2,156,786			2,717,048
Governmental activity capital assets, net	\$ 3,253,088			\$ 3,397,969

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

General government	61,450
Public safety	157,353
Transportation	34,208
Economic and physical development	26,891
Special appropriations	39,908
Total depreciation expense	\$ 319,810

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, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Water Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	2,768,110	215,122	2,914,226	69,006
Total capital assets not being depreciated	2,821,925	215,122	2,914,226	122,821
Capital assets being depreciated:				
Plant and distributions systems	3,361,256	2,914,226	-	6,275,482
Equipment	795,631	106,086	-	901,717
Vehicles	63,347	-	-	63,347
Total capital assets being depreciated	4,220,234	3,020,312	-	7,240,546
Less accumulated depreciation for:				
Plant and distributions systems	2,109,335	98,115	-	2,207,450
Equipment	749,250	19,209	-	768,459
Vehicles	62,784	563	-	63,347
Total accumulated depreciation	2,921,369	117,887	-	3,039,256
Total capital assets being depreciated, net	1,298,865			4,201,290
Water fund capital assets, net	\$ 4,120,790			\$ 4,324,111
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 53,815	\$ -	\$ -	\$ 53,815
Construction in progress	49,600	88,947	-	138,547
Total capital assets not being depreciated	103,415	88,947	-	192,362
Capital assets being depreciated:				
Plant and distributions systems	9,598,431	-	-	9,598,431
Equipment	415,854	-	-	415,854
Vehicles	120,783	11,900	-	132,683
Total capital assets being depreciated	10,135,068	11,900	-	10,146,968
Less accumulated depreciation for:				
Plant and distributions systems	3,344,933	247,798	-	3,592,731
Equipment	285,438	15,444	-	300,882
Vehicles	110,321	6,434	-	116,755
Total accumulated depreciation	3,740,692	269,676	-	4,010,368
Total capital assets being depreciated, net	6,394,376			6,136,600
Sewer fund capital assets, net	\$ 6,497,791			\$ 6,328,962

Town of Plymouth, North Carolina

Notes to Financial Statements

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities: Sanitation / Stormwater Fund				
Capital assets being depreciated:				
Equipment	\$ 44,301	\$ 58,595	\$ -	\$ 102,896
Vehicles	70,067	-	-	70,067
Total capital assets being depreciated	114,368	58,595	-	172,963
Less accumulated depreciation for:				
Equipment	16,413	6,833	-	23,246
Vehicles	39,976	10,317	-	50,293
Total accumulated depreciation	56,389	17,150	-	73,539
Total capital assets being depreciated, net	57,979			99,424
Sanitation / Stormwater fund capital assets, net	\$ 57,979			\$ 99,424
Business-type activity capital assets, net	\$ 10,676,560			\$10,752,497

Construction Commitments. The government has active construction projects as of June 30, 2019. 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
Town Hall #2 Project Fund	54,516	70,484
Waterfront Park Project Fund	3,140	116,304
Wastewater Treatment Plant Rehabilitation Fund	138,547	1,903,953
Water System F-SRP-R-17-0144 Project Fund	69,006	930,994
Total	\$ 765,767	\$ 4,115,199

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Plymouth is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller,

Town of Plymouth, North Carolina Notes to Financial Statements

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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Plymouth were \$100,087 for the year ended June 30, 2019.

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

Town of Plymouth, North Carolina

Notes to Financial Statements

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

At June 30, 2019, the Town reported a liability of \$408,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the Town's proportion was 0.01724%, which was an increase of 0.00141% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of \$126,905. At June 30, 2019, 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	\$ 63,098	\$ 2,117
Changes in assumptions	108,531	-
Net difference between projected and actual earnings on pension plan investments	56,142	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	41,315	-
Town contributions subsequent to the measurement date	100,087	-
Total	\$ 369,173	\$ 2,117

\$100,087 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, 2020. 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:

2020	\$	124,751
2021		84,226
2022		22,279
2023		35,712
2024		-
Thereafter		-
	\$	266,968

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 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, 2018 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 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	982,434	408,992	(70,185)

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Active plan members	8
<u>Total</u>	<u>8</u>

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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salaries increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

Town of Plymouth, North Carolina

Notes to Financial Statements

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

Contributions

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

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

At June 30, 2019, the Town reported a total pension liability of \$67,765. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$11,730.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,325	\$ 5,549
Changes of assumptions	5,014	2,704
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 23,339	\$ 8,253

\$0 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. 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:	
2020	2,921
2021	2,921
2022	2,970
2023	3,139
2024	3,135
Thereafter	-
Total	15,086

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 3.64 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 73,865	\$ 67,765	\$ 62,124

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

	2018
Beginning balance	\$ 39,821
Service cost	7,551
Interest on the total pension liability	1,258
Differences between expected and actual experience	22,005
Changes of assumptions or other inputs	(2,870)
Benefit payments	-
Ending balance of the total pension liability	\$ 67,765

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, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Town of Plymouth, North Carolina

Notes to Financial Statements

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 126,905	\$ 11,730	\$ 138,635
Pension Liability	408,992	67,765	476,757
Proportionate share of the net pension liability	0.01724%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	63,098	18,325	81,423
Changes of assumptions	108,531	5,014	113,545
Net difference between projected and actual earnings on plan investments	56,142	-	56,142
Changes in proportion and differences between contributions and proportionate share of contributions	41,315	-	41,315
Benefit payments and administrative costs paid subsequent to the measurement date	100,087	-	100,087
Deferred Inflows of Resources			
Differences between expected and actual experience	2,117	5,549	7,666
Changes of assumptions	-	2,704	2,704
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-

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, 2019 were \$32,236, which consisted of \$22,591 from the Town and \$9,645 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, 2019 were \$39,347, which consisted of \$24,639 from the Town and \$14,708 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	\$ 100,087
Difference between expected and actual experience	81,423
Changes of assumptions	113,545
Net difference between projected and actual earnings on pension plans and investments	56,142
Town benefit payments and plan administrative expense made subsequent to the measurement date	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	41,315
Total	\$ 392,512

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 Sheet
Taxes receivable (General Fund)	\$ -	\$ 244,371
Property taxes	2,592	2,592
Difference between expected and actual experience	7,666	-
Changes of assumptions	2,704	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-
Total	\$ 12,962	\$ 246,963

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, 2019, the Town does not carry any additional flood insurance. In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000 and the tax collector is bonded for \$15,000. The remaining employees that have access to funds are bonded under blanket bond for \$15,000.

5. Long-Term Obligations

a. Installment Purchases

Serviced by the Governmental Activities:

In February 2016, the Town entered into a \$550,000 installment contract to purchase two fire trucks. The financing contract requires ten annual principal payments of \$55,000, plus interest. Payments begin in February 2017. The interest rate is 2.29%. The balance at June 30, 2019 is \$330,000.

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%. The balance at June 30, 2019 is \$14,775.

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

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

Serviced by the Business-type Activities:

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

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

Town of Plymouth, North Carolina

Notes to Financial Statements

Annual debt service payments of the installment purchases as of June 30, 2019, including \$79,222 of interest, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 96,297	\$ 16,235	\$ 19,988	\$ 4,261	\$ 116,285	\$ 20,496
2021	82,214	13,675	33,665	5,392	115,879	19,067
2022	82,943	11,095	35,724	3,333	118,667	14,428
2023	83,707	8,509	23,105	1,144	106,812	9,653
2024	67,500	5,887	-	-	67,500	5,887
2025-2029	117,500	9,691	-	-	117,500	9,691
Total	\$ 530,161	\$ 65,092	\$ 112,482	\$ 14,130	\$ 642,643	\$ 79,222

b. Revolving Loan

Serviced by the Business-type Activities:

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

Revolving loans payable at June 30, 2019 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. \$ 95,079

\$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. 468,758

Total \$ 563,837

The future payments of the revenue bond are as follows:

Year Ending June 30	Principal	Interest
2020	\$ 162,044	\$ 15,925
2021	66,965	11,531
2022	66,965	9,610
2023	66,965	7,688
2024	66,965	5,766
2025-2029	133,933	5,766
Total	\$ 563,837	\$ 56,286

Town of Plymouth, North Carolina

Notes to Financial Statements

c. Changes in Long-Term Liabilities

	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
Installment purchase	\$ 441,568	\$ 185,386	\$ 96,793	\$ 530,161	\$ 96,297
Compensated absences	64,412	6,119	-	70,531	17,633
Net pension liability (LGERS)	145,673	104,299	-	249,972	-
Net pension liability (LEO)	39,821	27,944	-	67,765	-
Governmental activity long-term liabilities	\$ 691,474	\$ 323,748	\$ 96,793	\$ 918,429	\$ 113,930
Business-type activities:					
Installment purchase	\$ -	\$ 124,682	\$ 12,200	\$ 112,482	\$ 19,988
Revolving loans	725,998	-	162,161	563,837	162,044
Compensated absences	28,686	8,919	-	37,605	9,401
Net pension liability (LGERS)	96,166	62,854	-	159,020	-
Business-type activity long-term liabilities	\$ 850,850	\$ 196,455	\$ 174,361	\$ 872,944	\$ 191,433

At June 30, 2019, the Town of Plymouth had a legal debt margin of \$14,957,746.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund for operating costs from:

Bulkhead Restoration Project Fund	\$ 59,500
Sewer Fund	8,518
Sanitation Fund	41,026
Stormwater Fund	445
Total	\$ 109,489

Due to the Water Fund for operating costs from:

General Fund	\$ 4,552
Sewer Fund	772,636
Sanitation Fund	80,641
Total	\$ 857,829

Due to the Sewer Fund for operating costs from:

Sanitation Fund	\$ 8,167
Total	\$ 8,167

Due to the Sanitation / Stormwater Fund for operating costs from:

Water Fund	\$ 17,442
Sewer Fund	81,147
Total	\$ 98,589

Town of Plymouth, North Carolina

Notes to Financial Statements

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.

From the General Fund to the Downtown Streetscapes Project Fund to fund project expenditures	\$ 8,750
From the General Fund to the Open Air Market Project Fund to fund project expenditures	\$ 20,000
From the General Fund to the Landfill Reclamation Project Fund to fund project expenditures	\$ 872
From the Water Fund to the Conaby Creek Project Fund to fund project expenditures	\$ 4,067
From the Sanitation / Stormwater Fund to the Conaby Creek Project Fund to fund project expenditures	\$ 542
Total	34,231

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	\$ 3,397,969	\$ 10,752,497
less: long-term debt	530,161	676,320
Net investment in capital assets	\$ 2,867,808	\$ 10,076,177

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	\$ 1,345,260
Less:	
Stabilization by State Statute	347,267
Streets - Powell Bill	93,896
Town promotion	20,000
Remaining Fund Balance	\$ 884,097

NOTE III –RELATED ORGANIZATION

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

NOTE IV –SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

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

	2019	2018	2017	2016	2015	2014
Plymouth's proportion of the net pension liability (asset) (%)	0.01724%	0.01583%	0.01251%	0.01070%	-0.01116%	0.01410%
Plymouth's proportion of the net pension liability (asset) (\$)	\$ 408,992	\$ 241,839	\$ 265,504	\$ 48,021	\$ (65,618)	\$ 169,959
Plymouth's covered-employee payroll	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914	\$ 802,580	\$ 802,580
Plymouth's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	30.46%	23.53%	29.54%	5.79%	-8.18%	21.18%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	95.35%

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

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 100,087	\$ 88,854	\$ 77,658	\$ 62,302	\$ 74,487	\$ 83,859
Contributions in relation to the contractually required contribution	100,087	88,854	77,658	62,302	74,487	83,859
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Plymouth's covered-employee payroll	\$ 1,414,764	\$ 1,342,786	\$ 1,027,992	\$ 898,742	\$ 829,914	\$ 802,580
Contributions as a percentage of covered-employee payroll	7.07%	6.62%	7.55%	6.93%	8.98%	10.45%

Town of Plymouth, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2019
Schedule 3

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

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

Town of Plymouth, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
June 30, 2019
Schedule 4

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

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

Town of Plymouth, North Carolina
General Fund Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
For the Fiscal Year Ended June 30, 2019
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 1,057,928	
Interest		38,462	
Total	\$ 1,063,700	1,096,390	\$ 32,690
Other taxes and licenses:			
Privilege licenses		285	
Total	-	285	285
Unrestricted intergovernmental:			
Local option sales taxes		455,712	
Payments in lieu of taxes		3,290	
Franchise taxes		215,833	
Beer and wine taxes		15,555	
Washington County ABC Board		2,937	
Total	753,000	693,327	(59,673)
Restricted intergovernmental:			
Powell Bill allocation		105,227	
Volunteer fire department fund grant		26,681	
Washington Co. Fire Department contribution		120,689	
Total	258,000	252,597	(5,403)
Permits and fees:			
Zoning permits		1,725	
Police citations		471	
Police report fees		65	
Vehicle tags		35,292	
Total	41,000	37,553	(3,447)
Sales and services:			
Court costs		2,676	
Rent		2,475	
Total	1,900	5,151	3,251

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, 2019
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Investment earnings		28,253	
Miscellaneous		24,698	
Total revenues	2,134,600	2,138,254	3,654
Expenditures:			
General government:			
Governing body:			
Mayor and councilmen		31,004	
Travel and training		672	
Operating expense		2,479	
Expense reimbursement from proprietary funds		(23,178)	
Total	16,873	10,977	
Administration:			
Salaries and benefits		312,376	
Professional services		31,068	
Operating expenditures		51,184	
Expense reimbursement from proprietary funds		(238,398)	
Total	154,256	156,230	
Attorney:			
Foreclosures		7,742	
Condemnations		2,911	
Other		111,673	
Expense reimbursement from proprietary funds		(72,844)	
Total	49,484	49,482	
Information technology:			
Contracted services		34,500	
Operating expense		67,100	
Capital outlay		9,620	
Expense reimbursement from proprietary funds		(102,643)	
Total	17,877	8,577	
Building and grounds:			
Salaries and benefits		81,480	
Operating expenditures		173,777	
Capital Outlay		6,290	
Expense reimbursement from proprietary funds		(92,710)	
Total	171,998	168,837	
Total general government	410,488	394,103	16,385

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, 2019
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Police:			
Salaries and benefits		737,577	
Operating expense		60,865	
Capital outlay		57,299	
Total	886,240	855,741	
Fire:			
Pension fund		12,678	
Operating expense		65,952	
Capital outlay		81,234	
Total	168,299	159,864	
Total public safety	1,054,539	1,015,605	38,934
Transportation:			
Streets:			
Street lights		122,613	
Operating expenses		178,757	
Capital outlay		20,000	
Total	344,340	321,370	
Fleet:			
Salaries and benefits		54,533	
Operating expenses		232,545	
Capital outlay		25,000	
Expense reimbursement from proprietary funds		(132,443)	
Total	186,565	179,635	
Total transportation	530,905	501,005	29,900
Special appropriations:			
Museum		12,400	
Plymouth promotion		21,353	
Christmas parade		1,500	
Total	34,226	35,253	
Total special appropriations	34,226	35,253	(1,027)

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, 2019
Schedule 5

	Budget	Actual	Variance Positive (Negative)
Planning:			
Salaries and benefits		11,567	
Operating expenses		20,973	
Contracted services		13,427	
Total	72,984	45,967	
Total planning	72,984	45,967	27,017
Debt Service:			
Principal retirement		96,793	
Interest and other charges		9,558	
Total	106,361	106,351	
Total debt service	106,361	106,351	10
Total expenditures	2,209,503	2,098,284	111,219
Revenues over (under) expenditures	(74,903)	39,970	114,873
Other financing sources (uses)			
Transfers (to) from other funds:			
To Downtown Streetscapes Project Fund		(8,750)	-
To Open Air Market Project Fund		(20,000)	-
To Landfill Reclamation Project Fund		(872)	-
Town matches:			
To CAMA Conaby Creek		(3,605)	(3,605)
To CAMA Waterfront Park		(6,000)	-
Total other financing sources (uses)	(35,622)	(39,227)	(3,605)
Fund balance appropriated	110,525	-	(110,525)
Net change in fund balance	\$ -	743	\$ 743
Fund balance, beginning		1,344,517	
Fund balance, ending		\$ 1,345,260	

Town of Plymouth, North Carolina
Combining Balance Sheet –
Nonmajor Governmental Funds
June 30, 2019
Schedule 6

	Bulkhead Restoration Project	Open Air Market	Town Hall #2	NC DENR Landfill Reclamation	CAMA Conaby Creek	CAMA Waterfront Park	Total
ASSETS							
Cash and equivalents	\$ 59,675	\$ 880	\$ 14,261	\$ 1	\$ 8,609	\$ 2,860	\$ 86,286
Accounts receivables (net)	-	-	474	-	14	-	488
Grants receivable	-	-	50,665	871	-	-	51,536
Total assets	\$ 59,675	\$ 880	\$ 65,400	\$ 872	\$ 8,623	\$ 2,860	\$ 138,310
LIABILITIES							
Due to other funds	59,500	-	-	-	-	-	59,500
Total liabilities	59,500	-	-	-	-	-	59,500
FUND BALANCES							
Restricted:							
Stabilization by State Statute	-	-	474	-	14	-	488
Unrestricted	175	880	64,926	872	8,609	2,860	78,322
Total fund balances	175	880	65,400	872	8,623	2,860	78,810
Total liabilities and fund balances	\$ 59,675	\$ 880	\$ 65,400	\$ 872	\$ 8,623	\$ 2,860	\$ 138,310

Town of Plymouth, North Carolina
Combining Statement of Revenues, Expenditures, and Changes
in Fund Balances – Nonmajor Governmental Funds
For the Year Ended June 30, 2019
Schedule 7

	Bulkhead Restoration Project	Downtown Streetscapes	Open Air Market	Town Hall #2	NC DENR Landfill Reclamation	CAMA Conaby Creek	CAMA Waterfront Park	Total
REVENUES								
Federal and State grants	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ 137,419	\$ -	\$ 187,419
Total revenues	-	-	50,000	-	-	137,419	-	187,419
EXPENDITURES								
Current:								
Economic and physical development	-	-	69,120	54,516	-	141,054	3,140	267,830
Total expenditures	-	-	69,120	54,516	-	141,054	3,140	267,830
Excess (deficiency) of revenues over (under) expenditures	-	-	(19,120)	(54,516)	-	(3,635)	(3,140)	(80,411)
OTHER FINANCING SOURCES (USES)								
Town match	-	-	-	-	-	3,605	6,000	9,605
Transfers in	-	8,750	20,000	-	872	4,609	-	34,231
Installment purchase proceeds	-	-	-	119,916	-	-	-	119,916
Total other financing sources (uses)	-	8,750	20,000	119,916	872	8,214	6,000	163,752
Net change in fund balance	-	8,750	880	65,400	872	4,579	2,860	83,341
Fund balance, beginning	175	(8,750)	-	-	-	4,044	-	(4,531)
Fund balance, ending	\$ 175	\$ -	\$ 880	\$ 65,400	\$ 872	\$ 8,623	\$ 2,860	\$ 78,810

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, 2019
Schedule 8

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(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, 2019
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
Revenue over (under) expenditures	-	(8,750)	-	(8,750)	(8,750)
OTHER FINANCING SOURCES (USES):					
Transfer in - General Fund	-	-	8,750	8,750	8,750
Total other financing sources (uses)	-	-	8,750	8,750	8,750
Net change in fund balance	\$ -	\$ (8,750)	8,750	\$ -	\$ -
Fund balance, beginning			(8,750)		
Fund balance, ending			\$ -		

Town of Plymouth, North Carolina
Open Air Market - Downtown Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances – Budget and Actual
From Inception and the Year Ended June 30, 2019
Schedule 10

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

Town of Plymouth, North Carolina
Town Hall #2 Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balances – Budget and Actual
From Inception and the Year Ended June 30, 2019
Schedule 11

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
EXPENDITURES:					
Current:					
Economic and physical development	\$ 125,000	\$ -	\$ 54,516	\$ 54,516	\$ 70,484
Total expenditures	125,000	-	54,516	54,516	70,484
Revenue over (under) expenditures	(125,000)	-	(54,516)	(54,516)	70,484
OTHER FINANCING SOURCES (USES):					
Installment proceeds	125,000	-	119,916	119,916	(5,084)
Total other financing sources (uses)	125,000	-	119,916	119,916	(5,084)
Net change in fund balance	\$ -	\$ -	65,400	\$ 65,400	\$ 65,400
Fund balance, beginning			-		
Fund balance, ending			\$ 65,400		

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, 2019
Schedule 12

	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
OTHER FINANCING SOURCES (USES):					
Transfer in - General Fund	-	-	872	872	872
Total other financing sources (uses)	-	-	872	872	872
Net change in fund balance	\$ -	\$ -	872	\$ 872	\$ 872
Fund balance, beginning			-		
Fund balance, ending			\$ 872		

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, 2019
Schedule 13

	Project		Actual		Variance
	Authorization	Prior	Current	Total	Positive
		Years	Year	to Date	(Negative)
REVENUES:					
State Grant	\$ 144,800	\$ -	\$ 137,419	\$ 137,419	\$ (7,381)
Total revenues	144,800	-	137,419	137,419	(7,381)
EXPENDITURES:					
Current:					
Economic and physical development	160,889	4,000	141,054	145,054	15,835
Total expenditures	160,889	4,000	141,054	145,054	15,835
Revenue over (under) expenditures	(16,089)	(4,000)	(3,635)	(7,635)	8,454
OTHER FINANCING SOURCES (USES):					
Town Match	16,089	8,044	3,605	11,649	(4,440)
Water Fund	-	-	4,067	4,067	4,067
Sanitation / Stormwater Fund	-	-	542	542	542
Total other financing sources (uses)	16,089	8,044	8,214	16,258	169
Net change in fund balance	\$ -	\$ 4,044	4,579	\$ 8,623	\$ 8,623
Fund balance, beginning			4,044		
Fund balance, ending			\$ 8,623		

Town of Plymouth, North Carolina
CAMA Waterfront Park Project Fund
Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
From Inception and For the Year Ended June 30, 2019
Schedule 14

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive Negative
REVENUES:					
State Grant	\$ 107,500	\$ -	-	\$ -	\$ (107,500)
Total revenues	107,500	-	-	-	(107,500)
EXPENDITURES:					
Current:					
Economic and physical development	119,444	-	3,140	3,140	116,304
Total expenditures	119,444	-	3,140	3,140	116,304
Revenue over (under) expenditures	(11,944)	-	(3,140)	(3,140)	8,804
OTHER FINANCING SOURCES (USES):					
Town Match	11,944	-	6,000	6,000	(5,944)
Total other financing sources (uses)	11,944	-	6,000	6,000	(5,944)
Net change in fund balance	\$ -	\$ -	2,860	\$ 2,860	\$ 2,860
Fund balance, beginning			-		
Fund balance, ending			\$ 2,860		

Town of Plymouth, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
Schedule 15

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 955,697	
Water taps	-	1,500	
Total operating revenues	\$ 978,000	957,197	\$ (20,803)
Nonoperating revenues:			
Miscellaneous income		5,000	
Total nonoperating revenues	-	5,000	5,000
Total revenues	978,000	962,197	(15,803)
Expenditures:			
Operating expenditures:			
Salaries and benefits		690,684	
Expense reimbursement from Sewer and Stormwater		(359,259)	
Supplies		50,247	
Maintenance and repairs		108,052	
Expense reimbursement to General Fund		266,840	
Other operating expenditures		81,863	
Total operating expenditures	880,658	838,427	42,231
Debt service:			
Principal retirement		66,965	
Interest and fees		15,375	
Total debt service	97,342	82,340	15,002
Total expenditures	978,000	920,767	57,233
Revenues over (under) expenditures	-	41,430	36,430
Other financing sources (uses)			
Transfers (to) from other funds:			
To CAMA Conaby Creek Fund	-	(4,067)	(4,067)
Total other financing sources (uses)	-	(4,067)	(4,067)
Revenues and other financing sources (uses) over (under) expenditures	\$ -	37,363	\$ 28,296

Town of Plymouth, North Carolina
Water Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
Schedule 15

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

Reconciling items:

Principal retirement	66,965
Capital contributions	244,806
(Increase) decrease in compensated absences	(6,575)
Increase (decrease) in deferred outflows of resources - pensions	43,467
(Increase) decrease in net pension liability	(55,986)
(Increase) decrease in deferred inflows of resources - pensions	3,301
Depreciation	(117,887)
Total reconciling items	178,091
Changes in net position	\$ 215,454

Town of Plymouth, North Carolina
Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
Schedule 16

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Water sales		\$ 949,870	
Total operating revenues	\$ 987,000	949,870	\$ (37,130)
Expenditures:			
Operating expenditures:			
Supplies		11,167	
Maintenance and repairs		93,972	
Expense reimbursement to General Fund		219,572	
Expense reimbursement to Water Fund		335,756	
Other operating expenditures		125,156	
Total operating expenditures	871,855	785,623	86,232
Debt service:			
Principal retirement		95,195	
Interest and fees		4,950	
Total debt service	115,145	100,145	15,000
Total expenditures	987,000	885,768	101,232
Revenues over (under) expenditures	\$ -	64,102	\$ 64,102
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		95,195	
Capital contributions		88,947	
Depreciation		(269,676)	
Total reconciling items		(85,534)	
Changes in net position		\$ (21,432)	

Town of Plymouth, North Carolina
Sanitation / Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
Schedule 17

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Landfill revenue		\$ 207,045	
Garbage revenue		359,012	
Stormwater revenue		117,848	
Total operating revenues	\$ 705,000	683,905	\$ (21,095)
Nonoperating revenues:			
Miscellaneous revenues		12,686	
Total nonoperating revenues	-	12,686	12,686
Total revenues	705,000	696,591	(8,409)
Expenditures:			
Operating expenditures:			
Salaries and benefits		79,276	
Supplies		6,745	
Maintenance and repairs		4,100	
Contracted services		146,209	
Landfill availability		123,516	
Expense reimbursement to General Fund		175,804	
Expense reimbursement to Water Fund		23,503	
Other operating expenditures		14,979	
Total operating expenditures	663,073	574,132	88,941
Debt service:			
Principal retirement		12,200	
Interest and fees		2,609	
Total debt service	10,000	14,809	(4,809)
Capital outlay	31,927	-	31,927
Total expenditures	705,000	588,941	116,059
Revenues over (under) expenditures	-	107,650	107,650

Town of Plymouth, North Carolina
Sanitation / Stormwater Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2019
Schedule 17

Other financing sources (uses)

Transfers (to) from other funds:			
To CAMA Conaby Creek Fund	-	(542)	(542)
Total other financing sources (uses)	-	(542)	(542)

Revenues and other financing sources (uses)			
over (under) expenditures	\$ -	107,108	\$ 107,108

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

Reconciling items:		
Principal retirement		12,200
(Increase) decrease in compensated absences		(2,344)
Increase (decrease) in deferred outflows of resources - pensions		5,444
(Increase) decrease in net pension liability		(6,868)
(Increase) decrease in deferred inflows of resources - pensions		348
Depreciation		(17,150)
Total reconciling items		(8,370)
Changes in net position	\$	98,738

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, 2019
Schedule 18

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Federal Grant	\$ 2,784,827	\$ 2,602,999	\$ 178,300	\$ 2,781,299	\$ (3,528)
Expenditures:					
Current:					
Economic and physical development:					
Public Water Improvements	2,664,827	2,492,092	141,381	2,633,473	31,354
Housing Rehabilitation - Water Connections	165,250	165,250	-	165,250	-
Administration	120,000	110,767	4,735	115,502	4,498
Total expenditures	2,950,077	2,768,109	146,116	2,914,225	35,852
Revenue over (under) expenditures	(165,250)	(165,110)	32,184	(132,926)	32,324
Other financing sources:					
Town Match	165,250	165,250	-	165,250	-
Revenue and other sources (uses) over (under) expenditures	\$ -	\$ 140	\$ 32,184	\$ 32,324	\$ -

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, 2019
Schedule 19

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Federal grant	\$ 500,000	\$ 49,600	\$ 88,947	\$ 138,547	\$ (361,453)
Total revenues	500,000	49,600	88,947	138,547	(361,453)
Expenditures:					
Current:					
Economic and physical development:					
Engineering	107,500	49,600	88,235	137,835	(30,335)
Construction	1,729,000	-	-	-	1,729,000
Administration	206,000	-	712	712	205,288
Total expenditures	2,042,500	49,600	88,947	138,547	1,903,953
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
Water System H-SRP-D-17-0014 Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2019
Schedule 20

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Federal grant	\$ 750,000	\$ -	\$ 66,506	\$ 66,506	\$ (683,494)
Expenditures:					
Current:					
Economic and physical development:					
Engineering	188,000	-	68,745	68,745	119,255
Construction	799,500	-	-	-	799,500
Administration	12,500	-	261	261	12,239
Total expenditures	1,000,000	-	69,006	69,006	930,994
Revenue over (under) expenditures	(250,000)	-	(2,500)	(2,500)	247,500
Other financing sources:					
Loan proceeds	250,000	-	-	-	-
Revenue and other sources (uses) over (under) expenditures	\$ -	\$ -	\$ (2,500)	\$ (2,500)	\$ -

Town of Plymouth, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019
Schedule 21

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 1,045,435	\$ 964,500	\$ 80,935
2017-2018	95,622	25,740	72,654	48,708
2016-2017	91,205	2,487	33,312	60,380
2015-2016	49,220	1,635	15,153	35,702
2014-2015	23,288	-	6,770	16,518
2013-2014	23,422	(100)	7,485	15,837
2012-2013	22,239	1,232	10,014	13,457
2011-2012	17,684	-	7,161	10,523
2010-2011	16,157	-	6,489	9,668
2009-2010	13,572	-	4,906	8,666
2008-2009	10,820	-	10,820	-
Totals	\$ 363,229	\$ 1,076,429	\$ 1,139,264	300,394

Less allowance for uncollectible accounts:

General Fund	56,023
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Ad valorem taxes receivable - net	\$ 244,371
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Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 1,096,390
Stormwater revenue collected on property tax bills	59,742
Reconciling items:	
Taxes written off	22,327
Taxes written off, subsequently collected	(971)
Adjustments	238
Interest collected	(38,462)
Subtotal	(16,868)
Total collections and credits	\$ 1,139,264

Town of Plymouth, North Carolina
Analysis of Current Tax Levy – Town-Wide Levy
June 30, 2019
Schedule 22

	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	\$ 177,891,946	0.54	\$ 960,617	\$ 876,581	\$ 84,036
Discoveries	17,435,657	0.54	94,153	94,153	-
Abatements	(1,728,763)	0.54	(9,335)	(8,029)	(1,306)
Total property valuation	193,598,840				
Net levy			1,045,435	962,705	82,730
Uncollected taxes at June 30, 2019			(80,935)	(80,935)	-
Current year's taxes collected			\$ 964,500	\$ 881,770	\$ 82,730
Current levy collection percentage			92.26%	91.59%	100.00%

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, 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, 2019, 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 22, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

**Town of Plymouth, North Carolina
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

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 no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jeff Best, CPA, PLLC
Belhaven, North Carolina
November 22, 2019