## REVIEWED

## Town of Plymouth Financial Statements June 30, 2021

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## INDEPENDENT AUDITOR'S REPORT

## To the Honorable Mayor and

Members of the Town Council
Town of Plymouth, North Carolina

## Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows [where applicable] thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

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

## Responsibilities of Management for the Audit of the Financial Statements

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions on pages 51 and 52, and the Law Enforcement Officers' Special Separation Allowance
schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 53 and 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards general accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plymouth's basic financial statements. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially
misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 29, 2022 on our consideration of the Town of Plymouth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Plymouth's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Plymouth's internal control over financial reporting and compliance.


Belhaven, North Carolina
August 29, 2022

## 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, 2021. 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 $\$ 15,331,770$ (net position).
- The government's total net position decreased by $\$ 267,729$, primarily due to a decrease in the governmental 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 $\$ 1,481,597$ with a net change of $\$(117,897)$ in fund balance. Approximately 50.94 percent of this total amount, or $\$ 754,736$, is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $\$ 751,675$, or 33.15 percent of total general fund expenditures for the fiscal year.
- The Town of Plymouth's total debt increased by $\$ 1,116,448$ ( $58.36 \%$ ) during the current fiscal year. The key factors in this increase were increases in revolving loans and the increase in the Town's LGERS net pension liability.


## Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1


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

## Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Governmentwide 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 longterm information about the Town's financial status as a whole.

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

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

The government-wide financial statements are on Exhibits 1 and 2 of this report.
Fund financial statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Plymouth, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Plymouth can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 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 <br> Activities |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 1,840,188 | \$ 1,917,418 | \$ 1,359,862 | \$ 1,481,959 | \$ 3,200,050 | \$ 3,399,377 |
| Capital assets | 3,022,171 | 3,244,230 | 12,188,339 | 11,243,375 | 15,210,510 | 14,487,605 |
| Deferred outflows of resources | 317,210 | 219,129 | 124,268 | 120,795 | 441,478 | 339,924 |
| Total assets and deferred outflows of resources | 5,179,569 | 5,380,777 | 13,672,469 | 12,846,129 | 18,852,038 | 18,226,906 |
| Long-term liabilities outstanding | 873,356 | 775,319 | 1,866,875 | 845,688 | 2,740,231 | 1,621,007 |
| Other liabilities | 197,064 | 170,809 | 571,709 | 814,430 | 768,773 | 985,239 |
| Deferred inflows of resources | 11,264 | 21,161 | - | - | 11,264 | 21,161 |
| Total liabilities and deferred inflows of resources | 1,081,684 | 967,289 | 2,438,584 | 1,660,118 | 3,520,268 | 2,627,407 |
| Net position: |  |  |  |  |  |  |
| Net investment in capital assets | 2,670,521 | 2,810,366 | 10,383,164 | 10,409,623 | 13,053,685 | 13,219,989 |
| Restricted | 417,649 | 493,001 | - | - | 417,649 | 493,001 |
| Unrestricted | 1,009,715 | 1,110,121 | 850,721 | 776,388 | 1,860,436 | 1,886,509 |
| Total net position | \$ 4,097,885 | \$ 4,413,488 | \#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\# |

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 $\$ 15,331,770$ as of June 30, 2021. The Town's net position decreased by $\$ 267,729$ for the fiscal year ended June 30, 2021. However, the largest portion, $85.14 \%$, 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, $\$ 417,649$, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $\$ 1,860,436$ is unrestricted.

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

- The Town's collection of property taxes at $89.58 \%$ compares unfavorably with the State-wide average of $98.96 \%$; however, this is comparable to the prior fiscal year.


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

## Town of Plymouth Changes in Net Position

Figure 3

|  | Governmental Activities |  | Business-type Activities |  |  |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2021 | 2020 |  | 2021 |  | 2020 | 2021 | 2020 |
| Revenues: |  |  |  |  |  |  |  |  |
| Program revenues: |  |  |  |  |  |  |  |  |
| Charges for services | \$ 166,107 | \$ 164,222 | \$ | 2,686,574 |  | 2,691,409 | \$ 2,852,681 | \$ 2,855,631 |
| Operating grants and contributions | 154,656 | 104,114 |  | - |  | - | 154,656 | 104,114 |
| Capital grants and contributions | 22,627 | 134,668 |  | 248,275 |  | 676,316 | 270,902 | 810,984 |
| General revenues: |  |  |  |  |  |  |  |  |
| Property taxes | 1,080,238 | 1,037,925 |  | - |  | - | 1,080,238 | 1,037,925 |
| Other taxes | 315 | 240 |  | - |  | - | 315 | 240 |
| Grants and contributions not restricted to specific programs | 735,536 | 668,976 |  | - |  | - | 735,536 | 668,976 |
| Other | 5,156 | 31,935 |  | 2,881 |  | 3,257 | 8,037 | 35,192 |
| Total revenues | 2,164,635 | 2,142,080 |  | 2,937,730 |  | 3,370,982 | 5,102,365 | 5,513,062 |
| Expenses: |  |  |  |  |  |  |  |  |
| General government | 528,563 | 313,568 |  | - |  | - | 528,563 | 313,568 |
| Public safety | 1,183,210 | 1,073,106 |  | - |  | - | 1,183,210 | 1,073,106 |
| Transportation | 397,846 | 363,678 |  | - |  | - | 397,846 | 363,678 |
| Economic and physical development | 23,736 | 217,057 |  | - |  | - | 23,736 | 217,057 |
| Special appropriations | 60,008 | 69,345 |  | - |  | - | 60,008 | 69,345 |
| Planning | 273,182 | 62,993 |  | - |  | - | 273,182 | 62,993 |
| Interest on long-term debt | 13,693 | 16,253 |  | - |  | - | 13,693 | 16,253 |
| Water | - | - |  | 1,315,164 |  | 1,124,380 | 1,315,164 | 1,124,380 |
| Sewer | - | - |  | 863,587 |  | 1,135,453 | 863,587 | 1,135,453 |
| Sanitation / Stormwater | - | - |  | 711,105 |  | 687,595 | 711,105 | 687,595 |
| Total expenses | 2,480,238 | 2,116,000 |  | 2,889,856 |  | 2,947,428 | 5,370,094 | 5,063,428 |
| Increase in net position | $(315,603)$ | 26,080 |  | 47,874 |  | 423,554 | $(267,729)$ | 449,634 |
| Net position, July 1 | 4,413,488 | 4,387,408 |  | 11,186,011 |  | 10,762,457 | 15,599,499 | 15,149,865 |
| Net position, June 30 | \$ 4,097,885 | \$ 4,413,488 |  | 11,233,885 |  | 11,186,011 | \$15,331,770 | \$ 15,599,499 |

Governmental activities: Governmental activities decreased the Town net assets by $\$ 315,603$. Key elements of the increase are as follows:

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

Business-type activities: Business-type activities increased the Town of Plymouth's net position by $\$ 47,874$. Key elements of this increase are as follows:

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


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

## Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town of Plymouth. At the end of the current fiscal year, the Town of Plymouth's fund balance available in the General Fund was $\$ 751,675$, while total fund balance reached $\$ 1,478,536$. The Town currently has an available fund balance of $33.15 \%$ of general fund expenditures, while total fund balance represents $65.21 \%$ of the same amount.

At June 30, 2021, the governmental funds of the Town of Plymouth reported a combined fund balance of $\$ 1,481,597$ with a net decrease in fund balance of $\$ 117,897$.

## General Fund Budgetary Highlights

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

Proprietary funds. The Town of Plymouth's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund, Sewer Fund, and Sanitation / Stormwater Fund at the end of the fiscal year amounted to $\$ 1,009,553$, $(\$ 294,820)$, and $\$ 135,988$, respectively. The total change in net position for all three funds was $\$(78,057)$, $\$ 145,073$, and $\$(19,142)$, 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, 2021, totaled $\$ 15,210,510$ (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:

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


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

- Wastewater Treatment Plant Rehabilitation and Line Replacement project. Project continues.
- Water System H-SRP-D-17-0144 project. Project continues.
- Purchase of equipment in the General Fund.


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

|  | Governmental Activities |  | Business-type <br> Activities |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Land | \$ 614,515 | \$ 614,515 | \$ 107,630 | \$ 107,630 | \$ 722,145 | \$ 722,145 |
| Buildings and systems | 912,526 | 945,141 | 9,950,602 | 9,825,935 | 10,863,128 | 10,771,076 |
| Improvements other than buildings | 1,139,203 | 1,118,332 | - | - | 1,139,203 | 1,118,332 |
| Machinery and equipment | 168,197 | 172,838 | 379,243 | 286,723 | 547,440 | 459,561 |
| Vehicles and motorized equipment | 187,730 | 279,840 | $(207,410)$ | $(195,609)$ | $(19,680)$ | 84,231 |
| Construction in progress | - | 113,564 | 1,958,274 | 1,218,696 | 1,958,274 | 1,332,260 |
| Total | \$ 3,022,171 | \$ 3,244,230 | \#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\# | \#\#\#\#\#\#\#\#\#\# |

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

Long-term Debt. As of June 30, 2021, the Town of Plymouth had installment purchases debt outstanding of $\$ 410,479$, which was used to finance the replacement of a water main, two fire trucks, a street paver, and CDBG repayment; and had revolving loans debt outstanding of $\$ 1,746,346$, used to finance the construction of a wastewater treatment plant and the extension of water and sewer lines.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Plymouth is $\$ 15,585,150$.

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

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

## Town of Plymouth's Outstanding Debt

Figure 5

|  | Governmental <br> Activities |  |  |  |  |  | Business-type <br> Activities |  |  | Total |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | :---: | :---: | :---: |

The Town of Plymouth's total debt increased by $\$ 1,116,448$ ( $58.36 \%$ ) during the past fiscal year, primarily due to increased revolving loans and an increase in the Town's LGERS net pension liability.

## Economic Factors and Next Year's Budgets and Rates

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

- Downtown Streetscape Project, funded with a $\$ 942,000$ construction loan from USDA. The proposed scope of work includes replacement of sidewalks and streetlights in the Downtown Business District. This project was subsequently discontinued in June 2021 prior to closing on the loan.
- Wastewater Treatment Plant Project, funded with a $\$ 2,042,500$ CWSRF loan with $\$ 500,000$ forgiven from the NC Division of Water Infrastructure. The proposed scope of improvements includes rehabilitation and replacement of aged and failing units at the wastewater treatment plant and the addition of chlorination and dichlorination processes to meet new regulatory limits.
- Waterfront Park Renovation Project, funded with a $\$ 107,500$ grant from Division of Environmental Quality and a $\$ 11,944$ local match ( $\$ 5972$ 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 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, 2022

Governmental Activities: The Town's property tax rate remained at . 0054 .
Business - type Activities: All utility rates will remain the same.

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

## Requests for Information

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

## Town of Plymouth, North Carolina <br> Statement of Net Position <br> June 30, 2021 <br> Exhibit 1

|  | Primary Government |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Governmental Activities |  | Business-type Activities |  | Total |  |
| ASSETS |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |
| Cash and cash equivalents | \$ | 1,177,454 | \$ | 431,792 | \$ | 1,609,246 |
| Taxes receivables (net) |  | 246,576 |  |  |  | 246,576 |
| Accounts receivable (net) |  | 295 |  | 624,382 |  | 624,677 |
| Grant receivable |  | 112,584 |  | 125,619 |  | 238,203 |
| Internal balances |  | 45,437 |  | $(45,437)$ |  |  |
| Due from other governments |  | 235,858 |  | 21,379 |  | 257,237 |
| Inventories |  | - |  | 9,062 |  | 9,062 |
| Restricted cash and cash equivalents |  | 21,984 |  | 193,065 |  | 215,049 |
| Total current assets |  | 1,840,188 |  | 1,359,862 |  | 3,200,050 |
| Non-current assets: |  |  |  |  |  |  |
| Capital assets: |  |  |  |  |  |  |
| Land, non-depreciable improvements, and <br> $\begin{array}{llll}\text { construction in progress } & 614,515 & 2,065,904 & 2,680,419\end{array}$ |  |  |  |  |  |  |
| Other capital assets, net of depreciation |  | 2,407,656 |  | 10,122,435 |  | 12,530,091 |
| Total capital assets |  | 3,022,171 |  | 12,188,339 |  | 15,210,510 |
| Total assets | \$ | 4,862,359 |  | 13,548,201 | \$ | 18,410,560 |
| DEFERRED OUTFLOWS OF RESOURCES |  |  |  |  |  |  |
| Pension deferrals |  | 317,210 |  | 124,268 |  | 441,478 |
| LIABILITIES |  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |
| Accounts payable and accrued liabilities | \$ | 104,546 | \$ | 57,461 | \$ | 162,007 |
| Customer deposits |  | - |  | 193,065 |  | 193,065 |
| Current portion of long-term liabilities |  | 92,518 |  | 196,806 |  | 289,324 |
| Payable from restricted assets |  | - |  | 124,377 |  | 124,377 |
| Total current liabilities |  | 197,064 |  | 571,709 |  | 768,773 |
| Long-term liabilities: |  |  |  |  |  |  |
| Due in more than one year |  | 873,356 |  | 1,866,875 |  | 2,740,231 |
| Total liabilities |  | 1,070,420 |  | 2,438,584 |  | 3,509,004 |
| DEFERRED INFLOWS OF RESOURCES |  |  |  |  |  |  |
| Prepaid taxes |  | 7,469 |  | - |  | 7,469 |
| Pension deferrals |  | 3,795 |  | - |  | 3,795 |
| Total deferred inflows of resources |  | 11,264 |  | - |  | 11,264 |
| NET POSITION |  |  |  |  |  |  |
| Net investment in capital assets |  | 2,670,521 |  | 10,383,164 |  | 13,053,685 |
| Restricted for: |  |  |  |  |  |  |
| Stabilization by State Statute |  | 395,665 |  | - |  | 395,665 |
| Streets |  | 21,984 |  | - |  | 21,984 |
| Unrestricted |  | 1,009,715 |  | 850,721 |  | 1,860,436 |
| Total net position | \$ | 4,097,885 |  | 11,233,885 | \$ | 15,331,770 |

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

# Town of Plymouth, North Carolina <br> Statement of Activities <br> For the Fiscal Year Ended June 30, 2021 <br> Exhibit 2 

|  | Expenses | Program Revenues |  |  |  |  |  | Net (Expense) Revenue and Changes in Net Position |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | Charges for Services |  | Operating Grants and Contributions |  | Capital Grants and Contributions |  | Primary Government |  |  |  |  |  |
| Functions/Programs |  |  |  |  | vernmental <br> Activities |  |  |  | ess-type ivities |  | Total |
| Primary Government: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Governmental Activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| General government | \$ 528,563 | \$ | 3,715 |  |  | \$ | 55,999 | \$ | - | \$ | $(468,849)$ | \$ | - | \$ | $(468,849)$ |
| Public safety | 1,183,210 |  | 124,824 |  | 1,002 |  | 22,627 |  | $(1,034,757)$ |  | - |  | $(1,034,757)$ |
| Transportation | 397,846 |  | 248 |  | 97,655 |  | - |  | $(299,943)$ |  | - |  | $(299,943)$ |
| Economic and physical development | 23,736 |  | - |  | - |  | - |  | $(23,736)$ |  | - |  | $(23,736)$ |
| Special appropriations | 60,008 |  | 37,320 |  | - |  | - |  | $(22,688)$ |  | - |  | $(22,688)$ |
| Planning | 273,182 |  | - |  | - |  | - |  | $(273,182)$ |  | - |  | $(273,182)$ |
| Interest on long-term debt | 13,693 |  | - |  | - |  | - |  | $(13,693)$ |  | - |  | $(13,693)$ |
| Total governmental activities | 2,480,238 |  | 166,107 |  | 154,656 |  | 22,627 |  | $(2,136,848)$ |  | - |  | $(2,136,848)$ |
| Business-type activities: |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Water | 1,315,164 |  | 988,597 |  | - |  | 248,275 |  | - |  | $(78,292)$ |  | $(78,292)$ |
| Sewer | 863,587 |  | 1,008,660 |  | - |  | - |  | - |  | 145,073 |  | 145,073 |
| Sanitation / Stormwater | 711,105 |  | 689,317 |  | - |  | - |  | - |  | $(21,788)$ |  | $(21,788)$ |
| Total business-type activities | 2,889,856 |  | 2,686,574 |  | - |  | 248,275 |  | - |  | 44,993 |  | 44,993 |
| Total primary government | \$ 5,370,094 | \$ | 2,852,681 | \$ | 154,656 | \$ | 270,902 | \$ | $(2,136,848)$ | \$ | 44,993 | \$ | (2,091,855) |


| General revenues: |  |  |  |
| :--- | ---: | ---: | ---: |
| Taxes: |  |  |  |
| $\quad$ Property taxes, levied for general purpose | $1,080,238$ |  |  |
| $\quad$ Other taxes | 315 | - | $1,080,238$ |
| Grants and contributions not restricted to specific programs | 735,536 | - | 315 |
| Unrestricted investment earnings | 648 | - | 735,536 |
| Miscellaneous | 4,508 | 2,881 | 648 |
| Total general revenues and transfers | $1,821,245$ | 2,881 | $1,824,126$ |
| $\quad$ Change in net position | $(315,603)$ | 47,874 | $(267,729)$ |
| Net position, beginning | $4,413,488$ | $11,186,011$ | $15,599,499$ |
| Net position, ending | $\$ 4,097,885$ | $\$$ | $11,233,885$ |

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

- 15 -

|  | Major Funds |  |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | General Fund | CAMA <br> Waterfront |  |  |  |
|  |  |  |  |  |  |
|  |  |  | Park |  |  |
| ASSETS |  |  |  |  |  |
| Cash and cash equivalents | \$ 1,177,454 | \$ | - | \$ | 1,177,454 |
| Restricted cash | 21,984 |  | - |  | 21,984 |
| Receivables, net: |  |  |  |  |  |
| Taxes | 246,576 |  | - |  | 246,576 |
| Code violations | 295 |  | - |  | 295 |
| Due from other funds | 154,428 |  | - |  | 154,428 |
| Due from other governments | 235,858 |  | - |  | 235,858 |
| Grants receivable | 5,084 |  | 107,500 |  | 112,584 |
| Total assets | \$ 1,841,679 | \$ | 107,500 | \$ | 1,949,179 |

LIABILITIES
Liabilities:

| Accounts payable and accrued liabilities | $\$ 104,546$ | $\$$ | - | $\$$ |
| :--- | ---: | ---: | ---: | ---: |
| Due to other funds | 4,552 | 104,546 |  |  |
| Total liabilities | 109,098 | 104,439 | 108,991 |  |
|  |  |  |  |  |
| DEFERRED INFLOWS OF RESOURCES |  |  |  |  |
| Property taxes receivable | 246,576 | - | 246,576 |  |
| Prepaid taxes | 7,469 | - | 7,469 |  |
| Total deferred inflows of resources | 254,045 | - | 254,045 |  |

## FUND BALANCES

| Restricted |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
| Stabilization by State Statute | 395,665 |  | - | 395,665 |
| Streets | 21,984 |  | - | 21,984 |
| Committed |  |  |  |  |
| Town Promotion | 20,000 |  | - | 20,000 |
| Assigned |  |  |  |  |
| Subsequent years' expenditures | 289,212 |  | - | 289,212 |
| Unassigned | 751,675 |  | 3,061 | 754,736 |
| Total fund balances | 1,478,536 |  | 3,061 | 1,481,597 |
| Total liabilities, deferred inflows of resources and fund balances$\$ 1,841,679 \quad \$ \quad 107,500$ |  |  |  |  |

# Town of Plymouth, North Carolina <br> Balance Sheet and Reconciliation of the Balance Sheet to the Statement of Net Position- Governmental Funds <br> June 30, 2021 <br> Exhibit 3 

| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: |  |  |  |
| :---: | :---: | :---: | :---: |
| Total Fund Balances, Governmental Funds |  |  | 1,481,597 |
| 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 | 7,455,933 |  |  |
| Accumulated depreciation | $(4,433,762)$ |  | 3,022,171 |
| Net pension liability |  |  | $(383,777)$ |
| Total pension liability |  |  | $(192,148)$ |
| Deferred outflows of resources related to pensions are not reported in the funds |  |  | 317,210 |
| Liabilities for earned revenues considered deferred inflows of resources |  |  |  |
| Deferred inflows of resources related to pensions are not reported in the funds |  |  | $(3,795)$ |
| 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 |  |  | $(389,949)$ |
| Net position of governmental activities |  | \$ | 4,097,885 |


|  | Major Fund |  |  |  |
| :--- | ---: | ---: | ---: | ---: |
|  | CAMA <br> Waterfront |  |  |  |
|  | General Fund |  | Park | Total |
| REVENUES |  |  |  |  |
| Ad valorem taxes | $\$ 1,065,142$ | $\$$ | - | $\$ 1,065,142$ |
| Other taxes and licenses | 315 | - | 315 |  |
| Unrestricted intergovernmental | 735,536 | - | 735,536 |  |
| Restricted intergovernmental | 298,363 | - | 298,363 |  |
| Permits and fees | 40,119 | - | 40,119 |  |
| Sales and services | 4,908 | - | 4,908 |  |
| Investment earnings | 648 | - | 648 |  |
| Miscellaneous | 4,508 | - | 4,508 |  |
| Total revenues | $2,149,539$ | - | $2,149,539$ |  |

EXPENDITURES
Current:

| General government | 434,767 | - |
| :--- | ---: | ---: |
| Public safety | $1,032,890$ | - |
| Transportation | 410,590 | - |
| Special appropriations | 20,100 | - |
| Planning | 273,182 | - |
| Debt service: |  | 20,100 |
| Principal retirement | 82,214 | - |
| Interest and other charges | 13,693 | 82,214 |
| Total expenditures | $2,267,436$ | - |

Excess (deficiency) of revenues over (under)
expenditures

OTHER FINANCING SOURCES (USES)

| In-kind matches | $(3,125)$ | 3,125 | - |
| :--- | ---: | ---: | ---: |
| Total other financing sources (uses) | $(3,125)$ | 3,125 | - |
| Net change in fund balance | $(121,022)$ | 3,125 | $(117,897)$ |
| Fund balances, beginning | $1,599,558$ | $(64)$ | $1,599,494$ |
| Fund balances, ending | $\$ 1,478,536$ | $\$$ | 3,061 |

# Town of Plymouth, North Carolina <br> Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities - Governmental Funds <br> For the Fiscal Year Ended June 30, 2021 <br> Exhibit 5 

Amounts reported for governmental activities in the statement of activities are different because:
Net changes in fund balances - total governmental funds
\$ $(117,897)$

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
99,082
Depreciation expense for governmental assets $(321,141)$
Total
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.

64,460
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
15,096
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
82,214
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.

| 30,853 |
| :--- |
| Compensated absences |
| Pension expense |
| Total changes in net position of governmental activities | | $(168,270)$ |
| :--- |

# 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, 2021 Exhibit 6 

|  | General Fund |  |  |  |
| :--- | ---: | ---: | ---: | ---: |
|  |  |  |  | $\begin{array}{c}\text { Variance } \\ \text { with Final } \\ \text { Budget - }\end{array}$ |
| Positive |  |  |  |  |
| (Negative) |  |  |  |  |$]$

Major Enterprise Funds

|  | Funds |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Water Fund | Sewer FundSanitation / <br> Stormwater <br> Fund |  |  | Total |
|  |  |  |  |  |  |
| ASSETS |  |  |  |  |  |
| Current assets: |  |  |  |  |  |
| Cash and equivalents | \$ 172,414 | \$ 113,201 | \$ | 146,177 | \$ 431,792 |
| Restricted cash | 193,065 | - |  | - | 193,065 |
| Accounts receivables (net) | 259,134 | 242,041 |  | 123,207 | 624,382 |
| Due from other funds | 733,129 | 8,167 |  | 26,253 | 767,549 |
| Due from other governments | 7,370 | 13,158 |  | 851 | 21,379 |
| Grant receivable | 118,044 | 7,575 |  | - | 125,619 |
| Inventories | 8,156 | 906 |  | - | 9,062 |
| Total current assets | 1,491,312 | 385,048 |  | 296,488 | 2,172,848 |
| Noncurrent assets: |  |  |  |  |  |
| Capital assets: |  |  |  |  |  |
| Land and construction in progress | 168,953 | 1,896,951 |  | - | 2,065,904 |
| Other capital assets, net of depreciation | 4,326,792 | 5,726,561 |  | 69,082 | 10,122,435 |
| Capital assets (net) | 4,495,745 | 7,623,512 |  | 69,082 | 12,188,339 |
| Total assets | \$ 5,987,057 | \$ 8,008,560 | \$ | 365,570 | \$14,361,187 |
| DEFERRED OUTFLOWS OF RESOURCES | 108,954 | - |  | 15,314 | 124,268 |
| LIABILITIES |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |
| Accounts payable and accrued liabilities | 37,655 | 7,028 |  | 12,778 | 57,461 |
| Due to other funds | 17,442 | 665,265 |  | 130,279 | 812,986 |
| Compensated absences - current | 8,969 | - |  | 1,518 | 10,487 |
| Customer deposits | 193,065 | - |  | - | 193,065 |
| Installment loan - current | 88,981 | - |  | - | 88,981 |
| Liabilities payable from restricted assets: |  |  |  |  |  |
| Accounts payable | 116,802 | 7,575 |  | - | 124,377 |
| Total current liabilities | 462,914 | 679,868 |  | 144,575 | 1,287,357 |
| Noncurrent liabilities: |  |  |  |  |  |
| Compensated absences - noncurrent | 26,908 | - |  | 4,552 | 31,460 |
| Net pension liability | 189,872 | - |  | 26,687 | 216,559 |
| Installment purchase - noncurrent | 429,580 | 1,272,906 |  | 13,708 | 1,716,194 |
| Total noncurrent liabilities | 646,360 | 1,272,906 |  | 44,947 | 1,964,213 |
| Total liabilities | 1,109,274 | 1,952,774 |  | 189,522 | 3,251,570 |
| NET POSITION |  |  |  |  |  |
| Net investment in capital assets | 3,977,184 | 6,350,606 |  | 55,374 | 10,383,164 |
| Unrestricted | 1,009,553 | $(294,820)$ |  | 135,988 | 850,721 |
| Total net position | \$ 4,986,737 | \$ 6,055,786 | \$ | 191,362 | \$ 11,233,885 |

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

# Town of Plymouth, North Carolina Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2021 Exhibit 8 

|  | Major Enterprise Funds |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Water Fund | Sanitation / Stormwater |  |  |  |  |
|  |  | Sewer Fund |  | Fund |  | Total |
| OPERATING REVENUES |  |  |  |  |  |  |
| Charges for service | \$ 988,597 | \$ 1,008,660 | \$ | 689,317 | \$ | 2,686,574 |
| Total operating revenues | 988,597 | 1,008,660 |  | 689,317 |  | 2,686,574 |
| OPERATING EXPENSES |  |  |  |  |  |  |
| Salaries and benefits | 703,734 | - |  | 103,474 |  | 807,208 |
| Supplies | 61,112 | 6,611 |  | 4,734 |  | 72,457 |
| Maintenance and repair | 98,582 | 88,073 |  | 628 |  | 187,283 |
| Expense reimbursement to General Fund | 284,226 | 229,801 |  | 236,090 |  | 750,117 |
| Expense reimbursement to (from) Water Fund | $(222,577)$ | 197,074 |  | 25,503 |  | - |
| Other operating expense | 70,616 | 72,325 |  | 118,348 |  | 261,289 |
| Contracted service | - | - |  | 141,383 |  | 141,383 |
| Landfill availability | - | - |  | 59,674 |  | 59,674 |
| Depreciation | 230,525 | 269,703 |  | 19,151 |  | 519,379 |
| Total operating expenses | 1,226,218 | 863,587 |  | 708,985 |  | 2,798,790 |
| Operating income (loss) | $(237,621)$ | 145,073 |  | $(19,668)$ |  | $(112,216)$ |
| NONOPERATING REVENUES (EXPENSES) |  |  |  |  |  |  |
| Interest and fees | $(14,802)$ | - |  | $(2,120)$ |  | $(16,922)$ |
| Asset Inventory project expenses | $(74,144)$ | - |  | - |  | $(74,144)$ |
| Miscellaneous revenues | 235 | - |  | 2,646 |  | 2,881 |
| Total nonoperating revenues (expenses) | $(88,711)$ | - |  | 526 |  | $(88,185)$ |
| Income (loss) before contributions and transfers | $(326,332)$ | 145,073 |  | $(19,142)$ |  | $(200,401)$ |
| Capital contributions | 248,275 | - |  | - |  | 248,275 |
| Change in net position | $(78,057)$ | 145,073 |  | $(19,142)$ |  | 47,874 |
| Net position, beginning | 5,064,794 | 5,910,713 |  | 210,504 |  | 11,186,011 |
| Net position, ending | \$ 4,986,737 | \$ 6,055,786 | \$ | 191,362 | \$ | 11,233,885 |

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

# Town of Plymouth, North Carolina Statement of Cash Flows - Proprietary Funds For the Fiscal Year Ended June 30, 2021 <br> Exhibit 9 

|  | Major Enterprise Fund |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Water Fund |  | Sewer Fund |  | Sanitation / Stormwater Fund |  | Total |  |
| CASH FLOWS FROM OPERATING ACTIVITIES |  |  |  |  |  |  |  |  |
| Cash received from customers | \$ | 956,454 |  | 972,282 | \$ | 689,844 |  | \$ 2,618,580 |
| Cash paid for goods and services |  | $(225,656)$ |  | $(173,051)$ |  | $(328,425)$ |  | $(727,132)$ |
| Cash paid for interfund goods and services used |  | $(284,226)$ |  | $(426,875)$ |  | $(261,593)$ |  | $(972,694)$ |
| Cash received for interfund goods and services used |  | 222,577 |  |  |  |  |  | 222,577 |
| Cash paid to or on behalf of employees for services |  | $(663,639)$ |  | - |  | $(93,070)$ |  | $(756,709)$ |
| Customer deposits received and returned, net |  | 9,827 |  | - |  | - |  | 9,827 |
| Net cash provided (used) by operating activities |  | 15,337 |  | 372,356 |  | 6,756 |  | 394,449 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES |  |  |  |  |  |  |  |  |
| Due to (from) other funds |  | 49,083 |  | $(49,083)$ |  | - |  | - |
| Net cash provided (used) by noncapital financing activities |  | 49,083 |  | $(49,083)$ |  | - |  | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Principal paid on long-term borrowings |  | $(96,035)$ |  | $(77,125)$ |  | $(12,688)$ |  | $(185,848)$ |
| Interest paid on long-term borrowings |  | $(14,802)$ |  | - |  | $(2,120)$ |  | $(16,922)$ |
| Installment purchases proceeds |  | 30,723 |  | 1,126,630 |  | - |  | 1,157,353 |
| Acquisition and construction of capital assets |  | $(121,657)$ |  | $(1,586,078)$ |  | $(8,400)$ |  | $(1,716,135)$ |
| Miscellaneous revenue |  | 235 |  | - |  | 2,646 |  | 2,881 |
| Capital contributions - Federal and State grants |  | 202,287 |  | 326,501 |  | - |  | 528,788 |
| Net cash provided (used) by capital and related financing activities |  | 751 |  | $(210,072)$ |  | $(20,562)$ |  | $(229,883)$ |
| Net increase (decrease) in cash and cash equivalents |  | 65,171 |  | 113,201 |  | $(13,806)$ |  | 164,566 |
| Balances, beginning |  | 300,308 |  | - |  | 159,983 |  | 460,291 |
| Balances, ending | \$ | 365,479 | \$ | 113,201 | \$ | 146,177 |  | \$ 624,857 |

Reconciliation of operating income (loss) to net cash provided by operating activities:

| Operating income (loss) | \$ | $(237,621)$ | \$ | 145,073 | \$ | $(19,668)$ | \$ | $(112,216)$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: |  |  |  |  |  |  |  |  |
| Depreciation |  | 230,525 |  | 269,703 |  | 19,151 |  | 519,379 |
| Changes in assets and liabilities: |  |  |  |  |  |  |  |  |
| (Increase) decrease in accounts receivable |  | $(32,143)$ |  | $(36,378)$ |  | 527 |  | $(67,994)$ |
| (Increase) decrease in deferred outflows of resources - pensions |  | (79) |  | - |  | $(3,394)$ |  | $(3,473)$ |
| Increase (decrease) in net pension liability |  | 29,564 |  | - |  | 9,136 |  | 38,700 |
| Increase (decrease) in accounts payable and accrued liabilities |  | 4,654 |  | $(6,042)$ |  | $(3,658)$ |  | $(5,046)$ |
| Increase (decrease) in compensated absences |  | 10,610 |  | - |  | 4,662 |  | 15,272 |
| Increase (decrease) in customer deposits |  | 9,827 |  | - |  | - |  | 9,827 |
| Total adjustments |  | 252,958 |  | 227,283 |  | 26,424 |  | 506,665 |
| Net cash provided by operating activities | \$ | 15,337 | \$ | 372,356 | \$ | 6,756 | \$ | 394,449 |

## 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 sixmember council. As required by generally accepted accounting principles, these financial statements present the financial information of the Town.

## B. Basis of Presentation

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

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

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

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

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

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

The Town reports the following major enterprise funds:
Water Fund. This fund is used to account for the Town's water operations.
Sewer Fund. This fund is used to account for the Town's sewer operations.
Sanitation / Stormwater Fund. This fund is used to account for the Town's sanitation and stormwater operations.

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

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

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

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

## C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

## D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances were adopted for the CAMA Waterfront Park Project Fund, the CDBG 15-I-3047 Water System Project Fund, the Wastewater Treatment Plant Rehabilitation and Line Replacement Project Fund, the Water System H-SRP-D-17-0144 Project Fund, and Asset Inventory Assessment H-AIA-D-20-0194 Project Fund. The enterprise fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year fund. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. The Town Manager has the authority to amend appropriations within departments. All other amendments must be approved by the governing board.

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

## 1. Deposits and Investments

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

State law [G.S. 159-30(c)], authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high-quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2021, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

## 2. Cash and Cash Equivalents

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

## 3. Restricted Assets

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

## Governmental Activities:

| General Fund: Streets | $\$$ |
| :---: | ---: |
| Total governmental cash | 21,984 |
| Business-type Activities: |  |
| Customer deposits | 193,065 |
| Total business-type cash | 193,065 |
| Total restricted cash | 215,049 |

## 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, 2020. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

## 5. Allowances for Doubtful Accounts

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

## 6. Inventory

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

## 7. Capital Assets

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

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

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

## 8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2021 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category-prepaid taxes, property taxes receivable, and pension deferrals.

## 9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

## 10. Compensated Absences

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

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

As of June 30, 2021, the Town has accrued compensatory time of $\$ 5,316$. This time will be paid to the employee upon termination of employment. Exempt employees do not accrue compensatory time. Nonexempt employees, with the exception of law enforcement and firefighters, working over 40 hours per week accrue compensatory time at a rate of 1.5 hours for each hour worked. Law enforcement and firefighters earn compensatory time for hours worked over 171 hours in a 28 day cycle and for hours worked over 212 hours in a 28 day cycle, respectively. Compensatory time can be accumulated up to 80 hours with the remaining balance paid to the employee, unless the Town Manager approves otherwise. Compensatory time must be used before sick or vacation time.

## 11. Net Position/Fund Balances

## Net Position

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

## Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Plymouth's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or otherwise revise the limitation.

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

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

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

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

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

## 12. Defined Benefit Cost-Sharing Plan

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

## 13. Subsequent Events - Date of Management Evaluation

Management has evaluated subsequent events through August 29, 2022, the date on which the financial statements were available to be issued.

## NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

## Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2021, the expenditures made in the Town's Water Fund exceeded the authorized appropriations made by the governing board for the operating expenditures by $\$ 6,944$. This over-expenditure occurred because the Town did not properly adjust their budget.

## NOTE III - DETAIL NOTES ON ALL FUNDS

## A. Assets

## 1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the units' name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in

## Town of Plymouth, North Carolina

Notes to Financial Statements
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, 2021, the Town's deposits had a carrying amount of $\$ 235,097$ and a bank balance of $\$ 356,470$. Of the bank balance, $\$ 250,000$ was covered by federal depository insurance. At June 30, 2021, the Town's petty cash fund totaled $\$ 600$.

## 2. Investments

At June 30, 2021, the Town of Plymouth had $\$ 1,588,598$ 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, 2021 are net of the following allowances for doubtful accounts:

| Fund | June 30, 2021 |  |
| :--- | ---: | ---: |
| General Fund: |  |  |
| $\quad$ Taxes receivable | 60,197 |  |
| Total General Fund | 60,197 |  |
|  |  |  |
| Enterprise Funds: | 194,271 |  |
| Water fund - accounts receivable | 155,223 |  |
| Sewer fund - accounts receivable | 97,527 |  |
| Sanitation / Stormwater fund - accounts receivable | 447,021 |  |
| Total Enterprise Funds | $\$$ | 507,218 |
| Total |  |  |

## Town of Plymouth, North Carolina <br> Notes to Financial Statements

## 4. Capital Assets

Primary Government. Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

|  | Beginning Balances |  | Increases |  | Decreases | Ending <br> Balances |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Governmental activities: |  |  |  |  |  |  |  |
| Capital assets not being depreciated: |  |  |  |  |  |  |  |
| Land | \$ | 614,515 | \$ | \$ - | \$ |  | 614,515 |
| Construction in progress |  | 113,564 |  | - | 113,564 |  | - |
| Total capital assets not being depreciated |  | 728,079 |  | - | 113,564 |  | 614,515 |
| Capital assets being depreciated: |  |  |  |  |  |  |  |
| Buildings |  | 1,881,784 |  | - | - |  | 1,881,784 |
| Other improvements |  | 2,141,795 |  | 129,064 | - |  | 2,270,859 |
| Equipment |  | 709,418 |  | 24,181 | - |  | 733,599 |
| Vehicles and motorized equipment |  | 1,895,775 |  | 59,401 | - |  | 1,955,176 |
| Total capital assets being depreciated |  | 6,628,772 |  | 212,646 | - |  | 6,841,418 |
| Less accumulated depreciation for: |  |  |  |  |  |  |  |
| Buildings |  | 936,643 |  | 32,615 | - |  | 969,258 |
| Other improvements |  | 1,023,463 |  | 108,193 | - |  | 1,131,656 |
| Equipment |  | 536,580 |  | 28,822 | - |  | 565,402 |
| Vehicles and motorized equipment |  | 1,615,935 |  | 151,511 | - |  | 1,767,446 |
| Total accumulated depreciation |  | 4,112,621 |  | 321,141 | - |  | 4,433,762 |
| Total capital assets being depreciated, net |  | 2,516,151 |  |  |  |  | 2,407,656 |
| Governmental activity capital assets, net | \$ | 3,244,230 |  |  |  | \$ | 3,022,171 |

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

| General government | \$ | 59,266 |
| :--- | ---: | ---: |
| Public safety | 136,074 |  |
| Transportation | 46,657 |  |
| Economic and physical development | 39,236 |  |
| Special appropriations | 39,908 |  |
| Total depreciation expense | $\$$ | 321,141 |

## Town of Plymouth, North Carolina <br> Notes to Financial Statements

Business-Type Activities. Capital asset activity for the Business-Type Activities for the year ended June 30, 2021, was as follows:

|  | Beginning <br> Balances |  | Increases |  | Decreases |  | Ending <br> Balances |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Business-type activities: Water Fund |  |  |  |  |  |  |  |  |
| Capital assets not being depreciated: |  |  |  |  |  |  |  |  |
| Land | \$ | 53,815 | \$ | - | \$ | \$ - | \$ | 53,815 |
| Construction in progress |  | 497,433 |  | 204,854 |  | 587,149 |  | 115,138 |
| Total capital assets not being depreciated |  | 551,248 |  | 204,854 |  | 587,149 |  | 168,953 |
| Capital assets being depreciated: |  |  |  |  |  |  |  |  |
| Plant and distributions systems |  | 6,275,483 |  | 587,149 |  | - |  | 6,862,632 |
| Equipment |  | 901,717 |  | - |  | - |  | 901,717 |
| Vehicles |  | 63,347 |  | - |  | - |  | 63,347 |
| Total capital assets being depreciated |  | 7,240,547 |  | 587,149 |  | - |  | 7,827,696 |
| Less accumulated depreciation for: |  |  |  |  |  |  |  |  |
| Plant and distributions systems |  | 2,207,450 |  | 214,684 |  | - |  | 2,422,134 |
| Equipment |  | 784,898 |  | 15,841 |  | - |  | 800,739 |
| Vehicles |  | 278,031 |  | - |  | - |  | 278,031 |
| Total accumulated depreciation |  | 3,270,379 |  | 230,525 |  | - |  | 3,500,904 |
| Total capital assets being depreciated, net |  | 3,970,168 |  |  |  |  |  | 4,326,792 |
| Water fund capital assets, net | \$ | 4,521,416 |  |  |  |  |  | 4,495,745 |
|  |  | Beginning <br> Balances |  | Increases |  | Decreases |  | Ending <br> Balances |
| Business-type activities: Sewer Fund |  |  |  |  |  |  |  |  |
| Capital assets not being depreciated: |  |  |  |  |  |  |  |  |
| Land | \$ | 53,815 | \$ | - | \$ | \$ - | \$ | 53,815 |
| Construction in progress |  | 721,263 |  | 1,121,873 |  | - |  | 1,843,136 |
| Total capital assets not being depreciated |  | 775,078 |  | 1,121,873 |  | - |  | 1,896,951 |
| Capital assets being depreciated: |  |  |  |  |  |  |  |  |
| Plant and distributions systems |  | 9,598,431 |  | - |  | - |  | 9,598,431 |
| Equipment |  | 415,854 |  | 129,216 |  | - |  | 545,070 |
| Vehicles |  | 132,683 |  | - |  | - |  | 132,683 |
| Total capital assets being depreciated |  | 10,146,968 |  | 129,216 |  | - |  | 10,276,184 |
| Less accumulated depreciation for: |  |  |  |  |  |  |  |  |
| Plant and distributions systems |  | 3,840,529 |  | 247,798 |  | - |  | 4,088,327 |
| Equipment |  | 316,326 |  | 19,561 |  | - |  | 335,887 |
| Vehicles |  | 123,065 |  | 2,344 |  | - |  | 125,409 |
| Total accumulated depreciation |  | 4,279,920 |  | 269,703 |  | - |  | 4,549,623 |
| Total capital assets being depreciated, net |  | 5,867,048 |  |  |  |  |  | 5,726,561 |
| Sewer fund capital assets, net | \$ | 6,642,126 |  |  |  |  |  | 7,623,512 |


|  | Beginning Balances |  | Increases |  | Decreases |  | Ending <br> Balances |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Business-type activities: Sanitation / Stormwater Fund |  |  |  |  |  |  |  |  |
| Capital assets being depreciated: |  |  |  |  |  |  |  |  |
| Equipment | \$ | 102,896 | \$ | 8,400 | \$ | - | \$ | 111,296 |
| Vehicles |  | 70,067 |  | - |  | - |  | 70,067 |
| Total capital assets being depreciated |  | 172,963 |  | 8,400 |  | - |  | 181,363 |
| Less accumulated depreciation for: |  |  |  |  |  |  |  |  |
| Equipment |  | 32,520 |  | 9,694 |  | - |  | 42,214 |
| Vehicles |  | 60,610 |  | 9,457 |  | - |  | 70,067 |
| Total accumulated depreciation |  | 93,130 |  | 19,151 |  | - |  | 112,281 |
| Total capital assets being depreciated, net |  | 79,833 |  |  |  |  |  | 69,082 |
| Sanitation / Stormwater fund capital assets, net | \$ | 79,833 |  |  |  |  | \$ | 69,082 |
| Business-type activity capital assets, net |  | 11,243,375 |  |  |  |  |  | 188,339 |

Construction Commitments. The government has active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors are as follows:

| Project |  | Remaining |  |
| :--- | ---: | ---: | ---: |
|  | Spent-to-date | Commitment |  |
| Water System CDBG 15-I-3047 Project Fund | $\$ 115,138$ | $\$$ | 389,412 |
| Wastewater Treatment Plant Rehabilitation Fund | $1,843,136$ | 199,364 |  |
| Total | $\$ 1,958,274$ | $\$$ | 588,776 |

## 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Plymouth employees are required to contribute $6 \%$ of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Plymouth's contractually required contribution rate for the year ended June 30, 2021, was $10.90 \%$ of compensation for law enforcement officers and $10.15 \%$ 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 $\$ 118,231$ for the year ended June 30, 2021.

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

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

At June 30, 2021, the Town reported a liability of $\$ 600,336$ for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was $0.01680 \%$, which was an decrease of $0.00034 \%$ from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of $\$ 223,900$. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred <br> Outflows of <br> Resources | Deferred <br> Inflows of <br> Resources |  |
| :--- | ---: | ---: | ---: |
| Differences between expected and actual experience | $\$ 75,812$ | $\$$ | - |
| Changes in assumptions | 44,677 | - |  |
| Net difference between projected and actual earnings on |  |  | - |
| $\quad$pension plan investments | 84,481 | - |  |
| Changes in proportion and differences between Town |  |  |  |
| $\quad$ contributions and proportionate share of contributions | 21,289 | - |  |
| Town contributions subsequent to the measurement date | 118,231 | - |  |
| Total | $\mathbf{3 4 4 , 4 9 0}$ | $\$$ | - |

$\$ 118,231$ 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30: |  |  |
| :--- | ---: | ---: |
| 2022 | $\$$ | 70,092 |
| 2023 |  | 83,024 |
| 2024 | 48,140 |  |
| 2025 | 25,003 |  |
| 2026 | - |  |
| Thereafter | \$ | 226,259 |

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation<br>Salaries increases<br>Investment rate of return

3.0 percent
3.50 to 8.10 percent, including inflation and productivity factor
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, 2019 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, 2020 are summarized in the following table:

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

## Town of Plymouth, North Carolina

Notes to Financial Statements
The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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:

|  | $1 \%$ <br> Decrease <br> $(6.00 \%)$ | Discount <br> Rate <br> $(7.00 \%)$ | $1 \%$ <br> Increase <br> $(8.00 \%)$ |
| :--- | :---: | :---: | :---: |
| Town's proportionate share of the net pension  <br> liability (asset) $1,218,015$ | 600,336 | 87,000 |  |

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

## 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, 2019, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits
Active plan members 8
Total $\quad 8$

## 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, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| Inflation | 2.50 percent |
| :--- | :---: |
| Salaries increases | 3.25 to 7.75 percent, including inflation and |
|  | productivity factor |
| Discount rate | 1.93 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, 2019.

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

## Contributions

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

## Town of Plymouth, North Carolina

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

At June 30, 2021, the Town reported a total pension liability of $\$ 192,148$. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of $\$ 33,369$.

Difference between expected and actual experience
Deferred Deferred Outflows of Inflows of

| Resources |  | Resources |  |
| :---: | ---: | :--- | ---: |
| $\$$ | 57,525 | $\$$ | 2,293 |


| Changes of assumptions | 39,463 |  | 1,502 |  |
| :---: | :---: | :---: | :---: | :---: |
| Total | $\$$ | 96,988 | $\$$ | 3,795 |

\$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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | 21,987 |
| :--- | ---: |
| 2022 | 22,156 |
| 2023 | 22,152 |
| 2024 | 18,545 |
| 2025 | 8,353 |
| 2026 | - |
| Thereafter | 93,193 |
| Total |  |

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 1.93 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 ( 0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

|  | $1 \%$ <br> Decrease | Discount | Rate |
| :--- | :---: | :---: | :---: | | Increase |
| :---: |
|  |
|  |
| Total pension liability |


| Beginning balance | \$ | 81,584 |
| :--- | ---: | ---: |
| Service cost | 8,771 |  |
| Interest on the total pension liability | 2,660 |  |
| Differences between expected and actual experience | 54,907 |  |
| Changes of assumptions or other inputs | 44,226 |  |
| Benefit payments | - |  |
| Other changes | - | 192,148 |

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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

|  | LGERS |  | LEOSSA |  | Total |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Pension Expense | \$ | 223,899 | \$ | 33,369 | \$ | 257,268 |
| Pension Liability |  | 600,336 |  | 192,148 |  | 792,484 |
| Proportionate share of the net pension liability |  | 0.01680\% |  | N/A |  |  |
| Deferred Outflows of Resources |  |  |  |  |  |  |
| Differences between expected and actual experience |  | 75,812 |  | 57,525 |  | 133,337 |
| Changes of assumptions |  | 44,677 |  | 39,463 |  | 84,140 |
| Net difference between projected and actual earnings on plan investments |  | 84,481 |  | - |  | 84,481 |
| Changes in proportion and differences between contributions and proportionate share of contributions |  | 21,289 |  | - |  | 21,289 |
| Benefit payments and administrative costs paid subsequent to the measurement date |  | 118,231 |  | - |  | 118,231 |
| Deferred Inflows of Resources |  |  |  |  |  |  |
| Differences between expected and actual experience |  | - |  | 2,293 |  | 2,293 |
| Changes of assumptions |  | - |  | 1,502 |  | 1,502 |
| 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were $\$ 33,890$, which consisted of $\$ 7,220$ from the Town and $\$ 26,670$ 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, 2021 were $\$ 42,321$, which consisted of $\$ 27,114$ from the Town and $\$ 15,207$ from the general employees. No amounts were forfeited.

## 2. Other Employment Benefits

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

## 3. Deferred Outflows and Inflows of Resources

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

| Source | Amount |  |
| :---: | :---: | :---: |
| Contributions to pension plan in current fiscal year | \$ | 118,231 |
| Difference between expected and actual experience |  | 133,337 |
| Changes of assumptions |  | 84,140 |
| Net difference between projected and actual earnings on pension plans and investments |  | 84,481 |
| 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 |  | 21,289 |
| Total | \$ | 441,478 |

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

|  | Statement of <br> Net Position | General Fund <br> Balance Sheet |  |
| :--- | ---: | ---: | ---: |
| Taxes receivable (General Fund) | $\$$ | - | 246,576 |
| Prepaid taxes (General Fund) |  | 7,469 | 7,469 |
| Difference between expected and actual experience | 2,293 | - |  |
| Changes of assumptions | 1,502 | - |  |
| Changes in proportion and difference between employer |  |  |  |
| $\quad$contributions and proportionate share of contributions | $\$$ | 11,264 | $\$$ |

## 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, 2021, 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. Claims, Judgments, and Contingent Liabilities

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

## 6. Long-Term Obligations

## a. Installment Purchases

Serviced by the Governmental Activities:
In February 2016, the Town entered into a $\$ 550,000$ installment contract to purchase two fire trucks. The financing contract requires ten annual principal payments of $\$ 55,000$, plus interest. Payments begin in February 2017. The interest rate is $2.29 \%$. The outstanding balance at June 30, 2021 is $\$ 220,000$.

In January 2019, the Town entered into a $\$ 60,386$ installment contract to purchase a track loader. The financing contract requires four annual payments of $\$ 17,010$, including interest. Payments begin in January 2020. The interest rate is $4.95 \%$. The outstanding balance at June 30,2021 is $\$ 31,650$.

In October 2018, the Town entered into a $\$ 125,000$ installment contract for the purchase and improvements of a municipal building and land. The financing contract requires ten annual payments of $\$ 12,500$, plus interest. Payments begin in October 2019. The interest rate is $4.49 \%$. The outstanding balance at June 30,2021 is $\$ 100,000$.

## Town of Plymouth, North Carolina

Notes to Financial Statements

Serviced by the Business-type Activities:
In January 2019, the Town entered into a $\$ 86,086$ installment contract to purchase a backhoe. The financing contract requires four annual payments of $\$ 24,249$, including interest. Payments begin in May 2020. The interest rate is $4.95 \%$. The outstanding balance at June 30,2021 is $\$ 45,121$.

In January 2019, the Town entered into a $\$ 38,595$ installment contract to purchase a leaf vacuum. The financing contract requires three annual payments of $\$ 14,808$, including interest. Payments begin in July 2019. The interest rate is $8.03 \%$. The outstanding balance at June 30,2021 is $\$ 13,708$. Annual debt service payments of the installment purchases as of June 30, 2021, including \$39,658 of interest, are as follows:

|  | Governmental Activities |  |  |  | Business-type Activities |  |  |  | Totals |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Year Ending June 30 | Principal |  | Interest |  | Principal |  | Interest |  | Principal |  | Interest |  |
| 2022 | \$ | 82,943 | \$ | 11,095 | \$ | 35,724 | \$ | 3,333 | \$ | 118,667 | \$ | 14,428 |
| 2023 |  | 83,707 |  | 8,509 |  | 23,105 |  | 1,144 |  | 106,812 |  | 9,653 |
| 2024 |  | 67,500 |  | 5,887 |  | - |  | - |  | 67,500 |  | 5,887 |
| 2025 |  | 67,500 |  | 4,077 |  | - |  | - |  | 67,500 |  | 4,077 |
| 2026 |  | 12,500 |  | 2,245 |  | - |  | - |  | 12,500 |  | 2,245 |
| 2027-2029 |  | 37,500 |  | 3,368 |  | - |  | - |  | 37,500 |  | 3,368 |
| Total | \$ | 351,650 | \$ | 35,181 | \$ | 58,829 | \$ | 4,477 | \$ | 410,479 | \$ | 39,658 |

## 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, 2021 are comprised of the following issues:
\$1,339,309 2005 Drinking Water revolving loan due in annual installments of $\$ 66,965$ through May 2026, interest at $2.87 \%$. Payments began in 2007.
\$146,787 Drinking Water revolving loan due in annual installments of \$7,339 through May 2040, interest at 0.0\%. Payments began in 2021.
\$ 334,827

138,613
\$2,042,500 Sanitary Sewer revolving loan due in annual installments of $\$ 77,125$ through May 2040, interest at 0.0\%. $\$ 500,000$ was forgiven. Payments began in 2021. At June 30,

| 2020, the Town had drawn down \$1,350,031. | $1,272,906$ |
| :--- | ---: |
| Total | $\$ 1,746,346$ |

The future payments of the revenue bond are as follows:

| Year Ending June 30 | Principal | Interest |  |
| :--- | ---: | ---: | ---: |
| 2022 | $\$ 150,595$ | $\$$ | 9,610 |
| 2023 | 151,430 | 7,688 |  |
| 2024 | 151,429 | 5,766 |  |
| 2025 | 151,430 | 3,844 |  |
| 2026 | 151,429 | 1,921 |  |
| $2027-2031$ | 422,322 | - |  |
| $2032-2036$ | 422,322 | - |  |
| $2037-2040$ | 145,389 | - |  |
| Total | $\$ 1,746,346$ | $\$$ | 28,829 |

## c. Changes in Long-Term Liabilities

|  | Balance <br> July 01, 2020 |  | Increases |  | Decreases |  | Balance <br> June 30, 2021 |  | Current Portion of Balance |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Governmental activities: |  |  |  |  |  |  |  |  |  |  |
| Installment purchase | \$ | 433,864 | \$ | - | \$ | 82,214 | \$ | 351,650 | \$ | 82,943 |
| Compensated absences |  | 69,152 |  | - |  | 30,853 |  | 38,299 |  | 9,575 |
| Net pension liability (LGERS) |  | 290,221 |  | 93,556 |  | - |  | 383,777 |  | - |
| Net pension liability (LEOSSA) |  | 81,584 |  | 110,564 |  | - |  | 192,148 |  | - |
| Governmental activity long-term liabilities | \$ | 874,821 | \$ | 204,120 | \$ | 113,067 | \$ | 965,874 | \$ | 92,518 |
| Business-type activities: |  |  |  |  |  |  |  |  |  |  |
| Installment purchase | \$ | 92,494 | \$ | - | \$ | 33,665 | \$ | 58,829 | \$ | 35,724 |
| Revolving loans |  | 741,258 |  | 1,157,352 |  | 152,264 |  | 1,746,346 |  | 150,595 |
| Compensated absences |  | 26,675 |  | 15,272 |  | - |  | 41,947 |  | 10,487 |
| Net pension liability (LGERS) |  | 177,859 |  | 38,700 |  | - |  | 216,559 |  | - |
| Business-type activity long-term liabilities | \$ | 1,038,286 |  | 1,211,324 | \$ | 185,929 | \$ | 2,063,681 | \$ | 196,806 |

At June 30, 2021, the Town of Plymouth had a legal debt margin of \$15,585,150.

## Town of Plymouth, North Carolina <br> Notes to Financial Statements

## C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

| Due to the General Fund for operating costs from: |  |  |
| :--- | ---: | ---: |
| CAMA Waterfront Park Project Fund | \$ | 104,439 |
| Sewer Fund | 8,518 |  |
| Sanitation Fund | 41,026 |  |
| Stormwater Fund | $\$ 445$ |  |
| Total | 154,428 |  |

Due to the Water Fund for operating costs from:

| General Fund | $\$$ | 4,552 |
| :--- | ---: | ---: |
| Sewer Fund |  | 647,936 |
| Sanitation Fund | 80,641 |  |
| Total | $\$$ | 733,129 |

Due to the Sewer Fund for operating costs from:

| Sanitation Fund | $\$$ | 8,167 |
| :---: | :---: | ---: |
| Total | $\$$ | 8,167 |


| Due to the Sanitation / Stormwater Fund for operating costs from: |  |
| :--- | ---: | ---: |
| Water Fund |  |
| Sewer Fund |  | | 17,442 |
| ---: |
| Total |
| Tota11 |

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

|  | Governmental | Business-type |  |
| :--- | ---: | ---: | ---: |
| Capital Assets | $\$$ | $3,022,171$ | $\$ 12,188,339$ |
| less: long-term debt |  | 351,650 | $1,805,175$ |
| Net investment in capital assets | $\$$ | $2,670,521$ | $\$ 10,383,164$ |

## 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 | $\$ 1,478,536$ |
| :--- | ---: |
| Less: |  |
| Stabilization by State Statute | 395,665 |
| Streets - Powell Bill | 21,984 |
| Town promotion | 20,000 |
| Subsequent year's expenditures | 289,212 |
| Remaining Fund Balance | 751,675 |

## NOTE IV -RELATED ORGANIZATION

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

## NOTE V -SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

## Federal and State Assisted Programs

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

Town of Plymouth, North Carolina
Local Governmental Employees' Retirement System Schedule of Proportionate Share of Net Pension Liability (Asset)

Required Supplementary Information
Last Seven Fiscal Years
Schedule 1

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

Town of Plymouth, North Carolina

## Local Governmental Employees' Retirement System

Schedule of the Town's Contributions
Required Supplementary Information
Last Seven Fiscal Years
Schedule 2

Contractually required contribution
Contributions in relation to the contractually required contribution

Contribution deficiency (excess)

Plymouth's covered-employee payroll

Contributions as a percentage of covered-employee payroll


Town of Plymouth, North Carolina Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance Required Supplementary Information June 30, 2021

Schedule 3

|  | 2021 |  | 2020 |  | 2019 |  | 2018 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Beginning balance | \$ | 81,584 | \$ | 67,765 | \$ | 39,821 | \$ | 37,200 |
| Service Cost |  | 8,771 |  | 6,658 |  | 7,551 |  | 4,592 |
| Interest on the total pension liability |  | 2,660 |  | 2,467 |  | 1,258 |  | 1,388 |
| Differences between expected and actual experience in the measurement of the total pension liability |  | 54,907 |  | 2,699 |  | 22,005 |  | $(8,805)$ |
| Changes of assumptions or other inputs |  | 44,226 |  | 1,995 |  | $(2,870)$ |  | 7,954 |
| Benefit payments |  | - |  | - |  | - |  | $(2,508)$ |
| Ending balance of the total pension liability | \$ | 192,148 | \$ | 81,584 | \$ | 67,765 | \$ | 39,821 |

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, 2021
Schedule 4

|  | 2021 |  | 2020 |  | 2019 |  | 2018 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Total pension liability | \$ | 192,148 | \$ | 81,584 | \$ | 67,765 | \$39,821 |
| Covered payroll |  | 346,495 |  | 304,206 |  | 334,216 | 228,620 |
| Total pension liability as a percentage of covered payroll |  | 55.45\% |  | 26.82\% |  | 20.28\% | 17.42\% |

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.

|  | Budget | Actual | Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: |
| Revenues: |  |  |  |  |
| Ad valorem taxes: |  |  |  |  |
| Taxes |  | 1,031,432 |  |  |
| Interest |  | 33,710 |  |  |
| Total | \$ 1,032,000 | 1,065,142 | \$ | 33,142 |
| Other taxes and licenses: |  |  |  |  |
| Privilege licenses |  | 315 |  |  |
| Total | - | 315 |  | 315 |
| Unrestricted intergovernmental: |  |  |  |  |
| Local option sales taxes |  | 509,061 |  |  |
| Payments in lieu of taxes |  | 9,680 |  |  |
| Franchise taxes |  | 199,714 |  |  |
| Beer and wine taxes |  | 14,768 |  |  |
| Washington County ABC Board |  | 2,313 |  |  |
| Total | 675,500 | 735,536 |  | 60,036 |
| Restricted intergovernmental: |  |  |  |  |
| Powell Bill allocation |  | 97,655 |  |  |
| Coronavirus Relief Fund |  | 55,999 |  |  |
| Volunteer fire department fund grant |  | 22,627 |  |  |
| Washington Co. Fire Department contribution |  | 121,080 |  |  |
| Controlled substance tax |  | 1,002 |  |  |
| Total | 246,284 | 298,363 |  | 52,079 |
| Permits and fees: |  |  |  |  |
| Zoning permits |  | 2,475 |  |  |
| Police citations |  | 30 |  |  |
| Police report fees |  | 46 |  |  |
| Code violation fees |  | 248 |  |  |
| Vehicle tags |  | 37,320 |  |  |
| Total | 35,500 | 40,119 |  | 4,619 |
| Sales and services: |  |  |  |  |
| Court costs |  | 1,193 |  |  |
| Rent |  | 3,715 |  |  |
| Total | 5,600 | 4,908 |  | (692) |


|  | Budget | Actual | Variance <br> Positive <br> (Negative) |
| :---: | :---: | :---: | :---: |
| Investment earnings | 20,000 | 648 |  |
| Miscellaneous | 63,499 | 4,508 |  |
| Total revenues | 2,078,383 | 2,149,539 | 71,156 |
| Expenditures: |  |  |  |
| General government: |  |  |  |
| Governing body: |  |  |  |
| Mayor and councilmen |  | 31,003 |  |
| Operating expense |  | 2,460 |  |
| Expense reimbursement from proprietary funds |  | $(30,815)$ |  |
| Total |  | 2,648 |  |
| Administration: |  |  |  |
| Salaries and benefits |  | 344,788 |  |
| Professional services |  | 25,095 |  |
| Operating expenditures |  | 60,037 |  |
| Expense reimbursement from proprietary funds |  | $(310,729)$ |  |
| Total |  | 119,191 |  |
| Attorney: |  |  |  |
| Other |  | 88,747 |  |
| Expense reimbursement from proprietary funds |  | $(52,867)$ |  |
| Total |  | 35,880 |  |
| Information technology: |  |  |  |
| Contracted services |  | 29,700 |  |
| Operating expense |  | 67,824 |  |
| Capital outlay |  | 13,005 |  |
| Expense reimbursement from proprietary funds |  | $(66,202)$ |  |
| Total |  | 44,327 |  |
| Building and grounds: |  |  |  |
| Salaries and benefits |  | 85,840 |  |
| Operating expenditures |  | 220,874 |  |
| Capital Outlay |  | 15,500 |  |
| Expense reimbursement from proprietary funds |  | $(89,493)$ |  |
| Total |  | 232,721 |  |
| Total general government | 556,857 | 434,767 | 122,090 |


|  |  | Variance <br> Positive <br> (Negative) |  |
| :--- | ---: | ---: | ---: |
| Public Safety: <br> Police: <br> Salaries and benefits <br> Operating expense <br> Capital outlay | Actual |  |  |
| Total |  | 821,026 |  |
| Fire: | 61,089 |  |  |
| Pension fund |  | 19,123 |  |

$\left.\begin{array}{lrrr} & & \begin{array}{c}\text { Variance } \\ \text { Positive } \\ \text { (Negative) }\end{array} \\ \hline \begin{array}{l}\text { Planning: } \\ \text { Salaries and benefits } \\ \text { Operating expenses } \\ \text { Contracted services }\end{array} & \text { Budget } & \text { Actual } & \\ \hline \text { Total } & & 35,856 & \\ \hline \text { Total planning } & & 221,686 \\ 15,640\end{array}\right]$

Town of Plymouth, North Carolina CAMA Waterfront Park Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual From Inception and For the Fiscal Year Ended June 30, 2021

Schedule 6


|  |  | Budget | Actual | Variance <br> Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Revenues: |  |  |  |  |  |
| Operating revenues: |  |  |  |  |  |
| Water sales |  |  | 988,597 |  |  |
| Total operating revenues | \$ | 750,000 | 988,597 | \$ | 238,597 |
| Nonoperating revenues: |  |  |  |  |  |
| Miscellaneous income |  |  | 235 |  |  |
| Total nonoperating revenues |  | - | 235 |  | 235 |
| Total revenues |  | 750,000 | 988,832 |  | 238,832 |
| Expenditures: |  |  |  |  |  |
| Operating expenditures: |  |  |  |  |  |
| Salaries and benefits |  |  | 663,639 |  |  |
| Expense reimbursement from Sewer and Stormwater |  |  | $(222,577)$ |  |  |
| Supplies |  |  | 61,112 |  |  |
| Maintenance and repairs |  |  | 98,582 |  |  |
| Expense reimbursement to General Fund |  |  | 284,226 |  |  |
| Asset Inventory project expenses |  |  | 74,144 |  |  |
| Other operating expenditures |  |  | 70,616 |  |  |
| Total operating expenditures |  | 1,022,798 | 1,029,742 |  | $(6,944)$ |
| Debt service: |  |  |  |  |  |
| Principal retirement |  |  | 96,035 |  |  |
| Interest and fees |  |  | 14,802 |  |  |
| Total debt service |  | 110,944 | 110,837 |  | 107 |
| Total expenditures |  | 1,133,742 | 1,140,579 |  | $(6,837)$ |
| Revenues over (under) expenditures |  | $(383,742)$ | $(151,747)$ |  | 231,995 |
| Other financing sources (uses) |  |  |  |  |  |
| Fund balance appropriated |  | 383,742 | - |  | $(383,742)$ |
| Revenues over (under) expenditures | \$ | - | $(151,747)$ | \$ | $(151,747)$ |

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

| Reconciling items: | 96,035 |
| :--- | ---: |
| Principal retirement | 248,275 |
| Capital contributions | $(10,610)$ |
| (Increase) decrease in compensated absences | 79 |
| Increase (decrease) in deferred outflows of resources - pensions | $(29,564)$ |
| (Increase) decrease in net pension liability | $(230,525)$ |
| Depreciation | 73,690 |
| Total reconciling items | $\mathbf{( 7 8 , 0 5 7 )}$ |
| Changes in net position | $\$$ |


|  |  | Budget | Actual | Variance <br> Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Revenues: |  |  |  |  |  |
| Operating revenues: |  |  |  |  |  |
| Sewer charges |  |  | 1,008,660 |  |  |
| Total operating revenues | \$ | 862,550 | 1,008,660 | \$ | 146,110 |
| Expenditures: |  |  |  |  |  |
| Operating expenditures: |  |  |  |  |  |
| Supplies |  |  | 6,611 |  |  |
| Maintenance and repairs |  |  | 88,073 |  |  |
| Expense reimbursement to General Fund |  |  | 229,801 |  |  |
| Expense reimbursement to Water Fund |  |  | 197,074 |  |  |
| Other operating expenditures |  |  | 72,325 |  |  |
| Total operating expenditures |  | 785,425 | 593,884 |  | 191,541 |
| Debt service: |  |  |  |  |  |
| Principal retirement |  |  | 77,125 |  |  |
| Total debt service |  | 77,125 | 77,125 |  | - |
| Total expenditures |  | 862,550 | 671,009 |  | 191,541 |
| Revenues over (under) expenditures | \$ | - | 337,651 | \$ | 337,651 |

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

| Reconciling items: |  |
| :--- | ---: |
| Principal retirement | 77,125 |
| Depreciation | $(269,703)$ |
| Total reconciling items | $(192,578)$ |
| Changes in net position | 145,073 |


|  |  | Budget | Actual | Variance <br> Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Revenues: |  |  |  |  |  |
| Operating revenues: |  |  |  |  |  |
| Landfill revenue |  |  | 209,190 |  |  |
| Garbage revenue |  |  | 361,603 |  |  |
| Stormwater revenue |  |  | 118,524 |  |  |
| Total operating revenues | \$ | 582,000 | 689,317 | \$ | 107,317 |
| Nonoperating revenues: |  |  |  |  |  |
| Miscellaneous revenues |  |  | 2,646 |  |  |
| Total nonoperating revenues |  | 2,400 | 2,646 |  | 246 |
| Total revenues |  | 584,400 | 691,963 |  | 107,563 |
| Expenditures: |  |  |  |  |  |
| Operating expenditures: |  |  |  |  |  |
| Salaries and benefits |  |  | 93,070 |  |  |
| Supplies |  |  | 4,734 |  |  |
| Maintenance and repairs |  |  | 628 |  |  |
| Contracted services |  |  | 141,383 |  |  |
| Landfill availability |  |  | 59,674 |  |  |
| Expense reimbursement to General Fund |  |  | 236,090 |  |  |
| Expense reimbursement to Water Fund |  |  | 25,503 |  |  |
| Other operating expenditures |  |  | 118,348 |  |  |
| Total operating expenditures |  | 709,704 | 679,430 |  | 30,274 |
| Debt service: |  |  |  |  |  |
| Principal retirement |  |  | 12,688 |  |  |
| Interest and fees |  |  | 2,120 |  |  |
| Total debt service |  | 14,809 | 14,808 |  | 1 |
| Total expenditures |  | 724,513 | 694,238 |  | 30,275 |
| Revenues over (under) expenditures |  | $(140,113)$ | $(2,275)$ |  | 137,838 |
| Other financing sources (uses) |  |  |  |  |  |
| Fund balance appropriated |  | 140,113 | - |  | $(140,113)$ |
| Revenues over (under) expenditures | \$ | - | $(2,275)$ | \$ | $(2,275)$ |

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

| Reconciling items: |  |
| :--- | ---: |
| (Increase) decrease in compensated absences | $(4,662)$ |
| Increase (decrease) in deferred outflows of resources - pensions | 3,394 |
| (Increase) decrease in net pension liability | $(9,136)$ |
| Depreciation | $(19,151)$ |
| Total reconciling items | $(16,867)$ |
| Changes in net position | $\$$ |

## CDBG 15-I-3047 Water System Project Fund

Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021
Schedule 10

|  | Project <br> Authorization |  | Actual |  |  |  |  |  | Variance <br> Positive <br> (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Prior Years |  | Current Year |  | Total to Date |  |  |  |
| Revenues: |  |  |  |  |  |  |  |  | \$ | $(389,412)$ |
| CDBG 15-I-3047 | \$ | 504,550 | \$ | 31,330 | \$ | 83,808 | \$ | 115,138 |  |  |
| Total revenues |  | 504,550 |  | 31,330 |  | 83,808 |  | 115,138 |  | $(389,412)$ |
| Expenditures: |  |  |  |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |  |  |  |
| Economic and physical development: |  |  |  |  |  |  |  |  |  |  |
| Public Water Improvements |  | 454,100 |  | 10,000 |  | 66,304 |  | 76,304 |  | 377,796 |
| Administration |  | 50,450 |  | 21,330 |  | 17,504 |  | 38,834 |  | 11,616 |
| Total expenditures |  | 504,550 |  | 31,330 |  | 83,808 |  | 115,138 |  | 389,412 |
| Revenues over (under) expenditures | \$ | - | \$ | - | \$ | - | \$ | - | \$ | - |

# Town of Plymouth, North Carolina <br> Wastewater Treatment Plant Rehabilitation and Line Replacement <br> Project Fund 

Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and For the Fiscal Year Ended June 30, 2021
Schedule 11



|  | Project <br> Authorization |  | Actual |  |  |  |  |  |  | Variance Positive (Negative) |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Prior Years |  | Current Year |  |  | Total to Date |  |  |  |
| Revenues: |  |  |  |  |  |  |  |  |  |  |  |
| State grant-H-AIA-D-20-0194 | \$ | 150,000 | \$ |  | - | \$ | 74,144 | \$ | 74,144 | \$ | $(75,856)$ |
| Total revenues |  | 150,000 |  |  | - |  | 74,144 |  | 74,144 |  | $(75,856)$ |
| Expenditures: |  |  |  |  |  |  |  |  |  |  |  |
| Current: |  |  |  |  |  |  |  |  |  |  |  |
| Economic and physical development: |  |  |  |  |  |  |  |  |  |  |  |
| Engineering |  | 150,000 |  |  | - |  | 74,144 |  | 74,144 |  | 75,856 |
| Total expenditures |  | 150,000 |  |  | - |  | 74,144 |  | 74,144 |  | 75,856 |
| Revenue over (under) expenditures | \$ | - | \$ |  | - | \$ | - | \$ | - | \$ | - |


| Fiscal Year | Uncollected <br> Balance <br> June 30, | Additions | Collections and Credits | Uncollected <br> Balance <br> June 30, |
| :---: | :---: | :---: | :---: | :---: |
| 2020-2021 | \$ | \$ 1,075,734 | \$ 963,693 | \$ 112,041 |
| 2019-2020 | 85,691 | 23,906 | 69,625 | 39,972 |
| 2018-2019 | 38,663 | 504 | 14,444 | 24,723 |
| 2017-2018 | 30,518 | 75 | 8,339 | 22,254 |
| 2016-2017 | 47,417 | - | 4,689 | 42,728 |
| 2015-2016 | 30,644 | - | 5,168 | 25,476 |
| 2014-2015 | 14,948 | - | 4,143 | 10,805 |
| 2013-2014 | 14,064 | - | 3,364 | 10,700 |
| 2012-2013 | 10,946 | - | 1,094 | 9,852 |
| 2011-2012 | 9,081 | - | 859 | 8,222 |
| 2010-2011 | 8,541 | - | 8,541 | - |
| Totals | \$ 290,513 | \$ 1,100,219 | \$ 1,083,959 | 306,773 |
| Less allowance for uncollectible accounts: General Fund |  |  |  | 60,197 |
| Ad valorem taxes receivable - net |  |  |  | \$ 246,576 |
| Reconcilement with revenues: |  |  |  |  |
| Ad valorem taxes - General Fund |  |  |  | \$ 1,065,142 |
| Stormwater revenue collected on property tax bills |  |  |  | 61,789 |
| Reconciling items: |  |  |  |  |
| Taxes written off |  |  |  | 7,737 |
| Taxes written off, subsequently collected |  |  |  | $(2,595)$ |
| Adjustments |  |  |  | $(14,404)$ |
| Interest collected |  |  |  | $(33,710)$ |
| Subtotal |  |  |  | $(42,972)$ |
| Total collections and credits |  |  |  | \$ 1,083,959 |


|  | Town-Wide |  |  |  |  | Total Levy |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  |  |  |  |  | Property Excluding egistered |  | egistered |
|  | Property Valuation |  | Rate |  | mount of Levy |  | Motor Vehicles |  | Motor Vehicles |
| Original levy: |  |  |  |  |  |  |  |  |  |
| Property taxed at current rate | \$ | 181,181,667 | 0.54 | \$ | 978,381 | \$ | 875,961 | \$ | 102,420 |
| Discoveries |  | 18,459,444 | 0.54 |  | 99,681 |  | 99,681 |  | - |
| Abatements |  | $(431,111)$ | 0.54 |  | $(2,328)$ |  | - |  | $(2,328)$ |
| Total property valuation |  | 199,210,000 |  |  |  |  |  |  |  |
| Net levy |  |  |  |  | 1,075,734 |  | 975,642 |  | 100,092 |
| Uncollected taxes at June 30, 2021 |  |  |  |  | $(112,041)$ |  | $(112,041)$ |  | - |
| Current year's taxes collected |  |  |  | \$ | 963,693 | \$ | 863,601 | \$ | 100,092 |
| Current levy collection percentage |  |  |  |  | 89.58\% |  | 88.52\% |  | 100.00\% |

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Town Council
Town of Plymouth, North Carolina
We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Plymouth, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Town of Plymouth's basic financial statements, and have issued our report thereon dated August 29, 2022.

## Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Plymouth's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Plymouth's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies as items 21-01 through 21-05 that we consider to be material weaknesses.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Plymouth's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 21-04 and 21-05.

## Town of Plymouth's Response to Findings

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

## Purpose of this Report

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


Jeff Best, CPA, PLLC
Belhaven, North Carolina
August 29, 2022

# Report On Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; With the OMB Uniform Guidance and the State Single Audit Implementation Act <br> Independent Auditor's Report 

To the Honorable Mayor and
Members of the Town Council
Town of Plymouth, North Carolina
Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program
We have audited the Town of Plymouth, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on the Town of Plymouth's major federal program for the year ended June 30, 2021. The Town of Plymouth's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Plymouth complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town of Plymouth and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Plymouth's compliance with the compliance requirements referred to above.

## Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Plymouth federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Plymouth's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Plymouth's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Plymouth's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- obtain an understanding of the Town of Plymouth's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town of Plymouth's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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


Jeff Best, CPA, PLLC
Belhaven, North Carolina
August 29, 2022

# Town of Plymouth, North Carolina <br> Schedule of Findings and Questioned Costs <br> For the Year Ended June 30, 2021 

## Section I - Summary of Auditor's Results

## Financial Statements

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

Unmodified
Internal control over financial reporting:
Material weakness(es) identified? $\qquad$ Yes $\qquad$ No

Significant deficiency(ies) $\qquad$ X None Reported

Noncompliance material to financial statements noted $\qquad$ Yes $\qquad$ No

## Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?
Significant deficiency(ies) identified
$\qquad$ Yes $\qquad$ No

Type of auditor's report issued on compliance for major federal programs:
$\qquad$ Yes $\qquad$ X None Reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? $\qquad$ Yes $\qquad$ X No

Identification of major federal programs
$\frac{\text { CFDA Number }}{66.458} \quad \frac{\text { Name of Federal Program }}{\text { Capitalization Grants For Clean Water State Revolving Funds }}$

Dollar threshold used to distinguish between Type A and Type B programs:
Auditee qualified as low-risk Auditee?
$\qquad$ Yes $\qquad$ No

# Town of Plymouth, North Carolina Schedule of Findings and Questioned Costs <br> For the Year Ended June 30, 2021 

## Section II - Financial Statement Findings

## Material Weakness

## 21-01 Improper Utility Billing

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

Condition: Twelve commercial utility customers with compound meters and two utility customers with usage over 20,000 gallons were not charged correctly as determined by the Town Council.

Effect: Twelve commercial utility Customers with compound meters along with two utility customers with usage over 20,000 gallons were billed incorrectly beginning at the time of the software change. The financial statements were misstated.

Cause: The combined usage box in the utility billing module of the Town's utility billing software was not checked as required for compound meters on twelve commercial utility accounts. For two utility customers with usage over 20,000 gallons the rate was not set up correctly in the software program. This resulted in incorrect bills for these utility customers with compound meters and for customers with usage of over 20,000 gallons.

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

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

## 21-02 Revenue Recognition

Criteria: The Town should have Internal controls in place to ensure that amounts reported as revenues and related balance sheet accounts are appropriate, are properly valued, and are recorded in the proper period in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient to detect misstatements in the reporting of the Town's revenues and related balance sheet accounts.

Effect: Audit adjustments were required related to revenue recognition and the reporting of the related balance sheet accounts.

Cause: During our testing, audit adjustments were required to properly report the Town's revenues and related balance sheet accounts.

Recommendation: We recommend the Town carefully reviews all revenues and related balance sheet accounts to ensure they are reported correctly and in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will take the necessary steps to ensure that revenues and related balance sheet accounts are properly recorded.

# Town of Plymouth, North Carolina Schedule of Findings and Questioned Costs <br> For the Year Ended June 30, 2021 

## 21-03 Expenditure / Expense Recognition

Criteria: Generally, expenditures / expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles.

Condition: Misstatements were detected in the reporting of the Town's expenditures / expenses and related balance sheet accounts.

Effect: Audit adjustments were required related to expenditures / expenses recognition and the reporting of the related balance sheet accounts.

Cause: During our testing, audit adjustments were required to properly report the Town's expenditures / expenses and related balance sheet accounts.

Recommendation: We recommend the Town carefully reviews all expenditures / expenses and related balance sheet accounts to ensure they are reported correctly and in accordance with generally accepted accounting principles.

Views of responsible officials and planned corrective actions: The Town agrees with this finding and will take the necessary steps to ensure that expenditures / expenses and related balance sheet accounts are properly recorded.

## Material Noncompliance / Material Weakness

## 21-04 Timely Financial Reporting

Criteria: The Town should have a system in place to ensure the timeliness of financial reporting.
Condition: Effective financial reporting requires timely access to information for management and other users of the financial statements.

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

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

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

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

## Town of Plymouth, North Carolina <br> Schedule of Findings and Questioned Costs <br> For the Year Ended June 30, 2021

## 21-05 Excess of Expenditures over Appropriations

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

Condition: The Town expended $\$ 6,944$ more in operating expenditures in the Water Fund than appropriated in the annual budget ordinance.

Effect: Monies were spent that had not been appropriated.
Cause: Budget amendments were not adopted to account for excess expenditures.
Recommendation: Budget amendments should be made periodically to ensure that all expenditures are properly appropriated. Disbursements should be periodically reviewed and budget amendments adopted to ensure that monies will not be spent until appropriated.

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

## Section III - Federal Award Findings and Questioned Costs

None Reported.

# Town of Plymouth, North Carolina Corrective Action Plan <br> For the Year Ended June 30, 2021 



## Town of Plymouth

124 EAST WATER - PLYMOUTH, NORTH CAROLINA 27962
TELEPHONE: (252) 793-9101
FAX: (252) 793-6738
Section II - Financial Statement Findings
Material Weakness

21-01 Improper Utility Billing
Name of Contact Person: Dorenda Wallace, Interim Town Manager
Corrective Action: The Town will implement a procedure to ensure that the billing rates are entered correctly, and all billings are correct.

Proposed Completion Date: The corrective action will be fully implemented in August, 2022.

## 21-02 Revenue Recognition

Name of Contact Person: Dorenda Wallace, Interim Town Manager
Corrective Action: The Town will carefully review all revenues and related balance sheet accounts to ensure they are reported correctly and in accordance with generally accepted accounting principles.

Proposed Completion Date: The corrective action will be fully implemented in August, 2022.

## 21-03 Expenditure/Expense Recognition

Name of Contact Person: Dorenda Wallace, Interim Town Manager

Corrective Action: The Town will take the necessary steps to ensure that expenditure/expense and related balance sheet accounts are properly recorded.

Proposed Completion Date: The corrective action will be fully implemented in August, 2022.

Material Noncompliance/Material Weakness
21-04 Timely Financial Reporting

Name of Contact Person: Dorenda Wallace, Interim Town Manager

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

Proposed Completion Date: The corrective action will be fully implemented in August, 2022.

# Town of Plymouth, North Carolina Corrective Action Plan <br> For the Year Ended June 30, 2021 

21-05 Excess of Expenditures over Appropriations
Name of Contact Person: Dorenda Wallace, Interim Town Manager
Corrective Action: The Town make budget amendments periodically to ensure that all expenditures are properly appropriated. The Town will review disbursements and budget amendments will be adopted to ensure that monies will not be spent until appropriated.

Proposed Completion Date: The corrective action will be fully implemented in August, 2022.
Section III - Federal Award Findings and Questioned Costs
None Reported.

# Town of Plymouth, North Carolina Summary Schedule of Prior Year Audit Findings For the Year Ended June 30, 2021 

Findings:

20-01 IT - Disaster Recovery
Status: Corrected

20-02 Bank Reconciliation
Status: Corrected

20-03 Improper Utility Billing
Status: Not Corrected - See Finding 21-01
20-04 Fund Balance
Status: Corrected

20-05 Outstanding Check
Status: Corrected
20-06 Minutes of the Board
Status: Corrected

20-07 Timely Financial Reporting
Status: Not Corrected - See Finding 21-04
20-08 Excess of Expenditures over Appropriations
Status: Not Corrected - See Finding 21-05

20-09 Noncompliance Connect NC Bond "Tax Exempt" Program -
Water System H-SRP-D-2017-0144
Status: Corrected

# Town of Plymouth, North Carolina Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2021 

| Grantor/Pass-through | Federal CFDA <br> Number | State Pass-through Grantor's Number |  | deral <br> ect and through) nditures |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Grantor/Program Title |  |  |  |  |  |  |
| Federal Awards: |  |  |  |  |  |  |
| U.S. Dept of Housing and Urban Development |  |  |  |  |  |  |
| Passed -through the NC Dept. of Environmental Quality: Division of Water Infrastructure |  |  |  |  |  |  |
| Community Development Block Grant |  |  |  |  |  |  |
| Total U.S. Dept. of Housing and Urban Development |  |  |  | 83,808 |  |  |
| U.S. Dept of State Treasurer |  |  |  |  |  |  |
| Passed -through the the Office of State Budget and Management: NC Pandemic Recovery Office |  |  |  |  |  |  |
| Passed through Washington County: |  |  |  |  |  |  |
| Coronavirus Relief Fund | 21.019 | XXXX | \$ | 55,999 | \$ |  |
| Total U.S. Dept. of State Treasurer |  |  |  | 55,999 |  |  |
| Environmental Protection Agency |  |  |  |  |  |  |
| Passed-through the N.C. Department of Environmental Quality |  |  |  |  |  |  |
| Division of Water Resources |  |  |  |  |  |  |
| Capitalization Grants For Clean Water State Revolving Funds |  |  |  |  |  |  |
| - Loan to be Repaid | 66.458 | XXXX |  | 1,121,873 |  |  |
| Total Environmental Protection Agency |  |  |  | 1,121,873 |  |  |
| Total Federal Awards |  |  |  | 1,261,680 |  |  |

## State Awards:

NC Department of Insurance

| Office of the State Fire Marshall | - | 22,627 |
| :---: | :---: | :---: |
| Total NC Department of Insurance | - | 22,627 |

NC Department of Environmental Quality
Division of Water Infrastructure:


# Town of Plymouth, North Carolina Notes to the Schedule of Expenditures of Federal and State Awards For the Year Ended June 30, 2021 

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

1 Basis of Presentation
The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Plymouth under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Plymouth, it is not intended Federal Awards (Uniform Guidance) and the State Single Audit to and does not present the financial position, changes in net assets or cash flows of the Town of Plymouth.

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

