

Audited Financial Statements  
and Other Financial Information

**Town of Plymouth, Vermont**

June 30, 2020



*Proven Expertise & Integrity*

TOWN OF PLYMOUTH, VERMONT

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JUNE 30, 2020

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## INDEPENDENT AUDITORS' REPORT

Selectboard  
Town of Plymouth  
Plymouth, Vermont

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plymouth, Vermont as of June 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information on pages 4 through 11 and 47 through 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Plymouth, Vermont's basic financial statements. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and related directly to the underlying accounting

and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues, Schedule of Departmental Operations - General Fund and combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2021, on our consideration of the Town of Plymouth, Vermont's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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, Vermont's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000967  
June 8, 2021

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2020**

**(UNAUDITED)**

The following management's discussion and analysis of Town of Plymouth, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2020. Please read it in conjunction with the Town's financial statements.

**Financial Statement Overview**

The Town of Plymouth's basic financial statements include the following components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes required supplementary information which consists of the general fund budgetary comparison schedule, pension schedules and other supplementary information which includes combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in two differing views: the government-wide financial statements and the fund financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Town's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Town's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position - this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities - this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.



The above-mentioned financial statements have one column for the Town's activity. The type of activity presented for the Town of Plymouth is:

- *Governmental activities* - The activities in this section are mostly supported by taxes and intergovernmental revenues (federal and state grants). All of the Town's basic services are reported in governmental activities, which include general government, public safety, public works, community development and unclassified.

### **Fund Financial Statements**

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 other local governments uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. All of the funds of the Town of Plymouth are considered governmental funds.

*Governmental funds:* All of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported in governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balance of spendable resources available at the end of the fiscal year. Such information will be useful in evaluating the government's near-term financing requirements. This approach is known as the current financial resources measurement focus and the modified accrual basis of accounting. Under this approach, revenues are recorded when cash is received or when susceptible to accrual. Expenditures are recorded when liabilities are incurred and due. These statements provide a detailed short-term view of the Town's finances to assist in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town of Plymouth presents three columns in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The Town's major governmental funds are the general fund

and the highway and building fund. All other funds are shown as nonmajor and are combined in the "Other Governmental Funds" column on these statements.

The general fund is the only fund for which the Town legally adopted a budget. The Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund provides a comparison of the original and final budget and the actual expenditures for the current year.

### **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 the Fund Financial Statements. The Notes to Financial Statements can be found following the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

### **Required Supplementary Information**

The basic financial statements are followed by a section of required supplementary information, which includes a Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund, a Schedule of Proportionate Share of the Net Pension Liability, a Schedule of Contributions and Notes to Required Supplementary Information.

### **Other Supplementary Information**

Other supplementary information follows the required supplementary information. These combining and other schedules provide information in regards to nonmajor funds and other detailed budgetary information for the general fund.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Town's governmental activities. The Town's total net position for governmental activities increased by \$241,414 from \$3,658,612 to \$3,900,026.

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - decreased for governmental activities to a balance of \$1,596,689 at the end of this year.

**Table 1**  
**Town of Plymouth, Vermont**  
**Net Position**  
**June 30,**

	2020	2019
<b>Assets:</b>		
Current Assets	\$ 2,300,815	\$ 2,024,253
Noncurrent Assets - Capital Assets	1,698,309	1,735,134
Total Assets	3,999,124	3,759,387
 <b>Deferred Outflows of Resources</b>		
Deferred Outflows Related to Pensions	33,283	35,981
Total Deferred Outflows of Resources	33,283	35,981
 <b>Liabilities:</b>		
Current Liabilities	14,829	32,188
Noncurrent Liabilities	99,666	87,158
Total Liabilities	114,495	119,346
 <b>Deferred Inflows of Resources:</b>		
Prepaid Taxes	11,318	10,879
Deferred Inflows Related to Pensions	6,568	6,531
Total Deferred Inflows of Resources	17,886	17,410
 <b>Net Position:</b>		
Net Investment in Capital Assets	1,698,309	1,735,134
Restricted: Highway and Building Fund	440,672	78,401
Permanent Funds	164,356	165,671
Unrestricted	1,596,689	1,679,406
Total Net Position	\$ 3,900,026	\$ 3,658,612

### Revenues and Expenses

Revenues for the Town's governmental activities increased by 2.57% with the largest increase in taxes. Expenses increased by 0.40% in all areas except general government and unclassified.

**Table 2**  
**Town of Plymouth, Vermont**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	2020	2019
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for services	\$ 208,326	\$ 240,888
Operating grants and contributions	113,329	139,246
<i>General Revenues:</i>		
Taxes	1,296,984	1,176,695
Grants and contributions not restricted to specific programs	120,958	158,305
Miscellaneous	40,413	20,284
Total Revenues	1,780,010	1,735,418
<b>Expenses</b>		
General government	529,166	614,108
Public safety	358,137	336,933
Public works	630,675	560,258
Community development	11,778	10,787
Unclassified	8,840	10,325
Total Expenses	1,538,596	1,532,411
Change in Net Position	241,414	203,007
Net Position - July 1	3,658,612	3,455,605
Net Position - June 30	\$ 3,900,026	\$ 3,658,612

**Financial Analysis of the Town's Fund Statements**

*Governmental funds:* The financial reporting focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information may be useful in assessing the Town's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's financial position at the end of the year and the net resources available for spending.

**Table 3**  
**Town of Plymouth, Vermont**  
**Fund Balances - Governmental Funds**  
**June 30,**

	<u>2020</u>	<u>2019 (Restated)</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ 21,630	\$ -	\$ 21,630
Unassigned	1,244,661	1,117,953	126,708
Total General Fund	<u>\$ 1,266,291</u>	<u>\$ 1,117,953</u>	<u>\$ 148,338</u>
Highway and Building Fund:			
Restricted	\$ 440,672	\$ 324,201	\$ 116,471
Total Highway and Building Fund	<u>\$ 440,672</u>	<u>\$ 324,201</u>	<u>\$ 116,471</u>
Nonmajor Funds:			
Special Revenue Funds:			
Assigned	\$ 127,592	\$ 122,640	\$ 4,952
Capital Projects Funds:			
Assigned	130,577	105,577	25,000
Permanent Funds:			
Nonspendable - principal	97,805	97,805	-
Restricted	66,551	67,866	(1,315)
Total Nonmajor Funds	<u>\$ 422,525</u>	<u>\$ 393,888</u>	<u>\$ 28,637</u>

The changes to total fund balances for the general fund, the highway and building fund and the nonmajor funds occurred due to the regular activity of operations.

### Budgetary Highlights

There was no difference between the original and final budget for the general fund.

The general fund actual revenues exceeded the budget by \$459,332. All revenue categories were receipted in excess of budgeted amounts.

The general fund actual expenditures exceeded the budget in total by \$310,994. All expenditures categories were over budgeted amounts with the exception of community development and transfers to other funds.

## Capital Asset and Debt Administration

### Capital Assets

As of June 30, 2020, the net book value of capital assets recorded by the Town decreased by \$36,825 from the prior year. This decrease is the result of capital additions of \$207,738 less net disposals of \$23,406 and depreciation expense of \$221,157.

**Table 4**  
**Town of Plymouth, Vermont**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2020</u>	<u>2019</u>
Land and Non-Depreciable Assets	\$ 153,000	\$ 153,000
Buildings and Improvements	2,619,438	2,471,160
Furniture and Equipment	251,000	251,400
Vehicles	653,149	721,689
Accumulated Depreciation	<u>(1,978,278)</u>	<u>(1,862,115)</u>
Total	<u>\$ 1,698,309</u>	<u>\$ 1,735,134</u>

### Debt

At June 30, 2020, the Town did not have any long-term debt.

### Currently Known Facts, Decisions or Conditions

The outbreak of COVID-19 has been declared a pandemic and led to a national state of emergency in the United States. Refer to Note 1 of Notes to Financial Statements for more detailed information.

At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.

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

The Town has maintained a sufficient unassigned fund balance to sustain government operations for a period of approximately nine months, while also maintaining reserve accounts for future operational, capital and program needs.

## **Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Office at 68 Town Office Road, Plymouth, Vermont 05056.

## STATEMENT A

## TOWN OF PLYMOUTH, VERMONT

STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,792,271
Investments	21,102
Accounts receivable (net of allowance for uncollectibles):	
Delinquent taxes receivable	459,957
Other	5,855
Prepaid items	21,630
Total current assets	<u>2,300,815</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	153,000
Buildings and equipment, net of accumulated depreciation	1,545,309
Total noncurrent assets	<u>1,698,309</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	33,283
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>33,283</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,032,407</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 12,484
Accrued expenses	2,061
Current portion of long-term obligations	284
Total current liabilities	<u>14,829</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	5,405
Net pension liability	94,261
Total noncurrent liabilities	<u>99,666</u>
TOTAL LIABILITIES	<u>114,495</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	11,318
Deferred inflows related to pensions	6,568
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,886</u>
NET POSITION	
Net investment in capital assets	1,698,309
Restricted: Capital projects funds	440,672
Permanent funds	164,356
Unrestricted	1,596,689
TOTAL NET POSITION	<u>3,900,026</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 4,032,407</u>

See accompanying independent auditors' report and notes to financial statements.



## STATEMENT B

TOWN OF PLYMOUTH, VERMONT  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
General government	\$ 529,166	\$ 208,236	\$ -	\$ -	\$ (320,930)
Public safety	358,137	-	-	-	(358,137)
Public works	630,675	90	113,329	-	(517,256)
Community development	11,778	-	-	-	(11,778)
Unclassified	8,840	-	-	-	(8,840)
Total government	<u>\$ 1,538,596</u>	<u>\$ 208,326</u>	<u>\$ 113,329</u>	<u>\$ -</u>	<u>(1,216,941)</u>

STATEMENT B (CONTINUED)

TOWN OF PLYMOUTH, VERMONT

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(1,216,941)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	1,296,984
Grants and contributions not restricted to specific programs	120,958
Miscellaneous	<u>40,413</u>
Total general revenues	<u>1,458,355</u>
Change in net position	241,414
NET POSITION - JULY 1	<u>3,658,612</u>
NET POSITION - JUNE 30	<u><u>\$ 3,900,026</u></u>

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT C

## TOWN OF PLYMOUTH, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020

	General Fund	Highway and Building Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,583,184	\$ 20,237	\$ 188,850	\$ 1,792,271
Investments	-	-	21,102	21,102
Accounts receivable (net of allowance for uncollectibles):				
Delinquent taxes receivable	459,957	-	-	459,957
Other	5,855	-	-	5,855
Prepaid items	21,630	-	-	21,630
Due from other funds	268	420,435	212,841	633,544
<b>TOTAL ASSETS</b>	<b>\$ 2,070,894</b>	<b>\$ 440,672</b>	<b>\$ 422,793</b>	<b>\$ 2,934,359</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,484	\$ -	\$ -	\$ 12,484
Accrued expenses	2,061	-	-	2,061
Due to other funds	633,276	-	268	633,544
<b>TOTAL LIABILITIES</b>	<b>647,821</b>	<b>-</b>	<b>268</b>	<b>648,089</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Prepaid taxes	11,318	-	-	11,318
Deferred property tax	145,464	-	-	145,464
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>156,782</b>	<b>-</b>	<b>-</b>	<b>156,782</b>
<b>FUND BALANCES</b>				
Nonspendable	21,630	-	97,805	119,435
Restricted	-	440,672	66,551	507,223
Committed	-	-	-	-
Assigned	-	-	258,169	258,169
Unassigned	1,244,661	-	-	1,244,661
<b>TOTAL FUND BALANCES</b>	<b>1,266,291</b>	<b>440,672</b>	<b>422,525</b>	<b>2,129,488</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,070,894</b>	<b>\$ 440,672</b>	<b>\$ 422,793</b>	<b>\$ 2,934,359</b>

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT D

## TOWN OF PLYMOUTH, VERMONT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Total Governmental Funds</u>
Total Fund Balances	\$ 2,129,488
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	1,698,309
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	33,283
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	145,464
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(5,689)
Net pension liability	(94,261)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	<u>(6,568)</u>
Net position of governmental activities	<u>\$ 3,900,026</u>

See accompanying independent auditors' report and notes to financial statements.

## STATEMENT E

## TOWN OF PLYMOUTH, VERMONT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Highway and Building Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,296,984	\$ -	\$ -	\$ 1,296,984
Intergovernmental	234,287	-	-	234,287
Permits and licenses	208,236	-	-	208,236
Charges for services	90	-	-	90
Interest income	791	67	79	937
Miscellaneous	24,398	-	15,078	39,476
<b>TOTAL REVENUES</b>	<b>1,764,786</b>	<b>67</b>	<b>15,157</b>	<b>1,780,010</b>
<b>EXPENDITURES</b>				
Current:				
General government	529,612	-	8,680	538,292
Public safety	328,298	-	-	328,298
Public works	585,760	13,596	-	599,356
Community development	11,778	-	-	11,778
Unclassified	-	-	8,840	8,840
<b>TOTAL EXPENDITURES</b>	<b>1,455,448</b>	<b>13,596</b>	<b>17,520</b>	<b>1,486,564</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>309,338</b>	<b>(13,529)</b>	<b>(2,363)</b>	<b>293,446</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	130,000	31,000	161,000
Transfers (out)	(161,000)	-	-	(161,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(161,000)</b>	<b>130,000</b>	<b>31,000</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>148,338</b>	<b>116,471</b>	<b>28,637</b>	<b>293,446</b>
<b>FUND BALANCES - JULY 1, RESTATED</b>	<b>1,117,953</b>	<b>324,201</b>	<b>393,888</b>	<b>1,836,042</b>
<b>FUND BALANCES - JUNE 30</b>	<b>\$ 1,266,291</b>	<b>\$ 440,672</b>	<b>\$ 422,525</b>	<b>\$ 2,129,488</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PLYMOUTH, VERMONT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds (Statement E)	<u>\$ 293,446</u>
Amounts reported for governmental activities in the Statement of Activities (Statement B) are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to be allocated to those expenditures over the life of the assets:	
Capital asset acquisitions	207,738
Capital asset disposals	(23,406)
Depreciation expense	<u>(221,157)</u>
	<u>(36,825)</u>
Deferred outflows of resources are a consumption of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(2,698)</u>
Deferred inflows of resources are an acquisition of net position by the government that are applicable to a future reporting period and therefore are not reported in the funds	<u>(37)</u>
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:	
Accrued compensated absences	709
Net pension liability	<u>(13,181)</u>
	<u>(12,472)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 241,414</u>

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

The Town of Plymouth was incorporated under the laws of the State of Vermont. The Town is governed by a selectboard and provides the following services: general government, public safety, public works, community development and unclassified.

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

The Town's combined financial statements do not include all accounts and all operations of the Town. We have determined that the Town has component units, such as the town school Town, as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

**COVID-19 Outbreak**

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been declared a pandemic by the World Health Organization and led to a national state of emergency in the United States. The State of Vermont, along with other state and local governments, declared states of emergency and issued multiple public health emergency orders that severely restrict movement and limit businesses and activities to essential functions. These actions and effects of COVID-19 have disrupted economic activity at all levels and impacted the processes and procedures for almost all businesses, including municipal and quasi-municipal entities.

In response to the health crisis created by COVID-19 since early March, the Governor of Vermont issued multiple executive orders and declarations to protect the public health in an effort to reduce community spread of the virus and protect citizens. These measures have included, among others, closing or restricting access to certain business and activities, issuing a "stay at home" directive for most citizens, restricting nonessential travel and limiting movement of all persons in Vermont to those necessary to obtain or provide essential services or activities. See Executive Order 01-20 and its addendums. As of the date of this report, the state of emergency was extended to June 15, 2021 and may be further extended if circumstances warrant. While steps toward reopening the State have begun, the speed and scope of the reopening process will depend upon progress toward limiting the continued spread of the disease.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impact on and Results of Operations*

On March 31, 2020 Vermont Secretary of State issued a "Waiver of Mandated Upcoming Municipal Election Dates in 2020". This allowed mandated date meetings or elections and special meeting petitions to be delayed pursuant to the order. This act was authorized by Act 92, §3 (2020). Additional guidance provided that all current incumbent officers would retain their position until the election may be held. As most Vermont municipalities hold their annual meetings during the first week of March annually, most town meeting days occurred as scheduled.

In accordance with Addendum 6 to Executive Order 01-20, issued by the Governor of Vermont on March 24, 2020 (also referred to as the "Stay Home, Stay Safe Order") and Directive 5 to Executive Order 01-20, issued by the Governor of Vermont on March 26, 2020, Town facilities were not closed to the public, however the door to the Town Office was locked and only customers wearing masks were allowed to enter the building. The Town followed usual everyday procedures as well as CDC guidelines and was able to provide all services to its inhabitants.

*Impact on Finances*

The Town does not currently anticipate any additional FY 2020 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act funding and applicable State programs.

*Expected Federal/State Support*

The Town may have to take action to meet certain requirements to receive any additional Federal or State funding for budgetary or economic relief related to the challenges presented by COVID-19. However, the Town expects that if those actions are necessary, that the Town would qualify and satisfy the various conditions required to receive applicable Federal or State funds.

*Conclusion*

The ongoing effects of COVID-19, including the financial impact to the Town and its inhabitants, may change significantly as events and circumstances evolve locally, nationally and worldwide. At present it is not possible, with any degree of certainty, to estimate the impact of COVID-19 on the revenues, expenditures, budget or overall financial position of the Town. No assurance can be given regarding future events or impacts because these actions and events are unpredictable or unknowable at this time and are outside the control of the Town.



TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Implementation of New Accounting Standards**

During the year ended June 30, 2020, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 95 "Postponement of the Effective Dates of Certain Authoritative Guidance." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. (The following pronouncements exclude Statements No. 83 and No. 88 which were implemented prior to this Statement).

The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement No. 84, Fiduciary Activities; Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period; Statement No. 90, Majority Equity Interests; Statement No. 91, Conduit Debt Obligations; Statement No. 92, Omnibus 2020; Statement No. 93, Replacement of Interbank Offered Rates; Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting); Implementation Guide No. 2018-1, Implementation Guidance Update-2018; Implementation Guide No. 2019-1, Implementation Guidance Update-2019 and Implementation Guide No. 2019-2, Fiduciary Activities. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87, Leases and Implementation Guide No. 2019-3, Leases.

Statement No. 97 "Certain Component Unit Criteria (paragraphs 4 & 5)." The primary objectives of paragraphs 4 & 5 in this Statement are to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Both the government-wide and fund financial statements categorize primary activities as governmental.

In the government-wide Statement of Net Position, the governmental activities column is (a) presented on a consolidated basis by column and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets; restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions (general government, public safety, etc.) excluding fiduciary activities. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, miscellaneous revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. For the most part, the interfund activity has been eliminated from these government-wide financial statements.

The net costs (by function) are normally covered by general revenue (taxes, certain intergovernmental revenues and charges for services, etc.).

The Town does not allocate indirect costs. All costs are charged directly to the corresponding department.

The government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements and Fund Financial Statements**

The financial transactions of the Town are reported in the individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements. The following fund types are used by the Town:

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Governmental Funds:

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Town:

Major Funds

- a. The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. The Highway and Building Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment. The primary source of revenue is transfers from the general fund.

Nonmajor Funds

- c. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- d. Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment.
- e. Permanent Funds are used to account for assets held by the Town that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. The Town's policy for authorizing and spending investment income follows State statutes.

The emphasis in fund financial statements is on the major funds in the governmental activities category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual

The governmental fund financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

**Budget**

The Town's policy is to adopt an annual budget for operations. The budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The following procedures are followed in establishing budgetary data reflected in the financial statements:

1. Early in the second half of the year the Town prepares a budget for the fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the inhabitants of the Town was called for the purpose of adopting the proposed budget after public notice of the meeting was given.
3. The budget was adopted subsequent to passage by the inhabitants of the Town.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Deposits and Investments**

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

It is the Town's policy to value investments at fair value. None of the Town's investments are reported at amortized cost. The Town Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations and credit unions
- Repurchase agreements
- Money market mutual funds

The Town of Plymouth, Vermont has a formal investment policy and also follows the State of Vermont Statutes.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. The allowance for uncollectible amounts is estimated to be \$0 as of June 30, 2020. Accounts receivable netted with allowances for uncollectible accounts were \$5,855 for the year ended June 30, 2020.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Transactions Between Funds**

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of Governmental Funds.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Infrastructure such as streets, traffic signals and signs are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated capital assets are valued at their estimated acquisition value on the date received. All retirements have been recorded by eliminating the net carrying values.

Infrastructure assets include roads, bridges, underground pipe (other than related to independently owned utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. The Town has not retroactively recorded infrastructure.

Estimated useful lives are as follows:

Buildings and improvements	20 - 50 years
Infrastructure	50 - 100 years
Machinery and equipment	3 - 50 years
Vehicles	3 - 25 years

**Long-term Obligations**

The accounting treatment of long-term obligations depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in government-wide statements. The long-term obligations consists of accrued compensated absences and net pension liability.

TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Vermont Municipal Employees' Retirement System (VMERS) Plan and additions to/deductions from the VMERS Plan's fiduciary net position have been determined on the same basis as they are reported by the VMERS Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

**Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This includes amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted - This includes amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors or the laws or regulations of other governments.

Committed - This includes amounts that can be used only for specific purposes determined by a formal action of the inhabitants of the Town. The inhabitants of the Town through Town meetings are the highest level of decision-making authority of the Town. Commitments may be established, modified, or rescinded only through a Town meeting vote.

Assigned - This includes amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The authority for assigning fund balance is expressed by the Selectboard.

Unassigned - This includes all other spendable amounts. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Town meeting vote has provided otherwise in its commitment or assignment actions.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has one type of item, deferred outflows related to pensions. This item is reported in the statement of net position.



TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statement of financial position and or balance sheet will at times 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred tax revenues, which arises only under a modified accrual basis of accounting, qualifies for reporting in this category. Accordingly, this item is reported in the governmental funds balance sheet. Prepaid taxes also qualify for reporting in this category. This item is reported in both the statements of net position and governmental funds balance sheet. Deferred inflows related to pensions qualify for reporting in this category as well. This item is reported only in the statement of net position. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Revenue Recognition - Property Taxes - Modified Accrual Basis**

Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end. The remaining receivables have been recorded as deferred revenues.

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services or privileges provided; operating or capital grants and contributions, including special assessments).

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end. The Town does not utilize encumbrance accounting for its general fund.

**Use of Estimates**

During the preparation of the Town's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Town consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Town funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Town will not be able to recover its deposits. The Town does have a policy covering custodial credit risk for deposits. The Town maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF as defined in Title 30-A, Section 5706 of the Vermont Revised Statutes.

At June 30, 2020, the Town's cash and cash equivalents balances amounting to \$1,792,271 were comprised of deposits of \$1,682,193. Bank deposits and cash equivalents are adjusted primarily by outstanding checks and deposits in transit to reconcile to the Town's cash and cash equivalents balance. Of these deposits, \$500,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$808,385 was collateralized with securities held by the financial institution in the Town's name and \$373,808 was uninsured and uncollateralized.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,682,193
	<u>\$ 1,682,193</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Currently, the Town does have a policy for custodial credit risk for investments. The Town seeks to minimize custodial credit risk by doing business with authorized institutions, depositories and brokers/dealers.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town does have a formal investment policy that mitigates interest rate risk by limiting investment maturities as a means of managing its

TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$21,102 are excluded from interest rate risk as these investments are considered held to maturity and are therefore not measured at fair value.

The Town's investments in certificates of deposit in the amount of \$21,102 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk.

Credit risk - Statutes for the State of Vermont authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. The Town does have an investment policy on credit risk. The Town mitigates this risk by limiting investments to authorized types of securities, using qualified financial institutions authorized by the finance committee and diversifying the investment portfolio to meet the Town's current and future cash flow needs. Generally, the Town invests excess funds in cash management accounts and various insured certificates of deposit.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2020 consisted of the following individual fund receivables and payables:

	Receivables (Due From)	Payables (Due To)
Major funds:		
General fund	\$ 268	\$ 633,276
Highway and building fund	420,435	-
Nonmajor funds:		
Special revenue funds	82,264	268
Capital projects funds	130,577	-
	<u>\$ 633,544</u>	<u>\$ 633,544</u>

The result of amounts owed between funds are considered to be in the course of normal operations by the Town. Reconciliation of the amounts owed between funds may or may not be expected to be repaid within one year in their entirety due to the recurring nature of these transactions during operations.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2020 consisted of the following:

	Transfers From	Transfers To
Major funds:		
General fund	\$ 161,000	\$ -
Highway and building fund	-	130,000
Nonmajor funds:		
Capital projects funds	-	25,000
Permanent funds	-	6,000
	<u>\$ 161,000</u>	<u>\$ 161,000</u>

Interfund transfers are the results of legally authorized activity and are considered to be in the course of normal operations.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Disposals	Balance 6/30/20
Non-depreciated assets:				
Land	\$ 153,000	\$ -	\$ -	\$ 153,000
	<u>153,000</u>	<u>-</u>	<u>-</u>	<u>153,000</u>
Depreciated assets:				
Buildings and improvements	2,471,160	148,278	-	2,619,438
Equipment	251,400	-	(400)	251,000
Vehicles	721,689	59,460	(128,000)	653,149
Infrastructure	-	-	-	-
	<u>3,444,249</u>	<u>207,738</u>	<u>(128,400)</u>	<u>3,523,587</u>
Less accumulated depreciation:	<u>(1,862,115)</u>	<u>(221,157)</u>	<u>104,994</u>	<u>(1,978,278)</u>
Net depreciated assets	<u>1,582,134</u>	<u>(13,419)</u>	<u>(23,406)</u>	<u>1,545,309</u>
Net capital assets	<u>\$ 1,735,134</u>	<u>\$ (13,419)</u>	<u>\$ (23,406)</u>	<u>\$ 1,698,309</u>

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 5 - CAPITAL ASSETS (CONTINUED)

<u>Current year depreciation:</u>	
General government	\$ 123,945
Public safety	23,288
Public works	73,924
Total depreciation expense	<u>\$ 221,157</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	Balance 7/1/19	Additions	Deletions	Balance 6/30/20	Current Year Portion
Accrued compensated absences	\$ 6,398	\$ -	\$ (709)	\$ 5,689	\$ 284
Net pension liability	81,080	27,420	(14,239)	94,261	-
Totals	<u>\$ 87,478</u>	<u>\$ 27,420</u>	<u>\$ (14,948)</u>	<u>\$ 99,950</u>	<u>\$ 284</u>

Please see Notes 7 and 13 for detailed information on each of the other long-term obligations.

NOTE 7 - ACCRUED COMPENSATED ABSENCES

The Town's policies regarding vacation and sick time permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term obligations in the government-wide financial statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred. As of June 30, 2020, the Town's liability for compensated absences is \$5,689.

NOTE 8 - OPERATING LEASES

The Town leases a Savin copier. The term of the lease is for 60 months or a 5 year period expiring December of 2023. Monthly payments including interest are \$148.

\$ 6,195

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 8 - OPERATING LEASES (CONTINUED)

The future annual payments for the operating lease for the years ending June 30 are as follows:

2021	\$ 1,770
2022	1,770
2023	1,770
2024	885
	<u>\$ 6,195</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2020, the Town had the following nonspendable fund balance:

General fund:	
Prepaid items	\$ 21,630
Nonmajor permanent funds (Schedule I)	97,805
	<u>\$ 119,435</u>

NOTE 10 - RESTRICTED NET POSITION BALANCES

At June 30, 2020, the Town had the following restricted net position balances:

Highway and building fund	\$ 440,672
Nonmajor permanent funds (Schedule I):	
Public funds - nonspendable principal	97,805
Cemetery fund	27,391
Public funds	39,160
	<u>\$ 605,028</u>

NOTE 11 - RESTRICTED FUND BALANCES

At June 30, 2020, the Town had the following restricted fund balances:

Highway and building fund	\$ 440,672
Nonmajor permanent funds (Schedule I)	66,551
	<u>\$ 507,223</u>

TOWN OF PLYMOUTH, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 12 - ASSIGNED FUND BALANCES

At June 30, 2020, the Town had the following assigned fund balances:

Nonmajor special revenue funds (Schedule E)	\$ 127,592
Nonmajor capital projects funds (Schedule G)	130,577
	\$ 258,169

NOTE 13 - DEFINED BENEFIT PENSION PLAN

VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

**Plan Description**

The Vermont Municipal Employees' Retirement System (VMERS) is a cost sharing, multi-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. The plan was established effective July 1, 1975 and is governed by Title 24, V.S.A. Chapter 125. It is designed for persons employed on a regular basis by a school district or by a supervisory union for no fewer than 1,040 hours in a year and for no fewer than 30 hours a week for the school year, as defined in 16 V.S.A. § 1071 or for no fewer than 1,040 hours in a year and for no fewer than 24 hours a week year-round; provided, however, that if a person who was employed on a regular basis by a school district as either a special education or transportation employee and who was transferred to and is working in a supervisory union in the same capacity pursuant to 16 V.S.A. § 261a(a)(6) or (8)(E) and if that person is also employed on a regular basis by a school district within the supervisory union, then the person is an "employee" if these criteria are met by the combined hours worked for the supervisory union and school district. The term shall also mean persons employed on a regular basis by a municipality other than a school district for no fewer than 1,040 hours in a year and for no fewer than 24 hours per week, including persons employed in a library at least one-half of whose operating expenses are met by municipal funding. For the year ended June 30, 2019 (the most recent data available), the retirement system consisted of 14,755 participating members.

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system and two employer representatives - one elected by the governing bodies of participating employers of the system and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Schools and the Vermont School Boards Association.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR may be viewed on the State's Department of Finance and Management website at:

[http://finance.vermont.gov/reports and publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr).

**Benefits Provided**

The pension plan is divided into four membership groups:

- Group A - general employees whose legislative bodies have not elected to become a member of Group B or Group C
- Groups B and C - general employees whose legislative bodies have elected to become members of Group B or Group C
- Group D - sworn police officers, firefighters and emergency medical personnel

The Town participates in Group B. Benefits available to each group are based on average final compensation (AFC) and years of creditable service and are summarized below:



TOWN OF PLYMOUTH, VERMONT

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

VMERS	Group A	Group B	Group C	Group D
Normal service retirement eligibility	Age 65 with 5 years of service, or age 55 with 35 years of service	Age 62 with 5 years of service, or age 55 with 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Average Final Compensation (AFC)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Benefit formula – normal service Retirement (no reduction)	1.4% x creditable service x AFC	1.7% x creditable service x AFC + previous service; 1.4% x Group A service x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC	2.5% x creditable service x AFC + previous service; 1.4% x Group A service x AFC; 1.7% x Group B x AFC; 2.5% x Group C service x AFC
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
Post-Retirement COLA	50% of CPI, up to 2% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year	50% of CPI, up to 3% per year
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 **	6% per year from age 62 **	N/A	No reduction

\*\* - A special early retirement factor of 3% per year only for municipal police officers who have attained age 60

TOWN OF PLYMOUTH, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Members of all groups may qualify for vested deferred allowance, disability allowances and death benefit allowance subject to meeting various eligibility requirements. Benefits are based on AFC and service.

**Contributions**

Title 24 VSA Chapter 125 of Vermont Statutes grants the authority to the Retirement Board to annually review the amount of municipalities' contributions as recommended by the actuary of the retirement system in order to achieve and preserve the financial integrity of the fund and to certify the rates of contributions payable by employers. The Board of Trustees also certifies the rates of contribution payable by employees. Contribution rates for each group as of July 1, 2019 are as follows:

<b>VMERS</b>	<b>Group A</b>	<b>Group B</b>	<b>Group C</b>	<b>Group D</b>
Employee Contributions	2.750% of gross salary	5.125% of gross salary	10.250% of gross salary	11.600% of gross salary
Employer Contributions	4.250% of gross salary	5.750% of gross salary	7.500% of gross salary	10.100% of gross salary

Employee contributions are withheld pre-income tax by the Town and are remitted to the State of Vermont. Such withholdings for the year ended June 30, 2020 totaled \$10,254. The Town contributed \$11,504 for the year ended June 30, 2020. The Town's total payroll for the year ended June 30, 2020 for all employees covered under this plan was \$200,072.

**Pension Liabilities**

At June 30, 2020, the Town reported a liability of \$94,261 for its proportionate share of the net pension liabilities for each plan. The net pension liabilities were measured as of June 30, 2019 and the total pension liabilities used to calculate the net pension liabilities was determined by an actuarial valuation as of June 30, 2018. The Town's proportion of the net pension liabilities were based on a projection of the Town's long-term share of contributions to each pension plan relative to the projected contributions of all participating towns, actuarially determined.

At June 30, 2019, the Town's proportion was 0.05433% for VMERS, which was a decrease of 0.00331% from its proportion measured as of June 30, 2018 for VMERS.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2020, the Town recognized pension expense of \$15,916 for the VMERS plan. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	VMERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,212	\$ 815
Changes of assumptions	3,147	-
Net difference between projected and actual earnings on pension plan investments	6,420	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	5,753
Contributions subsequent to the measurement date	11,504	-
<b>Total</b>	<b>\$ 33,283</b>	<b>\$ 6,568</b>

\$11,504 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	VMERS
Plan year ended June 30:	
2020	\$ 6,248
2021	2,336
2022	4,138
2023	2,490
2024	-
Thereafter	-

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

**Significant Actuarial Assumptions and Methods**

The total pension liability for the June 30, 2019 measurement date was determined by rolling forward the total pension liability as of June 30, 2018 to June 30, 2019. The total pension liability was calculated using the following actuarial assumptions:

*Investment Rate of Return:* 7.50%, net of pension plan investment expense, including inflation.

*Inflation:* 2.50%

*Salary Increases:* 5.00% per year

*Deaths After Retirement:* Mortality rates for pre-retirement, healthy retirees and disabled retirees in the VMERS plan for Groups A, B, C and D were based variations of RP-2006 Tables with generational improvement using Scale SSA-2017 as follows:

Pre-retirement - Groups A, B and C blended with a 60% Blue-Collar Employee and 40% Healthy Employee and Group D with a Blue-Collar Annuitant Table

Healthy Retiree - Groups A, B and C with a 60% Blue Collar Annuitant and 40% Healthy Annuitant and Group D with a Blue-Collar Annuitant Table

Disabled Retiree - All Groups with a RP-2006 Disabled Mortality Table

*Inactive Members:* Valuation liability equals 200% of accumulated contributions.

*Future Administrative Expenses:* An expense adjustment based on actual expenses for the previous year is reflected in the development of recommended employer contribution levels.

*Unknown Data for Participants:* The same as those exhibited by participants with similar known characteristics. If not specified, participants are assumed to be male.

*Percent Married:* 85% of male members and 50% of female members are assumed to be married.

*Spouse's Age:* Husbands are assumed to be three years older than their wives.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Cost-of-Living Adjustments:* Assumed to occur on January 1 following one year of retirement at the rate of 1.15% per annum for Group A members and 1.30% per annum for Groups B, C and D members (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group A, B and D who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit). The January 1, 2020 COLA is 0.80% for all groups.

*Actuarial Cost Method:* The Entry Age Actuarial Cost Method is used. Entry age is the age at date of employment, or, if date is unknown, current age minus years of service. Normal Cost and Accrued Actuarial Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

A smoothing *asset valuation method* was used for funding purposes in the VMERS plan, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. Then value of assets for actuarial purposes may not differ from the market value of assets by more than 20%.

The *long-term expected rate of return* on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) developed for each major asset class. These best estimate ranges were 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.

Best estimates of arithmetic rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in the following table:

TOWN OF PLYMOUTH, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	29.00%	6.90%
US Equity - Large Cap	4.00%	5.94%
US Equity - Small/Mid Cap	3.00%	6.72%
Non-US Equity - Large Cap	5.00%	6.81%
Non-US Equity - Small Cap	2.00%	7.31%
Emerging Markets Debt	4.00%	4.26%
Core Bonds	14.00%	1.79%
Non-Core Bonds	6.00%	3.22%
Short Quality Credit	5.00%	1.81%
Private Credit	5.00%	6.00%
US TIPS	3.00%	1.45%
Core Real Estate	5.00%	4.26%
Non-Core Real Estate	3.00%	5.76%
Private Equity	10.00%	10.81%
Infrastructure/Farmland	2.00%	4.89%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the VMERS plan. The projection of cash flows used to determine the discount rate assumed that contributions will continue to be made in accordance with the current funding policy which exceeds the actuarially determined contribution rate. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current System members. The assumed discount rate has been determined in accordance with the method prescribed by GASB 68.

**Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.50% for the VMERS plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

TOWN OF PLYMOUTH, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

	1% Decrease	Discount Rate	1% Increase
<u>VMERS:</u>			
Discount rate	6.50%	7.50%	8.50%
Town's proportionate share of the net pension liability	\$ 154,573	\$ 94,261	\$ 44,333

**Pension Plan Fiduciary Net Position**

The schedule of employer allocations and schedule of pension amounts by employer are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The schedules present amounts that are elements of the financial statements of VMERS or their participating employers. VMERS does not issue stand-alone financial reports, but instead are included as part of the State of Vermont's Comprehensive Annual Financial Report (CAFR). The CAFR can be viewed on the State's Department of Finance and Management website at: [http://finance.vermont.gov/reports\\_and\\_publications/cafr](http://finance.vermont.gov/reports_and_publications/cafr)

NOTE 14 - CONTINGENCIES

With regard to pending legal claims or any unasserted claims, it is not feasible at this time to predict or determine their outcome. Management believes, however, that settlement amounts, if any, will not have a material adverse effect on the Town's financial position.

The Town participates in various intergovernmental grant programs which may be subject to future program compliance audits by the grantors or their representatives. Accordingly, the Town's compliance with applicable grant requirement may be established at some future date. The amount, if any, of any liabilities arising from the disallowance of expenditures or ineligibility of grant revenues cannot be determined at this time.

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the Town carries commercial insurance. There have been no significant reductions in coverage from the prior year. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 15 - RISK MANAGEMENT (CONTINUED)

In addition, the Town is a member of the Vermont League of Cities and Towns (VLCT). The VLCT has set up three insurance trusts; the Property and Casualty Intermunicipal Fund, Inc. (PACIF) for multi-line insurance; the Vermont League of Cities and Towns Health Trust (VLCTHT) for health, life and disability coverage and the Vermont League of Cities and Towns Unemployment Trust, Inc. (VLCTUT) for unemployment compensation. PACIF, VLCTHT and VLCTUT are nonprofit corporations formed to provide insurance and risk management programs for Vermont cities and towns and is owned by the participating members. The Trusts are not licensed insurance carriers and members are not protected by the Vermont Insurance Guaranty Association.

To provide insurance coverage, PACIF has established a self-funded insurance trust. It provides extensive coverage for losses to member municipalities for property damage, auto accidents, injured employees, public official liability and employment practices liability, members gain additional benefits from PACIF's unique public safety and risk management programs as well as dedicated in-house claims adjusters. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and PACIF is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.

To provide insurance coverage, VLCTHT has established a self-funded fully insured program in conjunction with Blue Cross and Blue Shield (BCBS). A portion of member contributions is used to purchase reinsurance and to fund a reserve required by the reinsurance. Benefits available include dental insurance, flexible spending accounts, life insurance, disability insurance and long-term care insurance. Contributions in excess of claims requirements, reserve fund requirements, reinsurance and administrative costs are returned to participants. The pooling agreement does not permit the pool to make additional assessments to its members.

To provide unemployment coverage, VLCTUT has established a separate trust of funds from member contributions to pay administrative costs, unemployment claims and provides excess reinsurance protection. Contributions are based on payroll expense and the previous two-year unemployment compensation experience. In the event that total contributions assessed to and made by all members result in an actual or projected financial deficit and VLCTUT is unable to meet its required obligations, the Program will be terminated with each member assessed their proportionate share of the deficit.



TOWN OF PLYMOUTH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

NOTE 16 - COMPARATIVE DATA/RECLASSIFICATIONS

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the Town's financial position and operations. Also, certain amounts presented in the prior year's data have been reclassified to be consistent with the current year's presentation.

NOTE 17 - RELATED PARTIES

The Town contracts with three vendors that are related to selectboard member, A.B.L.E. Waste Management and Michael's Excavation. For the year ended June 30, 2020, the Town paid A.B.L.E. Waste Management \$71,676 and Michael's Excavation was paid \$18,195. A selectboard member owns a company, Curtis Hollow Construction, which was paid \$20,609 for the year ended June 30, 2020.

NOTE 18 - RESTATEMENT

The 2019 total fund balances for the general fund, highway and building fund and capital projects fund - building maintenance fund were restated by \$295,800 due to an allocation error in prior years. The general fund total fund balance was reduced by \$295,800, from \$1,413,753 to \$1,117,953, the highway and building fund was increased by \$245,000, from \$78,401 to \$323,401 and the capital projects fund - building maintenance was increased by \$50,000, from \$55,577 to \$105,577. There was no impact on the government-wide net position.

## Required Supplementary Information

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Contributions
- Notes to Required Supplementary Information

## SCHEDULE 1

## TOWN OF PLYMOUTH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Amounts	Variance Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, Restated	\$ 1,117,953	\$ 1,117,953	\$ 1,117,953	\$ -
Resources (Inflows):				
Property taxes	1,205,454	1,205,454	1,296,984	91,530
Intergovernmental	100,000	100,000	234,287	134,287
Permits and licenses	-	-	208,236	208,236
Charges for services	-	-	90	90
Interest income	-	-	791	791
Other revenue	-	-	24,398	24,398
Amounts Available for Appropriation	<u>2,423,407</u>	<u>2,423,407</u>	<u>2,882,739</u>	<u>459,332</u>
Charges to Appropriations (Outflows):				
General government	487,725	487,725	529,612	(41,887)
Public safety	108,550	108,550	328,298	(219,748)
Public works	666,371	536,371	585,760	(49,389)
Community development	11,808	11,808	11,778	30
Transfers to other funds	31,000	161,000	161,000	-
Total Charges to Appropriations	<u>1,305,454</u>	<u>1,305,454</u>	<u>1,616,448</u>	<u>(310,994)</u>
Budgetary Fund Balance, June 30	<u>\$ 1,117,953</u>	<u>\$ 1,117,953</u>	<u>\$ 1,266,291</u>	<u>\$ 148,338</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 2

TOWN OF PLYMOUTH, VERMONT

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>						
Proportion of the net pension liability	0.05%	0.06%	0.06%	0.07%	0.07%	0.07%
Proportionate share of the net pension liability	\$ 94,261	\$ 81,080	\$ 71,321	\$ 88,764	\$ 57,468	\$ 6,652
Covered payroll	\$ 185,578	\$ 183,550	\$ 174,793	\$ 189,455	\$ 170,945	\$ 175,018
Proportionate share of the net pension liability as a percentage of its covered payroll	50.79%	44.17%	40.80%	46.85%	33.62%	3.80%
Plan fiduciary net position as a percentage of the total pension liability	80.35%	82.60%	83.64%	80.95%	87.42%	98.32%

\* The amounts presented for each fiscal year were determined as of June 30 and are for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE 3

TOWN OF PLYMOUTH, VERMONT

SCHEDULE OF CONTRIBUTIONS  
LAST 10 FISCAL YEARS\*

	2020	2019	2018	2017	2016	2015
<u>VMERS:</u>						
Contractually required contribution	\$ 11,504	\$ 10,439	\$ 10,095	\$ 9,614	\$ 10,420	\$ 9,402
Contributions in relation to the contractually required contribution	<u>(11,504)</u>	<u>(10,439)</u>	<u>(10,095)</u>	<u>(9,614)</u>	<u>(10,420)</u>	<u>(9,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 200,072	\$ 185,578	\$ 183,550	\$ 174,793	\$ 189,455	\$ 170,945
Contributions as a percentage of covered payroll	5.75%	5.63%	5.50%	5.50%	5.50%	5.50%

\* The amounts presented for each fiscal year were determined for those years for which information is available.

See accompanying independent auditors' report and notes to financial statements.

TOWN OF PLYMOUTH, VERMONT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2020

**Changes in Assumptions**

VMERS Pension Plan:

There have been no changes in actuarial assumptions since last valuation.

See accompanying independent auditors' report and notes to financial statements.

### Other Supplementary Information

Other supplementary information includes financial statements not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

- Budgetary Comparison Schedule - Budgetary Basis - Budget and Actual - General Fund Revenues
- Schedule of Departmental Operations - General Fund
- Combining Balance Sheet - Nonmajor Governmental Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds
- Combining Balance Sheet - Nonmajor Special Revenue Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds
- Combining Balance Sheet - Nonmajor Capital Projects Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds
- Combining Balance Sheet - Nonmajor Permanent Funds
- Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Permanent Funds

SCHEDULE A

TOWN OF PLYMOUTH, VERMONT

BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
 BUDGET AND ACTUAL - GENERAL FUND REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
Resources (Inflows):				
Property taxes:				
Current real property taxes	\$ 1,205,454	1,205,454	\$ 1,233,578	\$ 28,124
Delinquent real property taxes	-	-	618	618
Penalties and interest	-	-	62,788	62,788
Intergovernmental revenues:				
State aid to highways	50,000	50,000	113,329	63,329
State pilot program	50,000	50,000	120,958	70,958
Permits and licenses:				
Dog licenses	-	-	(306)	(306)
Liquor licenses	-	-	250	250
Marriage licenses	-	-	655	655
Clerk fees	-	-	20,916	20,916
Debt collector fees	-	-	40,948	40,948
ZBA fees	-	-	3,157	3,157
Local fines	-	-	142,616	142,616
Charges for services:				
Public works	-	-	90	90
Investment income	-	-	791	791
Other income:				
Other income	-	-	24,398	24,398
Amounts Available for Appropriation	<u>\$ 1,305,454</u>	<u>\$ 1,305,454</u>	<u>\$ 1,764,786</u>	<u>\$ 459,332</u>

See accompanying independent auditors' report and notes to financial statements.



SCHEDULE B

TOWN OF PLYMOUTH, VERMONT

SCHEDULE OF DEPARTMENTAL OPERATIONS - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Adjustments	Final Budget	Actual Expenditures	Variance Positive (Negative)
General government:					
Administration	\$ 259,200	\$ -	\$ 259,200	\$ 284,024	\$ (24,824)
Town clerk/treasurer	41,000	-	41,000	42,329	(1,329)
Assistant town clerk	26,000	-	26,000	21,086	4,914
Constable	300	-	300	47	253
BCA appeals	1,500	-	1,500	443	1,057
Auditors	12,000	-	12,000	10,200	1,800
Selectmen	1,800	-	1,800	2,400	(600)
Trustee/public funds	150	-	150	-	150
Delinquent tax collector	-	-	-	33,927	(33,927)
Listers	40,750	-	40,750	31,134	9,616
Municipal building	60,975	-	60,975	62,252	(1,277)
Office expenses	42,050	-	42,050	40,325	1,725
Selectboard clerk	2,000	-	2,000	1,445	555
<b>Totals</b>	<b>487,725</b>	<b>-</b>	<b>487,725</b>	<b>529,612</b>	<b>(41,887)</b>
Public safety:					
Law enforcement	50,000	-	50,000	238,155	(188,155)
Ambulance	25,000	-	25,000	25,606	(606)
Fire	33,550	-	33,550	64,537	(30,987)
<b>Totals</b>	<b>108,550</b>	<b>-</b>	<b>108,550</b>	<b>328,298</b>	<b>(219,748)</b>
Public works:					
Garage operations	79,000	-	79,000	79,379	(379)
Summer maintenance	287,257	(45,000)	242,257	253,552	(11,295)
Winter maintenance	126,850	(45,000)	81,850	76,173	5,677
Winter sand	129,629	(25,000)	104,629	156,771	(52,142)
Bridges	43,635	(15,000)	28,635	19,885	8,750
<b>Totals</b>	<b>666,371</b>	<b>(130,000)</b>	<b>536,371</b>	<b>585,760</b>	<b>(49,389)</b>
Community development:					
Appropriations	11,808	-	11,808	11,778	30
<b>Totals</b>	<b>11,808</b>	<b>-</b>	<b>11,808</b>	<b>11,778</b>	<b>30</b>
Transfers to other funds	31,000	130,000	161,000	161,000	-
<b>TOTAL DEPARTMENTAL OPERATIONS</b>	<b>\$ 1,305,454</b>	<b>\$ -</b>	<b>\$ 1,305,454</b>	<b>\$ 1,616,448</b>	<b>\$ (310,994)</b>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PLYMOUTH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 45,596	\$ -	\$ 143,254	\$ 188,850
Investments	-	-	21,102	21,102
Due from other funds	82,264	130,577	-	212,841
<b>TOTAL ASSETS</b>	<u>\$ 127,860</u>	<u>\$ 130,577</u>	<u>\$ 164,356</u>	<u>\$ 422,793</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 268	\$ -	\$ -	\$ 268
<b>TOTAL LIABILITIES</b>	<u>268</u>	<u>-</u>	<u>-</u>	<u>268</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	97,805	97,805
Restricted	-	-	66,551	66,551
Committed	-	-	-	-
Assigned	127,592	130,577	-	258,169
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>127,592</u>	<u>130,577</u>	<u>164,356</u>	<u>422,525</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 127,860</u>	<u>\$ 130,577</u>	<u>\$ 164,356</u>	<u>\$ 422,793</u>

See accompanying independent auditors' report and notes to financial statements.

SCHEDULE D

TOWN OF PLYMOUTH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
REVENUES				
Interest income	\$ 4	\$ -	\$ 75	\$ 79
Other income	13,628	-	1,450	15,078
TOTAL REVENUES	<u>13,632</u>	<u>-</u>	<u>1,525</u>	<u>15,157</u>
EXPENDITURES				
General government	8,680	-	-	8,680
Other	-	-	8,840	8,840
TOTAL EXPENDITURES	<u>8,680</u>	<u>-</u>	<u>8,840</u>	<u>17,520</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,952</u>	<u>-</u>	<u>(7,315)</u>	<u>(2,363)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	25,000	6,000	31,000
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>25,000</u>	<u>6,000</u>	<u>31,000</u>
NET CHANGE IN FUND BALANCES	4,952	25,000	(1,315)	28,637
FUND BALANCES - JULY 1, RESTATED	<u>122,640</u>	<u>105,577</u>	<u>165,671</u>	<u>393,888</u>
FUND BALANCES - JUNE 30	<u>\$ 127,592</u>	<u>\$ 130,577</u>	<u>\$ 164,356</u>	<u>\$ 422,525</u>

See accompanying independent auditors' report and notes to financial statements.

## Special Revenue Funds

Special revenue funds are established to account for the proceeds of specific revenue sources (other than fiduciary trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

## SCHEDULE E

## TOWN OF PLYMOUTH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2020

	Office Equipment	Reappraisal	Record Restoration	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 45,596	\$ -	\$ 45,596
Due from other funds	64,196	-	18,068	82,264
<b>TOTAL ASSETS</b>	<u>\$ 64,196</u>	<u>\$ 45,596</u>	<u>\$ 18,068</u>	<u>\$ 127,860</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 268	\$ -	\$ 268
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>268</u>	<u>-</u>	<u>268</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	64,196	45,328	18,068	127,592
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>64,196</u>	<u>45,328</u>	<u>18,068</u>	<u>127,592</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 64,196</u>	<u>\$ 45,596</u>	<u>\$ 18,068</u>	<u>\$ 127,860</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PLYMOUTH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Office Equipment	Reappraisal	Record Restoration	Total
REVENUES				
Interest income	\$ -	\$ 4	\$ -	\$ 4
Other income	2,435	10,387	806	13,628
TOTAL REVENUES	<u>2,435</u>	<u>10,391</u>	<u>806</u>	<u>13,632</u>
EXPENDITURES				
Other	-	8,680	-	8,680
TOTAL EXPENDITURES	<u>-</u>	<u>8,680</u>	<u>-</u>	<u>8,680</u>
NET CHANGE IN FUND BALANCES	2,435	1,711	806	4,952
FUND BALANCES - JULY 1	<u>61,761</u>	<u>43,617</u>	<u>17,262</u>	<u>122,640</u>
FUND BALANCES - JUNE 30	<u>\$ 64,196</u>	<u>\$ 45,328</u>	<u>\$ 18,068</u>	<u>\$ 127,592</u>

See accompanying independent auditors' report and notes to financial statements.

## Capital Projects Funds

Capital projects funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

TOWN OF PLYMOUTH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2020

	<u>Building Maintenance</u>	<u>Total</u>
ASSETS		
Due from other funds	\$ 130,577	\$ 130,577
TOTAL ASSETS	<u>\$ 130,577</u>	<u>\$ 130,577</u>
LIABILITIES		
Accounts payable	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>
FUND BALANCES		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Assigned	130,577	130,577
Unassigned	-	-
TOTAL FUND BALANCES	<u>130,577</u>	<u>130,577</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 130,577</u>	<u>\$ 130,577</u>

See accompanying independent auditors' report and notes to financial statements.



## TOWN OF PLYMOUTH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Building Maintenance</u>	<u>Total</u>
REVENUES		
Intergovernmental	\$ -	\$ -
TOTAL REVENUES	<u>-</u>	<u>-</u>
EXPENDITURES		
Other	-	-
EXPENDITURES	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	25,000	25,000
Transfers (out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,000</u>	<u>25,000</u>
NET CHANGE IN FUND BALANCES	25,000	25,000
FUND BALANCES - JULY 1, RESTATED	<u>105,577</u>	<u>105,577</u>
FUND BALANCES - JUNE 30	<u>\$ 130,577</u>	<u>\$ 130,577</u>

See accompanying independent auditor's report and notes to financial statements.

## Permanent Funds

Permanent funds are used to account for assets held by the Town of Plymouth, Vermont that are legally restricted and unless otherwise specified, only earnings and not principal, may be used for purposes that benefit the Town or its citizenry. These funds have been established for various purposes including scholarships and the provision and/or maintenance of cemeteries.

TOWN OF PLYMOUTH, VERMONT

COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
 JUNE 30, 2020

	<u>Cemetery</u>	<u>Public Funds</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,289	\$ 136,965	\$ 143,254
Investments	21,102	-	21,102
<b>TOTAL ASSETS</b>	<u>\$ 27,391</u>	<u>\$ 136,965</u>	<u>\$ 164,356</u>
<b>LIABILITIES</b>			
Due to others funds	\$ -	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	-	97,805	97,805
Restricted	27,391	39,160	66,551
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>27,391</u>	<u>136,965</u>	<u>164,356</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 27,391</u>	<u>\$ 136,965</u>	<u>\$ 164,356</u>

See accompanying independent auditors' report and notes to financial statements.

## TOWN OF PLYMOUTH, VERMONT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR PERMANENT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2020

	Cemetery	Public Funds	Total
REVENUES			
Interest income	\$ 75	\$ -	\$ 75
Other income	1,450	-	1,450
TOTAL REVENUES	<u>1,525</u>	<u>-</u>	<u>1,525</u>
EXPENDITURES			
Other	8,840	-	8,840
TOTAL EXPENDITURES	<u>8,840</u>	<u>-</u>	<u>8,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,315)</u>	<u>-</u>	<u>(7,315)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,000	-	6,000
Transfers (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>6,000</u>	<u>-</u>	<u>6,000</u>
NET CHANGE IN FUND BALANCES	(1,315)	-	(1,315)
FUND BALANCES - JULY 1, RESTATED	<u>28,706</u>	<u>136,965</u>	<u>165,671</u>
FUND BALANCES - JUNE 30	<u>\$ 27,391</u>	<u>\$ 136,965</u>	<u>\$ 164,356</u>

See accompanying independent auditors' report and notes to financial statements.



Proven Expertise & Integrity

INDEPENDENT AUDITORS' 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

Selectboard  
Town of Plymouth  
Plymouth, Vermont

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 financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Town of Plymouth, Vermont as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Town of Plymouth, Vermont's basic financial statements and have issued our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

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

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

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Plymouth, Vermont's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the Town of Plymouth, Vermont in a separate letter dated April 13, 2021.

#### 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 results 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.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000967  
June 8, 2021