

Audited Financial Statements
and Other Financial Information

Town of Plymouth, Vermont

June 30, 2021



Proven Expertise & Integrity

TOWN OF PLYMOUTH, VERMONT

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JUNE 30, 2021

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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, 2021 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.

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, 2021 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 51 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, combining and individual nonmajor fund financial statements and capital asset schedules 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, combining and individual nonmajor fund financial statements and capital asset schedules 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, combining and individual nonmajor fund financial statements and capital asset schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 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
November 15, 2021

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

JUNE 30, 2021

(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, 2021. 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, other detailed budgetary information for the general fund and capital asset activity.

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 decreased by \$190,609 from \$3,900,026 to \$3,709,417.

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 - increased for governmental activities to a balance of \$1,856,558 at the end of this year.

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

	<u>2021</u>	<u>2020</u>
Assets:		
Current Assets	\$ 2,299,009	\$ 2,300,815
Noncurrent Assets - Capital Assets	<u>1,520,915</u>	<u>1,698,309</u>
Total Assets	<u>3,819,924</u>	<u>3,999,124</u>
Deferred Outflows of Resources		
Deferred Outflows Related to Pensions	<u>58,490</u>	<u>33,283</u>
Total Deferred Outflows of Resources	<u>58,490</u>	<u>33,283</u>
Liabilities:		
Current Liabilities	18,377	14,829
Noncurrent Liabilities	<u>144,787</u>	<u>99,666</u>
Total Liabilities	<u>163,164</u>	<u>114,495</u>
Deferred Inflows of Resources:		
Prepaid Taxes	1,793	11,318
Deferred Inflows Related to Pensions	<u>4,041</u>	<u>6,568</u>
Total Deferred Inflows of Resources	<u>5,834</u>	<u>17,886</u>
Net Position:		
Net Investment in Capital Assets	1,520,915	1,698,309
Restricted	331,944	605,028
Unrestricted	<u>1,856,558</u>	<u>1,596,689</u>
Total Net Position	<u>\$ 3,709,417</u>	<u>\$ 3,900,026</u>

Revenues and Expenses

Revenues for the Town's governmental activities decreased by 2.05% with the largest decrease in charges for services. Expenses increased by 25.70% in all areas except public safety.

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

	<u>2021</u>	<u>2020</u>
Revenues		
<i>Program Revenues:</i>		
Charges for services	\$ 163,836	\$ 208,326
Operating grants and contributions	98,244	113,329
<i>General Revenues:</i>		
Taxes	1,274,911	1,296,984
Grants and contributions not restricted to specific programs	179,417	120,958
Miscellaneous	27,048	40,413
Total Revenues	<u>1,743,456</u>	<u>1,780,010</u>
Expenses		
General government	701,552	529,166
Public safety	273,277	358,137
Public works	926,585	630,675
Community development	20,726	11,778
Unclassified	11,925	8,840
Total Expenses	<u>1,934,065</u>	<u>1,538,596</u>
Change in Net Position	(190,609)	241,414
Net Position - July 1	<u>3,900,026</u>	<u>3,658,612</u>
Net Position - June 30	<u>\$ 3,709,417</u>	<u>\$ 3,900,026</u>

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>2021</u>	<u>2020</u>	<u>Increase/ (Decrease)</u>
General Fund:			
Nonspendable	\$ -	\$ 21,630	\$ (21,630)
Unassigned	1,264,665	1,244,661	20,004
Total General Fund	<u>\$ 1,264,665</u>	<u>\$ 1,266,291</u>	<u>\$ (1,626)</u>
Highway and Building Fund:			
Restricted	\$ 168,148	\$ 440,672	\$ (272,524)
Total Highway and Building Fund	<u>\$ 168,148</u>	<u>\$ 440,672</u>	<u>\$ (272,524)</u>
Nonmajor Funds:			
Special Revenue Funds:			
Assigned	\$ 150,352	\$ 127,592	\$ 22,760
Capital Projects Funds:			
Assigned	155,577	130,577	25,000
Permanent Funds:			
Nonspendable - principal	97,805	97,805	-
Restricted	65,991	66,551	(560)
Total Nonmajor Funds	<u>\$ 469,725</u>	<u>\$ 422,525</u>	<u>\$ 47,200</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 \$154,231. All revenue categories were receipted in excess of budgeted amounts with the exception of property taxes and permits and licenses.

The general fund actual expenditures exceeded the budget in total by \$155,857. All expenditures categories were over budgeted amounts with the exception of public works.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2021, the net book value of capital assets recorded by the Town decreased by \$177,394 from the prior year. This decrease is the result of depreciation expense.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 153,000	\$ 153,000
Buildings, building and land improvements	1,194,270	1,293,100
Fixtures, equipment and vehicles	<u>173,645</u>	<u>252,209</u>
Total	<u>\$ 1,520,915</u>	<u>\$ 1,698,309</u>

Debt

At June 30, 2021, 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 ten 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, 2021

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,686,545
Investments	82,208
Accounts receivable (net of allowance for uncollectibles):	
Delinquent taxes receivable	530,256
Total current assets	<u>2,299,009</u>
Noncurrent assets:	
Capital assets:	
Land and other assets not being depreciated	153,000
Buildings and equipment, net of accumulated depreciation	1,367,915
Total noncurrent assets	<u>1,520,915</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pensions	58,490
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>58,490</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,878,414</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 13,442
Accrued expenses	4,705
Current portion of long-term obligations	230
Total current liabilities	<u>18,377</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations:	
Accrued compensated absences	4,364
Net pension liability	140,423
Total noncurrent liabilities	<u>144,787</u>
TOTAL LIABILITIES	<u>163,164</u>
DEFERRED INFLOWS OF RESOURCES	
Prepaid taxes	1,793
Deferred inflows related to pensions	4,041
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,834</u>
NET POSITION	
Net investment in capital assets	1,520,915
Restricted	331,944
Unrestricted	1,856,558
TOTAL NET POSITION	<u>3,709,417</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 3,878,415</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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 701,552	\$ 163,691	\$ -	\$ -	\$ (537,861)
Public safety	273,277	-	-	-	(273,277)
Public works	926,585	145	93,701	-	(832,739)
Community development	20,726	-	-	-	(20,726)
Unclassified	11,925	-	4,543	-	(7,382)
Total government	\$ 1,934,065	\$ 163,836	\$ 98,244	\$ -	(1,671,985)

STATEMENT B (CONTINUED)

TOWN OF PLYMOUTH, VERMONT

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Governmental Activities</u>
Changes in net position:	
Net (expense) revenue	<u>(1,671,985)</u>
General revenues:	
Taxes:	
Property taxes, levied for general purposes	1,274,911
Grants and contributions not restricted to specific programs	179,417
Miscellaneous	<u>27,048</u>
Total general revenues	<u>1,481,376</u>
Change in net position	(190,609)
NET POSITION - JULY 1	<u>3,900,026</u>
NET POSITION - JUNE 30	<u><u>\$ 3,709,417</u></u>

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

TOWN OF PLYMOUTH, VERMONT

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Highway and Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,518,632	\$ 20,264	\$ 147,649	\$ 1,686,545
Investments	-	-	82,208	82,208
Accounts receivable (net of allowance for uncollectibles):				
Delinquent taxes receivable	530,256	-	-	530,256
Due from other funds	-	147,884	239,868	387,752
TOTAL ASSETS	\$ 2,048,888	\$ 168,148	\$ 469,725	\$ 2,686,761
LIABILITIES				
Accounts payable	\$ 13,442	\$ -	\$ -	\$ 13,442
Accrued expenses	4,705	-	-	4,705
Due to other funds	387,752	-	-	387,752
TOTAL LIABILITIES	\$ 405,899	\$ -	\$ -	\$ 405,899
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	1,793	-	-	1,793
Deferred property tax	376,532	-	-	376,532
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 378,325	\$ -	\$ -	\$ 378,325
FUND BALANCES				
Nonspendable	-	-	97,805	97,805
Restricted	-	168,148	65,991	234,139
Committed	-	-	-	-
Assigned	-	-	305,929	305,929
Unassigned	1,264,665	-	-	1,264,665
TOTAL FUND BALANCES	\$ 1,264,665	\$ 168,148	\$ 469,725	\$ 1,902,538
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,048,889	\$ 168,148	\$ 469,725	\$ 2,686,762

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, 2021

	Total Governmental Funds
Total Fund Balances	\$ 1,902,538
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	1,520,915
Deferred outflows of resources related to pensions are not financial resources and therefore are not reported in the funds	58,490
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	376,532
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:	
Accrued compensated absences	(4,594)
Net pension liability	(140,423)
Deferred inflows of resources related to pensions are not financial resources and therefore are not reported in the funds	(4,041)
Net position of governmental activities	<u>\$ 3,709,417</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, 2021

	General Fund	Highway and Building Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 1,043,843	\$ -	\$ -	\$ 1,043,843
Intergovernmental	277,661	-	-	277,661
Charges for services	163,836	-	-	163,836
Interest income	2,239	28	270	2,537
Miscellaneous	5,813	-	18,698	24,511
TOTAL REVENUES	1,493,392	28	18,968	1,512,388
EXPENDITURES				
Current:				
General government	550,109	-	280	550,389
Public safety	271,417	-	-	271,417
Public works	482,329	402,552	-	884,881
Community development	20,726	-	-	20,726
Unclassified	-	-	11,925	11,925
TOTAL EXPENDITURES	1,324,581	402,552	12,205	1,739,338
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	168,811	(402,524)	6,763	(226,950)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	130,000	40,437	170,437
Transfers (out)	(170,437)	-	-	(170,437)
TOTAL OTHER FINANCING SOURCES (USES)	(170,437)	130,000	40,437	-
NET CHANGE IN FUND BALANCES	(1,626)	(272,524)	47,200	(226,950)
FUND BALANCES - JULY 1	1,266,291	440,672	422,525	2,129,488
FUND BALANCES - JUNE 30	\$ 1,264,665	\$ 168,148	\$ 469,725	\$ 1,902,538

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

STATEMENT F

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, 2021

Net change in fund balances - total governmental funds (Statement E)	<u>\$ (226,950)</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:	
Depreciation expense	<u>(177,394)</u>
	<u>(177,394)</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>25,207</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>2,527</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	1,095
Net pension liability	<u>(46,162)</u>
	<u>(45,067)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (190,609)</u>

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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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. The state of emergency expired on June 15, 2021.

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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

was authorized by Act 92, §3 (2021). 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 2021 expenditures due to COVID-19 that would not be covered by existing resources including authorized Coronavirus, Aid, Relief and Economic Security ("CARES") Act, American Rescue Plan Act ("ARPA") 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, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards

During the year ended June 30, 2021, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 84 "Fiduciary Activities". This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 90 "Majority Equity Interests". This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. Management has determined the impact of this Statement is not material to the financial statements.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No 93 "Replacement of Interbank Offered Rates (paragraphs 4-11a)." The primary objectives of paragraphs 4-11a concern hedging derivative instruments (specifically exceptions to termination of hedge accounting, modifications to hedged items, probability of expected transactions and appropriate benchmark interest rates). The objective of this Statement is to address the accounting and financial reporting effects that result from the replacement of IBORs with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. 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).

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.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 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.

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.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 evidence 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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021. Accounts receivable netted with allowances for uncollectible accounts were \$0 for the year ended June 30, 2021.

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 governmental-wide financial statements as "internal balances".

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. 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 reported at their estimated fair market 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.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consist of accrued compensated absences and net pension liability.

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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 given annually by vote of the taxpayers and is given through the Charter and 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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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).

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2021, the Town's cash and cash equivalents balances amounting to \$1,686,545 were comprised of deposits of \$1,644,338. 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, \$548,244 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk, \$345,320 was collateralized with securities held by the financial institution in the Town's name and \$750,774 was collateralized with securities held by the financial institution but not in the Town's name.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 1,622,098
Savings accounts	18,718
Money market accounts	3,522
	<u>\$ 1,644,338</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 exposure to fair value losses arising from fluctuations in interest rates. Certificates of deposit held with local financial institutions for \$82,208 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 \$82,208 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.

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at June 30, 2021 consisted of the following individual fund receivables and payables:

	<u>Receivables (Due From)</u>	<u>Payables (Due To)</u>
Major funds:		
General fund	\$ -	\$ 387,752
Highway and building fund	147,884	-
Nonmajor funds:		
Special revenue funds	84,291	-
Capital projects funds	<u>155,577</u>	<u>-</u>
	<u>\$ 387,752</u>	<u>\$ 387,752</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.

NOTE 4 - INTERFUND TRANSFERS

Interfund transfers at June 30, 2021 consisted of the following:

	<u>Transfers From</u>	<u>Transfers To</u>
Major funds:		
General fund	\$ 170,437	\$ -
Highway and building fund	-	130,000
Nonmajor funds:		
Special revenue funds	-	9,437
Capital projects funds	-	25,000
Permanent funds	<u>-</u>	<u>6,000</u>
	<u>\$ 170,437</u>	<u>\$ 170,437</u>

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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Disposals	Balance 6/30/21
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	2,619,438	-	-	2,619,438
Equipment	251,000	-	(25,000)	226,000
Vehicles	653,149	-	(10,000)	643,149
	<u>3,523,587</u>	<u>-</u>	<u>(35,000)</u>	<u>3,488,587</u>
Less accumulated depreciation:	<u>(1,978,278)</u>	<u>(177,394)</u>	<u>35,000</u>	<u>(2,120,672)</u>
Net depreciated assets	<u>1,545,309</u>	<u>(177,394)</u>	<u>-</u>	<u>1,367,915</u>
Net capital assets	<u>\$ 1,698,309</u>	<u>\$ (177,394)</u>	<u>\$ -</u>	<u>\$ 1,520,915</u>
Current year depreciation:				
General government				\$ 133,830
Public safety				1,860
Public works				41,704
Total depreciation expense				<u>\$ 177,394</u>

NOTE 6 - OTHER LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term debt for the year ended June 30, 2021:

	Balance 7/1/20	Additions	Deletions	Balance 6/30/21	Current Year Portion
Accrued compensated absences	\$ 5,689	\$ -	\$ (1,095)	\$ 4,594	\$ 230
Net pension liability	94,261	58,481	(12,319)	140,423	-
Totals	<u>\$ 99,950</u>	<u>\$ 58,481</u>	<u>\$ (13,414)</u>	<u>\$ 145,017</u>	<u>\$ 230</u>

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

TOWN OF PLYMOUTH, VERMONT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, the Town's liability for compensated absences is \$4,594.

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.

\$ 4,425

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

2022	\$ 1,770
2023	1,770
2024	885
	<u>\$ 4,425</u>

NOTE 9 - NONSPENDABLE FUND BALANCE

At June 30, 2021, the Town had the following nonspendable fund balance:

Nonmajor permanent funds (Schedule I)	<u>\$ 97,805</u>
---------------------------------------	------------------

NOTE 10 - RESTRICTED NET POSITION

At June 30, 2021, the Town had the following restricted net position:

Highway and building fund	\$ 168,148
Nonmajor permanent funds (Schedule I):	
Public funds - nonspendable principal	97,805
Cemetery fund	26,831
Public funds	39,160
	<u>\$ 331,944</u>