



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

**PLYMOUTH GROWTH & DEVELOPMENT
CORPORATION**

**(A COMPONENT UNIT OF THE TOWN OF
PLYMOUTH, MA)**

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2022

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION

(A Component Unit of the Town of Plymouth, MA)

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

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Independent Auditor's Report

To the Board of Directors
Plymouth Growth & Development Corporation
Town of Plymouth, Massachusetts

Opinion

We have audited the accompanying financial statements of Plymouth Growth & Development Corporation (the Corporation) a component unit of the Town of Plymouth, Massachusetts, as of and for the year ended December 31, 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, a component unit of the Town of Plymouth, Massachusetts, as of December 31, 2022, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Corporation, and do not purport to, and do not, present fairly the financial position of the Town of Plymouth, Massachusetts, as of December 31, 2022, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Powers & Sullivan, LLC

July 21, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Plymouth Growth & Development Corporation (the Corporation), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended December 31, 2022. Please read it in conjunction with the Corporation's financial statements and the related notes to the financial statements.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Corporation's financial statements. These financial statements consist of the following components: 1) proprietary fund financial statements and 2) notes to the financial statements. The notes to the financial statements provide information related to these statements, which is essential in understanding the current financial statements and comparisons with previous years.

Financial Highlights

- The assets of the Corporation exceeded its liabilities at December 31, 2022 by approximately \$6.1 million (net position).
- The Corporation earned total revenues of approximately \$2.6 million for the year ended December 31, 2022; nearly all of which were from its operating activities.
- Operating and non-operating expenses for the year ended December 31, 2022, totaled approximately \$1.3 million.
- The Corporation's net income for 2022 was approximately \$1.3 million, which was comprised of operating income of \$1.5 million and a non-operating loss of \$213 thousand.
- At the end of the year, the Corporation's total unrestricted net position was approximately \$4.0 million, or 300% of total operating and non-operating expenses.

Proprietary fund financial statements

These statements are prepared using the economic resources measurement focus and accrual basis of accounting. The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Required proprietary fund financial statements are as follows:

The *statement of net position* presents information on all assets plus deferred outflows of resources less liabilities and deferred inflows of resources, resulting in the aggregate *net position* of the Corporation. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the Corporation is improving or deteriorating. The reader should also consider other non-financial factors, such as the condition of the Corporation's capital assets, to assess the overall health of the Corporation.

The *statement of revenues, expenses, and changes in net position* reports the financial (revenue and expenses) activities of the Corporation and divides it into two categories: *operating activities* and *non-operating activities*. Operating activities include all financial activities associated with the operation of Corporation. Consequently, all non-operating activities include all financial

activities not related to the operation of the Corporation. Changes in total net position as presented on the *statement of net position* are based on the activity presented in this statement. This statement helps to determine whether the Corporation had sufficient revenues to cover expenses during the year and its net increase or decrease in net position based on current year operations.

The *Statement of cash flows* provides information about the Corporation's cash receipts and cash payments during a reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from *operations, investing, and capital and noncapital financing activities*. This statement is also an important tool in helping users assess the Corporation's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the information provided in the Corporation's financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Corporation's financial position. As indicated in the following chart, assets exceeded liabilities by approximately \$6.1 million at the close of calendar year 2022.

The following table demonstrates the net position of the Corporation as of December 31, 2022, and December 31, 2021.

	<u>2022</u>	<u>2021</u>
Assets:		
Current Assets.....	\$ 4,022,365	\$ 3,195,766
Capital Assets, net.....	3,550,002	3,265,778
Total Assets.....	<u>7,572,367</u>	<u>6,461,544</u>
Liabilities:		
Current Liabilities (excluding debt).....	51,284	58,148
Current debt.....	49,319	40,639
Noncurrent debt.....	<u>1,378,790</u>	<u>1,584,874</u>
Total Liabilities.....	<u>1,479,393</u>	<u>1,683,661</u>
Net Position:		
Net Investment in capital assets.....	2,121,893	1,640,265
Unrestricted.....	<u>3,971,081</u>	<u>3,137,618</u>
Total Net Position.....	<u>\$ 6,092,974</u>	<u>\$ 4,777,883</u>

Included within the Corporation's current assets is \$3.8 million of cash and cash equivalents, which is an increase from the beginning of the year balance of \$647 thousand. The remaining \$179,927 of current assets consists of prepaid expenses, real estate escrow balance, and receivables for outstanding parking tickets net of an allowance for uncollectible amounts.

The Corporation's current liabilities consist of amounts for accounts payable, accrued payroll, other liabilities, compensated absence time accruals, and the portion of mortgage payments due in 2023.

The Corporation's long-term liabilities consists of the portion of the mortgage payable due for the period greater than one year.

The largest component of the Corporation's net position is its unrestricted net position. This component represents amounts that may be used to meet the Corporation's ongoing obligations to the Town of Plymouth, Massachusetts, and its creditors.

The net investment in capital assets component of the net position represents the Corporation's investment in capital assets (e.g., land, improvements, equipment, buildings, and vehicles) less any debt used to acquire those assets. The Corporation uses these capital assets to provide parking services throughout the Town of Plymouth, Massachusetts; consequently, these assets are not available for future spending.

The Corporation's total net position increased by \$1.3 million as operating and nonoperating revenues exceeded operating and non-operating expenses. A summary of the Corporation's revenues and expenses is presented in the following table:

	<u>2022</u>	<u>2021</u>
Operating Revenues	\$ 2,635,248	\$ 2,367,498
Operating expenses:		
Payroll and related expenses.....	395,092	333,422
General and Administrative expenses.....	138,186	123,636
Other operating expenses.....	574,002	542,202
Total operating expenses	<u>1,107,280</u>	<u>999,260</u>
Operating income	1,527,968	1,368,238
Non-operating revenues/(expenses):		
Interest income.....	5,402	1,809
Interest expense.....	(63,604)	(70,947)
Miscellaneous income.....	-	865
Capital contributions to the Town of Plymouth.....	(154,675)	(157,425)
Total non-operating revenues/(expenses) - net....	<u>(212,877)</u>	<u>(225,698)</u>
Change in net position	<u>\$ 1,315,091</u>	<u>\$ 1,142,540</u>

Operating revenues increased by 10.2% (or approximately \$268 thousand) in 2022 as compared to 2021 as parking restrictions were eliminated as the overall State and Federal COVID-19 pandemic restrictions continued to be eased, this resulted in an increase across the board in all revenue categories associated with parking fees, citations, permits, and penalties associated with the late payments of such fees.

Operating expenses totaled approximately \$1.1 million in 2022 compared to \$999 thousand in 2021. The increase in operating costs was due predominantly to increases in payroll expenses, depreciation expense, and parking violation expenses.

Payroll expenses (wages, taxes, and processing fees) totaled approximately \$395 thousand in 2022 and accounted for 36% of the total annual operating expenses of the Corporation.

Capital Asset, Debt Administration, and Other Obligations

Capital Assets

At the end of 2022, the Corporation had approximately \$3.6 million in capital assets, which is net of accumulated depreciation of approximately \$1.1 million.

The Corporation made capital investments approximating \$414 thousand in 2022. The most significant capital asset purchases for the year consisted of improvements to the new property at 4 North Street as well as, some pay stations and an upgraded security system.

The following table represents a summary of the Corporation's capital assets, net of accumulated depreciation, by category.

	<u>2022</u>	<u>2021</u>
Land.....	\$ 1,325,033	\$ 1,325,033
Leasehold improvements.....	524,915	178,581
Meters and parking equipment.....	188,081	178,453
Office furniture and other equipment.....	36,715	63,238
Buildings.....	1,467,682	1,507,847
Vehicles.....	7,576	12,626
Total.....	\$ <u>3,550,002</u>	\$ <u>3,265,778</u>

Debt Administration and Other Obligations

At the end of the current year, the Corporation had \$1.4 million of a mortgage payable related to the purchase of 4 North Street, Plymouth, Massachusetts. This mortgage is payable in monthly installments at an interest rate of 4.25% over a ten-year period, in which the then remaining principal and interest balance is payable in full.

In the spring 2020, the Town of Plymouth, Massachusetts issued a bond for \$3.0 million to assist in the financing related to the construction of the S. Russell Street Parking Deck. Under the terms of the most recent Memorandum of Agreement with the Town dated January 15, 2020, the Corporation is contractually obligated to reimburse the Town for debt service payments (principal and interest) associated with this bond. The annual required contributions to the Town of Plymouth associated with this bond are approximately \$160 thousand per year.

Economic Factors and Next Year's Budget

The Corporation prepares an annual operating and capital budget to monitor its daily revenues and expenses and guide its investments in capital assets. Operating income for 2023 is anticipated to approach \$2.7 million, a slight increase from 2022 actual revenues of \$2,640,650. Total expenses, including building expenses for 2023, are forecasted to be \$1.7 million. We have an additional \$1.1 million in capital improvements forecasted, including architect, engineering, and construction costs for creating new office space for undeveloped space within the 4 North Street building.

Requests for Information

This financial report is designed to provide a general overview of the Group's finances for all those with an interest in the Group's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Parking Director, Plymouth Growth & Development Corporation, 4 North Street, Suite 2, Plymouth, MA 02360.

Financial Statements

STATEMENT OF NET POSITION

DECEMBER 31, 2022

ASSETS

CURRENT:

Cash and cash equivalents.....	\$	3,842,438
Prepaid expense.....		40,382
Real estate tax escrow.....		15,885
Parking tickets receivable, net of allowance for uncollectible accounts.....		<u>123,660</u>
Total current assets.....		<u>4,022,365</u>

NONCURRENT:

Capital assets, non depreciable.....		1,325,033
Capital assets, net of accumulated depreciation.....		<u>2,224,969</u>
Total noncurrent assets.....		<u>3,550,002</u>

TOTAL ASSETS..... 7,572,367

LIABILITIES

CURRENT:

Accounts payable.....		25,488
Accrued payroll.....		6,655
Other liabilities.....		695
Compensated absences.....		18,446
Mortgage payable.....		<u>49,319</u>
Total current liabilities.....		<u>100,603</u>

NONCURRENT:

Mortgage payable.....		<u>1,378,790</u>
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TOTAL LIABILITIES..... 1,479,393

NET POSITION

Net investment in capital assets.....		2,121,893
Unrestricted.....		<u>3,971,081</u>
TOTAL NET POSITION.....	\$	<u><u>6,092,974</u></u>

See notes to financial statements.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER, 31 2022

<u>OPERATING REVENUES:</u>	
Parking fees.....	\$ 1,856,688
Parking citations.....	628,365
Parking permits.....	<u>150,195</u>
 TOTAL OPERATING REVENUES	 <u>2,635,248</u>
<u>OPERATING EXPENSES:</u>	
Payroll and other expenses.....	<u>395,092</u>
General and administrative expenses.....	
Administrative expenses.....	29,950
Professional services.....	9,890
Office supplies and expense.....	20,497
Advertising.....	625
Insurance.....	55,661
Dues and subscriptions.....	632
Bank charges.....	2,388
Telephone.....	15,054
Other.....	<u>3,489</u>
 TOTAL GENERAL AND ADMINISTRATIVE EXPENSES.....	 <u>138,186</u>
<u>OTHER OPERATING EXPENSES:</u>	
Contracted services.....	10,680
Parking violation expenses.....	40,601
Commissions and fees.....	51,638
Rent expense.....	53,548
Parts and equipment.....	8,793
Vehicle expense.....	8,303
Repairs and maintenance.....	41,994
Utilities.....	34,419
Depreciation expense.....	130,262
Community development awards.....	25,000
Real estate tax.....	38,548
Management fees.....	<u>130,216</u>
 TOTAL OTHER OPERATING EXPENSES.....	 <u>574,002</u>
 TOTAL OPERATING EXPENSES.....	 <u>1,107,280</u>
 OPERATING INCOME (LOSS).....	 <u>1,527,968</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>	
Interest income.....	5,402
Interest expense.....	(63,604)
Capital contributions to the Town of Plymouth.....	<u>(154,675)</u>
 TOTAL NON-OPERATING REVENUES/(EXPENSES) - NET..	 <u>(212,877)</u>
 CHANGE IN NET POSITION.....	 1,315,091
NET POSITION AT BEGINNING OF YEAR.....	<u>4,777,883</u>
NET POSITION AT END OF YEAR.....	\$ <u><u>6,092,974</u></u>

See notes to the financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER, 31 2022

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Receipts from customers and users.....	\$ 2,604,028
Payments to employees.....	(393,388)
Payments to vendors.....	<u>(600,324)</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,610,316</u>
<u>CASH FLOWS FROM CAPITAL ACTIVITES AND RELATED FINANCING ACTIVITIES:</u>	
Purchases of capital assets.....	(414,486)
Principal payments on bonds.....	(197,404)
Interest expense.....	(63,604)
Capital contributions to the Town of Plymouth.....	<u>(154,675)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>(830,169)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Investment income.....	<u>5,402</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	785,549
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,056,889</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 3,842,438</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY/ (USED IN) OPERATING ACTIVITIES:</u>	
Operating income.....	\$ 1,527,968
Adjustments to reconcile operating income to net cash provided by/(used in) operating activities:	
Depreciation expense.....	130,262
Changes in assets and liabilities:	
Prepaid expenses.....	(6,488)
Parking tickets receivable, net.....	(31,220)
Real estate tax escrow.....	(3,342)
Accounts payable.....	(8,568)
Accrued payroll.....	2,825
Compensated absences.....	<u>(1,121)</u>
Total adjustments.....	<u>82,348</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	<u>\$ 1,610,316</u>

See notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES**A. Reporting Entity**

The Plymouth Growth & Development Corporation (the Corporation) is a component unit of the Town of Plymouth, Massachusetts (the Town). The Corporation is managed by a seven-member Board of Directors appointed by the Plymouth Select Board (the Board). All members of the Board are Plymouth residents or owners of property or business establishments located in the development zone.

The Corporation, which was originally named the Plymouth Development Corporation (PDC), was created in 2002 as a non-profit public corporation for the Town of Plymouth, Massachusetts by Chapter 182 of the Acts of 2002 (Special Act). In this Special Act, the Massachusetts legislature gave the Corporation the following charge:

It is the purpose of the corporation created by this act to aid the Town, private enterprises and nonprofit organizations, and other public agencies in the speedy and orderly development or redevelopment of unused, underused or underdeveloped areas, and in the development, operation, and management of facilities and infrastructure necessary to support the economic vitality of the development zone.

The development zone is a geographical area that encompasses the areas in the Town of Plymouth, Massachusetts, known locally as the Plymouth Downtown/Waterfront District and portions of the North Plymouth Village Center. Because the name “Plymouth Development Corporation” was found to be shared with another corporate entity, the PDC changed its name to the Plymouth Growth & Development Corporation through a certified vote of the Select Board on October 28, 2008.

In accordance with enabling legislation, the Corporation has focused its resources on the development, management, and operation of on-street, off-street, and structured parking facilities in the downtown/waterfront and North Plymouth areas which are important to the vibrancy of the retail districts and attractiveness of Plymouth as a tourist destination. In coordination with the Plymouth Board of Selectmen and other Town departments, the Corporation (also referred to as Park Plymouth) exists today to manage and grow the Town’s parking infrastructure and to develop directional and informational signage, transit service, pedestrian walkways, and public amenities that will enhance the economic development. The activities of Park Plymouth are guided by a Parking Management Plan developed for and endorsed by the Corporation’s Board and the Plymouth Select Board. It provides the framework for public policy decisions and the investments in parking and transportation improvements that are necessary to address the challenges facing the Town of Plymouth, Massachusetts.

The authority to manage and operate the Plymouth parking program is provided through a Memorandum of Agreement (MOA) entered into, and periodically updated, by the Town of Plymouth, Massachusetts and the Corporation. The most recent MOA was amended on January 15, 2020 and expires on October 29, 2033.

The rules that apply to parking in downtown Plymouth, on the waterfront, and in North Plymouth differ throughout the calendar year. In general, there are two parking seasons: one in which the public is obligated to pay the posted hourly rates (the paid parking season) and the other in which the public must obey the posted time limits for parking but is not obligated to pay any parking fees (the free parking season.) The paid parking season typically begins on April 1st and extends through November 30th every year. The free parking season begins on December 1st and extends through March 31st of the following year.

B. Basis of Presentation

The accounting policies of the Plymouth Growth & Development Corporation conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units and its financial statements are prepared in accordance with the reporting presentation set forth in *Governmental Accounting and Financial Reporting Standards* issued by the *Governmental Accounting Standards Board (GASB)* applicable to public corporations and authorities. The Corporation is a special-purpose government engaged in only business-type activities. Accordingly, the Corporation utilizes the economic resources measurement focus and accrual basis of accounting, which recognizes revenues when earned and capital assets and expenditures are recorded when received and incurred, regardless of the timing of related cash flows.

The more significant accounting policies established by GAAP and used by the Corporation are discussed below.

C. Tax Status

The Plymouth Growth & Development Corporation is a municipal entity, and as such, is exempt from income taxation.

D. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Receivables

Receivables consist of all revenues earned at year-end and not yet received, net of an allowance for uncollectible amounts. Allowances for uncollectible accounts receivables are based upon historical trends and the periodic aging of accounts receivable. The Corporation considers outstanding parking fines that are older than three years as uncollectible for financial reporting purposes.

F. Capital Assets

Capital assets are recorded at cost if purchased or at fair market value at the date of donation. Generally, assets with a per unit value of \$1,000 are capitalized and depreciated. As of December 31, 2022, the Corporation does not have any donated capital assets.

Depreciation is computed on the straight-line basis using the estimated economic useful lives of the assets. The range of estimated useful lives by asset type is as follows:

<u>Types of Assets</u>	<u>Estimated Useful Life</u>
Buildings.....	39 years
Leasehold Improvements.....	15 years
Meter & Parking Equipment.....	5-7 years
Office Furniture & Other Equipment....	5-7 years
Vehicles.....	5 years

G. Inventories

The Corporation currently does not report any inventories for financial reporting purposes. The Corporation reports parts, supplies, and non-capital equipment as expenses when purchased rather than when the parts, supplies, and non-capital equipment are consumed. The Corporation has determined any amounts not consumed at year-end to be immaterial to the Corporation's financial statements.

H. Liabilities

Liabilities represent present obligations to sacrifice resources for which the Corporation has little or no discretion to avoid. The primary focus is on the obligation for the entity to perform. Current liabilities represent obligations incurred in the operating cycle from the acquisition of goods and/or services, accruals for salaries/wages, paid time off accruals, and other obligations due or generally expected to be liquidated within one year from the balance sheet date. Noncurrent (long-term) liabilities consist primarily of obligations such as mortgages payable and other obligations due or generally expected to be liquidated at a time after one year from the balance sheet date.

I. Compensated Absences

The Corporation's policy regarding vacation and sick time is offered through a personal time off (PTO) program that permits employees to accrue PTO based on their years of employment. Unused personal time is reimbursed at the termination of employment, however, only three weeks can be carried over to the following year unless otherwise authorized by the Director of Operations. The liability for the estimated personal time carryover is recorded as a current liability on the financial statements.

J. Equity Classifications

Equity is classified as net position in the Corporation's financial statements. The Corporation first utilizes restricted resources for appropriate activities prior to utilizing unrestricted resources. Net position is displayed in three components:

- Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.
- Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. These assets may be restricted by constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) laws through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position is the net amount of 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 the restricted component of net position.

K. Operating and Non-Operating Revenues and Expenses

Operating revenues and expenses are distinguished from non-operating items. Currently, operating revenues and expenses generally result from the management of parking spaces within the Plymouth Downtown/Waterfront, North Plymouth Village Center, and the Town Hall corridor areas. The principal operating revenues consist of parking fees, parking fines, and parking permits. Operating expenses include salaries and administrative costs and costs incurred to operate and maintain the parking program and related equipment. Additional operating revenues and expenses may be incurred as the Corporation undertakes additional programs.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the year. Actual results could vary from estimates that were used.

NOTE 2 – CASH AND INVESTMENTS

Massachusetts General Laws (M.G.L.), Chapter 44, Sections 54 and 55, place certain limitations on cash deposits and investments available to the Corporation. Authorized deposits include demand deposits, term deposits, and certificates of deposit in trust companies, national banks, savings banks, and certain other financial institutions. The Corporation may also invest in securities issued by or unconditionally guaranteed by the U.S. Government, or an agency thereof, and having a maturity from the date of purchase of one year or less. Additionally, the Corporation may invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from the date of purchase. The Corporation may also invest in units of the Massachusetts Municipal Depository Trust (MMDT) – an external investment pool managed by the Treasurer of the Commonwealth of Massachusetts. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk - Deposits

The Corporation maintains deposits in authorized financial institutions. In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be recovered. The Corporation does not have a formal deposit policy for custodial credit risk. At December 31, 2022, bank deposits totaled \$3,853,930 and had a carrying value of \$3,842,438. Of the bank deposit amounts, \$250,000 was covered by Federal Depository Insurance, and \$3,603,930 was exposed to custodial credit risk at December 31, 2022 because it was uninsured and uncollateralized. The difference between deposit amounts and carrying amounts generally represents outstanding checks, transfers, and deposits in transit.

Fair Value of Investments

The Corporation's investments are measured at fair value on a recurring basis. The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Corporation did not hold any investments subject to fair value reporting as of December 31, 2022.

NOTE 3 – RECEIVABLES

As of December 31, 2022, the Corporation reports a receivable for outstanding parking tickets of \$123,660, which is net of an allowance for uncollectible amounts of \$74,655. Penalties associated with parking fines have not been accrued as receivables because the Corporation does not consider these penalties collectible; these amounts total \$195,390 as of December 31, 2022.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,325,033	\$ -	\$ -	\$ 1,325,033
<u>Capital assets being depreciated:</u>				
Leasehold improvements.....	217,366	363,538	-	580,904
Meters and parking equipment.....	699,521	50,948	-	750,469
Office furniture and other equipment.....	362,864	-	-	362,864
Buildings.....	1,566,421	-	-	1,566,421
Vehicles.....	42,874	-	-	42,874
	<u>2,889,046</u>	<u>414,486</u>	<u>-</u>	<u>3,303,532</u>
<u>Less accumulated depreciation for:</u>				
Leasehold improvements.....	(38,785)	(17,204)	-	(55,989)
Meters and parking equipment.....	(521,068)	(41,320)	-	(562,388)
Office furniture and other equipment.....	(299,626)	(26,523)	-	(326,149)
Buildings.....	(58,574)	(40,165)	-	(98,739)
Vehicles.....	(30,248)	(5,050)	-	(35,298)
	<u>(948,301)</u>	<u>(130,262)</u>	<u>-</u>	<u>(1,078,563)</u>
Total capital assets being depreciated, net.....	<u>1,940,745</u>	<u>284,224</u>	<u>-</u>	<u>2,224,969</u>
Total governmental activities capital assets, net... \$	<u>\$ 3,265,778</u>	<u>\$ 284,224</u>	<u>\$ -</u>	<u>\$ 3,550,002</u>

NOTE 5 – LONG-TERM OBLIGATIONS

Operating Leases

The Corporation leased office space, parking lots, and parking spaces at several locations during 2022. The lease agreements expire on various dates during 2022 and 2023. The Corporation expects to renew these leases at the expiration dates, except for the most significant agreement for office space. The Corporation purchased their own building in 2021 and had a contract to continue to lease the office space through 2023. They have been unable to find a sub-lease tenant or cancel the lease with the landlord.

Rent expense for all operating leases totaled \$53,548 for the year ended December 31, 2022. This amount included the payments on the office space the Corporation will not renew.

NOTE 6 – PREPAID EXPENSES

As of December 31, 2022, prepaid expenses of \$40,382 represent various insurance policies carried by the Corporation whose terms are on a fiscal year basis. The Corporation paid these policies in full as of December 31, 2022. These amounts will be amortized monthly during calendar year 2023.

NOTE 7 – CONTRACTUAL OBLIGATIONSMemorandum of Agreement

The Plymouth Growth & Development Corporation (the Corporation), also referred to as Park Plymouth, with the Town manages the Town of Plymouth, Massachusetts' (the Town) parking program under a Memorandum of agreement (MOA). The MOA identifies the roles and responsibilities of the Corporation/Park Plymouth with regards to (a) the purchase, installation, and maintenance of parking equipment and parking-related signage; (b) the configuration of existing on-street and off-street parking spaces and lots and the creation of new parking facilities; (c) the establishment of parking rates and fines and the collection of all parking revenues; (d) the enforcement of paid parking requirements and parking time limits; (e) the maintenance of its parking assets; and (f) the disbursement of the Corporation's revenues for public improvement projects and events. The original MOA was entered into during 2004 and has been extended several times. The most recent extension was approved on March 21, 2018 and was subsequently amended during 2019.

During 2020, the Corporation and the Town developed a "new" MOA that clarified and codified the obligations of both the Corporation and the Town that were included in a number of previously executed documents; eliminated the provisions that were no longer applicable or relevant; and eliminated the redundancy that existed with multiple documents. The MOA now references the Corporation's obligation to manage and enforce parking regulations in the so-called Town Hall Corridor and to make annual debt service payments to the Town in accordance with a specific Bond Debt Service schedule. The new MOA supersedes all prior agreements, amendments, licenses, representations, understandings, proposals, commitments, and communications that have been generated over the years between the Corporation and the Town of Plymouth, Massachusetts. This MOA was entered into and approved on January 15, 2020, and expires on October 29, 2033, however, it may be extended for additional periods by votes of the Select Board.

Capital Contribution Obligations

On June 13, 2019, the Town of Plymouth, Massachusetts issued a bond for \$3.0 million to help finance the construction of the S. Russell Street Parking Deck. This bond is a general obligation of the Town of Plymouth, Massachusetts and is reflected on their financial statements. However, the Corporation is contractually obligated under the terms of the MOA to reimburse the Town for the debt service payments (principal and interest) associated with the bond. The first payment was made in December of 2019 in the amount of \$49,723.

These reimbursement payments are recorded as capital contributions to the Town of Plymouth, Massachusetts in the Corporation's financial statements.

The annual required capital contribution obligations as of December 31, 2021, are as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2023	\$ 156,800
2024	158,675
2025	155,425
2026	157,050
2027	158,425
2028 - 2032	781,175
2033 - 2037	779,600
2038 - 2042	777,675
2043 - 2047	777,950
2048 - 2049	<u>314,225</u>
Total.....	<u>\$ 4,217,000</u>

Additionally, in accordance with the terms of the MOA dated January 15, 2020, if the MOA is not extended beyond its current termination date (October 29, 2033), or is terminated before its current termination date, any bond debt obligation associated with the S. Russell Parking Deck that remains after the Corporation has terminated, settled, and or paid off all the other short- or long-term debt shall become the sole obligation of the Town of Plymouth, Massachusetts.

The Corporation may also make additional capital contributions to the Town, as authorized by the Board of Directors. For the year ended December 31, 2022, total capital contributions paid to the Town amounted to \$154,675.

NOTE 8 – MORTGAGE PAYABLE

At December 31, 2022, the Corporation had \$1.4 million of a mortgage payable related to the purchase of 4 North Street, Plymouth, Massachusetts. An additional payment of \$150,000 was made during 2022 to reduce the principal on the mortgage. This mortgage is payable in monthly installments at an interest rate of 4.25% over a ten-year period, in which the then remaining principal and interest balance is payable in full.

Maturities of the mortgage payable are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023.....	\$ 49,319	\$ 60,564	\$ 109,883
2024.....	51,315	58,567	109,882
2025.....	53,739	56,143	109,882
2026.....	56,100	53,781	109,881
2027.....	58,566	51,316	109,882
2028.....	60,999	48,883	109,882
2029.....	63,821	46,060	109,881
2030.....	<u>1,034,250</u>	<u>25,472</u>	<u>1,059,722</u>
Total.....	<u>\$ 1,428,109</u>	<u>\$ 400,786</u>	<u>\$ 1,828,895</u>

NOTE 9 – RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of, damage to, and destruction of its assets, errors and omissions, injuries to employees, and natural disasters. The Corporation carries commercial insurance for all risks.

NOTE 10 – COMMITMENTS AND CONTINGENTS

The Corporation is subject to various legal actions and claims in the normal course of business. Litigation is subject to many uncertainties and the outcome of individual litigated matters is not always predictable. As of the date of these financial statements, management is not aware of any legal actions or claims that would materially affect the financial position of the Corporation as of December 31, 2022.

The Corporation did not have any material commitments as of December 31, 2022.

NOTE 11 – GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. This pronouncement did not impact the basic financial statements.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 21, 2023, which is the date the financial statements were available to be issued.