

Plymouth Growth & Development Corporation
(A Component Unit of the Town of Plymouth, Massachusetts)
Financial Statements with Independent Auditors' Report
For the Year Ended December 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Directors of
Plymouth Growth & Development Corporation

We have audited the accompanying financial statements of the business-type activities 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, 2018, and the related notes to the financial statements, which collectively comprise the Corporation'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 an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 opinion.

Opinion

In our opinion, the financial statement referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Plymouth Growth & Development Corporation, as of December 31, 2018, 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 information on pages 3-6 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.

Scappini & Pina, P.C.

Norwell, Massachusetts

June 28, 2019

Management's Discussion and Analysis

As the management of the Plymouth Growth and Development Corporation (the Corporation), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements, and required supplementary information found in this report.

Financial Highlights

- The assets of the Corporation exceeded liabilities at the close of the most recent fiscal year by approximately \$5.3 million (*net position*).
- The Corporation's total net position increased by approximately \$1.2 million, or 22.6 %, over the prior year as operating revenues exceeded expenses.
- The Corporation's total capital assets increased by approximately \$2.6 million during the fiscal year as the Organization invested in several major parking improvement projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. The District's basic financial statements comprise two components: 1) proprietary fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The *statement of net position* presents information on all of the Corporation's assets, deferred outflows, liabilities, and deferred inflows with the end result reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation is improving or deteriorating.

The *statement of changes in net position* presents information showing how the Corporation's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues).

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis

Statement of Net Position. Included within the Corporation's current assets is \$1.6 million of cash and cash equivalents, which is a decrease from the beginning of year balance of \$3.1 million. This change resulted primarily from major investments made during 2018 by the PGDC in numerous engineering/design and parking construction projects designed to improve parking conditions in the Town of Plymouth.

Changes in Net Position - The Corporation's total net position increased by approximately \$1.2 million, or 22.6 %, over the prior year as operating revenues exceeded expenses. Operating revenues increased by 38% (or approximately \$0.6 million) in 2018 as compared to 2017 as a result of increases in daily parking rates and parking violation fees.

Operating expenses totaled \$984,171 in 2018 versus \$871,084 in 2017, due principally to (a) unanticipated increases in legal expenses associated with litigation and real estate due diligence activities, (b) increases in credit card fees due to increased credit card use, (c) additional staff expenses (d) increases in the cost of meter and pay station maintenance and repairs, (e) the cost of obtaining a line of credit, and (f) payment to the Town of Plymouth of all past due amounts for out-of-district parking fines issued by non-Park Plymouth staff (Plymouth PD and Harbormaster).

Payroll expenses (wages, taxes and benefits) totaled \$408,874 in 2018 and accounted for approximately 41.5% of the total annual operating expenses of the PGDC.

Capital Asset and Debt Administration

Capital Investments. The Corporation made capital investments approximating \$2.6 million in 2018 in numerous parking equipment and major parking improvement projects throughout the Town of Plymouth. The investment projects and their costs included:

- *Parking Meters* - Park Plymouth purchased 30 parking meters and purchased and installed 2 new pay stations—one in the Water 4 lot and the other on Town Wharf at a total cost of \$29,982;
- *Solar Lighting* - Park Plymouth purchased and installed 8 new solar powered light poles and fixtures in the Water 4 parking lot at a total cost of \$89,840;
- *Middle Street Lot Improvements* - Park Plymouth staff oversaw the engineering/design and construction of a dumpster enclosure, improved the configuration of the lot entrance, and seal coated and re-lined the parking spaces in the Middle Street parking lot at a total cost of \$56,530;
- *Main Street Extension Garage Feasibility Study* – The PGDC funded and managed a major engineering/design study of the feasibility and cost of constructing a new 4-level parking garage on the location of the existing Main Street Extension surface lot at a total cost of \$174,200;
- *S. Russell Street Parking Deck* – The PGDC funded and managed, in coordination with the Town of Plymouth, the design and construction of a new 149-space, 2-level parking deck on the location of the burial hill surface lot adjacent to the new Town Hall. During 2018, the PGDC made a \$1.9 million cash payment towards the capital construction cost of the deck and has to date paid all contingency and soft costs incurred during its construction; the PGDC will also fund the annual cost of a \$2,995,200 bond to be issued by the Town over a 30-year term beginning in January 2020 [bond debt service (principal and interest) estimated to approximate \$160,000 annually]. The total cost of the S. Russell Parking Deck will approximate \$5,650,000 and be open (upper and lower levels) to the public in Spring 2019;
- *Nathaniel Morton Elementary School Parking Project* – Park Plymouth installed a fence at the Nathaniel Morton Elementary School so that 60 additional parking spaces could be created for use by the public (free of charge) during non-school periods and on weekends/holidays; total cost of \$5,857.

Real Estate Investment Opportunity. The PGDC undertook an RFP process in 2018 that culminated in the execution of a purchase and sale (P&S) agreement with the Plymouth Community Charitable Foundation (PCCF) for the purchase of the building, parking lot and land located at 134 Court Street, Plymouth, MA.

Upon the completion of a rigorous due diligence process that required an extension to the P&S Agreement, the PGDC Board ultimately opted to terminate the P&S and end its interest in acquiring the property. The non-PGDC staff cost of this initiative totaled approximately \$14,335 in contracted services plus \$8,000 in legal services.

Estimated Operating Income in 2019. Operating income in 2019 is estimated to approach \$2.4 million or approximately \$137,000 above 2018 revenue levels. This anticipated increase in year-over-year income is the result of (a) across-the-board increases in the price of 2019 parking permits; (b) the realization of 5 additional months (January – May) of ticket violation revenue that will reflect the higher parking fine schedule implemented on May 28, 2018; and (c) additional daily revenue generated by the parking spaces in the new parking deck, the availability all spaces in the Burton lot, and Cornish lot, and the creation of new public parking spaces in the Water Street bus lot.

Anticipated Changes in Operating Expenses in 2019. Comparison of the estimated expenses in the proposed FY2019 operating budget with the actual expenses incurred in FY2018 indicates that the costs of the following items are expected to increase/decrease in 2019:

- payroll related expenses in 2019 will increase by approximately \$70,000 as one parking enforcement officer goes from PT to FT status and the Executive Director achieves FT status;
- uniform expenses will increase by \$4,000 as we purchase new uniforms for the staff in anticipation of 2020 and Plymouth 400 events;
- insurance expenses will increase by \$3,000 with the addition of the parking spaces in the S. Russell Street parking deck and additional surface lots;
- vehicle maintenance expenses are expected to increase slightly as the aging Park Plymouth van and car require more frequent service;
- advertising/marketing expenses may increase by up to \$2,500 as we update the website, increase our outreach efforts to different business groups, and increase our presence on different media;
- telephone expenses will increase by an estimated \$7,000 due to the cost of telecommunications/modems associated with the 7 new pay stations being installed; and,
- community reinvestment expenses will increase by \$100,000 as the PGDC makes the \$100,000 payment to the Town of Plymouth in 2019 as its contribution to the cost of MCP cleanup in the Water 1 lot.
- legal expenses are expected to be lower as existing litigation winds down and fewer PGDC activities require legal counsel; and,
- pay station and meter repair costs are both expected to be lower in 2019 as the entire meter population is replaced with new meters and new pay stations are added to the equipment inventory.

Capital Investments in 2019. The PGDC/Park Plymouth plans to continue to invest in the Town's parking equipment and parking assets in 2019 by undertaking the following parking improvement programs and projects expected to cost an estimated \$0.5 million:

- *New Parking Meters Town-wide-* Because the existing single-space parking meters are fast approaching the end of their useful lives, and with the Plymouth 400 anniversary fast approaching, all of Park Plymouth's existing IPS meters will be replaced with the newest IPS model meters. With the purchase of 320 new single-space meters at a cost of \$146,400, PGDC will be able to (a) remove 78 meters from the head-in parking stalls located on Water Street (Waterfront); (b) replace

approximately 300 existing on-street meters with new meters, and (c) place 20 remaining meters in inventory (or at new locations throughout downtown);

- *Completion of S. Russell Street Parking Deck* – The S. Russell parking deck project will be completed in 2019 with Park Plymouth’s purchase and installation of two new ITS pay stations at a total cost of approximately \$23,000 – one to be located at the entrance/exit of the lower level of the parking deck and the other at the Cornish surface parking lot. Other items to be completed in the Spring include water sealing of the upper deck, landscaping, the installation of curb stops on both parking levels, installation of the Town seals and dedication plaque, and the completed installation of all security cameras. The total cost of these items is not included in the base contract amount and will cost the PGDC an additional \$165,078 in 2019.
- *New Pay Stations on Waterfront* - To improve the view of the harbor, and in anticipation of future changes to the seawall and waterfront area (“Promenade Project”), the existing 78 single-space meters and poles will be removed from the waterfront and replaced with five (5) multi-space ITS solar-powered pay stations (on concrete pads) at a total cost of approximately \$63,000;
- *New Vehicle Purchase* – The PGDC is planning to purchase a used truck capable of hauling the Park Plymouth trailer and portable message boards at an estimated cost of \$45,000;
- *Acquisition of Portable Message Boards* - In anticipation of their need during the Plymouth 400 festivities, PGDC/Park Plymouth is also proposing to acquire two portable message boards that can be placed at strategic locations in Plymouth during selected events throughout the year in order to provide parking and directional information to event attendees. If purchased outright, the message boards would cost an estimated \$36,000;
- *Office Furniture and Equipment* – Park Plymouth will be acquiring fifteen new chairs for the office staff and conference room table and to replace an existing (inadequate) copy machine with a new printer/copier/fax/scan machine – total cost is estimated at approximately \$4,000;
- *Reconfiguration of Existing Bus Lot* - The PGDC Board approved a project in late 2018 that would re-configure the existing bus lot on Water Street to create an additional 39 vehicle parking spaces while retaining 9 bus stalls. To implement the project in 2019, the existing bus lot will be seal coated and relined in early Spring at an estimated cost of about \$12,000;
- *Main/Court Street Striping* - It is understood that the Plymouth DPW may re-stripe all parking and other lines along Main and Court streets prior to 2020 and the Plymouth 400 festivities; the cost to the PGDC of applying the high-quality thermoplastic paint is estimated to be approximately \$30,000.

The PGDC prepares an annual operating and capital budget to monitor its daily revenues and expenditures and guide its investments in capital assets.

Requests for Information

This financial report is designed to provide a general overview of the Plymouth Growth & Development Corporation’s finances for all those with an interest in the Corporation’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to David Friend, Executive Director, Plymouth Growth & Development Corporation, 40 Court Street, Floor 1 Unit 1, Plymouth, MA 02360.

Plymouth Growth & Development Corporation
(A Component Unit of the Town of Plymouth, Massachusetts)
Statement of Net Position
December 31, 2018

ASSETS

| | |
|---|--------------|
| Current assets | |
| Cash and cash equivalents | \$ 1,640,711 |
| Prepaid expenses | 30,740 |
| Parking tickets receivable, net of allowance for uncollectible accounts of \$159,980 | 107,275 |
| | 1,778,726 |
| | |
| Long-term assets | |
| Fixed assets | 3,810,745 |
| Land | 485,033 |
| Accumulated depreciation | (689,442) |
| | 3,606,336 |
| Total assets | \$ 5,385,062 |

LIABILITIES

| | |
|---------------------------------------|-----------|
| Accounts payable and accrued expenses | \$ 14,921 |
| Payroll liabilities | 16,725 |
| Accrued vacation | 12,683 |
| Total liabilities | 44,329 |

NET POSITION

| | |
|------------------------------------|--------------|
| Net investment in capital assets | 3,606,336 |
| Unrestricted | 1,734,397 |
| Total net position | 5,340,733 |
| Total liabilities and net position | \$ 5,385,062 |

The accompanying notes are an integral part of the financial statements

Plymouth Growth & Development Corporation
(A Component Unit of the Town of Plymouth, Massachusetts)
Statement of Changes in Net Position
December 31, 2018

| | |
|---|----------------------------|
| Operating revenues | |
| Parking fees | \$ 1,445,922 |
| Parking citations | 429,230 |
| Parking permits | 125,907 |
| Citation penalties and fees | <u>188,984</u> |
| Total operating revenues | 2,190,043 |
| Operating expenses | |
| Payroll and related expenses | 408,874 |
| General and administrative expenses | |
| Administrative services | 18,824 |
| Professional services | 58,215 |
| Office supplies and expense | 16,199 |
| Advertising | 1,069 |
| Insurance | 45,093 |
| Dues and subscriptions | 2,101 |
| Bank charges | 107,344 |
| Telephone | 15,468 |
| Other | <u>2,768</u> |
| Total general and administrative expenses | 267,081 |
| Other operating expenses | |
| Contracted services | 16,633 |
| Parking violation expenses | 56,066 |
| Commissions and fees | 58,415 |
| Rent/lease expense | 40,625 |
| Parts and equipment | 15,109 |
| Vehicle expenses | 8,056 |
| Repairs and maintenance | 37,805 |
| Utilities | 1,841 |
| Depreciation expense | 61,689 |
| Community development awards | <u>11,977</u> |
| Total other operating expenses | 308,216 |
| Total operating expenses | <u>984,171</u> |
| Operating income | 1,205,872 |
| Nonoperating revenues (expenses) | |
| Interest income | <u>754</u> |
| Change in net position | 1,206,626 |
| Net position at beginning of year | <u>4,134,107</u> |
| Net position at end of year | <u><u>\$ 5,340,733</u></u> |

The accompanying notes are an integral part of the financial statements

Plymouth Growth & Development Corporation
(A Component Unit of the Town of Plymouth, Massachusetts)
Statement of Cash Flows
December 31, 2018

Cash flows from operating activities

| | |
|---|------------------|
| Receipts from customers and users | \$ 2,162,448 |
| Payments to vendors and employees | <u>(941,844)</u> |
| Net cash provided by operating activities | 1,220,604 |

Cash flows from capital and related financing activities

| | |
|---|--------------------|
| Purchase of capital assets | <u>(2,661,091)</u> |
| Net cash provided by capital and related financing activities | (2,661,091) |

Cash flows from investing activities

| | |
|---|------------|
| Investment income | <u>754</u> |
| Net cash provided by investing activities | 754 |

| | |
|--|----------------------------|
| Net change in cash and cash equivalents | (1,439,733) |
| Cash and cash equivalents at beginning of year | <u>3,080,444</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 1,640,711</u></u> |

Reconciliation of operating income to net cash provided by operating activities

| | |
|---|----------------------------|
| Operating income | 1,205,872 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation expense | 61,689 |
| Changes in assets and liabilities: | |
| Parking tickets receivable, net | (27,595) |
| Prepaid expenses | (6,031) |
| Accounts payable and accrued expenses | <u>(13,331)</u> |
| Total adjustments | <u>14,732</u> |
| Net cash provided by operating activities | <u><u>\$ 1,220,604</u></u> |

The accompanying notes are an integral part of the financial statements

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
(A Component Unit of the Town of Plymouth, Massachusetts)
Notes to the Financial Statements
December 31, 2018

Note 1. History, reporting entity, and operations

The Plymouth Development Corporation (PDC) was created in 2002 as a non-profit public corporation for the Town of Plymouth 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 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 and Development Corporations (PGDC) by certified vote of the Plymouth Board of Selectmen on October 28, 2008.

The PGDC is managed by a seven-member volunteer Board of Directors appointed by the Plymouth Board of Selectmen. All members of the Board are Plymouth residents or owners of property or business establishments located in the development zone.

In accordance with its enabling legislation, the PGDC 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 so important to the vibrancy of the retail districts and attractiveness of Plymouth as a tourist destination. Park Plymouth exists today to manage and grow the towns’ parking infrastructure in coordination with the Plymouth Board of Selectmen and other town departments, and to develop directional and information signage, transit service, pedestrian walkways and public amenities that will enhance economic development. The activities of Park Plymouth are guided by a Parking Management Plan developed for and endorsed by the PGDC Board and Plymouth Board of Selectmen. It provides the framework for public policy decisions and the investments in parking and transportation improvements that are necessary to address the challenges facing Plymouth.

The authority to manage and operate the Plymouth parking program is provided through a Memorandum of Agreement entered into, and periodically updated, by the Town of Plymouth and the PGDC. The most recent MOA was amended on March 21, 2018 and expires on October 29, 2033.

Note 2. Summary of significant accounting policies

A. Basis of presentation

The accounting policies of the Corporation conform to generally accepted accounting principles applicable to governmental units and the financial statements conform to 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. Accordingly, the Corporation utilizes the accrual

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
(A Component Unit of the Town of Plymouth, Massachusetts)
Notes to the Financial Statements
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basis of accounting, which recognizes revenue when earned and liabilities when incurred, regardless of the timing of the related cash flows.

Under GASB Statement Number 20, Accounting and Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the Corporation has elected to apply accounting standards applicable to the private sector issued on or before November 30, 1989, unless those standards conflict with or contradict pronouncements of the GASB.

B. Operating and non-operating revenue and expense

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. 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.

C. Cash and investments

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is based on quoted market prices.

D. 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 receivable are based upon historical trends and the periodic aging of accounts receivable. The Corporation classifies outstanding parking fines three or more years old as uncollectible for financial reporting purposes.

E. Capital assets

Capital assets are stated at cost. Generally, assets with a unit value over \$1,000 are capitalized and depreciated. Depreciation is computed using the straight-line method over the economic useful lives of the assets. The range of estimated useful lives by asset type is as follows:

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
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- Meter equipment 5 to 7 years
- Office equipment 5 to 7 years
- Vehicles 5 years

F. Equity classifications

Equity is classified as net position and displayed in three components:

Net investment in capital assets – this component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, 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 net position reduced by liabilities and deferred inflows or resources related to those assets. These assets may be restricted by constraints placed on their use by either (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted – this component of 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 investment in capital assets or the restricted component of net position.

G. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results will differ from those estimates.

Note 3. Cash and cash equivalents

Massachusetts General Laws, 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. Deposits may not exceed certain levels without collateralization of the excess by the financial institution involved.

The Corporation may also invest in securities issued by or unconditionally guaranteed by the United States Government or an agency thereof, and having a maturity from the date of purchase of one year or less. The

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
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Corporation may also invest in repurchase agreements guaranteed by such government securities with maturity dates of not more than ninety days from date of purchase. The Corporation may invest in units of the Massachusetts Municipal Depository Trust (MMDT), a pooled investment account. Cash deposits are reported at carrying amount, which reasonably approximates fair value.

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 returned. The Corporation does not have a formal deposit policy for custodial credit risk. At December 31, 2018, deposits totaled \$1,662,862 and the carrying amount was \$1,640,711. Of the deposit amount, \$684,131 was covered by federal depository insurance or collateralization, and \$978,731 was uninsured and uncollateralized as allowed under the general laws of Massachusetts. The difference between bank deposits and carrying amounts consists of outstanding checks and deposits in transit.

Note 4. Receivables

The Corporation reports a receivable for outstanding parking tickets of \$107,275 as of December 31, 2018, which is net of allowance for uncollectible of \$159,980. Penalties associated with parking fines have not been accrued as receivable because the Corporation does not consider these penalties collectible; these amounts total \$324,870 as of December 31, 2018.

Note 5. Capital assets

Capital assets as of December 31, 2018 and changes in capital assets for the year ended December 31, 2018 are as follows:

| | Balance | | | Balance |
|----------------------------|--------------------------|-------------------------|-------------------------|--------------------------|
| | <u>12/31/2017</u> | <u>Additions</u> | <u>Disposals</u> | <u>12/31/2018</u> |
| Land | \$ 485,033 | \$ - | | \$ 485,033 |
| Construction in Progress | 366,598 | 2,524,535 | | 2,891,133 |
| Leasehold improvements | 48,690 | 17,067 | | 65,757 |
| Meter equipment | 423,854 | 8,194 | | 432,048 |
| Office and other equipment | 261,261 | 111,295 | | 372,556 |
| Vehicles | <u>49,251</u> | <u>-</u> | <u>-</u> | <u>49,251</u> |
| Subtotal capital assets | 1,634,687 | 2,661,091 | - | 4,295,778 |
| Accumulated depreciation | <u>(627,752)</u> | <u>(61,690)</u> | <u>-</u> | <u>(689,442)</u> |
| Total capital assets, net | <u>\$ 1,006,935</u> | <u>\$ 2,599,401</u> | <u>\$ -</u> | <u>\$ 3,606,336</u> |

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
(A Component Unit of the Town of Plymouth, Massachusetts)
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Note 6. Long-term obligations

On November 1, 2018, the Corporation entered into a revolving line of credit loan agreement with Rockland Trust Company secured by real estate known as Lot 70-4 Lorthrop Street, Plymouth Massachusetts and presently used as a parking lot. The line of credit has a limit of \$650,000 and an interest rate of prime plus zero percent per annum (5.5% as of December 31, 2018), but not lower than 5%. Interest paid for interim use of the credit line was \$0 for 2018. The balance of the line of credit was \$0 as of December 31, 2018.

Operating leases

The Corporation leases parking spaces located at Four North Street, Plymouth, Massachusetts from Santander Bank on a tenant-at-will basis. Annual rent of \$3,000 is payable in installments of \$1,500 due on January 1 and July 1 of each year.

On January 21, 2013, the Corporation entered into a lease agreement with Polar Cat, LLC for commercial office space located at 40 Court Street Plymouth, Massachusetts. The lease provides for annual rent of \$31,800, payable in monthly installments of \$2,650. The lease had an initial term of five years, commencing on March 1, 2013 and terminating on March 31, 2018 and the option to extend the lease for an additional period of two years was exercised during 2018.

On February 21, 2018, the Corporation entered into a lease agreement with Linchris Hotel Corporation for two adjacent parking lots located on the west side of Water Street, Plymouth, Massachusetts. The lease provides for annual rent of \$5,950, payable in two installments of \$2,975 on May 1 and September 1. The lease term expired on November 30, 2018. On January 3, 2019, the Corporation entered into a lease agreement with GG Eastham Tic, LLC for these same lots. The new lease provides for annual rent of \$5,950, payable in two installments of \$2,975 on May 1 and September 1. The lease term expires on November 30, 2019.

On March 28, 2018, the Corporation entered into a lease agreement with Linchris Hotel Corporation for a portion of a parking lot located on Lothrop Street, Plymouth, Massachusetts. The lease provides for annual rent of \$1,350, payable in two installments of \$675 on April 1 and September 1. The lease term expired on November 30, 2018. On February 7, 2019, the Corporation entered into a lease agreement with Hotel 1620 Plymouth Harbor for a portion of a parking lot located on Lothrop Street, Plymouth, Massachusetts. The lease provides for annual rent of \$1,350, payable in two installments of \$675 on April 1 and September 1. The lease term expires on November 30, 2019.

Lease expense totaled \$41,875 for the year ended December 31, 2018. The following is a schedule of future minimum operating lease payments as of December 31, 2018:

| <u>Year ended</u> | <u>Amount</u> |
|-------------------|---------------|
| 12/31/2019 | \$ 43,700 |

PLYMOUTH GROWTH & DEVELOPMENT CORPORATION
(A Component Unit of the Town of Plymouth, Massachusetts)
Notes to the Financial Statements
December 31, 2018

Note 7. Contractual obligations

On March 21, 2018, the Corporation renewed a Memorandum of Agreement with the Town of Plymouth, Massachusetts. The MOA identifies the roles and responsibilities of the PGDC/Park Plymouth in (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 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 PGDC revenues for public improvement projects and events. The MOA expires on October 29, 2033.

Note 8. Risk Management

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

Note 9. GASB Pronouncements

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.

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

Note 10. Subsequent Events

Management has evaluated subsequent events through June 28, 2019, which is the date the financial statements were available to be issued. Subsequent to this date, the Corporation has plans to execute a lease agreement with the Town of Plymouth granting PGDC the rights to operate and maintain the South Russell Street Parking Deck for a period not-to-exceed 30 years. This lease agreement is material to the financial statements of PGDC.