

***VILLAGE OF PLYMOUTH***

**RICHLAND COUNTY, OHIO**

**AUDIT REPORT**

**For the Year Ended December 31, 2007**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Plymouth  
48 West Broadway Street  
Plymouth, Ohio 44865

We have reviewed the *Report of Independent Accountants* of the Village of Plymouth, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Plymouth is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 29, 2008

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**VILLAGE OF PLYMOUTH**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the year ended December 31, 2007**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Report of Independent Accountants	1-2
Management's Discussion and Analysis	3
Statement of Net Assets – Cash Basis	12
Statement of Activities – Cash Basis	13
Statement of Fund Net Assets – Cash Basis Governmental Funds	14
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Governmental Funds	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund	16
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Fire/Ambulance Equipment Levy Fund	17
Statement of Fund Net Assets – Cash Basis Proprietary Funds	18
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Proprietary Funds	19
Statement of Fiduciary Net Assets – Cash Basis	20
Notes to the Financial Statements	21-35
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	36-37
Schedule of Findings	38
Status of Prior Year's Citations and Recommendations	39

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Plymouth  
Richland County  
48 West Broadway Street  
Plymouth, Ohio 44865

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Plymouth, Richland County (the Village), as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. 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 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Plymouth, Richland County, as of December 31, 2007, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General Fund and each major Special Revenue Fund, thereof for the year then ended in conformity with the accounting basis Note 2 describes.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

*Charles E. Harris & Associates, Inc.*  
August 15, 2008

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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This discussion and analysis of the Village of Plymouth's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2007 are as follows:

- A new 60' by 120' storage building was constructed in industrial park #2.
- The Village contract with American Electric Power expired on 12/31/07. A new agreement with AMP-Ohio will start on 1/1/08.
- Poggemeyer Design group has completed the flow monitoring tests to provide a general plan for upgrading the sewer system. The construction of this project needs to be started before January 2010. The estimated cost of the project is between 3.5 and 4 million dollars.
- The block grant of \$43,000 granted by Richland County Commissioners allowed the ADA Restrooms to be completed.
- Annexation of 31.57 acres of land on the south side of the Village was completed in August of 2007.
- A new Dollar General store started construction in late 2007. The store will open early 2008.
- The Village Council passed legislation to increase the municipal income tax by .5%. The tax rate for 2008 will be 1%.
- In February of 2007, the Mayor's Court was reactivated to help relieve the municipal court of dealing with minor cases.
- General Governmental receipts accounted for \$753,522 in revenue or 82% of all governmental receipts. Program revenues in the form of charges for services and sales, grants and contributions accounted for \$164,086 or 18% of total governmental revenues of \$917,608.
- The Village had \$1,062,522 in expenses related to governmental activities; only \$164,086 of these expenses were offset by program specific receipts. General receipts in 2007 (primarily property taxes, municipal taxes, other taxes, grants and entitlements and loan proceeds) of \$753,522 were not adequate to provide for these programs.
- Among major funds, the general fund had \$561,588 in revenues. Village receipts increased \$41,664 over the 2006 receipts. The general fund disbursements were \$663,273. The general fund balance decreased from \$236,415 to \$122,714. Even though receipts increased over the prior year the expenditures also increased which is the cause of the decrease in the general fund.
- For Business-type activities, program revenues were \$2,030,366 and expenditures were \$2,198,559. The total business type net assets activity decreased from \$313,776 to \$283,253. The total disbursements over receipts prior to transfers were \$162,480.



Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns. The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the Governmental and Business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each Governmental program and Business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Governmental function or Business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through Governmental activities are not necessarily paid for by the people receiving them.

Business-type activities - The Village has seven business-type activities, the provision of water, sewer, electric, garbage, pool, ambulance services, and utility deposits. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: Governmental, proprietary and fiduciary.

**Governmental Funds** - Most of the Village's activities are reported in Governmental funds. The Governmental fund financial statements provide a detailed view of the Village's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant Governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village has three major Governmental funds. They are the General Fund, Fire/Ambulance Equipment Levy Fund and Cemetery Trust Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has five major enterprise funds, the Water, Sewer and Electric, Ambulance Operating and Utility Deposit funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the Village-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

Table 1, below provides a summary of the Village's net assets for 2007 compared to 2006 on a cash basis. Total net assets for the Village of Plymouth in 2006 were \$933,032 compared to \$757,595 in 2007.

Net Assets of governmental activities decreased \$144,914 or 23.4%. The primary reasons contributing to the decrease in cash balances are as follows:

- An increase in General Government, Security of Persons and Property, and Leisure Time Activities. Some of these disbursements were offset by decreases in spending in Public Health, and Community Environment.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

Net Assets of business-type activities decreased \$30,523 or 9.7% during 2007. The primary reason contributing to the decrease in cash balances are as follows:

- Increase in water due to repair work on water tower and increased water cost.
- Increase in sewer due to EPA mandated repairs.

Total governmental assets for 2007 were \$474,342. Total governmental assets for 2006 were \$619,256. The breakdowns of these funds for restricted and non-restricted purposes were as follows:

**Net Assets**  
**Table 1**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Cash and Cash Equivalents	\$ 474,342	\$ 619,256	\$ 283,253	\$ 313,776	\$ 757,595	\$ 933,032
Total Assets	<u>474,342</u>	<u>619,256</u>	<u>283,253</u>	<u>313,776</u>	<u>757,595</u>	<u>933,032</u>
<b>Net Assets</b>						
Restricted for:						
Permanent Funds	\$ 54,354	\$ 51,686	\$ -	\$ -	\$ 54,354	\$ 51,686
Other Purposes	297,274	331,155	-	-	297,274	331,155
Unrestricted	<u>122,714</u>	<u>236,415</u>	<u>283,253</u>	<u>313,776</u>	<u>405,967</u>	<u>550,191</u>
Total Net Assets	<u>\$ 474,342</u>	<u>\$ 619,256</u>	<u>\$ 283,253</u>	<u>\$ 313,776</u>	<u>\$ 757,595</u>	<u>\$ 933,032</u>

Table 2, below reflects the changes in net assets for 2007 as compared to 2006.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

**Change in net Assets**  
**Table 2**

	Governmental		Business Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 34,782	\$ 53,777	\$ 2,030,366	\$ 1,840,920	\$ 2,065,148	\$ 1,894,697
Operating Grants and Contributions	129,304	88,761	-	-	129,304	88,761
Total Program Receipts	<u>164,086</u>	<u>142,538</u>	<u>2,030,366</u>	<u>1,840,920</u>	<u>2,194,452</u>	<u>1,983,458</u>
General Receipts:						
Property Taxes	230,597	238,360	-	-	230,597	238,360
Income Taxes	192,505	170,128	-	-	192,505	170,128
Kilowatt Tax	54,767	56,073	-	-	54,767	56,073
Other Taxes	35,129	53,136	-	-	35,129	53,136
Grants and Entitlements Not Restricted	128,879	160,091	-	-	128,879	160,091
Proceeds of Loans	120,000	22,150	-	-	120,000	22,150
Fines, Licenses and Permits	15,456	-	-	-	15,456	-
Interest	41,894	21,176	-	-	41,894	21,176
Cable Franchise Fees	10,395	9,895	-	-	10,395	9,895
Sale of Capital Assets	-	-	-	7,921	-	7,921
Miscellaneous	45,916	51,095	5,713	-	51,629	51,095
Transfers	<u>(132,018)</u>	<u>(18,000)</u>	<u>132,018</u>	<u>18,000</u>	<u>-</u>	<u>-</u>
Total General Receipts	<u>743,520</u>	<u>764,104</u>	<u>137,731</u>	<u>25,921</u>	<u>881,251</u>	<u>790,025</u>
Total Receipts	<u>907,606</u>	<u>906,642</u>	<u>2,168,097</u>	<u>1,866,841</u>	<u>3,075,703</u>	<u>2,773,483</u>
Special Item	<u>10,002</u>	<u>222,789</u>	<u>-</u>	<u>-</u>	<u>10,002</u>	<u>222,789</u>
Total	<u>917,608</u>	<u>1,129,431</u>	<u>2,168,097</u>	<u>1,866,841</u>	<u>3,085,705</u>	<u>2,996,272</u>
Disbursements:						
General Government	343,370	226,814	-	-	343,370	226,814
Security of Persons and Property	376,760	354,418	-	-	376,760	354,418
Public Health Services	57,808	75,432	-	-	57,808	75,432
Leisure Time Activities	79,585	19,934	-	-	79,585	19,934
Community Environment	2,331	100,513	-	-	2,331	100,513
Transportation	140,374	216,792	-	-	140,374	216,792
Capital Outlay	43,308	41,384	-	-	43,308	41,384
Principal Retirement	16,660	89,315	-	-	16,660	89,315
Interest and Fiscal Charges	2,326	5,434	-	-	2,326	5,434
Other	-	256	-	-	-	256
Water	-	-	395,532	338,669	395,532	338,669
Sewer	-	-	231,704	214,215	231,704	214,215
Electric	-	-	1,423,020	1,455,157	1,423,020	1,455,157
Swimming pool	-	-	28,640	29,553	28,640	29,553
Garbage	-	-	75,499	73,044	75,499	73,044
Ambulance	-	-	28,108	30,175	28,108	30,175
Utility Deposit Fund	-	-	16,117	17,658	16,117	17,658
Total Disbursements	<u>1,062,522</u>	<u>1,130,292</u>	<u>2,198,620</u>	<u>2,158,471</u>	<u>3,261,142</u>	<u>3,288,763</u>

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

Change in Net Assets	(144,914)	(861)	(30,523)	(291,630)	(175,437)	(292,491)
Net Assets, January 1,	<u>619,256</u>	<u>620,117</u>	<u>313,776</u>	<u>605,406</u>	<u>933,032</u>	<u>1,225,523</u>
Net Assets, December 31,	<u>\$ 474,342</u>	<u>\$ 619,256</u>	<u>\$ 283,253</u>	<u>\$ 313,776</u>	<u>\$ 757,595</u>	<u>\$ 933,032</u>

The change in net assets for the year 2007 in Governmental activities was a decrease of \$144,914 as compared to the decrease in 2006 of \$861. The change in net assets for the year 2007 in Business activities was a decrease of \$30,523 as compared to the decrease in 2006 of \$291,630.

Program receipts represent 14% of total receipts for 2006 and 18% for 2007 for governmental activities and 99% for business activities in 2006 as compared to 94% in 2007. Program receipts are comprised of charges for services and operating grants and contributions. As you can see business activities are very dependent on charges for services for receipts. Comparing program receipts for 2006 and 2007 for governmental activities were \$142,538 and \$164,086, respectively. Business activities revenues for 2006 and 2007 were \$1,840,920 and \$2,030,366.

General receipts represent 86% in 2006 as compared to 82% in 2007 for governmental activities and 0% in 2006 as compared to 1% in 2007 for business-type activities. General receipts are comprised of property tax, other local taxes, municipal income tax, grants and entitlements, interest and other miscellaneous items. It is apparent that governmental activities are mainly dependent on taxes. The general receipts 2006 and 2007 for governmental activities were \$764,104 and \$753,522 respectively. The general receipts for business-type activities for 2006 and 2007 were \$25,921 and \$5,713. The minimal increase is due to the insurance being received from lighting damage to water controls and electric poles.

**Governmental Activities**

Net assets of the Village's governmental activities for 2007 decreased by \$144,914 as compared to the decrease of \$861 in 2006. As stated before, this is due to increases in General Government, Security of Persons and Property, and Leisure Time Activities. Some of these disbursements were offset by decreases in spending in Public Health, and Community Environment.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, kilowatt hour taxes, other taxes and grants and entitlements. These five revenue sources represent \$641,877 of the \$907,606 or 70.7% of total governmental revenue in 2007. In 2006 those five sources represented \$682,333 of the \$906,641 or 75.2%.

In 2006 and 2007, 6% of 2006 general government functional activities are supported through charges for services revenue. Nothing was supported in 2007. These numbers come from the Total and Cost of Program Services. General Government cost of services for 2006 and 2007 were \$226,814 and \$343,370 respectively.

If you look at the Statement of Activities on page 13, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, and general government, which account for 35% and 32% respectively. Transportation also represents a slightly significant cost at about 13%. The major program disbursements for business activities are Electric, Water, and Sewer, which account for 65%, 18%, and 11% respectively.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

The next two columns on the Statement of activities are entitled Program receipts which identify money received by people for charges of services and monies the Village received for operating grants and contributions. This money must be used for the cost of items people are directly charged. Grants received by the Village and must provide a specific service and only be used to pay that expense. The net receipts (disbursements) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by the local Taxpayer. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost of services is presented in table 3.

**Table 3**  
**Total and Cost of Program Services**

	<b>Governmental Activities</b>		<b>Governmental Activities</b>	
	<b>2007</b>		<b>2006</b>	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 343,370	\$ (343,370)	\$226,814	(\$212,882)
Security of Persons and Property:	376,760	(356,703)	354,418	(336,418)
Public Health Services	57,808	(45,758)	75,432	(51,863)
Leisure Time Activities	79,585	(33,910)	19,934	(17,114)
Community Environment	2,331	(2,331)	100,513	(100,513)
Transportation	140,374	(54,070)	216,792	(132,575)
Capital Outlay	43,308	(43,308)	41,384	(41,384)
Principal Retirement	16,660	(16,660)	89,315	(89,315)
Interest and Fiscal Charges	2,326	(2,326)	5,434	(5,434)
Other	-	-	256	(256)
Total Expenses	<u>\$ 1,062,522</u>	<u>\$ (898,436)</u>	<u>\$ 1,130,292</u>	<u>\$ (987,754)</u>
	<b>Business Type Activities</b>		<b>Business Type Activities</b>	
	<b>2007</b>		<b>2006</b>	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Water	\$ 395,532	\$ (80,855)	\$338,669	(12,322)
Sewer	231,704	(53,151)	214,215	(30,271)
Electric	1,423,020	(53,485)	1,455,157	(243,263)
Swimming pool	28,640	(18,381)	29,553	(20,576)
Garbage	75,499	(3,309)	73,044	(3,321)
Ambulance	28,108	36,436	30,175	(11,232)
Utility Deposit Fund	16,056	4,552	17,658	3,434
Total Expenses	<u>\$ 2,198,559</u>	<u>\$ (168,193)</u>	<u>\$ 2,158,471</u>	<u>\$ (317,551)</u>

As you can see in 2007, 95% of the cost associated with Security of persons and property comes from the general receipts. Only 5% is provided for by Charges for services. These charges for services are for fire contracts with surrounding townships and court fines from Plymouth Mayor's Court. It should also be noted that the departments under security of persons and property are the Police Department and the Fire department.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**Business-type Activities**

The water, sewer and electric operation of the Village is the majority of the business-type activities. The infrastructure for the electric and water was upgraded within the past 7 years. The Village is currently working with K. E. McCartney to repair of the water tower and Poggemeyer Design group for the EPA mandates being made at the sewer lagoons.

**The Village's Funds**

Information about the Village's 2007 major funds starts on page 14. These funds are accounted for using the cash basis of accounting.

Total Governmental funds had receipts of \$919,624 and disbursements of \$1,062,522. The greatest change within Governmental funds occurred within the General Fund. The fund balance of the General Fund decreased by \$113,701 as the result of increased costs for salaries and benefits and higher transfers out than in prior years due to various projects.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds are the General Fund, Fire/Ambulance Equipment Levy Fund.

During 2007, the Village amended its General Fund budget three times to account for loan proceeds, additional room rent received and additional transfer from Income Tax. Final budgeted amounts were equal to the original budgeted amounts. The difference between final budgeted receipts and actual receipts was not significant although actual receipts received were slightly more than anticipated.

Final disbursements for the General fund were budgeted at \$701,199 while actual disbursements were \$667,755, as seen on page 16. The Village kept spending below the budgeted amounts as shown above, but due to minor variances with transfers in, transfers out and the usage of carry over cash balance the fund still saw a decrease in fund balance. The result was a decrease net change in the fund balance of \$118,183 for 2007.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village is currently trying to track its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and due to cost, time and personnel restrictions the entering of the necessary information has been slow. It is anticipated that this program will be fully functional late 2008.

**Debt**

At December 31, 2007, the Village's outstanding debt included \$836,000 in revenue bonds re-issued for improvements to sewer lines and electrical upgrades in 2005. Other debt of \$211,088 is for capital leases for facilities and equipment and other various loans. For further information regarding the Village's debt, refer to Note 5 to the basic financial statements.

Village of Plymouth, Richland County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2007  
Unaudited

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**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and intergovernmental revenue to provide safe and secure neighborhoods through our Police department and qualified Volunteer Fireman and EMT's.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to DiAnn Jamerson, Fiscal Officer, Village of Plymouth, 48 West Broadway, Plymouth, Ohio 44865.



**Village of Plymouth**  
**Richland County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2007*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 474,342	\$ 283,253	\$ 757,595
<i>Total Assets</i>	<u>474,342</u>	<u>283,253</u>	<u>757,595</u>
<b>Net Assets</b>			
Restricted for:			
Permanent Funds:			
Expendable	\$ 9,933	-	\$ 9,933
Non-Expendable	44,421	-	44,421
Other Purposes	297,274	-	297,274
Unrestricted	<u>122,714</u>	<u>\$ 283,253</u>	<u>405,967</u>
<i>Total Net Assets</i>	<u>\$ 474,342</u>	<u>\$ 283,253</u>	<u>\$ 757,595</u>

See accompanying notes to the basic financial statements

**Village of Plymouth**  
**Richland County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 343,370	-	-	\$ (343,370)	-	\$ (343,370)
Security of Persons and Property	376,760	\$ 20,057	-	(356,703)	-	(356,703)
Public Health Services	57,808	12,050	-	(45,758)	-	(45,758)
Leisure Time Activities	79,585	2,675	\$ 43,000	(33,910)	-	(33,910)
Community Environment	2,331	-	-	(2,331)	-	(2,331)
Transportation	140,374	-	86,304	(54,070)	-	(54,070)
Capital Outlay	43,308	-	-	(43,308)	-	(43,308)
Debt Service:						
Principal Retirement	16,660	-	-	(16,660)	-	(16,660)
Interest and Fiscal Charges	2,326	-	-	(2,326)	-	(2,326)
<i>Total Governmental Activities</i>	1,062,522	34,782	129,304	(898,436)	-	(898,436)
<b>Business Type Activities</b>						
Water	395,532	314,677	-	-	(80,855)	(80,855)
Sewer	231,704	178,553	-	-	(53,151)	(53,151)
Electric	1,423,020	1,369,535	-	-	(53,485)	(53,485)
Swimming Pool	28,640	10,259	-	-	(18,381)	(18,381)
Garbage	75,499	72,190	-	-	(3,309)	(3,309)
Ambulance	28,108	64,544	-	-	36,436	36,436
Utilities Deposit Fund	16,117	20,608	-	-	4,491	4,491
<i>Total Business-Type Activities</i>	2,198,620	2,030,366	-	-	(168,254)	(168,254)
<b>Total Primary Government</b>	<b>\$ 3,261,142</b>	<b>\$ 2,065,148</b>	<b>\$ 129,304</b>	(898,436)	(168,254)	(1,066,690)
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes				101,567	-	101,567
Special Purposes				129,030	-	129,030
Municipal Income Taxes				192,505	-	192,505
Grants and Entitlements not Restricted to						
Specific Programs				128,879	-	128,879
Other Taxes				35,129	-	35,129
Kilowatt Hour Tax				54,767	-	54,767
Cable Franchise Fees				10,395	-	10,395
Proceeds of Loans				120,100	-	120,100
Fines, Licenses, and Permits				15,456	-	15,456
Interest				41,894	-	41,894
Miscellaneous				45,816	5,713	51,529
Transfers				(132,018)	132,018	-
<i>Total General Receipts</i>				743,520	137,731	881,251
<b>Special Item</b>						
Sale of Real Property				10,002	-	10,002
<i>Total General Receipts and Special Item</i>				753,522	137,731	891,253
Change in Net Assets				(144,914)	(30,523)	(175,437)
<i>Net Assets Beginning of Year</i>				619,256	313,776	933,032
<i>Net Assets End of Year</i>				<u>\$ 474,342</u>	<u>\$ 283,253</u>	<u>\$ 757,595</u>

See accompanying notes to the basic financial statements

**Village of Plymouth**  
**Richland County**  
*Statement of Fund Net Assets - Cash Basis*  
*Governmental Funds*  
*December 31, 2007*

	<u>General</u>	<u>Fire/Ambulance Equipment</u>	<u>Cemetery Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 122,714	\$ 186,989	\$ 50,103	\$ 114,536	\$ 474,342
<i>Total Assets</i>	<u>122,714</u>	<u>186,989</u>	<u>50,103</u>	<u>114,536</u>	<u>474,342</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 4,482	\$ 5,512	-	\$ 1,417	\$ 11,411
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	118,232	-	-	-	118,232
Special Revenue Funds	-	181,477	-	106,984	288,461
Capital Projects Funds	-	-	-	1,884	1,884
Permanent Funds	-	-	50,103	4,251	54,354
<i>Total Fund Balances</i>	<u>\$ 122,714</u>	<u>\$ 186,989</u>	<u>\$ 50,103</u>	<u>\$ 114,536</u>	<u>\$ 474,342</u>

See accompanying notes to the basic financial statements

**Village of Plymouth**  
**Richland County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Fire/Ambulance Equipment Levy Fund	Cemetery Trust Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$ 192,505	-	-	\$ -	\$ 192,505
Property and Other Local Taxes	101,567	\$ 54,390	-	109,769	265,726
Charges for Services	2,557	-	-	32,225	34,782
Fines, Licenses and Permits	14,356	-	-	1,100	15,456
Intergovernmental	109,901	7,771	-	140,511	258,183
Kilo Watt Hour	54,767	-	-	-	54,767
Cable Franchise Fees	10,395	-	-	-	10,395
Interest	29,673	7,922	\$ 2,460	1,839	41,894
Miscellaneous	45,767	-	-	49	45,816
<i>Total Receipts</i>	<u>561,488</u>	<u>70,083</u>	<u>2,460</u>	<u>285,493</u>	<u>919,524</u>
<b>Disbursements</b>					
Current:					
General Government	329,584	1,148	-	12,638	343,370
Security of Persons and Property	327,022	-	-	49,738	376,760
Public Health Services	-	-	-	57,808	57,808
Leisure Time Activities	-	-	-	79,585	79,585
Community Environment	-	-	-	2,331	2,331
Transportation	-	-	-	140,374	140,374
Capital Outlay	-	43,308	-	-	43,308
Debt Service:					
Principal Retirement	6,039	-	-	10,621	16,660
Interest and Fiscal Charges	628	-	-	1,698	2,326
<i>Total Disbursements</i>	<u>663,273</u>	<u>44,456</u>	<u>-</u>	<u>354,793</u>	<u>1,062,522</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(101,785)</u>	<u>25,627</u>	<u>2,460</u>	<u>(69,300)</u>	<u>(142,998)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds of loan	120,100	-	-	-	120,100
Transfers In	-	-	-	10,000	10,000
Transfers Out	(142,018)	-	-	-	(142,018)
<i>Total Other Financing Sources (Uses)</i>	<u>(21,918)</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>(11,918)</u>
<b>Special Item</b>					
Sale of Real Property	10,002	-	-	-	10,002
<i>Net Change in Fund Balances</i>	<u>(113,701)</u>	<u>25,627</u>	<u>2,460</u>	<u>(59,300)</u>	<u>(144,914)</u>
<i>Fund Balances Beginning of Year</i>	<u>236,415</u>	<u>161,362</u>	<u>47,643</u>	<u>173,836</u>	<u>619,256</u>
<i>Fund Balances End of Year</i>	<u>\$ 122,714</u>	<u>\$ 186,989</u>	<u>\$ 50,103</u>	<u>\$ 114,536</u>	<u>\$ 474,342</u>

See accompanying notes to the basic financial statements

**Village of Plymouth, Richland County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Municipal Income Taxes	\$ 130,000	\$ 165,000	\$ 192,505	\$ 27,505
Property and Other Local Taxes	100,500	100,500	101,567	1,067
Charges for Services	2,000	2,000	2,557	557
Fines, Licenses and Permits	10,250	10,250	14,356	4,106
Intergovernmental	99,700	99,700	109,901	10,201
Kilo Watt Hour	56,000	56,000	54,767	(1,233)
Cable Franchise Fees	9,500	9,500	10,395	895
Interest	9,000	29,000	29,673	673
Miscellaneous	28,517	43,682	45,867	2,185
<i>Total receipts</i>	<u>445,467</u>	<u>515,632</u>	<u>561,588</u>	<u>45,956</u>
<b>Disbursements</b>				
Current:				
General Government	339,845	349,495	332,350	17,145
Security of Persons and Property	343,037	345,037	328,738	16,299
Debt Service:				
Principal Retirement	6,039	6,039	6,039	-
Interest and Fiscal Charges	628	628	628	-
<i>Total Disbursements</i>	<u>689,549</u>	<u>701,199</u>	<u>667,755</u>	<u>33,444</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(244,082)</u>	<u>(185,567)</u>	<u>(106,167)</u>	<u>79,400</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(125,000)	(142,018)	(142,018)	-
Proceeds of Loans	140,000	140,000	120,000	(20,000)
Other Financing Sources	(1,000)	-	-	-
Other Financing Uses	263	263	-	(263)
<i>Total Other Financing Sources (Uses)</i>	<u>14,263</u>	<u>(1,755)</u>	<u>(22,018)</u>	<u>(20,263)</u>
<b>Special Item</b>				
Sale of Real Property	-	-	10,002	10,002
<i>Net Change in Fund Balance</i>	(229,819)	(187,322)	(118,183)	69,139
<i>Fund Balance Beginning of Year</i>	217,347	217,347	217,347	-
Prior Year Encumbrances Appropriated	19,068	19,068	19,068	-
<i>Fund Balance End of Year</i>	<u>\$ 6,596</u>	<u>\$ 49,093</u>	<u>\$ 118,232</u>	<u>\$ 69,139</u>

See accompanying notes to the basic financial statements

**Village of Plymouth, Richland County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Fire/Ambulance Equipment Levy Fund  
 For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 59,500	\$ 59,500	\$ 54,390	\$ (5,110)
Intergovernmental	5,000	5,000	7,771	2,771
Interest	500	500	7,922	7,422
<i>Total receipts</i>	65,000	65,000	70,083	5,083
<b>Disbursements</b>				
Current:				
General Government	2,000	2,000	1,148	852
Capital Outlay	216,217	216,217	48,820	167,397
<i>Total Disbursements</i>	218,217	218,217	49,968	168,249
<i>Net Change in Fund Balance</i>	(153,217)	(153,217)	20,115	173,332
<i>Fund Cash Balance Beginning of Year</i>	161,362	161,362	161,362	-
<i>Fund Cash Balance End of Year</i>	\$ 8,145	\$ 8,145	\$ 181,477	\$ 173,332

See accompanying notes to the basic financial statements

**Village of Plymouth**  
**Richland County**  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2007*

	Business-Type Activities						Total Enterprise Funds
	Water Operating	Sewer Operating	Electric Operating	Ambulance Operating	Utilities Deposit	Non-Major Enterprise Funds	
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 19,121	\$ 56,024	\$ 117,024	\$ 44,295	\$ 38,654	\$ 8,135	\$ 283,253
<i>Total Assets</i>	<u>19,121</u>	<u>56,024</u>	<u>117,024</u>	<u>44,295</u>	<u>38,654</u>	<u>8,135</u>	<u>283,253</u>
<b>Net Assets</b>							
Unrestricted	<u>\$ 19,121</u>	<u>\$ 56,024</u>	<u>\$ 117,024</u>	<u>\$ 44,295</u>	<u>\$ 38,654</u>	<u>\$ 8,135</u>	<u>\$ 283,253</u>

See accompanying notes to the basic financial statements

**Village of Plymouth**  
**Richland County**  
*Statement of Cash Receipts,*  
*Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2007*

	Business-Type Activities						Total Enterprise Funds
	Water Operating	Sewer Operating	Electric Operating	Ambulance Operating	Utilities Deposit	Other Enterprise Funds	
<b>Operating Receipts</b>							
Charges for Services	\$ 314,677	\$ 178,553	\$ 1,369,535	\$ 64,544	\$ 20,608	\$ 82,449	\$ 2,030,366
<i>Total Operating Receipts</i>	<u>314,677</u>	<u>178,553</u>	<u>1,369,535</u>	<u>64,544</u>	<u>20,608</u>	<u>82,449</u>	<u>2,030,366</u>
<b>Operating Disbursements</b>							
Personal Services	66,545	64,653	163,471	8,497	-	18,510	321,676
Fringe Benefits	18,555	24,727	81,401	46	-	3,612	128,341
Contractual Services	244,843	8,604	1,070,822	12,967	-	78,315	1,415,551
Materials and Supplies	12,713	8,423	23,675	6,598	-	3,702	55,111
Other	-	-	2,225	-	16,056	-	18,281
<i>Total Operating Disbursements</i>	<u>342,656</u>	<u>106,407</u>	<u>1,341,594</u>	<u>28,108</u>	<u>16,056</u>	<u>104,139</u>	<u>1,938,960</u>
<i>Operating Income (Loss)</i>	(27,979)	72,146	27,941	36,436	4,552	(21,690)	91,406
<b>Non-Operating Receipts (Disbursements)</b>							
Miscellaneous Receipts	2,056	-	3,607	-	-	50	5,713
Capital Outlay	(44,262)	(42,896)	(27,921)	-	-	-	(115,079)
Principal Payments	(7,927)	(65,276)	(27,000)	-	-	-	(100,203)
Interest and Fiscal Charges	(687)	(17,125)	(26,505)	-	-	-	(44,317)
Other Financing Uses	-	-	-	-	(61)	-	(61)
<i>Income (Loss) before Transfers</i>	(78,799)	(53,151)	(49,878)	36,436	4,491	(21,640)	(162,541)
Transfers In	85,314	25,704	-	-	-	21,000	132,018
<i>Change in Net Assets</i>	6,515	(27,447)	(49,878)	36,436	4,491	(640)	(30,523)
<i>Net Assets Beginning of Year</i>	<u>12,606</u>	<u>83,472</u>	<u>166,902</u>	<u>7,859</u>	<u>34,162</u>	<u>8,775</u>	<u>313,776</u>
<i>Net Assets End of Year</i>	<u>\$ 19,121</u>	<u>\$ 56,025</u>	<u>\$ 117,024</u>	<u>\$ 44,295</u>	<u>\$ 38,653</u>	<u>\$ 8,135</u>	<u>\$ 283,253</u>

See accompanying notes to the basic financial statements



**Village of Plymouth**  
**Richland County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2007*

	Agency
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,545
<i>Total Assets</i>	2,545
 <b>Net Assets</b>	
Other Purposes	\$ 2,545

See accompanying notes to the basic financial statements

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 1 – Reporting Entity**

The Village of Plymouth, Richland County, Ohio, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The first meeting of the year, members are given the opportunity to nominate fellow member to serve as President Pro-Tem of Council for the term of one year. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

**Primary Government**

The primary government consists of all funds, departments, and boards that are not legally separate from the Village. The Village provides general government services, garbage, water, sewer and electric utilities, maintenance of Village roads and bridges, park operations, cemetery operations, pool operations, fire and ambulance services and police services.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

**C. Joint Ventures**

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures. The Village does participate in a joint venture but we do not retain a financial interest or financial responsibility instead we retain technical assistance in such things as planning, design and engineering services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its governmental and business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information. These financial statements follow the cash basis of accounting, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when encumbrance is approved.)

These statements include adequate disclosure of all material matters.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**A. Basis of Presentation (continued)**

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village has 2 major governmental funds, the General Fund, and Fire/Ambulance Equipment Levy Fund.

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fire/Ambulance Equipment Levy - The Special Revenue - Fire/Ambulance Equipment Levy is used for the maintenance and purchase of fire and ambulance equipment.

Cemetery Trust Fund - This Permanent Fund accounts for proceeds of trusts used for cemetery upkeep. Only the interest earned on the corpus of the trusts may be used for expenditures.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting (continued)**

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has 5 Major Proprietary funds. They are the Water, Sewer, Electric Ambulance and Utility Deposit Funds. The Village has no Internal Service Funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer and electric funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village. We also provide water to non-residents of the Village for a 10% surcharge.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund - The electric fund accounts for the provision of electric services to the residents and commercial users within the Village.

Ambulance Fund – The ambulance fund collects fees for ambulance runs for residents of the Village.

Utility Deposits Fund – This fund collects deposits for utilities for new residents.

Fiduciary Funds (Agency Funds)

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for unclaimed funds by businesses or individuals who have not cashed a Village check. These checks were for a payment of products or services, payroll, or a refund of a utility deposit refund.

**C. Basis of Accounting**

These financial statements are presented on a cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**D. Basis of Accounting (continued)**

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payables and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriation ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for inter-fund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits

**L. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Village. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The statement of activities, demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program receipts. Direct expenses are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported as general receipts.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the financial statements.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The only special item was the sale of real property in 2007.

**N. Long-Term Obligations**

The Village's cash basis financial statements report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. See note 5.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, and Fire/Ambulance Equipment Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances for the General Fund and the Fire/Ambulance Equipment Levy were \$4,482 and \$5,512, respectively.

**Note 4 – Deposit and Investments**

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the Village treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;



Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 4 – Deposit and Investments (continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, \$333,148 of the Village's bank balance of \$433,148, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2007, the Village had \$326,992 invested in STAR Ohio.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 4 - Deposits and Investments (continued)**

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, 2007 was as follows:

<u>2007</u>	
STAR Ohio	\$ 326,992
N.O.W. Checking - General	393,115
Utility Deposit	38,817
Mayor's Court	<u>1,216</u>
 Total deposits and investments	 <u>\$ 760,140</u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by the financial institution's public entity deposit pool.

*Investments:* Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

**Note 5 – Debt**

Debt activity for December 31, 2007 was as follows:

Description	Balance 12/31/2006	Issued	Retired	Balance 12/31/2007	Due Within One Year
<b>Enterprise:</b>					
Equipment Purchase – Baystone	\$32,484	-	(\$15,854)	\$16,630	\$16,630
First Citizens Bank – Sewer Bond	364,000	-	(54,000)	310,000	56,000
First Citizens Bank – Electric Bond	553,000	-	(27,000)	526,000	28,000
OPWC – Sewer Erosion	60,286	-	(3,349)	56,937	3,349
First Citizens Bank - Utility bldg.	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>	<u>9,605</u>
<b>Total Debt-Enterprise</b>	1,009,770	120,000	(100,203)	1,029,167	113,584

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 5 – Debt (continued)**

**General:**

First Citizens Bank – St. Sweeper	22,150	-	(10,621)	11,529	11,529
Police Car - Loan – Impala	<u>12,031</u>	<u>-</u>	<u>(6,039)</u>	<u>5,992</u>	<u>5,992</u>
<b>Total Debt-General</b>	<u>34,181</u>	<u>-</u>	<u>(16,660)</u>	<u>17,521</u>	<u>17,521</u>
 Total Debt	 <u>\$1,043,951</u>	 <u>\$120,000</u>	 <u>(\$116,863)</u>	 <u>\$1,047,088</u>	 <u>\$131,105</u>

Principal and interest requirements to retire long-term bonds and notes outstanding December 31, 2007 are as follows:

	<u>Principal</u>	<u>Interest</u>
2008	\$131,105	\$46,782
2009	102,442	40,464
2010	106,938	35,690
2011	112,459	30,686
2012	116,995	25,455
2013-2017	283,806	79,044
2018-2022	186,745	16,830
2023-2025	<u>6,598</u>	<u>0</u>
	<u>\$1,047,088</u>	<u>\$274,951</u>

**Note 6 – Property Tax**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2007, was \$19.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

	2007
Real Property	
Residential/Agricultural	\$ 19,719,940
Other	2,607,840
 Tangible Personal Property	
General	258,692
Public Utilities	180,250
Total Valuation	\$ 22,766,722

**Note 7 – Local Income Tax**

This locally levied tax of .5% is applied to gross salaries, wages and other personal services compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to net income of business organizations conducted within the Village. Tax receipts are credited to the General. The amount collected for 2007 was \$192,505.

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. **The Traditional Pension Plan** —a cost sharing, multiple-employer defined benefit pension plan.
2. **The Member-Directed Plan** —a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. **The Combined Plan** —a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 8 – Defined Benefit Pension Plans (continued)**

**A. Ohio Public Employees Retirement System (continued)**

OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007 member and employer contribution rates were consistent across all three plans. Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2007 member contribution rates were 9.5% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contributed at a rate of 10.1%. Public safety division members contributed at 10.1%.

For local government employer units, the rate was 13.85% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2007 was 17.17%.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$66,064, \$60,351, and \$54,113, respectively. The full amount has been contributed for all three years.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 % of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 % for police officers. The Village has no full-time firefighters. Contributions are authorized by State statute. The Village of Plymouth's required contributions to the Ohio Police and Fire Pension Fund for the years ended December 31, 2007, 2006, and 2005 were \$27,361, \$24,898, and \$23,842. The full amount has been contributed for all three years.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 9 – Post-Employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent of covered payroll, respectively; 5 percent for 1/1/07 to 6/30/07, 6 percent for 7/1/07 to 12/31/07 of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979 in 2007 and 369,214 in 2006. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$11,925. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 9 – Post-Employment Benefits (continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund’s board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, the total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2007. The Village had no firefighters. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village’s actual contributions that were used to fund postemployment benefits were \$39,143 in 2007 for police. The OP&F’s total health care expense for the year ended December 31, 2006 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 13,922 for police and 10,537 for firefighters.

**Note 10 – Risk Management**

**Risk Pool Membership**

The Village of Plymouth belongs to the Ohio Government Risk Management Plan (the “Plan”), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductible. The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>3,329,620</u>	<u>2,748,639</u>
Member’s Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Village of Plymouth, Richland County, Ohio  
Notes to the Financial Statements  
For the Year Ended December 31, 2007

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**Note 11– Inter-fund Transfers**

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 10,000
Water Fund	85,314
Sewer Fund	25,704
Other Enterprise Funds	21,000
Total Transfers from the General Fund	<u>\$ 142,018</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During 2007, a transfer was made to the pool, water, sewer and park fund. The General Fund supplements the pool fund every year.

**Note 12 – Contingent Liabilities**

The Village may be a defendant in several lawsuits. Although the Village cannot presently determine the outcome of these suits, they believe, in the opinion of the Village Solicitor, the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the state of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Village expects to be immaterial. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 13 – Joint Ventures**

The Village participates in a joint venture with The Municipal Energy Services Agency. The agency was formed in 1996 to provide existing member communities with a new source of technical assistance, such as planning, design and engineering, field services and training assistance. Unlike previous joint ventures, participants do not own physical assets and provides no financing for the enterprise. There are no fees other than for services provided through contracts with the joint venture. There are 47 participants including the Village of Plymouth.

**Note 14 –Compliance**

Contrary to Ohio Revised Code Section 5705.36 (A)(4), the Village failed to amend its estimated receipts to which the deficiency reduced estimated resources below the current level of appropriations.

**Note 15 –Subsequent Events**

The Village of Plymouth has obtained a \$254,500 loan from Ohio Water Development Authority on March 27, 2008 with an interest rate of 1% and a maturity date of January 1, 2029. The note is for the water tank repair and engineering and technical services.



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*Certified Public Accountants*

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Plymouth  
Richland County  
48 West Broadway Street  
Plymouth, Ohio 44865

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining information of the Village of Plymouth, Richland County, (Village) as of and for the year ended December 31, 2007, which collectively comprise the Village of Plymouth's basic financial statements and have issued our report thereon dated August 15, 2008, wherein we noted the Village uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the cash basis of accounting such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings, items 2007-VPRC-01 and 2007-VPRC-02 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the schedule of findings as items 2007-VPRC-01 and 2007-VPRC-02.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated August 15, 2008.

This report is intended solely for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris and Associates, Inc.*

August 15, 2008

VILLAGE OF PLYMOUTH  
RICHLAND COUNTY

SCHEDULE OF FINDINGS  
December 31, 2007

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

**FINDING NUMBER 2007-VPRC-01 – Material Weakness and Non-Compliance Citation**

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Village prepared their financial statements in accordance with the Government Accounting Standards Board (GASB) Statement 34 for 2007. The annual report including the Management Discussion and Analysis (MD&A) and the notes to the financial statements did not capture all the required GASB disclosures. Also, various changes in the MD&A and the footnotes were made due to figures not tracing properly to the financial statements. The Village had to make numerous changes to their annual report including reclassifying of sale of capital assets, sale of real property and special items, among other adjustments. Also, the budgeted amounts on Statement of Receipts, Disbursements and Changes in Fund Balances – Budget and Actual - Budget Basis had to be changed to trace to the Certificates of Estimated Resources and Permanent Appropriations. Furthermore, tables in the MD&A, the debt footnote and the property tax footnote had to be changed to reflect the correct information.

We recommend that the Village provide an annual report that includes all the required information and proper amounts to reflect accurate yearly activity.

**Client Response:**

For the 2008-2009 audit period, the Village intends on reporting their financial statements on the regulatory basis prescribed by the Auditor of State.

**FINDING NUMBER 2007-VPRC-02 – Material Weakness and Non-Compliance Citation**

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

<b>2007 Funds</b>	<b>Estimated Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
SCM&R Fund - Special Revenue Fund	\$152,340	\$79,183	\$73,157
Water Fund - Enterprise Fund	421,728	402,018	19,710

We recommend that the Village monitor their budgetary process and reduce their estimated receipts when it is known that actual receipts will fall short of estimates.

The Village indicated they have implemented procedures to continuously monitor all budgetary activity.

**VILLAGE OF PLYMOUTH  
 RICHLAND COUNTY  
 DECEMBER 31, 2007**

**STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2006-VPRC-01	Contrary to Ohio Administrative Code 117-2-02 (A) – The Village failed to maintain an adequate accounting system and accounting records	No	Repeated as 2007- VPRC-01



**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF PLYMOUTH

RICHLAND COUNTY

**CLERK'S CERTIFICATION**

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 13, 2008