

VILLAGE OF PLYMOUTH

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2005

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



**Auditor of State
Betty Montgomery**

Village Council
Village of Plymouth
48 West Broadway
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, 2005 through December 31, 2005. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 22, 2006

VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Audit Report
For the year ended December 31, 2005

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To 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, Ohio, (the Village), as of and for the year ended December 31, 2005, 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the respective 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, Ohio, as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and the Fire/Ambulance Equipment Levy Fund, thereof for the year then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 10 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, which consisted principally on inquiries of management regarding the methods of measurement and presentation of 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 September 22, 2006 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
September 22, 2006

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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, 2005, 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 2005 are as follows:

- The year started out with a weather disaster. The Village was without power for 3 days. Therefore, the Village received FEMA funds totaling \$56,385.
- The Village received a Nature works grant in the amount of \$37,500 for the renovation of the pool.
- The Village refinanced a Sewer Bond and Electric Bond during 2005 thru Squires, Sanders and Dempsey. The sewer bonds were retired from GMAC and refinanced thru First Citizens Bank for the remaining 9 years. The original sewer bonds were financed during the early 1970's with a 40 year term. The electric bonds were retired from AMP, Ohio, Inc. and refinanced thru Citizens Banking Co for 15 years. The original electric bonds were financed on a one-year term, renewable annually.
- Governmental general receipts accounted for \$576,230 or 68.5% for 2005. Program receipts in the form of charges for services and sales, grants and contributions accounted for \$265,229, or 31.5% of total governmental revenues of \$841,459 for 2005.
- The Village had \$868,806 in disbursements related to governmental activities, only \$265,229 were offset by program specific receipts. General receipts in 2005 (primarily property and municipal taxes) of \$576,230 plus the cash carry over were adequate to provide for these governmental programs.
- Among major funds, the general fund had \$473,465 in receipts for 2005. Village receipts increased by \$49,277. The general fund disbursements were \$444,432. The general fund balance increased from \$207,131 to \$ 224,247.
- For Business-type activities, program receipts were \$1,551,331. Disbursements were \$2,432,408. The increase in the disbursements is due mainly the refinancing of the sewer and electric bonds. The total business-type net assets increased from \$329,478 to \$605,406.

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.

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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 2005, 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.

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 six business-type activities for the provision of water, sewer, electric, garbage, pool and ambulance services. There is also a utility deposit fund. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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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 two major governmental funds they are the General Fund, and Fire/Ambulance Equipment Levy. 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 three major Enterprise funds, the Water, Sewer and Electric 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 government-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 2005 compared to 2004 on a cash basis. Total net assets for the Village of Plymouth in 2004 was \$976,942 compared to \$1,225,523 in 2005.

Net assets of governmental activities decreased \$27,347 or 4.2% during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Increase in Security of Persons and Property, Transportation, Basic Utility, Community Environment and Capital Outlay. Some of these disbursements were offset by decreases in spending in General Government, Leisure Time Activities and Debt retirement.

Net assets of business-type activities increased \$275,928 or 84% during 2005. The primary reason contributing to the increase in cash balances are as follows:

- Revenues grew slightly due to increases in the utility rates.
- Also, the Electric Fund refinanced the electric revenue bond and borrowed additional money to purchase a new bucket truck. The additional funds will not be spent until 2006.

Total governmental assets for 2004 were \$647,464. Total governmental assets for 2005 were \$620,117. The breakdowns of these funds for restricted and non-restricted purposes were as follows:

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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Net Assets

Table 1

	Governmental		Business-Type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Assets						
Cash and Cash Equivalents	\$620,117	\$647,464	\$605,406	\$329,478	\$1,225,523	\$976,942
Total Assets	<u>\$620,117</u>	<u>\$647,464</u>	<u>\$605,406</u>	<u>\$329,478</u>	<u>\$1,225,523</u>	<u>\$976,942</u>
Net Assets						
Restricted for:						
Permanent Funds	\$49,229	\$47,982	-	-	\$49,229	\$47,982
Other Purposes	316,913	306,489	-	-	316,913	306,489
Unrestricted	<u>253,975</u>	<u>292,993</u>	<u>\$605,406</u>	<u>\$329,478</u>	<u>859,381</u>	<u>622,471</u>
Total Net Assets	<u>\$620,117</u>	<u>\$647,464</u>	<u>\$605,406</u>	<u>\$329,478</u>	<u>\$1,225,523</u>	<u>\$976,942</u>

Table 2, below reflects the changes in net assets for 2004 as compared to 2005.

Change in net assets

Table 2

	Governmental		Business-Type			
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$48,985	\$30,495	\$1,550,358	\$1,445,684	\$1,599,343	\$1,476,179
Operating Grants and Contributions	215,244	89,813	973	5	216,217	89,818
Capital Grants and Contributions	1,000	-	-	-	1,000	-
Total Program Receipts	<u>265,229</u>	<u>120,308</u>	<u>1,551,331</u>	<u>1,445,689</u>	<u>1,816,560</u>	<u>1,565,997</u>
General Receipts:						
Property Taxes	218,047	218,263	-	-	218,047	218,263
Income Taxes	142,149	130,442	-	-	142,149	130,442
Kilowatt Tax	49,558	52,872	-	-	49,558	52,872
Other Taxes	28,936	30,039	-	-	28,936	30,039
Grants and Entitlements Not Restricted	78,957	127,505	-	-	78,957	127,505
Sale of Bonds	-	-	1,000,000	-	1,000,000	-
Proceeds of Loans	20,000	24,415	66,984	22,622	86,984	47,037
Fines, Licenses and Permits	15,703	16,210	-	-	15,703	16,210
Interest	14,025	5,807	-	-	14,025	5,807
Miscellaneous	40,855	10,645	58,021	4,713	98,876	15,358
Transfers	<u>(32,000)</u>	<u>(26,000)</u>	<u>32,000</u>	<u>26,000</u>	<u>-</u>	<u>-</u>
Total General Receipts	<u>576,230</u>	<u>590,198</u>	<u>1,157,005</u>	<u>53,335</u>	<u>1,733,235</u>	<u>643,533</u>
Total Receipts	<u>841,459</u>	<u>710,506</u>	<u>2,708,336</u>	<u>1,499,024</u>	<u>3,549,795</u>	<u>2,209,530</u>

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Disbursements:						
General Government	\$116,000	\$143,593	-	-	\$116,000	\$143,593
Security of Persons and Property	377,684	332,342	-	-	377,684	332,342
Public Health Services	49,716	46,203	-	-	49,716	46,203
Leisure Time Activities	18,674	20,160	-	-	18,674	20,160
Community Environment	63,133	-	-	-	63,133	-
Basic Utility Services	38,312	-	-	-	38,312	-
Transportation	140,494	73,132	-	-	140,494	73,132
Capital Outlay	51,162	51,403	-	-	51,162	51,403
Principal Retirement	9,952	15,705	-	-	9,952	15,705
Interest and Fiscal Charges	3,672	4,805	-	-	3,672	4,805
Other	7	-	-	-	7	-
Water	-	-	\$333,322	\$353,175	333,322	353,175
Sewer	-	-	650,745	242,827	650,745	242,827
Electric	-	-	1,293,512	777,705	1,293,512	777,705
Swimming pool	-	-	34,636	24,303	34,636	24,303
Garbage	-	-	69,736	67,975	69,736	67,975
Ambulance	-	-	35,036	33,323	35,036	33,323
Utility Deposit Fund	-	-	15,421	12,845	15,421	12,845
Total Disbursements	<u>868,806</u>	<u>687,343</u>	<u>2,432,408</u>	<u>1,512,153</u>	<u>3,301,214</u>	<u>2,199,496</u>
Change in Net Assets	(27,347)	23,163	275,928	(13,129)	248,581	10,034
Net Assets, January 1,	<u>647,464</u>	<u>624,301</u>	<u>329,478</u>	<u>342,607</u>	<u>976,942</u>	<u>966,908</u>
Net Assets, December 31,	<u>\$620,117</u>	<u>\$647,464</u>	<u>\$605,406</u>	<u>\$329,478</u>	<u>\$1,225,523</u>	<u>\$976,942</u>

The change in net assets for the year 2004 in governmental activities was \$23,163 as compared to the decrease in net assets for the year 2005 of \$27,347. The change in net assets for the year 2004 in business-type activities was a decrease of \$13,129 as compared to an increase in 2005 of \$275,928.

Program receipts represent 16.9% for 2004 and 31.5% for 2005 for governmental activities and 96.4% for business-type activities in 2004 as compared to 57.3% in 2005. Program receipts are comprised of charges for services, operating grants and contributions and capital grants and contributions. As you can see, business-type activities are very dependent on charges for services for receipts. Comparing program receipts for 2004 and 2005 for governmental activities were \$120,308 and \$265,229, respectively. Business-type activities for 2004 and 2005 were \$1,445,689 and \$1,551,331.

General receipts represent 83.1% in 2004 as compared to 68.5% in 2005 for governmental activities and 3.6% in 2004 as compared to 42.7% in 2005 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 for 2004 and 2005 for governmental activities were \$590,198 and \$576,230, respectively. The general receipts for business-type activities for 2004 and 2005 were \$53,335 and \$1,157,005. The significant increase is due to the sewer and electric bond issuance in 2005.

Governmental Activities

Net assets of the Village's governmental activities for 2005 decreased by \$27,347 as compared to the increase of \$23,163 in 2004. As stated before, this is due to increases in Security of Persons and Property, Transportation, Basic Utilities, Community Environment and Capital Outlay. Program receipts supported 16.9% of the total governmental activities for 2004 as compared to the 31.5% for 2005.

Village of Plymouth, Richland County, Ohio
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The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements, and income taxes. These three revenue sources represented \$566,023 of the \$710,506 or 80% of total governmental revenue in 2004. In 2005, those three revenue sources represented \$655,397 of the \$841,459 or 78%.

In 2004 and 2005, only 4.4% and 4.5% of general government functional activities are supported minimally through charges for services revenue. These numbers come from the Statement of Activities. General government disbursements for 2004 and 2005 were \$143,593 and \$116,000, respectively, and charges for services in 2004 and 2005 were \$6,367 and \$5,264, respectively.

If you look at the Statement of Activities on page 12, 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 in 2005 for governmental activities are for security of persons and property, and general government, which account for 43% and 13% respectively. Transportation also represents a significant cost at about 16%. The major program disbursements for business-type activities are Water, Sewer and Electric, which account for 14%, 27%, and 53% respectively.

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 capital and 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 below.

Table 3
Total and Cost of Program Services

	Governmental Activities		Governmental Activities	
	2005		2004	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$116,000	(\$110,736)	\$143,593	(\$137,226)
Security of Persons and Property	377,684	(285,425)	332,342	(320,329)
Public Health Services	49,716	(33,089)	46,203	(36,453)
Leisure Time Activities	18,674	(14,264)	20,160	2,045
Community Environment	63,133	(62,633)	-	330
Basic Utilities	38,312	33,672	-	-
Transportation	140,494	(66,309)	73,132	(3,489)
Capital Outlay	51,162	(51,162)	51,403	(51,403)
Principal Retirement	9,952	(9,952)	15,705	(15,705)
Interest and Fiscal Charges	3,672	(3,672)	4,805	(4,805)
Other	7	(7)	-	-
Total Disbursements	\$868,806	(\$603,577)	\$687,343	(\$567,035)

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	Business-type Activities		Business-type Activities	
	2005		2004	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Water	\$333,322	(\$2,907)	\$353,175	(\$50,734)
Sewer	650,745	(464,399)	242,827	(64,288)
Electric	1,293,512	(380,208)	777,705	68,034
Swimming pool	34,636	(24,552)	24,303	(17,975)
Garbage	69,736	378	67,975	(896)
Ambulance	35,036	(12,653)	33,323	(8,570)
Utility Deposit Fund	15,421	3,264	12,845	7,965
Total Disbursements	<u>\$2,432,408</u>	<u>(\$881,077)</u>	<u>\$1,512,153</u>	<u>(\$66,464)</u>

As you can see in 2005, 75.6% of the cost associated with security of persons and property comes from the general receipts. Only 24.4% is provided for by charges for services, operating or capital grants. These charges for services are for fire contracts with surrounding townships. It should also be noted that the departments under security of persons and property are the police department and the fire department. In 2005, FEMA money was received and posted under program receipts.

Business-type Activities

The water, sewer and electric operation of the Village are the majority of the business-type activities. The infrastructure for the electric and water was recently upgraded in the past 5 years. The Village is beginning to look into the repair of the water tower and conditions at the sewer lagoon.

The Village's Funds

Information about the Village's 2005 major funds starts on page 13. These funds are accounted for using the cash basis of accounting.

Total governmental funds had receipts of \$853,459 and disbursements of \$868,799. The greatest change within governmental funds occurred within the Fire/Ambulance Equipment Levy Fund. The fund balance of the Fire/Ambulance Fund increased \$29,939 as the result of property taxes collected and disbursements remaining at minimal amounts.

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 fund is the General Fund.

During 2005, the Village amended its General Fund budget one time to account for loan proceeds. Final budgeted receipts were slightly higher to the original budgeted receipts due to the one amendment to the certificate of resources. The difference between final budgeted receipts and actual receipts was not significant although they were slightly more than anticipated. Final budgeted receipts were estimated at \$404,180 while the actual receipts were \$473,465.

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Final disbursements for the General fund were budgeted at \$558,510 while actual disbursements were \$451,835. The Village kept spending below the budgeted amounts as shown above, and the fund saw an increase in fund balance. The result was an increase net change in the fund balance of \$9,623 for 2005.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2007 but reductions in staff may delay the implementation.

Debt

At December 31, 2005, the Village's outstanding debt included \$1,000,000 in revenue bonds issued to repay the GMAC loans for improvements to sewer lines in 1973 and electrical upgrades in 2002. Other loans for facilities and equipment amounted to \$156,250. The Village also has an outstanding OPWC loan for \$63,635. For further information regarding the Village's debt, refer to Note 5 to the basic financial statements.

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 firemen and EMT's. The Village also has very little industry to support the tax base.

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, 2005

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$620,117	\$605,406	\$1,225,523
<i>Total Assets</i>	<u>\$620,117</u>	<u>\$605,406</u>	<u>\$1,225,523</u>
Net Assets			
Restricted for:			
Permanent Funds:			
Expendable	\$4,808	-	\$4,808
Non-Expendable	44,421	-	44,421
Other Purposes	316,913	-	316,913
Unrestricted	253,975	\$605,406	859,381
<i>Total Net Assets</i>	<u>\$620,117</u>	<u>\$605,406</u>	<u>\$1,225,523</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, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$116,000	\$5,264	-	-	(\$110,736)	-	(\$110,736)
Security of Persons and Property	377,684	24,184	67,075	1,000	(285,425)	-	(285,425)
Public Health Services	49,716	16,627	-	-	(33,089)	-	(33,089)
Leisure Time Activities	18,674	2,410	2,000	-	(14,264)	-	(14,264)
Community Environment	63,133	500	-	-	(62,633)	-	(62,633)
Basic Utility Services	38,312	-	71,984	-	33,672	-	33,672
Transportation	140,494	-	74,185	-	(66,309)	-	(66,309)
Capital Outlay	51,162	-	-	-	(51,162)	-	(51,162)
Other	7	-	-	-	(7)	-	(7)
Debt Service:							
Principal	9,952	-	-	-	(9,952)	-	(9,952)
Interest and Fiscal Charges	3,672	-	-	-	(3,672)	-	(3,672)
<i>Total Governmental Activities</i>	<u>868,806</u>	<u>48,985</u>	<u>215,244</u>	<u>1,000</u>	<u>(603,577)</u>	<u>0</u>	<u>(603,577)</u>
Business Type Activities							
Water Operating	333,322	330,415	-	-	-	(2,907)	(2,907)
Sewer Operating	650,745	186,346	-	-	-	(464,399)	(464,399)
Electric Operating	1,293,512	913,304	-	-	-	(380,208)	(380,208)
Swimming Pool	34,636	10,084	-	-	-	(24,552)	(24,552)
Garbage Operating	69,736	70,114	-	-	-	378	378
Ambulance Operating	35,036	21,410	973	-	-	(12,653)	(12,653)
Utilities Deposit Fund	15,421	18,685	-	-	-	3,264	3,264
<i>Total Business Type Activities</i>	<u>2,432,408</u>	<u>1,550,358</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>(881,077)</u>	<u>(881,077)</u>
Total Primary Government	<u>\$3,301,214</u>	<u>\$1,599,343</u>	<u>\$216,217</u>	<u>\$1,000</u>	<u>(603,577)</u>	<u>(881,077)</u>	<u>(1,484,654)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					104,129	-	104,129
Special Purposes					113,918	-	113,918
Municipal Income Taxes					142,149	-	142,149
Other Taxes					28,936	-	28,936
Kilowatt Tax					49,558	-	49,558
Grants and Entitlements not Restricted to							
Specific Programs					78,957	-	78,957
Sale of Bonds					-	1,000,000	1,000,000
Proceeds of Loans					20,000	66,984	86,984
Fines, Licenses and Permits					15,703	-	15,703
Interest					14,025	-	14,025
Miscellaneous					40,855	58,021	98,876
Transfers					(32,000)	32,000	-
<i>Total General Receipts</i>					<u>576,230</u>	<u>1,157,005</u>	<u>1,733,235</u>
Change in Net Assets					(27,347)	275,928	248,581
<i>Net Assets Beginning of Year</i>					<u>647,464</u>	<u>329,478</u>	<u>976,942</u>
<i>Net Assets End of Year</i>					<u>\$620,117</u>	<u>\$605,406</u>	<u>\$1,225,523</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, 2005

	General	Fire/Ambulance Equipment Levy	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$224,247	\$132,584	\$263,286	\$620,117
<i>Total Assets</i>	<u>\$224,247</u>	<u>\$132,584</u>	<u>\$263,286</u>	<u>\$620,117</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$7,493	-	\$26,647	\$34,140
Unreserved:				
Undesignated (deficit), reported in:				
General Fund	216,754	-	-	216,754
Special Revenue Funds	-	132,584	183,527	316,111
Capital Project Funds	-	-	3,883	3,883
Permanent Funds	-	-	49,229	49,229
Total Fund Balances	<u>\$224,247</u>	<u>\$132,584</u>	<u>\$263,286</u>	<u>\$620,117</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, 2005

	General	Fire/Ambul. Equip. Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$142,149	-	-	\$142,149
Property and Other Local Taxes	104,128	\$41,134	\$101,721	246,983
Charges for Services	4,730	-	44,255	48,985
Fines, Licenses and Permits	15,703	-	-	15,703
Intergovernmental	110,997	24,503	159,701	295,201
Kilowatt Tax	49,558	-	-	49,558
Interest	11,154	829	2,042	14,025
Miscellaneous	35,046	-	5,809	40,855
<i>Total Receipts</i>	<u>473,465</u>	<u>66,466</u>	<u>313,528</u>	<u>853,459</u>
Disbursements				
Current:				
General Government	103,035	1,365	11,600	116,000
Security of Persons and Property	327,683	-	50,001	377,684
Public Health Services	-	-	49,716	49,716
Leisure Time Activities	-	-	18,674	18,674
Community Environment	-	-	63,133	63,133
Basic Utility Services	-	-	38,312	38,312
Transportation	-	-	140,494	140,494
Capital Outlay	-	35,162	16,000	51,162
Debt Service:				
Principal Retirement	9,952	-	-	9,952
Interest and Fiscal Charges	3,672	-	-	3,672
<i>Total Disbursements</i>	<u>444,342</u>	<u>36,527</u>	<u>387,930</u>	<u>868,799</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>29,123</u>	<u>29,939</u>	<u>(74,402)</u>	<u>(15,340)</u>
Other Financing Sources (Uses)				
Proceeds of Loans	20,000	-	-	20,000
Transfers In	-	-	251	251
Transfers Out	(32,000)	-	(251)	(32,251)
Other Financing Uses	(7)	-	-	(7)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,007)</u>	<u>-</u>	<u>-</u>	<u>(12,007)</u>
<i>Net Change in Fund Balances</i>	17,116	29,939	(74,402)	(27,347)
<i>Fund Balances Beginning of Year</i>	<u>207,131</u>	<u>102,645</u>	<u>337,688</u>	<u>647,464</u>
<i>Fund Balances End of Year</i>	<u>\$224,247</u>	<u>\$132,584</u>	<u>\$263,286</u>	<u>\$620,117</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Municipal Income Taxes	\$120,000	\$120,000	\$142,149	\$22,149
Property and Other Local Taxes	94,000	94,000	104,128	10,128
Charges for Services	-	4,730	4,730	-
Fines, Licenses and Permits	13,950	13,950	15,702	1,752
Intergovernmental	104,300	104,300	110,998	6,698
Kilowatt Tax	49,558	49,558	49,558	-
Interest	3,000	3,000	11,154	8,154
Miscellaneous	14,642	14,642	35,046	20,404
<i>Total receipts</i>	<u>399,450</u>	<u>404,180</u>	<u>473,465</u>	<u>69,285</u>
Disbursements				
Current:				
General Government	144,721	160,204	108,733	51,471
Security of Persons and Property	292,579	350,606	329,478	21,128
Debt Service:				
Principal Retirement	83,300	41,271	9,952	31,319
Interest and Fiscal Charges	4,400	6,429	3,672	2,757
<i>Total Disbursements</i>	<u>525,000</u>	<u>558,510</u>	<u>451,835</u>	<u>106,675</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(125,550)</u>	<u>(154,330)</u>	<u>21,630</u>	<u>175,960</u>
Other Financing Sources (Uses)				
Proceeds of Loans	-	20,000	20,000	-
Transfers Out	(155,000)	(55,000)	(32,000)	23,000
Other Financing Uses	(5,000)	(5,326)	(7)	5,319
<i>Total Other Financing Sources (Uses)</i>	<u>(160,000)</u>	<u>(40,326)</u>	<u>(12,007)</u>	<u>28,319</u>
<i>Net Change in Fund Balance</i>	<u>(285,550)</u>	<u>(194,656)</u>	<u>9,623</u>	<u>204,279</u>
<i>Fund Balance Beginning of Year</i>	192,622	192,622	192,622	-
Prior Year Encumbrances Appropriated	<u>14,509</u>	<u>14,509</u>	<u>14,509</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>(\$78,419)</u></u>	<u><u>\$12,475</u></u>	<u><u>\$216,754</u></u>	<u><u>\$204,279</u></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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$53,500	\$53,500	\$41,134	(\$12,366)
Intergovernmental	3,500	3,500	24,503	21,003
Interest	140	140	829	689
<i>Total receipts</i>	<u>57,140</u>	<u>57,140</u>	<u>66,466</u>	<u>9,326</u>
Disbursements				
Current:				
General Government	2,000	2,000	1,365	635
Security of Persons and Property	157,000	157,000	35,162	121,838
<i>Total Disbursements</i>	<u>159,000</u>	<u>159,000</u>	<u>36,527</u>	<u>122,473</u>
<i>Net Change in Fund Balance</i>	(101,860)	(101,860)	29,939	131,799
<i>Fund Balance Beginning of Year</i>	<u>102,645</u>	<u>102,645</u>	<u>102,645</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$785</u>	<u>\$785</u>	<u>\$132,584</u>	<u>\$131,799</u>

See accompanying notes to the basic financial statements

Village of Plymouth, Richland County

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2005

	Business-Type Activities				
	Water	Sewer	Electric	Non-Major	Total
	<u>Operating Fund</u>	<u>Operating Fund</u>	<u>Operating Fund</u>	<u>Enterprise Funds</u>	<u>Enterprise Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$24,928	\$113,743	\$402,243	\$64,492	\$605,406
<i>Total Assets</i>	<u>\$24,928</u>	<u>\$113,743</u>	<u>\$402,243</u>	<u>\$64,492</u>	<u>\$605,406</u>
Net Assets					
Unrestricted	<u>\$24,928</u>	<u>\$113,743</u>	<u>\$402,243</u>	<u>\$64,492</u>	<u>\$605,406</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, 2005*

	Business-Type Activities				
	Water Operating Fund	Sewer Operating Fund	Electric Operating Fund	Other Enterprise Funds	Total Enterprise Funds
Operating Receipts					
Charges for Services	\$330,415	\$186,346	\$913,304	\$120,293	\$1,550,358
<i>Total Operating Receipts</i>	<u>330,415</u>	<u>186,346</u>	<u>913,304</u>	<u>120,293</u>	<u>1,550,358</u>
Operating Disbursements					
Personal Services	72,005	64,366	138,383	35,875	310,629
Fringe Benefits	14,998	14,100	67,128	4,380	100,606
Contractual Services	220,299	20,314	497,386	84,700	822,699
Materials and Supplies	10,288	7,761	36,006	14,453	68,508
Other	-	-	-	15,421	15,421
<i>Total Operating Disbursements</i>	<u>317,590</u>	<u>106,541</u>	<u>738,903</u>	<u>154,829</u>	<u>1,317,863</u>
<i>Operating Income (Loss)</i>	12,825	79,805	174,401	(34,536)	232,495
Non-Operating Receipts (Disbursements)					
Intergovernmental	-	-	-	948	948
Sale of Bonds	-	425,000	575,000	-	1,000,000
Proceeds of OPWC loans	-	66,984	-	-	66,984
Capital Outlay	(7,119)	(95,874)	(56,277)	-	(159,270)
Principal Payments	(7,554)	(404,903)	(435,000)	-	(847,457)
Interest Payments	(1,059)	(43,426)	(9,327)	-	(53,812)
Other Financing Sources	-	-	58,021	25	58,046
Other Financing Uses	-	-	(54,006)	-	(54,006)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,732)</u>	<u>(52,219)</u>	<u>78,411</u>	<u>973</u>	<u>11,433</u>
<i>Income (Loss) before Transfers</i>	(2,907)	27,586	252,812	(33,563)	243,928
Transfers In	12,000	-	-	20,000	32,000
<i>Change in Net Assets</i>	9,093	27,586	252,812	(13,563)	275,928
<i>Net Assets Beginning of Year</i>	<u>15,835</u>	<u>86,157</u>	<u>149,431</u>	<u>78,055</u>	<u>329,478</u>
<i>Net Assets End of Year</i>	<u>\$24,928</u>	<u>\$113,743</u>	<u>\$402,243</u>	<u>\$64,492</u>	<u>\$605,406</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, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$836</u>
<i>Total Assets</i>	<u><u>\$836</u></u>
Net Assets	
Unrestricted	<u><u>\$836</u></u>

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, 2005

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.

A. 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 participates in a joint venture described in Note 13.

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, 2005

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 basis of accounting prescribed or permitted by the Auditor of State, 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 material matters, as prescribed by the Auditor of State.

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 non-exchange 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, 2005

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 non-exchange transactions as governmental funds. The Village has 2 major governmental funds, the General Fund and the 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.

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

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 no internal service funds.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

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.

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.

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

The Village's financial statements are prepared using the 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.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable 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

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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.

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 interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

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 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.

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.

N. Long-Term Obligations

The Village's cash basis financial statements do not 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 capital outlay expenditure are reported at inception. Lease payments are reported when paid. See Note 5.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

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 were \$7,493. The Fire/Ambulance Levy fund had no year-end encumbrances.

Note 4 - Deposits 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;
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;

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 4 - Deposits and Investments (continued)

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, 2005, \$822,513 of the Village's bank balance of \$930,202, which includes \$76,961 of non-negotiable certificates of deposit, 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, 2004, the Village had \$296,156 invested in STAR Ohio.

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.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 – Debt

Debt outstanding at December 31, 2005 was as follows:

Description	Balance 12/31/2004	Issued	Retired	Balance 12/31/2005	Due Within One Year
Enterprise:					
OPWC-Sewer Line Erosion Remediation	-	\$66,984	(\$3,349)	\$63,635	\$3,349
GMAC-Sewer Imp. #010492101	\$197,000	-	(197,000)	-	-
GMAC-Sewer Imp. #010492103	197,000	-	(197,000)	-	-
First Citizens Bank-Sewer	-	425,000	-	425,000	35,000
First Citizens Bank-Electric	-	575,000	-	575,000	9,000
Equipment Purchase- Baystone	70,127	-	(15,108)	55,019	15,210
Electrical Upgrade AMP Ohio	435,000	-	(435,000)	-	-
Total Debt-Enterprise	\$899,127	\$1,066,984	(\$847,457)	\$1,118,654	\$62,559
General:					
Police Car 1	-	\$20,000	(\$2,000)	\$18,000	\$5,695
Police Car 2	\$16,183	-	(7,952)	8,231	8,346
Building Purchase	75,000	-	-	75,000	75,000
Total Debt-General	\$91,183	\$20,000	(\$9,952)	\$101,231	\$89,041
Total Debt	\$990,310	\$1,086,984	(\$857,409)	\$1,219,885	\$151,600

Principal and interest requirements to retire long-term bonds and notes outstanding December 31, 2005 are as follows:

Year	Amount	
	Principal	Interest
2006	\$151,699	\$39,648
2007	111,626	46,835
2008	109,184	42,055
2009	89,349	37,062
2010	94,349	32,911
2011-2015	355,851	103,100
2016-2020	241,750	45,275
2021-2025	66,077	1,868
	<u>\$1,219,885</u>	<u>\$348,754</u>

Village of Plymouth
 Richland County, Ohio
 Notes to the Financial Statements
 For the Year Ended December 31, 2005

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 2004 represent the collection of 2003 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, 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 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. 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, 2005, was \$ 19.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

	2005
Real Property	
Residential/Agricultural	\$ 13,942,700
Other	2,249,150
 Tangible Personal Property	
General	314,350
Public Utilities	278,830
Total Valuation	\$ 16,785,030

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 Fund. The amount collected for 2005 was \$ 142,149.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). 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, OPERS invests employer contributions 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.

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 2005, 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 2005 member contribution rates were 8.5% for members in state and local classifications. 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 9%.

The 2005 employer contribution rate for state employers was 13.31% of covered payroll. For local government employer units, the rate was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2005 was 16.7%.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$63,242, \$54,113, and \$46,449, respectively. 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, 2005

Note 8 – Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund

The Village of Plymouth 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 pension 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Village's contributions to OP&F for the years ending December 31, 2005, 2004, and 2003 were \$23,486, \$23,842, and \$21,963, respectively. The full amount has been contributed for all three years.

Note 9 Post Employment Benefits

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2005, state employers contributed at a rate of 13.31% of covered payroll, local government employer units contributed at 13.55% of covered payroll, and public safety and law enforcement employer units contributed at 16.70%. The portion of employer contributions for all employers allocated to health care was 4.00%.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 - Post Employment Benefits (continued)

Summary of Assumptions:

- **Actuarial Review**—The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2004.
- **Funding Method**—An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.
- **Assets Valuation Method**—All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.
- **Investment Return**—The investment assumption rate for 2004 was 8.00%.

Active Employee Total Payroll—An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

- **Health Care**—Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The following disclosures are required:

1. The Traditional Pension and Combined Plans had 376,109 active contributing participants as of December 31, 2004.
2. The rates stated above are the actuarially determined contribution requirements for OPERS. The amount used for health care was \$18,669.
3. The amount of \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2004.
4. The actuarial valuation as of December 31, 2004, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB, based on the actuarial cost method used, at \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 - Post Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund

OP&F provides access to post-retirement health care coverage for 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. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2004 and in 2005. In addition, since July 1, 1992, most retirees and survivors were 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 number of participants eligible to receive health care benefits as of December 31, 2004, the date of the last actuarial valuation available, are 13,812 for police and 10,528 for firefighters. The portion employer contributions that were used to pay post-employment benefits was \$9,324. OP&F's total health care expense for the year ending December 31, 2004, the date of the last actuarial valuation available, was \$102,173,796, which was net of member contributions of \$55,665,341.

Note 10 – Risk Management

The Village of Plymouth has obtained commercial insurance for the following risks:

- 1) Comprehensive property and general liability
- 2) Public officials liability
- 3) Law enforcement liability
- 4) Vehicles

All employees of the Village are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

The Village pays the state Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the Village did not reduce its insurance coverage significantly during the past year.

Village of Plymouth
Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 11– Interfund Transfers

During 2005, the following transfers were made:

Transfers from the General Fund to:	
Major Enterprise Fund	\$12,000
Other Enterprise Funds	<u>20,000</u>
Total Transfers from the General Fund	<u><u>\$32,000</u></u>
Transfers from Permanent Funds to:	
Other Government Funds	<u>\$251</u>
Total Transfers from Permanent Funds	<u><u>\$251</u></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 2005, a transfer was made to the Water fund for the purpose of replacing /repairing old and broken water meters. Also, a transfer was made to the swimming pool operating fund. The General fund supplements the pool fund every year. The Village transfers the interest from the Cemetery and Park Permanent Funds to Cemetery and Park operating fund. The amount transferred is the amount earned on the trust.

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. 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.

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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
Plymouth, Ohio 44865

To Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Plymouth, Richland County, Ohio (the Village), as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated September 22, 2006, 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 Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management on the Village in a separate letter dated September 22, 2006.

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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted other instances of noncompliance that we have communicated to management in a separate letter dated September 22, 2006.

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.
September 22, 2006

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2004 reported no material citations or recommendations.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

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
JANUARY 4, 2007**