

VILLAGE OF PLYMOUTH

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2006

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, 2006 through December 31, 2006. 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, 2006

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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, 2006, 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, 2006, 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, 2006
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, 2006, 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 2006 are as follows:

- Street repaving was done on Riggs St., West Broadway St., East Main St., East Mills, Fazio Way, Willow Drive and Willow Court.
- Purchased a sweeper-vacuum truck for effective Street and catch basin cleaning.
- The Village replaced 4,182 square feet of sidewalks and 4,293 Lineal feet of curbs.
- The municipal pool was completely rebuilt with a new concrete bottom, decking, stainless steel sidewalls, new diving board, lifeguard stands, fencing and filtration system.
- The Village is working with Poggemeyer Design group on EPA mandated improvements to the sewer lagoon system. A problem with rain water intrusion has also been found and is included with the EPA mandated changes.
- The Village received a grant for new handicapped accessible restrooms which will be installed in 2007.
- Annexation of 31.57 acres of land on the south side of the Village was requested and is expected to be completed in 2007.
- The Village sold the old Municipal building located at 49 Sandusky Street as well as an estimated 197,300 board feet of timber which was located out by the Village sewer lagoons.
- Governmental general receipts accounted for \$764,104 in revenue or 84% of total receipts. Program receipts in the form of charges for services and sales, grants and contributions accounted for \$142,538 or 16 % of total receipts of \$906,642 for 2006.
- The Village had \$1,130,292 in disbursements related to governmental activities, only \$142,538 were offset by program specific receipts. General receipts in 2006 (primarily property, other taxes, municipal taxes and grants and entitlements) of \$764,104 were adequate to provide for these programs.
- Among major funds, the general fund had \$519,924 in receipts for 2006. Village receipts increased by \$46,459 over 2005. The General fund disbursements were \$637,289. The General Fund balance increased from \$224,247 to \$236,415.
- For Business type activities, program receipts were \$1,840,920. Disbursements were \$2,158,471. The decrease in the disbursements is due mainly to the bond refinancing being completed. While the disbursements did decrease, the amount was minimal due to increase cost of electric power. The total business-type net assets decreased from \$605,406 to \$313,776.

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

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 2006, 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, 2006
Unaudited

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, cemetery 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, the provision of water, sewer, electric, garbage, pool and ambulance services. 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 two major Governmental funds. They are the General Fund, and, Fire/Ambulance Equipment Levy 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 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 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 2006 compared to 2005 on a cash basis. Total net assets for the Village of Plymouth in 2005 were \$1,225,523 compared to \$933,032 in 2006.

Net Assets of governmental activities decreased \$861 or 1%. The change in balance is minimal and is most likely for various reasons.

- A decrease in one area and an increase in another which affects the total as close to even.

Net Assets of business-type activities decreased \$291,630 or 48% during 2006. The primary reason contributing to the decrease in cash balances are as follows:

- Increase in electric rates and purchase of electric equipment.

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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Total governmental assets for 2005 were \$620,117. Total governmental assets for 2006 were \$619,256. The breakdown of these funds for restricted and non-restricted purposes were as follows:

Net Assets

Table 1

	Governmental		Business-Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Assets						
Cash and Cash Equivalents	\$ 619,256	\$ 620,117	\$ 313,776	\$ 605,406	\$ 933,032	\$ 1,225,523
Total Assets	<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						
Restricted for:						
Permanent Funds	\$ 51,686	\$ 49,229	\$ -	\$ -	\$ 51,686	\$ 49,229
Other Purposes	331,155	316,913	-	-	331,155	316,913
Unrestricted	<u>236,415</u>	<u>253,975</u>	<u>313,776</u>	<u>605,406</u>	<u>550,191</u>	<u>859,381</u>
Total Net Assets	<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>

Table 2, below reflects the changes in net assets for 2005 as compared to 2006.

Change in net Assets

Table 2

	Governmental		Business Type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 53,777	\$ 48,985	\$ 1,840,920	\$ 1,550,358	\$ 1,894,697	\$ 1,599,343
Operating Grants and Contributions	88,761	215,244	-	973	88,761	216,217
Capital Grants and Contributions	-	1,000	-	-	-	1,000
Total Program Receipts	<u>142,538</u>	<u>265,229</u>	<u>1,840,920</u>	<u>1,551,331</u>	<u>1,983,458</u>	<u>1,816,560</u>
General Receipts:						
Property Taxes	238,360	218,047	-	-	238,360	218,047
Income Taxes	170,128	142,149	-	-	170,128	142,149
Kilowatt Tax	56,073	49,558	-	-	56,073	49,558
Cable Franchise Fees	9,895	-	-	-	9,895	-
Other Taxes	53,136	28,936	-	-	53,136	28,936
Grants and Entitlements Not Restricted	160,091	78,957	-	-	160,091	78,957
Sale of Bonds	-	-	-	1,000,000	-	1,000,000
Proceeds of Loans	22,150	20,000	-	66,984	22,150	86,984
Interest	21,176	14,025	-	-	21,176	14,025
Miscellaneous	51,095	40,855	-	58,021	51,095	98,876
Sale of Capital Assets	-	-	7,921	-	7,921	-
Transfers	<u>(18,000)</u>	<u>(32,000)</u>	<u>18,000</u>	<u>32,000</u>	<u>-</u>	<u>-</u>
Total General Receipts	<u>764,104</u>	<u>608,230</u>	<u>25,921</u>	<u>1,125,005</u>	<u>790,025</u>	<u>1,733,235</u>

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Total Receipts	906,642	841,459	1,866,840	2,708,336	2,773,483	3,549,795
Special Item - Sales of timber	222,789	-	-	-	222,789	-
Total Receipts	<u>1,129,431</u>	<u>841,459</u>	<u>1,866,840</u>	<u>2,708,336</u>	<u>2,996,272</u>	<u>3,549,795</u>
Disbursements:						
General Government	226,814	116,000	-	-	226,814	116,000
Security of Persons and Property:	354,418	377,684	-	-	354,418	377,684
Public Health Services	75,432	49,716	-	-	75,432	49,716
Leisure Time Activities	19,934	18,674	-	-	19,934	18,674
Community Environment	100,513	63,133	-	-	100,513	63,133
Basic Utilities	-	38,312	-	-	-	38,312
Transportation	216,792	140,494	-	-	216,792	140,494
Capital Outlay	41,384	51,162	-	-	41,384	51,162
Principal Retirement	89,315	9,952	-	-	89,315	9,952
Interest and Fiscal Charges	5,434	3,672	-	-	5,434	3,672
Other	256	7	-	-	256	7
Water	-	-	338,669	333,322	338,669	333,322
Sewer	-	-	214,215	650,745	214,215	650,745
Electric	-	-	1,455,157	1,293,512	1,455,157	1,293,512
Swimming pool	-	-	29,553	34,636	29,553	34,636
Garbage	-	-	73,044	69,736	73,044	69,736
Ambulance	-	-	30,175	35,036	30,175	35,036
Utility Deposit Fund	-	-	17,658	15,421	17,658	15,421
Total Disbursements	<u>1,130,292</u>	<u>868,806</u>	<u>2,158,471</u>	<u>2,432,408</u>	<u>3,288,763</u>	<u>3,301,214</u>
Change in Net Assets	(861)	(27,347)	(291,630)	275,928	(292,491)	248,581
Net Assets, January 1,	620,117	647,464	605,406	329,478	1,225,523	976,942
Net Assets, December 31,	<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>

The change in net assets for the year 2005 in governmental activities was a decrease of \$27,347 as compared to the decrease in net assets for the year 2006 of \$861. The change in net assets for the year 2005 in business-type activities was an increase of \$275,928 as compared to a decrease in 2006 of \$291,630.

Program receipts represent 31.5% of total receipts for 2005 and 16.5% for 2006 governmental activities and 57.3% for business-type activities in 2005 as compared to 99% in 2006. Program receipts are comprised of charges for services and operating grants, capital grants and contributions. As you can see, business-type activities are very dependent on charges for services for receipts. Comparing program receipts for 2005 and 2006 for governmental activities were \$265,229 and \$142,538, respectively. Business-type activities revenues for 2005 and 2006 were \$1,551,331 and \$1,840,920.

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

General receipts represent 68.5% in 2005 as compared to 85.8% in 2006 for governmental activities and 42.7% in 2005 as compared to 1% in 2006 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 2005 and 2006 for governmental activities were \$608,230 and \$764,104 respectively. The general receipts for business-type activities for 2005 and 2006 were \$1,125,005 and \$25,921. The significant decrease is due to the completion of the sale of bonds and the purchase of a bucket truck for the electric department.

Governmental Activities

Net assets of the Village's governmental activities for 2006 decreased by \$861 as compared to the decrease of \$27,347 in 2005. As stated before, this is due to increases and decreases in various areas which almost come out even. Program receipts supported 31.5% of the total governmental activities for 2005 as compared to the 14.2% for 2006.

The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements, other taxes, kilo-watt hour tax and income taxes. These five revenue sources represent \$517,647 of the \$841,459 or 61.5% of total governmental revenue in 2005. In 2006, those five revenue sources represented \$682,333 of the \$906,207 or 75.2%

In 2005 and 2006, only 4.5% and 0% of general government functional activities are supported through charges for services revenue. These numbers come from the Statement of Activities. General Government disbursements for 2005 and 2006 were \$116,000 and \$226,814 respectively, and charges for services in 2005 and 2006 were \$5,264 and \$0, 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, general government and transportation, which account for 31%, 20% and 19% respectively. The major program disbursements for business activities are Water, Sewer and Electric, which account for 16%, 10%, and 67% 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 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.

Village of Plymouth, Richland County, Ohio
Management's Discussion and Analysis
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Unaudited

Table 3
Total and Cost of Program Services

	Governmental Activities		Governmental Activities	
	2006		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	\$ 226,814	\$ (212,882)	\$116,000	(\$110,736)
Security of Persons and Property:	354,418	(336,418)	377,684	(285,425)
Public Health Services	75,432	(51,863)	49,716	(33,089)
Leisure Time Activities	19,934	(17,114)	18,674	(14,264)
Community Environment	100,513	(100,513)	63,133	(62,633)
Basic Utilities	-	-	38,312	33,672
Transportation	216,792	(132,575)	140,494	(66,309)
Capital Outlay	41,384	(41,384)	51,162	(51,162)
Principal Retirement	89,315	(89,315)	9,952	(9,952)
Interest and Fiscal Charges	5,434	(5,434)	3,672	(3,672)
Other	256	(256)	7	(7)
Total Expenses	<u>\$ 1,130,292</u>	<u>\$ (987,754)</u>	<u>\$ 868,806</u>	<u>\$ (603,577)</u>

	Business Type Activities		Business Type Activities	
	2006		2005	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Water	\$ 338,669	(12,322)	\$333,322	(2,907)
Sewer	214,215	(30,271)	650,745	(464,399)
Electric	1,455,157	(243,263)	1,293,512	(380,208)
Swimming pool	29,553	(20,576)	34,636	(24,552)
Garbage	73,044	(3,321)	69,736	378
Ambulance	30,175	(11,232)	35,036	(12,653)
Utility Deposit Fund	17,658	3,434	15,421	3,264
Total Expenses	<u>\$ 2,158,471</u>	<u>\$ (317,551)</u>	<u>\$ 2,432,408</u>	<u>\$ (881,077)</u>

As you can see in 2006, 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. 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 is the majority of the business-type activities. The Village is beginning to look into the repair of the two water towers and the EPA mandated upgrades at the sewer lagoon.

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The Village's Funds

Information about the Village's 2006 major funds starts on page 15. These funds are accounted for using the cash basis of accounting.

Total Governmental funds had receipts of \$924,642 and disbursements of \$1,130,292. The greatest change within Governmental funds occurred within the Fire/Ambulance Equipment Levy Fund. The fund balance of the Fire/Ambulance Equipment Levy Fund increased by \$28,778 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 funds are the General Fund, and the Fire/Ambulance Equipment Levy Fund.

During 2006, the Village amended its General Fund budget twice to account for additional increase in Income taxes collected, an anticipated increase in interest earnings, and additional room rent received. Final budgeted amounts were varied only slightly 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. A noticeable difference can be seen in the reduction of other taxes do to the separation of creating a line item for kilo-watt hour taxes. When the two are added together they equal the original budgeted amount.

Final disbursements for the General fund were budgeted at \$688,777 while actual disbursements were \$656,357, as seen on page 16. The Village kept spending below the budgeted amounts as shown above, but due to minor variances with transfers out and the usage of carry over cash balance the fund saw a slight increase in fund balance. The result was a increase net change in the fund balance of \$6,900 for 2006.

Capital Assets and Debt Administration

Capital Assets

The Village is currently working on the tracking of its capital assets and infrastructure. The Village acquired a software package called "Plan it". We currently have a listing of all vehicles. We also are starting to track the resurfacing or paving of the streets in this software. While it is not fully functional it is being updated as time allows.

Debt

At December 31, 2006, the Village's outstanding debt included \$917,000 in revenue bonds issued for improvements to sewer lines in 1973 and electrical upgrades in 2002. Other debt of \$126,951 is for capital leases for facilities, equipment, and a sewer erosion project. For further information regarding the Village's debt, refer to Note 5 to the basic financial statements.

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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, 2006

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 619,256	\$ 313,776	\$ 933,032
<i>Total Assets</i>	<u>619,256</u>	<u>313,776</u>	<u>933,032</u>
Net Assets			
Restricted for:			
Permanent Funds			
Expendable	7,265	-	7,265
Nonexpendable	44,421	-	44,421
Other Purposes	331,155	-	331,155
Unrestricted	<u>236,415</u>	<u>313,776</u>	<u>550,191</u>
<i>Total Net Assets</i>	<u>\$ 619,256</u>	<u>\$ 313,776</u>	<u>\$ 933,032</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, 2006

	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
Governmental Activities						
General Government	\$ 226,814	\$ 13,932	-	\$ (212,882)	-	\$ (212,882)
Security of Persons and Property	354,418	17,500	\$ 500	(336,418)	-	(336,418)
Public Health Services	75,432	19,525	4,044	(51,863)	-	(51,863)
Leisure Time Activities	19,934	2,820	-	(17,114)	-	(17,114)
Community Environment	100,513	-	-	(100,513)	-	(100,513)
Transportation	216,792	-	84,217	(132,575)	-	(132,575)
Capital Outlay	41,384	-	-	(41,384)	-	(41,384)
Other	256	-	-	(256)	-	(256)
Debt Service:						
Principal Retirement	89,315	-	-	(89,315)	-	(89,315)
Interest and Fiscal Charges	5,434	-	-	(5,434)	-	(5,434)
Total Governmental Activities	1,130,292	53,777	88,761	(987,754)	-	(987,754)
Business Type Activities						
Water	338,669	326,347	-	-	\$ (12,322)	(12,322)
Sewer	214,215	183,944	-	-	(30,271)	(30,271)
Electric	1,455,157	1,211,894	-	-	(243,263)	(243,263)
Swimming Pool	29,553	8,977	-	-	(20,576)	(20,576)
Garbage	73,044	69,723	-	-	(3,321)	(3,321)
Ambulance	30,175	18,943	-	-	(11,232)	(11,232)
Utilities Deposit Fund	17,658	21,092	-	-	3,434	3,434
Total Business-type Activities	2,158,471	1,840,920	-	-	(317,551)	(317,551)
Total Primary Government	\$ 3,288,763	\$ 1,894,697	\$ 88,761	(987,754)	(317,551)	(1,305,305)
General Receipts						
Property Taxes Levied for:						
General Purposes				104,836	-	104,836
Special Purpose				133,524	-	133,524
Municipal Income Taxes				170,128	-	170,128
Grants and Entitlements not Restricted to Specific Program				160,091	-	160,091
Other Taxes				53,136	-	53,136
Kilowatt Hour Tax				56,073	-	56,073
Cable Franchise Fees				9,895	-	9,895
Proceeds of Loans				22,150	-	22,150
Interest				21,176	-	21,176
Sale of Capital Assets				-	7,921	7,921
Transfers				(18,000)	18,000	-
Miscellaneous				51,095	-	51,095
Total General Receipts				764,104	25,921	790,025
Special Items						
Proceeds from Sale of Timber and Building				222,789	-	222,789
Total General Receipts and Special Items				986,893	25,921	1,012,814
Change in Net Assets				(861)	(291,630)	(292,491)
<i>Net Assets Beginning of Year</i>				620,117	605,406	1,225,523
<i>Net Assets End of Year</i>				\$ 619,256	\$ 313,776	\$ 933,032

See accompanying notes to the basic financial statements

Village of Plymouth
Richland County
Statement of Fund Net Assets - Cash Basis
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Fire/Ambulance Equipment</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents				
Cash	\$ 236,415	\$ 161,362	\$ 221,479	\$ 619,256
<i>Total Assets</i>	<u>\$ 236,415</u>	<u>\$ 161,362</u>	<u>\$ 221,479</u>	<u>\$ 619,256</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 19,068	-	\$ 5,290	\$ 24,358
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	217,347	-	-	217,347
Special Revenue Funds	-	\$ 161,362	160,288	321,650
Capital Projects Funds	-	-	4,215	4,215
Permanent Fund	-	-	51,686	51,686
<i>Total Fund Balances</i>	<u>\$ 236,415</u>	<u>\$ 161,362</u>	<u>\$ 221,479</u>	<u>\$ 619,256</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, 2006

	General	Fire/Ambulance Equipment Levy Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Municipal Income Taxes	\$ 170,128	-	-	\$ 170,128
Property and Other Local Taxes	104,836	\$ 55,261	\$ 131,399	291,496
Charges for Services	-	-	39,845	39,845
Fines, Licenses and Permits	13,897	-	35	13,932
Intergovernmental	104,582	5,353	138,917	248,852
Kilo Watt Hour	56,073	-	-	56,073
Cable Franchise Fees	9,895	-	-	9,895
Interest	15,468	2,608	3,100	21,176
Miscellaneous	45,045	-	6,050	51,095
<i>Total Receipts</i>	<u>519,924</u>	<u>63,222</u>	<u>319,346</u>	<u>902,492</u>
Disbursements				
Current:				
General Government	213,133	1,205	12,476	226,814
Security of Persons and Property	307,036	-	47,382	354,418
Public Health Services	-	-	75,432	75,432
Leisure Time Activities	-	-	19,934	19,934
Community Environment	-	-	100,513	100,513
Transportation	22,371	-	194,421	216,792
Capital Outlay	-	33,239	8,145	41,384
Debt Service:				
Principal Retirement	89,315	-	-	89,315
Interest and Fiscal Charges	5,434	-	-	5,434
<i>Total Disbursements</i>	<u>637,289</u>	<u>34,444</u>	<u>458,303</u>	<u>1,130,036</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(117,365)</u>	<u>28,778</u>	<u>(138,957)</u>	<u>(227,544)</u>
Other Financing Sources (Uses)				
Proceeds of loan	-	-	22,150	22,150
Transfers In	-	-	75,000	75,000
Transfers Out	(93,000)	-	-	(93,000)
Other Financing Uses	(256)	-	-	(256)
<i>Total Other Financing Sources (Uses)</i>	<u>(93,256)</u>	<u>-</u>	<u>97,150</u>	<u>3,894</u>
Special Items-Sale of Timber and Building	222,789	-	-	222,789
<i>Net Change in Fund Balances</i>	12,168	28,778	(41,807)	(861)
<i>Fund Balances Beginning of Year</i>	<u>224,247</u>	<u>132,584</u>	<u>263,286</u>	<u>620,117</u>
<i>Fund Balances End of Year</i>	<u>\$ 236,415</u>	<u>\$ 161,362</u>	<u>\$ 221,479</u>	<u>\$ 619,256</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 120,000	\$ 120,000	\$ 170,128	\$ 50,128
Property and Other Local Taxes	155,000	103,000	104,836	1,836
Fines, Licenses and Permits	4,450	8,450	13,897	5,447
Intergovernmental	97,170	97,170	104,582	7,412
Kilo Watt Hour	-	52,000	56,073	4,073
Cable Franchise Fees	9,500	9,500	9,895	395
Interest	3,000	9,000	15,468	6,468
Miscellaneous	18,930	38,930	45,045	6,115
<i>Total receipts</i>	<u>408,050</u>	<u>438,050</u>	<u>519,924</u>	<u>81,874</u>
Disbursements				
Current:				
General Government	327,212	241,203	213,849	27,354
Security of Persons and Property	312,181	327,212	325,388	1,824
Transportation	-	25,262	22,371	2,891
Debt Service:				
Principal Retirement	90,000	89,315	89,315	-
Interest and Fiscal Charges	4,100	5,785	5,434	351
<i>Total Disbursements</i>	<u>733,493</u>	<u>688,777</u>	<u>656,357</u>	<u>32,420</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(325,443)</u>	<u>(250,727)</u>	<u>(136,433)</u>	<u>114,294</u>
Other Financing Sources (Uses)				
Transfers Out	(100,000)	(100,000)	(93,000)	7,000
Other Financing Uses	(5,000)	(5,255)	(256)	4,999
<i>Total Other Financing Sources (Uses)</i>	<u>(105,000)</u>	<u>(105,255)</u>	<u>(93,256)</u>	<u>11,999</u>
Special Items				
Sale of Timber and Building	206,289	202,789	222,789	20,000
<i>Net Change in Fund Balance</i>	(224,154)	(153,193)	(6,900)	146,293
<i>Fund Balance Beginning of Year</i>	216,754	216,754	216,754	-
Prior Year Encumbrances Appropriated	7,493	7,493	7,493	-
<i>Fund Balance End of Year</i>	<u>\$ 93</u>	<u>\$ 71,054</u>	<u>\$ 217,347</u>	<u>\$ 146,293</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 59,000	\$ 59,200	\$ 55,261	\$ (3,939)
Intergovernmental	6,500	6,500	5,353	(1,147)
Interest	500	300	2,608	2,308
<i>Total receipts</i>	<u>66,000</u>	<u>66,000</u>	<u>63,222</u>	<u>(2,778)</u>
Disbursements				
Current:				
General Government	2,000	2,000	1,205	795
Capital Outlay	<u>196,000</u>	<u>196,000</u>	<u>33,239</u>	<u>162,761</u>
<i>Total Disbursements</i>	<u>198,000</u>	<u>198,000</u>	<u>34,444</u>	<u>163,556</u>
<i>Net Change in Fund Balance</i>	(132,000)	(132,000)	28,778	160,778
<i>Fund Balance Beginning of Year</i>	<u>132,584</u>	<u>132,584</u>	<u>132,584</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 584</u>	<u>\$ 584</u>	<u>\$ 161,362</u>	<u>\$ 160,778</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, 2006

	Business-Type Activities				
	Water Operating	Sewer Operating	Electric Operating	Non-Major Enterprise Funds	Total Enterprise Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 12,606	\$ 83,472	\$ 166,902	\$ 50,796	\$ 313,776
<i>Total Assets</i>	<u>12,606</u>	<u>83,472</u>	<u>166,902</u>	<u>50,796</u>	<u>313,776</u>
Net Assets					
Unrestricted	<u>\$ 12,606</u>	<u>\$ 83,472</u>	<u>\$ 166,902</u>	<u>\$ 50,796</u>	<u>\$ 313,776</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, 2006*

	Business-Type Activities				Total Enterprise Funds
	Water Operating	Sewer Operating	Electric Operating	Other Enterprise Funds	
Operating Receipts					
Charges for Services	\$ 326,347	\$ 183,944	\$ 1,211,894	\$ 118,735	\$ 1,840,920
<i>Total Operating Receipts</i>	<u>326,347</u>	<u>183,944</u>	<u>1,211,894</u>	<u>118,735</u>	<u>1,840,920</u>
Operating Disbursements					
Personal Services	68,952	66,674	159,338	28,857	323,821
Fringe Benefits	17,258	17,275	71,890	3,387	109,810
Contractual Services	224,432	12,802	969,972	86,471	1,293,677
Materials and Supplies	11,663	11,817	21,351	11,967	56,798
Other	-	-	5,413	17,659	23,072
<i>Total Operating Disbursements</i>	<u>322,305</u>	<u>108,568</u>	<u>1,227,964</u>	<u>148,341</u>	<u>1,807,178</u>
<i>Operating Income (Loss)</i>	4,042	75,376	(16,070)	(29,606)	33,742
Non-Operating Receipts (Disbursements)					
Sale of Capital Assets	-	-	7,921	-	7,921
Capital Outlay	(7,750)	(9,544)	(173,417)	(2,090)	(192,801)
Principal Payments	(7,554)	(71,903)	(22,000)	-	(101,457)
Interest and Fiscal Charges	(1,060)	(24,200)	(31,775)	-	(57,035)
<i>Income (Loss) before Transfers</i>	<u>(12,322)</u>	<u>(30,271)</u>	<u>(235,341)</u>	<u>(31,696)</u>	<u>(309,630)</u>
Transfers In	-	-	-	18,000	18,000
<i>Change in Net Assets</i>	<u>(12,322)</u>	<u>(30,271)</u>	<u>(235,341)</u>	<u>(13,696)</u>	<u>(291,630)</u>
<i>Net Assets Beginning of Year</i>	<u>24,928</u>	<u>113,743</u>	<u>402,243</u>	<u>64,492</u>	<u>605,406</u>
<i>Net Assets End of Year</i>	<u>\$ 12,606</u>	<u>\$ 83,472</u>	<u>\$ 166,902</u>	<u>\$ 50,796</u>	<u>\$ 313,776</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, 2006

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,162
<i>Total Assets</i>	<u>1,162</u>
Net Assets	
Other Purposes	<u>\$ 1,162</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, 2006

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, 2006

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, 2006

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.

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 3 Major Proprietary funds. They are the Water, Sewer and Electric Fund. The Village has no Internal Service Funds.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

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. 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.

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.

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.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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.

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.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

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 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.

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 Village had two extraordinary items in 2006. We sold Timber and the old Municipal building.

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.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

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 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 \$19,068 and the Fire/Ambulance Equipment Levy fund had no encumbrances at year end.

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;
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, 2006

Note 4 – Deposit 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, 2006, \$523,259 of the Village's bank balance of \$623,259 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, 2006, the Village had \$310,935 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.

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, 2006 was as follows:

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 4 - Deposits and Investments (continued)

STAR Ohio	\$ 310,935
N.O.W. Checking - General	589,096
Utility Deposit	<u>34,163</u>
 Total deposits and investments	 \$ <u>934,194</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, 2006 was as follows:

Description	Balance 12/31/2005	Issued	Retired	Balance 12/31/2006	Due Within One Year
Enterprise:					
Equipment Purchase – Baystone	\$ 47,592	-	\$ (15,108)	\$ 32,484	\$ 15,584
First Citizens Bank – Sewer Bond	425,000	-	(61,000)	364,000	54,000
First Citizens Bank – Electric Bond	575,000	-	(22,000)	553,000	27,000
OPWC – Sewer Erosion	<u>63,635</u>	-	<u>(3,349)</u>	<u>60,286</u>	<u>3,349</u>
Total Debt-Enterprise	1,111,227	-	(101,457)	1,009,770	99,933
General:					
Police Car – Loan - SUV	8,346	-	(8,346)	-	-
First Citizens Bank – St. Sweeper	-	\$ 22,150	-	22,150	10,621
Police Car - Loan – Impala	18,000	-	(5,969)	12,031	6,039
Building Purchase- Loan	<u>75,000</u>	-	<u>(75,000)</u>	-	-
Total Debt-General	<u>101,346</u>	<u>22,150</u>	<u>(89,315)</u>	<u>34,181</u>	<u>16,660</u>
Total Debt	<u>\$ 1,212,573</u>	<u>\$ 22,150</u>	<u>\$ (190,772)</u>	<u>\$ 1,043,951</u>	<u>\$ 116,593</u>

The Village did not use the full amount of the Baystone loan and received a credit for the unused portion. The January 1, 2006 balance was adjusted to reflect this.

The previous audit report had an incorrect balance for the police car SUV loan. The balance was adjusted by \$115.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 5 – Debt (continued)

Principal and interest requirements to retire long-term bonds and notes outstanding December 31, 2006 are as follows:

	<u>Principal</u>	<u>Interest</u>
2007	\$116,863	\$46,644
2008	121,500	40,860
2009	92,349	35,031
2010	96,349	30,753
2011	101,349	26,270
2012-2016	274,745	80,599
2017-2021	230,749	26,676
2022-2024	10,047	0
	<u>\$1,043,951</u>	<u>\$286,833</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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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. 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, 2006, was \$19.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

	2006
Real Property	
Residential/Agricultural	\$ 19,604,670
Other	2,788,060
Tangible Personal Property	
General	347,842
Public Utilities	268,630
Total Valuation	\$ 23,009,202

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 2006 was \$170,128.

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, 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.

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.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8 – Defined Benefit Pension Plans (continued)

A. Ohio Public Employees Retirement System (continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, 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 2006 member contribution rates were 9.0% 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 9%.

For local government employer units, the rate was 13.7% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93%.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$60,351, \$54,113 and \$46,449, 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, 2006, 2005, and 2004 were \$24,898, \$23,842, and \$21,963. 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, 2006

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 Post employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

Benefits are advanced-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 8.00 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 1.00 and 6.00 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 369,214. Actual employer contributions for 2006 which were used to fund post employment benefits were \$9,601. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial liability were \$31.3 billion and \$20.2 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 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 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.

Village of Plymouth, Richland County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 9 – Post-Employment Benefits (continued)

B. Ohio Police and Fire Pension Fund

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 post employment health care program during 2006. 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 post-employment benefits were \$13,407 in 2006 for police. The OP&F’s total health care expenses for the year ended December 31, 2005 (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, 2005, 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, 2006

Note 11– Inter-fund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$ 75,000
Other Enterprise Funds	<u>18,000</u>
Total Transfers from the General Fund	<u>\$ 93,000</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 2006, a transfer was made to the pool renovation 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.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**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, 2006, 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 deficiency described in the accompanying schedule of findings, item 2006-VPRC-01 to be a significant deficiency in the 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 deficiency described above to be a material weakness.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the schedule of findings as item 2006-VPRC-01.

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

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, 2006

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER 2006-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 2006. 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.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY
DECEMBER 31, 2006**

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2005, reported no material citations or recommendations.



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**