



Dave Yost • Auditor of State

VILLAGE OF PLYMOUTH
RICHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2012	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2012	4
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2011	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2011	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Plymouth, Richland County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Plymouth, Richland County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2011 the Village of Plymouth, Richland County, Ohio, adopted new accounting guidance in Governmental Accounting Standards Board Statement No. (GASB) 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

April 19, 2013

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$138,198	\$147,472			\$285,670
Municipal Income Tax	328,132				328,132
Intergovernmental	131,619	113,268			244,887
Charges for Services		40,462			40,462
Fines, Licenses and Permits	41,444	3,155			44,599
Earnings on Investments	1,509	79		\$48	1,636
Miscellaneous	69,241	2,372			71,613
<i>Total Cash Receipts</i>	<u>710,143</u>	<u>306,808</u>		<u>48</u>	<u>1,016,999</u>
Cash Disbursements					
Current:					
Security of Persons and Property	372,703	61,036			433,739
Public Health Services		53,518			53,518
Leisure Time Activities		25,046			25,046
Community Environment			\$66,699		66,699
Transportation	21,088	128,295			149,383
General Government	229,419	11,341			240,760
Capital Outlay		338,230			338,230
Debt Service:					
Principal Retirement			19,356		19,356
Interest and Fiscal Charges			2,267		2,267
<i>Total Cash Disbursements</i>	<u>623,210</u>	<u>617,466</u>	<u>88,322</u>		<u>1,328,998</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>86,933</u>	<u>(310,658)</u>	<u>(88,322)</u>	<u>48</u>	<u>(311,999)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds		118,606			118,606
Sale of Capital Assets	26,791	625			27,416
Transfers In		6,063	22,000		28,063
Transfers Out	(47,063)				(47,063)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,272)</u>	<u>125,294</u>	<u>22,000</u>		<u>127,022</u>
<i>Net Change in Fund Cash Balances</i>	<u>66,661</u>	<u>(185,364)</u>	<u>(66,322)</u>	<u>48</u>	<u>(184,977)</u>
<i>Fund Cash Balances, January 1</i>	<u>155,160</u>	<u>422,861</u>	<u>68,688</u>	<u>45,540</u>	<u>692,249</u>
Fund Cash Balances, December 31					
Nonspendable	815			44,420	45,235
Restricted		237,497	275	1,168	238,940
Assigned			2,091		2,091
Unassigned	221,006				221,006
<i>Fund Cash Balances, December 31</i>	<u>\$221,821</u>	<u>\$237,497</u>	<u>\$2,366</u>	<u>\$45,588</u>	<u>\$507,272</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,268,523		\$2,268,523
Fines, Licenses and Permits		\$40,650	40,650
Miscellaneous	1,475		1,475
<i>Total Operating Cash Receipts</i>	<u>2,269,998</u>	<u>40,650</u>	<u>2,310,648</u>
Operating Cash Disbursements			
Personal Services	315,540		315,540
Employee Fringe Benefits	127,710		127,710
Contractual Services	1,249,420		1,249,420
Supplies and Materials	60,648		60,648
Other	23,542	39,872	63,414
<i>Total Operating Cash Disbursements</i>	<u>1,776,860</u>	<u>39,872</u>	<u>1,816,732</u>
<i>Operating Income</i>	<u>493,138</u>	<u>778</u>	<u>493,916</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	284,651		284,651
Other Debt Proceeds	451,582		451,582
Miscellaneous Receipts	435		435
Capital Outlay	(805,765)		(805,765)
Principal Retirement	(286,423)		(286,423)
Interest and Other Fiscal Charges	(30,260)		(30,260)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(385,780)</u>		<u>(385,780)</u>
<i>Income before Transfers</i>	107,358	778	108,136
Transfers In	389,455		389,455
Transfers Out	(370,455)		(370,455)
<i>Net Change in Fund Cash Balances</i>	126,358	778	127,136
<i>Fund Cash Balances, January 1</i>	<u>837,325</u>	<u>2,038</u>	<u>839,363</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$963,683</u></u>	<u><u>\$2,816</u></u>	<u><u>\$966,499</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$150,655	\$142,215			\$292,870
Municipal Income Tax	181,912		\$131,810		313,722
Intergovernmental	103,816	106,610			210,426
Charges for Services		34,804			34,804
Fines, Licenses and Permits	28,915	3,059			31,974
Earnings on Investments	2,429	117		\$102	2,648
Miscellaneous	62,720	12,325			75,045
<i>Total Cash Receipts</i>	<u>530,447</u>	<u>299,130</u>	<u>131,810</u>	<u>102</u>	<u>961,489</u>
Cash Disbursements					
Current:					
Security of Persons and Property	342,039	35,530			377,569
Public Health Services		59,541			59,541
Leisure Time Activities		10,915			10,915
Community Environment			75,136		75,136
Transportation		103,204			103,204
General Government	157,441	16,878			174,319
Capital Outlay		2,238			2,238
Debt Service:					
Principal Retirement			22,314		22,314
Interest and Fiscal Charges			7,720		7,720
<i>Total Cash Disbursements</i>	<u>499,480</u>	<u>228,306</u>	<u>105,170</u>	<u>0</u>	<u>832,956</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>30,967</u>	<u>70,824</u>	<u>26,640</u>	<u>102</u>	<u>128,533</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	4,327				4,327
Transfers In	206	11,469			11,675
Transfers Out	(15,540)	(135)		(11,000)	(26,675)
Other Financing Uses	(1,000)				(1,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(12,007)</u>	<u>11,334</u>	<u>0</u>	<u>(11,000)</u>	<u>(11,673)</u>
<i>Net Change in Fund Cash Balances</i>	18,960	82,158	26,640	(10,898)	116,860
<i>Fund Cash Balances, January 1</i>	<u>136,200</u>	<u>340,703</u>	<u>42,048</u>	<u>56,438</u>	<u>575,389</u>
Fund Cash Balances, December 31					
Nonspendable	815			44,420	45,235
Restricted		422,861	275	1,120	424,256
Assigned			68,413		68,413
Unassigned	154,345				154,345
<i>Fund Cash Balances, December 31</i>	<u>\$155,160</u>	<u>\$422,861</u>	<u>\$68,688</u>	<u>\$45,540</u>	<u>\$692,249</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,347,878		\$2,347,878
Fines, Licenses and Permits		\$33,577	33,577
Miscellaneous	6,116		6,116
<i>Total Operating Cash Receipts</i>	<u>2,353,994</u>	<u>33,577</u>	<u>2,387,571</u>
Operating Cash Disbursements			
Personal Services	334,803		334,803
Employee Fringe Benefits	143,216		143,216
Contractual Services	1,456,105		1,456,105
Supplies and Materials	48,861		48,861
Other	15,728	33,692	49,420
<i>Total Operating Cash Disbursements</i>	<u>1,998,713</u>	<u>33,692</u>	<u>2,032,405</u>
<i>Operating Income (Loss)</i>	<u>355,281</u>	<u>(115)</u>	<u>355,166</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	289,853		289,853
Earnings on Investments	2		2
Other Debt Proceeds	737,458		737,458
Miscellaneous Receipts	3,737		3,737
Capital Outlay	(989,248)		(989,248)
Principal Retirement	(197,469)		(197,469)
Interest and Other Fiscal Charges	(32,037)		(32,037)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(187,704)</u>		<u>(187,704)</u>
<i>Income (Loss) before Transfers</i>	167,577	(115)	167,462
Transfers In	389,458		389,458
Transfers Out	(374,458)		(374,458)
<i>Net Change in Fund Cash Balances</i>	182,577	(115)	182,462
<i>Fund Cash Balances, January 1</i>	<u>654,748</u>	<u>2,153</u>	<u>656,901</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$837,325</u></u>	<u><u>\$2,038</u></u>	<u><u>\$839,363</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Plymouth, Richland County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services; garbage, water, sewer, and electric utilities; park and pool operations; maintenance of Village roads and bridges; cemetery operations; fire and ambulance services; and police services.

The Village participates in four joint ventures. Note 11 to the financial statements provide additional information for these joint ventures. The joint ventures are:

Combined Hydroelectric Projects
Prairie State Energy Campus
Meldahl Hydroelectric Project
AMP Fremont Energy Center

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant special revenue funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Cemetery Fund – This fund receives grave opening and closing fees, sale of lots revenue, and property tax revenue used for the care of the Village’s cemetery.

Fire/Ambulance Equipment Levy Fund – This fund receives tax revenue for the maintenance and purchase of fire and ambulance equipment.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Capital Improvement Fund – This fund receives income tax revenue and General Fund transfers for the purchase of vehicles, repair of streets, replacement of roofs, and other miscellaneous capital projects.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Trust Non-Expendable Trust Fund – This fund receives interest earned on the principal amount to be used for the perpetual care of the Village’s cemetery.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise fund:

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

5. Enterprise Funds (Continued)

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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. The Village had no private purpose trust funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

VILLAGE OF PLYMOUTH
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. **Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Change in Accounting Principle and Restatement of Fund Equity

For fiscal year 2011, the Village reclassified a certain fund as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 1, 2010
General	\$135,509	Unclaimed Monies Fund	\$136,201
Agency	2,845	Unclaimed Monies Fund	2,153

3. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$1,390,393	\$1,448,298
STAR Ohio	83,378	83,314
Total deposits and investments	<u>\$1,473,771</u>	<u>\$1,531,612</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or 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.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ended December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$623,038	\$736,934	\$113,896
Special Revenue	385,121	432,102	46,981
Capital Projects	22,000	22,000	0
Enterprise	3,517,316	3,396,121	(121,195)
Permanent	44	48	4
Total	<u>\$4,547,519</u>	<u>\$4,587,205</u>	<u>\$39,686</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$767,567	\$670,273	\$97,294
Special Revenue	797,326	617,466	179,860
Capital Projects	90,575	88,322	2,253
Enterprise	4,231,797	3,269,763	962,034
Permanent	1,095	0	1,095
Total	<u>\$5,888,360</u>	<u>\$4,645,824</u>	<u>\$1,242,536</u>

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$481,875	\$534,980	\$53,105
Special Revenue	268,750	310,599	41,849
Capital Projects	130,000	131,810	1,810
Enterprise	3,642,554	3,774,502	131,948
Permanent	97	102	5
Total	<u>\$4,523,276</u>	<u>\$4,751,993</u>	<u>\$228,717</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$591,949	\$516,020	\$75,929
Special Revenue	603,457	228,441	375,016
Capital Projects	171,479	105,170	66,309
Enterprise	4,562,566	3,591,925	970,641
Permanent	11,945	11,000	945
Total	<u>\$5,941,396</u>	<u>\$4,452,556</u>	<u>\$1,488,840</u>

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. Local Income Tax

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

7. Debt

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Electric Bond	\$370,000	4.85%
OPWC Sewer Erosion Line	40,190	0.00%
OPWC Water Tower Replacement	119,462	0.00%
OWDA Riggs Street Water Tower Painting	226,704	1.00%
OWDA Sewer Project	2,501,773	0.00%
OWDA Water Tower Replacement	366,500	1.50%
OWDA Willow Dr. Sewer Separation	81,060	3.87%
Citizens Combined Loans	78,798	3.78%
Fire Truck Loan	118,606	3.285%
Total	<u>\$3,903,093</u>	

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Debt (Continued)

The Citizens Bank Electric Bond relates to the upgrade of electric equipment. The original loan was for \$575,000. The Village makes semi-annual payments with a July 1, 2021 maturity date. The loan is collateralized by the electric receipts.

The Ohio Public Works Commission (OPWC) Sewer Erosion loan relates to the replacement of sewer lines caused by the Huron River eroding the previous lines. The original loan was for \$66,984. The Village makes semi-annual payments of \$1,675 with a January 1, 2025 maturity date. The loan is collateralized by the sewer receipts.

The Ohio Public Works Commission (OPWC) Water Tower Replacement loan relates to the replacement of Plymouth Street Water Tower. The original loan was for \$122,525. The Village makes semi-annual payments of \$3,063 with a July 1, 2032 maturity date. The loan is collateralized by the water receipts.

The Ohio Water Development Authority (OWDA) Riggs Street Water Tower loan relates to the maintenance of the water tower. The original loan was for \$286,816. The Village makes semi-annual payments of \$7,913 with a July 1, 2028 maturity date. The loan is collateralized by utility receipts.

The Ohio Water Development Authority (OWDA) Sewer Project loan relates to the construction of a new wastewater treatment plant mandated by the EPA. The maximum amount of the loan is \$2,886,939 (as of December 31, 2012, \$2,718,294 has been disbursed with \$168,645 undisbursed). The Village makes semi-annual payments of \$72,173 with a July 1, 2031 maturity date. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) Water Tower Replacement loan relates to the construction of a water tower. The original loan was for \$435,330 (as of December 31, 2012, \$394,830 has been disbursed with \$40,501 undisbursed). The Village makes semi-annual payments of \$12,638 with a July 1, 2031 maturity date. The loan is collateralized by utility receipts.

The Ohio Water Development Authority (OWDA) Willow Dr. Sewer Separation loan relates to the maintenance of the wastewater treatment plant. The maximum amount of the loan is \$120,742. The amortization schedule is not available, as the project is not complete. The loan will be collateralized by sewer receipts.

The Citizens Combined Loan combined the previous Bank Utility Building loan, used to construct a building on Route 61 near the lagoons, and the Police Department, Fire Department and Village of Plymouth loan, used for roof replacements on the fire department and police department buildings, along with upgrading the video surveillance system at the Village Hall. The original loans were for \$120,100 and \$51,519, respectively. The combined loan was for \$98,154. The Village makes annual payments of \$21,623 with a June 30, 2016 maturity date. The loan is collateralized by the taxing authority of the Village.

The Citizens Fire Truck loan was used for the purchase of a fire truck. The original loan was issued for \$118,606. The Village makes annual payments of \$42,198 with a September 24, 2015 maturity date. The loan is collateralized by the taxing authority of the Village.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Debt (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Electric Bond	OPWC Sewer Erosion Line	OPWC Water Tower Replacement	OWDA Riggs Street Water Tower Painting
2013	\$53,508	\$3,349	\$6,126	\$15,825
2014	53,738	3,349	6,126	15,825
2015	53,871	3,349	6,126	15,825
2016	53,907	3,349	6,126	15,825
2017	53,846	3,349	6,126	15,825
2018-2022	186,830	16,746	30,631	79,127
2023-2027		6,699	30,631	79,127
2028-2032			27,570	7,913
Total	<u>\$455,700</u>	<u>\$40,190</u>	<u>\$119,462</u>	<u>\$245,292</u>

Year ending December 31:	OWDA Sewer Project	OWDA Water Tower Replacement	Citizens Combined Loans	Fire Truck Loan
2013	\$144,347	\$25,275	\$21,623	\$42,198
2014	144,347	25,275	21,623	42,198
2015	144,347	25,275	21,623	42,129
2016	144,347	25,275	21,623	
2017	144,347	25,275		
2018-2022	721,735	126,377		
2023-2027	721,735	126,377		
2028-2032	336,568	47,965		
Total	<u>\$2,501,773</u>	<u>\$427,094</u>	<u>\$86,492</u>	<u>\$126,525</u>

8. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

9. Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (41.5% effective November 1, 2011, 40% through October 31, 2011 and 17.5% through October 31, 2010) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010, respectively (the latest information available).

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available).

	2011	2010
Assets	\$12,501,280	\$12,036,541
Liabilities	(5,328,761)	(4,845,056)
Members' Equity	<u>\$7,172,519</u>	<u>\$7,191,485</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

10. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor 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.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

11. Joint Ventures

Combined Hydroelectric Projects

AMP is currently developing three hydroelectric projects, the Cannelton, the Smithland and the Willow Island hydroelectric generating facilities (the "*Combined Hydroelectric Projects*"), all on the Ohio River, with an aggregate generating capacity of approximately 208 MW. Each of the Combined Hydroelectric Projects entails the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The Combined Hydroelectric Projects, including associated transmission facilities, will be constructed and operated by AMP. AMP holds the licenses from FERC for the Combined Hydroelectric Projects. AMP received the last of the material permits needed to begin construction on the Cannelton hydroelectric facility and Smithland hydroelectric facility, respectively in 2009. Ground breaking ceremonies were held for Cannelton on August 25, 2009 and for Smithland on September 1, 2010. AMP received the last of the material permits for the Willow Island hydroelectric facility in the last quarter of 2010 and ground breaking ceremonies took place on July 21, 2011.

The Village has executed a take-or-pay power sales contract with AMP for 300 kW or 0.14% of capacity and associated energy from the hydro facilities.

All major contracts for the projects which include the turbines, the powerhouse construction, the powerhouse gates, the powerhouse cranes, and the transformers have been awarded for the Cannelton, Smithland, and Willow Island facilities. And property right-of-way acquisitions for the transmission lines have been completed for all three projects.

As of June 1, 2012, AMP is projecting that the Combined Hydroelectric Projects are expected to enter into commercial operation as follows: Cannelton in the second quarter of 2014; Willow Island in the fourth quarter of 2014; and Smithland in the second quarter of 2015.

To provide financing for the Combined Hydroelectric Projects, in 2009 and 2010 AMP has issued in seven series \$2,045,425,000 of its Combined Hydroelectric Projects Revenue Bonds (the "*Combined Hydroelectric Bonds*"), consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds) of which the Village's share is approximately \$2,863,595. The Combined Hydroelectric Bonds are net revenue obligations of AMP, secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 79 of its Members.

Prairie State Energy Campus

On December 20, 2007, AMP acquired 368,000kW or an effective 23.26% undivided ownership interest (the "*PSEC Ownership Interest*") in the Prairie State Energy Campus ("PSEC"), a planned 1,600 MW coal-fired power plant and associated facilities in southwest Illinois. The PSEC Ownership Interest is held by AMP 368 LLC, a single-member Delaware limited liability company ("*AMP 368 LLC*"). AMP is the owner of the sole membership interest in AMP 368 LLC. Construction of the PSEC commenced in October 2007.

The Village has executed a take-or-pay power sales contract with AMP for 498 kW or 0.14% kW of capacity and associated energy from the Prairie State facility.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

11. Joint Ventures (Continued)

On June 12, 2012, Unit 1 of the PSEC began commercial operation and on November 2, 2012 Unit 2 of the PSEC began commercial operation.

AMP's share of the total Project costs, including AMP's share of PSEC capital improvements through 2016, resulted in the issuance by AMP of approximately \$1,696.8 billion of debt of which the Village's share is approximately \$2,375,520. These estimated costs include (i) AMP's costs of acquisition of its Ownership Interest and its share of the cost of construction of the PSEC, including an allowance for contingencies, (ii) capitalized interest during and after the scheduled in service dates of the two PSEC Units, (iii) costs of issuance associated with both the interim and long-term financing for the Project and (iv) deposits to the Parity Common Reserve Account for the Bonds issued to permanently finance the Project.

AMP will sell the power and energy from the PSEC Ownership Interest pursuant to a take-or-pay power sales contract (the "*Prairie State Power Sales Contract*") with 68 Members (the "*Prairie State Participants*"). The *Prairie State Power Sales Contract* is, in all material respects, comparable to the *Power Sales Contract* for the Project. The *Prairie State Bonds* are net revenue obligations of AMP, secured by a master trust indenture, payable primarily from the payments to be made by the *Prairie State Participants* under the terms of the *Prairie State Power Sales Contract*.

Meldahl Hydroelectric Project

AMP is currently constructing a three unit hydroelectric generation facility on the Captain Anthony Meldahl Locks and Dam, an existing dam, on the Ohio River, constructed by the United States Army Corps of Engineers and of related equipment and associated transmission facilities (the "*Meldahl Project*"). When the *Meldahl Project* enters commercial operation, it is projected to have a generating capacity of approximately 105 MW. The City of Hamilton, Ohio, a Member of AMP and a participant in the *Meldahl Project*, and AMP hold, as co-licensees, the Federal Energy Regulatory Commission license necessary to construct and operate the *Meldahl Project*. Pursuant to the various agreements between Hamilton and AMP, the *Meldahl Project* will be owned by Meldahl, LLC, a single member, Delaware not-for-profit limited liability company ("*Meldahl, LLC*"), and will be operated by Hamilton. AMP, acting as agent of Meldahl LLC, is financing the development, acquisition, construction and equipping of the *Meldahl Project*. In order to finance the construction of the *Meldahl Project* and related costs, in 2010 and 2011 AMP issued six series of its *Meldahl Hydroelectric Project Revenue Bonds* (the "*Meldahl Bonds*") in the amount of \$685,100,000 consisting of taxable, tax-exempt and tax advantaged obligations (Build America Bonds, Clean Renewable Energy Bonds and New Clean Renewable Energy Bonds). The *Meldahl Bonds* are secured by a master trust indenture and payable from amounts received by AMP under a take-or-pay power sales contract with 48 of its Members.

The Village has executed a take-or-pay power sales contract with AMP for 80 kW or 0.08% of capacity and associated energy from the hydro facility. The Village's share of the debt is approximately \$548,080.

All major contracts for the project which include the turbine, the powerhouse construction, the powerhouse gate, the powerhouse crane, and the transformer have been awarded for the *Meldahl* facility, and the property right-of-way acquisitions for the transmission line have been completed for this project.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

11. Joint Ventures (Continued)

As of June 1, 2012, AMP estimates the Meldahl Project will enter commercial operation in the second quarter of 2014.

The referenced agreements with Hamilton respecting the Meldahl Project also provided that Hamilton would sell to AMP a 48.6% undivided ownership interest in the Greenup Hydroelectric Facility ("Greenup"), a 70.2 MW run-of-the river hydroelectric generating facility located on the Greenup Locks and Dam on the Ohio River, in commercial operation since 1988. The sale is contingent upon the placement of the Meldahl Project into commercial operation. Based on the estimated commercial operation date for the Meldahl Project, AMP currently estimates that it will issue bonds to finance its undivided ownership interest in Greenup in the second or third quarter of 2014. AMP's Greenup bonds will be secured by a separate power sales contract that has been executed by the same Members (all except Hamilton which will retain title to the remaining 51.4% ownership interest in Greenup) that executed the Meldahl power sales contract. Hamilton will continue to operate Greenup.

AMP Fremont Energy Center (AFEC)

On February 3, 2011 American Municipal Power, Inc. (AMP) entered into a non-binding memorandum of understanding (MOU) with FirstEnergy Corp. regarding the Fremont Energy Center ("AFEC"). AFEC is a 707 MW natural gas fired combined cycle generation plant with a Base Capacity of 512 MW, located near the city of Fremont, Ohio. The closing date to purchase was July 28, 2011. AMP's acquisition of the plant was financed with draws on an additional line of credit for \$600,000,000 secured solely for the purpose of purchasing the plant.

To provide permanent financing for the AFEC Project on June 29, 2012 AMP issued in two series \$546,085,000 of its AMP Fremont Center Project Revenue Bonds consisting of taxable and tax-exempt obligations to (i) with other available funds, to repay the \$600,000,000 principal amount of an interim loan that financed the acquisition of the AMP Fremont Energy Center ("AFEC") and development costs and completion of construction and commissioning of AFEC; (ii) to make deposits to the Construction Accounts under the Indenture to finance additional capital expenditures allocable to AMP's 90.69% undivided ownership interest in AFEC; (iii) to fund deposits to certain reserve accounts; and (iv) to pay the costs of issuance of the Series 2012 Bonds.

On January 21, 2012 the AMP Fremont Energy Center ("AFEC") began commercial operation. The total cost of construction of the AFEC at the date it was placed in service was \$582,200,642. This amount included a development fee of \$35,535,448 paid by AFEC participants for the account of AMP Generating Station participants who are also AFEC participants. The amount was previously recorded as a noncurrent regulatory asset at December 31, 2011. In June 2012, AMP sold 26.419 MW or 5.16% undivided ownership interest in AFEC to Michigan Public Power Agency ("MPPA") and entered into a power sales contract with Central Virginia Electric Cooperative ("CVEC") for the output of a 21.248 MW or 4.15% interest in AFEC. AMP has sold the output of the remaining 464.355 MW or 90.69% interest to the AFEC participants, which consist of 87 of its members, pursuant to a take-or-pay power sales contract.

The Village has executed a take-or-pay power sales contract with AMP for 300 kW or 0.06% of capacity and associated energy from the AFEC facility. The Village's share of the permanent financing is approximately \$327,651.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

12. American Municipal Power Generating Station Project

The is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 (the latest information available), AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

12. American Municipal Power Generating Station Project (Continued)

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to the Village of 500 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village has a potential stranded cost obligation of \$81,778 for the AMPGS Project. The Village does not have any payments on deposit with AMP at December 31, 2011 (the latest information available).

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$31,409 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 300 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2012.

Recording of Stranded Costs

The Village has not recorded stranded costs for the AMPGS Project.

The Village has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded costs the Village believes it would not have violated its covenant obligations for its Electric Fund.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

12. American Municipal Power Generating Station Project (Continued)

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon its Village Solicitor, information provided by AMP and its legal counsel with respect to the data, as well as the Village's audit team and Village management.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Plymouth, Richland County, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated April 19, 2013 wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1, and adopted Governmental Accounting Standards Board Statement No. 54.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

April 19, 2013



Dave Yost • 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
MAY 23, 2013