

VILLAGE OF PLYMOUTH

RICHLAND COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2009 & 2008

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, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

May 12, 2010

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VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Audit Report
For the Years ended December 31, 2009 & 2008

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

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 Village of Plymouth (Village), Richland County, Ohio as and for the years ended December 31, 2009 & 2008. 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 & 2008. Instead of the combined funds the accompanying financial statements present for 2009 & 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 & 2008. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above for the years ended December 31, 2009 & 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 & 2008, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Plymouth, Richland County, as of December 31, 2009 & 2008, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

Based on Note 1, the Village changed their financial statement presentation from Governmental Accounting Standards Board Number 34 presentation to the Auditor of State regulatory basis. Also, we noted that the Village reclassified their Income Tax Fund from the General Fund to an Agency Fund as discussed in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 & 2008. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
March 6, 2010

VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2008

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Capital Projects	Permanent	
RECEIPTS:					
Property and Local Taxes	\$ 155,987	\$ 155,168	-	-	\$ 311,155
Intergovernmental	116,100	119,439	-	-	235,539
Charges for Services	-	41,259	-	-	41,259
Fines, Licenses and Permits	21,298	1,211	-	-	22,509
Earnings on Investments	12,441	5,239	-	\$ 1,398	19,078
Miscellaneous	56,923	3,644	-	-	60,567
Total Cash Receipts	362,749	325,960	-	1,398	690,107
DISBURSEMENTS:					
Current:					
Security of Persons and Property	306,899	61,469	-	-	368,368
Public Health Services	15,476	39,347	-	-	54,823
Leisure Time Activities	-	20,268	-	-	20,268
Transportation	-	89,496	-	-	89,496
General Government	163,575	20,697	-	-	184,272
Capital Outlay	-	34,777	\$ 64,931	-	99,708
Debt Service:					
Retirement of Principal	5,992	-	37,660	-	43,652
Interest and Fiscal Charges	314	-	7,434	-	7,748
Total Cash Disbursements	492,256	266,054	110,025	-	868,335
Cash Receipts Over/(Under) Cash Disbursements	(129,507)	59,906	(110,025)	1,398	(178,228)
Other Financing Sources (Uses):					
Proceeds of Loan	-	-	51,519	-	51,519
Sale of Fixed Assets	4,000	5,035	-	-	9,035
Transfers In	112,743	-	111,908	-	224,651
Transfers Out	(19,000)	-	-	-	(19,000)
Other Financing Uses	(2,569)	-	-	-	(2,569)
Total Other Financing Sources (Uses)	95,174	5,035	163,427	-	263,636
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(34,333)	64,941	53,402	1,398	85,408
Fund Cash Balance, January 1, 2008 (Restated)	79,712	295,390	1,884	54,354	431,340
Fund Cash Balance, December 31, 2008	\$ 45,379	\$ 360,331	\$ 55,286	\$ 55,752	\$ 516,748
Reserves for Encumbrances, December 31, 2008	\$ 6,794	\$ 180,307	\$ 1,200	\$ -	\$ 188,301

See Accompanying Notes to the Financial Statements

VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 2,085,006	-	\$ 2,085,006
Fines, Licenses and Permits	-	\$ 13,991	13,991
Miscellaneous	11,459	-	11,459
Total Operating Cash Receipts	2,096,465	13,991	2,110,456
OPERATING CASH DISBURSEMENTS			
Personal Services	300,130	12,174	312,304
Employee Fringe Benefits	105,658	-	105,658
Contractual Services	1,391,453	11,231	1,402,684
Materials and Supplies	39,227	5,975	45,202
Capital Outlay	326,746	-	326,746
Other Operating Disbursements	23,349	19,561	42,910
Total Operating Cash Disbursements	2,186,563	48,941	2,235,504
Operating Income (Loss)	(90,098)	(34,950)	(125,048)
NON OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Income Taxes	-	258,730	258,730
Intergovernmental	-	507	507
Proceeds of Loan	286,218	-	286,218
Miscellaneous Receipts	2,924	345	3,269
Sale of Capital Assets	21,000	-	21,000
Debt Service:			
Retirement of Principal	(87,349)	-	(87,349)
Interest and Fiscal Charges	(39,054)	-	(39,054)
Total Non Operating Cash Receipts (Disbursements)	183,739	259,582	443,321
Transfers In	142,733	-	142,733
Transfers Out	(123,732)	(224,652)	(348,384)
Excess of Cash Receipts Over/(Under) Cash Disbursements	112,642	(20)	112,622
Fund Cash Balance, January 1, 2008 (Restated)	283,253	45,547	328,800
Fund Cash Balance, December 31, 2008	\$ 395,895	\$ 45,527	\$ 441,422
Reserves for Encumbrances, December 31, 2008	\$ 36,342	\$ 74	\$ 36,416

See Accompanying Notes to the Financial Statements

VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2009

	Governmental Fund Types				(Memorandum Only) Total
	General	Special Revenue	Capital Projects	Permanent	
RECEIPTS:					
Property and Local Taxes	\$ 154,253	\$ 162,825	-	-	\$ 317,078
Intergovernmental	107,208	116,818	-	-	224,026
Charges for Services	-	33,794	-	-	33,794
Fines, Licenses and Permits	40,242	2,510	-	-	42,752
Earnings on Investments	4,527	931	-	\$ 502	5,960
Miscellaneous	58,413	4,154	-	-	62,567
Total Cash Receipts	364,643	321,032	-	502	686,177
DISBURSEMENTS:					
Current:					
Security of Persons and Property	328,364	62,302	-	-	390,666
Public Health Services	-	49,984	-	-	49,984
Leisure Time Activities	-	9,293	-	-	9,293
Community Environment	7,640	-	\$ 124,581	-	132,221
Transportation	-	155,720	-	-	155,720
General Government	157,046	14,625	-	-	171,671
Capital Outlay	-	171,595	1,267	-	172,862
Debt Service:					
Retirement of Principal	-	-	20,549	-	20,549
Interest and Fiscal Charges	-	-	7,731	-	7,731
Total Cash Disbursements	493,050	463,519	154,128	-	1,110,697
Cash Receipts Over/(Under) Cash Disbursements	(128,407)	(142,487)	(154,128)	502	(424,520)
Other Financing Sources (Uses):					
Sale of Fixed Assets	6,000	-	-	-	6,000
Transfers In	152,134	-	151,881	-	304,015
Transfers Out	(10,000)	-	-	-	(10,000)
Total Other Financing Sources (Uses)	148,134	-	151,881	-	300,015
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	19,727	(142,487)	(2,247)	502	(124,505)
Fund Cash Balance, January 1, 2009	45,379	360,331	55,286	55,752	516,748
Fund Cash Balance, December 31, 2009	\$ 65,106	\$ 217,844	\$ 53,039	\$ 56,254	\$ 392,243
Reserves for Encumbrances, December 31, 2009	\$ 4,744	\$ 17,564	\$ 6,465	\$ -	\$ 28,773

See Accompanying Notes to the Financial Statements

**VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2009**

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 2,206,223	-	\$ 2,206,223
Fines, Licenses and Permits	-	\$ 30,022	30,022
Miscellaneous	2,194	-	2,194
Total Operating Cash Receipts	2,208,417	30,022	2,238,439
OPERATING CASH DISBURSEMENTS			
Personal Services	316,476	13,170	329,646
Employee Fringe Benefits	149,541	541	150,082
Contractual Services	1,405,199	2,316	1,407,515
Materials and Supplies	55,762	2,414	58,176
Capital Outlay	207,660	-	207,660
Other Operating Disbursements	17,855	33,053	50,908
Total Operating Cash Disbursements	2,152,493	51,494	2,203,987
Operating Income (Loss)	55,924	(21,472)	34,452
NON OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Income Taxes	-	324,373	324,373
Proceeds of Loan	208,297	-	208,297
Other Non-Operating Receipts	663	16,352	17,015
Other Non-Operating Disbursements	-	(16,160)	(16,160)
Debt Service:			
Retirement of Principal	(133,132)	-	(133,132)
Interest and Fiscal Charges	(60,453)	-	(60,453)
Total Non Operating Cash Receipts (Disbursements)	15,375	324,565	339,940
Transfers In	154,446	-	154,446
Transfers Out	(144,446)	(304,015)	(448,461)
Excess of Cash Receipts Over/(Under) Cash Disbursements	81,299	(922)	80,377
Fund Cash Balance, January 1, 2009	395,895	45,527	441,422
Fund Cash Balance, December 31, 2009	\$ 477,194	\$ 44,605	\$ 521,799
Reserves for Encumbrances, December 31, 2009	\$ 36,342	\$ 74	\$ 36,416

See Accompanying Notes to the Financial Statements

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Plymouth, (the Village) is a body corporate and politic 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 publicly-elected, six-member Village Council. 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.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed by the Auditor of State.

C. CASH AND INVESTMENTS

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

The Village values certificates of deposits at cost.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

These funds account for the proceeds of specific sources (other than trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

Fire/Ambulance Equipment Levy Fund – This fund is used for the maintenance and purchase of fire and ambulance equipment.

3. **Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

Capital Improvement Fund- This fund is used to purchase vehicles, repair streets, replace roofs and other miscellaneous capital projects.

4. **Enterprise Funds**

These funds are used to account for operations that are similar to private business enterprises where management intends that significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund- This fund receives charges for services from residents to cover the cost of providing the utility.

Sewer Fund- This fund receives charges for services from residents to cover the cost of providing the utility.

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

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

VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

5. **Permanent Fund**

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal are available to support the Village's programs. The Village had the following significant Permanent Fund:

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

6. **Fiduciary Funds**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Agency Fund- This fund receives fines and forfeitures for the Mayor's Court to be distributed to the Village and the State of Ohio.

Income Tax Agency Fund- This fund accounts for the income tax collected by the Village. The Income Tax Fund distributed funds to the Capital Projects Fund and the General Fund.

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and personal services level of control and appropriations may not exceed estimated resources. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations at year-end are carried over to the subsequent year.

2. **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered balances 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 commitments are made. Encumbrances outstanding at year-end are cancelled with the exception of encumbrances for pension payments.

VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For The Years Ended December 31, 2009 & 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. 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. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$830,864	\$723,062
STAR-Ohio	83,178	235,108
Total	<u>\$914,042</u>	<u>\$958,170</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) 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, OHIO
 Notes to the Financial Statements
 For The Years Ended December 31, 2009 & 2008

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 & 2008 is as follows:

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 520,620	\$ 522,777	\$ 2,157
Special Revenue	316,372	321,032	4,660
Capital Projects	150,000	151,881	1,881
Permanent	1,300	502	(798)
Enterprise	2,493,980	2,571,823	77,843
Total	\$ 3,482,272	\$ 3,568,015	\$ 85,743

<u>Fund Type</u>	<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	Total Appropriations	Total Expenditures	Variance
General	\$ 552,184	\$ 507,794	\$ 44,390
Special Revenue	650,497	481,083	169,414
Capital Projects	191,475	160,593	30,882
Permanent	1,200	-	1,200
Enterprise	2,854,431	2,526,866	327,565
Total	\$ 4,249,787	\$ 3,676,336	\$ 573,451

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 466,652	\$ 479,492	\$ 12,840
Special Revenue	295,432	330,995	35,563
Capital Projects	150,000	163,427	13,427
Permanent	2,200	1,398	(802)
Enterprise	2,492,219	2,549,340	57,121
Total	\$ 3,406,503	\$ 3,524,652	\$ 118,149

VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For The Years Ended December 31, 2009 & 2008

3. **BUDGETARY ACTIVITY** - (continued)

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	Total	Total	Variance
	Appropriations	Expenditures	
General	\$ 546,266	\$ 520,619	\$ 25,647
Special Revenue	574,714	446,361	128,353
Capital Projects	150,275	111,225	39,050
Permanent	3,728	-	3,728
Enterprise	2,756,958	2,473,040	283,918
Total	\$ 4,031,941	\$ 3,551,245	\$ 480,696

4. **PROPERTY TAXES**

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utility property tax receipts received represent the collection of the previous year's taxes. Public utility real and tangible personal property taxes received in the current year became a lien on December 31, were levied after October 1 of the previous year, 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 the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true value as of December 31 of the previous year. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, 6.25 percent for 2008, and zero for 2009.

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

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008**

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are a cost sharing, multiple-employer plans. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 & 2008, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2009 and 2008.

Contribution rates are also prescribed by the Ohio Revised Code. For both years, OP&F members contributed 10% of their wages. The Village contributed an amount equal to 19.5% for police officers of participants' gross salaries during the years. The Village has paid all contributions required through December 31, 2009 and 2008.

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 corporation limits as well as certain income of residents earned outside the Village corporate limits. As of January 1, 2008, the Village no longer allowed a credit for paying municipal income tax to another municipality.

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

The Income Tax - Agency Fund transferred 50% to the Capital Improvement – Capital Projects Fund and 50% to the General Fund after miscellaneous costs related to collection.

**VILLAGE OF PLYMOUTH
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For The Years Ended December 31, 2009 & 2008**

7. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer Bond	\$ 195,000	4.69%
Electric Bond	468,000	4.85%
OPWC Sewer Erosion	50,238	0.00%
Citizens Bank Utility Building	100,403	4.85%
Citizens Bank PD, FD & VOP	41,061	5.07%
OWDA Riggs Street Water Tower - 4900	266,676	1.00%
OWDA Sewer Project - 5472	187,062	1.00%
	<u>\$ 1,308,440</u>	

The Citizens Bank Sewer Bond relates to upgrade of sewer lines. The Village makes semi-annual payments with a January 1, 2013 maturity date. The loan is collateralized by the sewer receipts.

The Citizens Bank Electric Bond relates to upgrade of electric equipment. 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) loan #CU35G relates to replacement of sewer lines caused by the Huron River eroding the previous lines. The original loan was issued for \$66,984 for a term of twenty years with a semi-annual payment of \$1,675 each year beginning on July 1, 2005. The loan is collateralized by the sewer receipts.

The Citizens Bank Utility Building loan was used to construct a building on Route 61 near the lagoons. The original loan was issued for \$120,100 for a term of twenty years with annual payments of \$15,526 with a 2017 maturity date. The loan is collateralized by utility receipts.

The Citizens Bank Police Department, Fire Department and Village of Plymouth loan was used for roof replacements on the fire department and police department buildings. Also, the Village used the loan funds for upgrading the video surveillance system at Village hall. The original loan was issued for \$51,519 for a term of twenty years with annual payments of \$12,754 with a 2014 maturity date.

The Ohio Water Development Authority (OWDA) loan #4900 relates to the maintenance of the water tower. The original loan was for \$286,816 with annual payments of \$15,825 with a 2028 maturity date. The loan is collateralized by utility receipts.

The Ohio Water Development Authority (OWDA) loan #5472 relates to the construction of a new wastewater treatment plant mandated by the EPA. The maximum amount of the loan is \$2,886,939. The amortization schedule is not available. The loan is collateralized by utility receipts.

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008**

7. DEBT - (continued)

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

Year Ending December 31	Sewer Bond	Electric Bond	Sewer Erosion	Utility Building	PD, FD & VOP Loan	Water Tower
2010	\$70,419	\$53,334	\$3,349	\$15,526	\$12,754	\$15,825
2011	70,463	53,807	3,349	15,526	12,754	15,825
2012	70,392	53,182	3,349	15,526	12,754	15,825
2013	-	53,508	3,349	15,526	7,928	15,825
2014	-	53,738	3,349	15,526	-	15,825
2015-2019	-	268,743	16,745	46,180	-	79,125
2020-2024	-	79,710	16,748	-	-	79,125
2025-2029	-	-	-	-	-	55,389
Total	\$211,274	\$616,022	\$50,238	\$123,810	\$46,190	\$292,764

8 RISK MANAGEMENT

The Village belongs to the Ohio Government 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 over 550 governments ("Members").

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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts which vary from Member to Member.

Plan Members are responsible to notify the Plan of their intent to renew coverages 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.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

**VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008**

8. RISK MANAGEMENT - (continued)

	2008	2007
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$ 5,184,333	\$ 6,862,902

The Village also provides health insurance coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

10. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41 (D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village did not always certify funds.

Contrary to Ohio Rev. Code Section 5705.09 requires each subdivision to establish a special fund for each class of revenue derived from a source other than general property tax, which law requires to be used for a particular purpose.

11. TRANSFERS

The General Fund transferred \$10,000 and \$19,000 to the Pool Fund – Enterprise Fund to subsidize operations in 2009 and 2008, respectively.

In 2009, the Income Tax Fund – Agency Fund transferred \$152,134 and \$151,881 to the General Fund and the Capital Improvement Fund – Capital Projects Fund per ordinance.

In 2008, the Income Tax Fund – Agency Fund transferred \$112,743 and \$111,908 to the General Fund and the Capital Improvement Fund – Capital Projects Fund per ordinance.

The transfers of these funds met all requirements of the Ohio Revised Code.

VILLAGE OF PLYMOUTH
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For The Years Ended December 31, 2009 & 2008

12. CHANGE IN PRESENTATION/RESTATEMENT OF FUND BALANCES

The Village changed their financial statement presentation from Governmental Accounting Standards Board Number 34 presentation to the Auditor of State regulatory basis. Governmental and business-type activities were eliminated. Also, the Village reclassified their Income Tax Fund from the General Fund to an Agency Fund. Changes to the fund balances are as follows:

	General Fund	Agency Fund
Fund Cash Balance		
December 31, 2007	\$122,714	\$2,545
Restatement	(43,002)	43,002
 Fund Cash Balance		
January 1, 2008	\$79,712	\$45,547

**INDEPENDENT ACCOUNTANTS' 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 the financial statements of Village of Plymouth, Richland County Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 6, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and changed its financial statement presentation. 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.

Internal Controls 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-VPRC-02 described in the accompanying schedule of findings to be material weakness.

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, providing an opinion 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-VPRC-01 and 2009-VPRC-02.

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

We noted certain matters that we have reported to management of the Village in a separate letter dated March 6, 2010.

We intend this report solely for the information and use of management, the Village Council and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.
March 6, 2010

VILLAGE OF PLYMOUTH
RICHLAND COUNTY

SCHEDULE OF FINDINGS
December 31, 2009 and 2008

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

Finding Number 2009-VPRC-01 – Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF PLYMOUTH
RICHLAND COUNTY

SCHEDULE OF FINDINGS (continued)
December 31, 2009 and 2008

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
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Finding Number 2009-VPRC-01 – Non-Compliance Citation (continued)

The Village did not make the proper certification of funds in all instances. Twenty three of 64 selections tested during the audit period had the certifications after the obligation date. Also, there were eight instances where “then and now certificates” were not approved by Council. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate. Also, we recommend that Council approve all “then and now certificates.”

Management Response: We have implemented a new purchase policy and will try harder to follow the guidelines.

Finding Number 2009-VPRC-02 – Non-Compliance Citation and Material Weakness

The Village obtained a loan from the Ohio Water Development Authority (OWDA) for construction of a new wastewater treatment plant mandated by the Environmental Protection Agency. The maximum amount of the loan can be \$2,886,939. Also, the Village will obtain a \$500,000 grant from the federal government under the American Recovery and Reinvestment Act of 2009 (ARRA). Further, the Village will obtain a \$500,000 grant from the Ohio Public Works Commission (OPWC). The OWDA loan was receipted into the Sewer Operating Fund.

Ohio Rev. Code Section 5705.09 requires each subdivision to establish a special fund for each class of revenue derived from a source other than general property tax, which law requires to be used for a particular purpose. ARRA requires that the grant funds be placed in a special fund.

We recommend that the Village create an enterprise sewer construction fund to account for the activity of constructing the new wastewater treatment plant mandated by the Environmental Protection Agency. All grant received and further OWDA loan amount received shall be placed in the enterprise sewer construction fund.

The financial statements and the Village’s records have been adjusted to reflect the activity.

Management’s Response: We have made the correction and added fund 5901 WWTP Capital Project.

VILLAGE OF PLYMOUTH
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 & 2008

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



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
MAY 25, 2010