

***VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003

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



**Auditor of State
Betty Montgomery**

Village Council
Village of Plymouth
48 W. Broadway
Plymouth, OH 44685

We have reviewed the Independent Auditor's Report of the Village of Plymouth, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 through December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

August 3, 2004

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VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Audit Report
For the Years Ended December 31, 2002 & 2003

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

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REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and Members of Village Council
Village of Plymouth
Plymouth, Ohio**

We have audited the accompanying financial statements of the Village of Plymouth (the Village), as of and for the years ended December 31, 2002 and 2003 as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Village, as of December 31, 2002 and 2003, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
June 28, 2004

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
As of December 31, 2002 and 2003

	<u>2002</u> <u>Balances</u>	<u>2003</u> <u>Balances</u>
Cash and Cash Equivalents	\$ 851,919	\$ 891,507
Investments	<u>1,237</u>	<u>76,237</u>
	<u>\$ 853,156</u>	<u>\$ 967,744</u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 69,293	\$ 176,516
Special Revenue Funds	221,546	265,693
Capital Projects Funds	60,004	51,884

Proprietary Fund Type:

Enterprise Funds	385,019	342,607
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Fiduciary Fund Types:

Non-Expendable Trust Funds	47,239	47,779
Agency Funds	<u>70,055</u>	<u>83,265</u>

Total	\$ <u>853,156</u>	\$ <u>967,744</u>
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See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2002

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Capital Projects	Total
Receipts:				
Taxes	\$ 95,275	\$ 115,076	-	\$ 210,351
Intergovernmental	109,405	64,437	\$ 91,020	264,862
Charges for Services	-	41,183	-	41,183
Fines, Licenses, and Permits	4,858	-	-	4,858
Earnings on Investments	12,279	1,040	-	13,319
Miscellaneous	75,989	3,738	-	79,727
Total Receipts	297,806	225,474	91,020	614,300
Disbursements:				
Security of Persons & Property	243,751	45,431	-	289,182
Public Health Services	-	43,403	-	43,403
Leisure Time Activities	-	11,564	-	11,564
Community Environment	-	-	559,604	559,604
Transportation	-	39,758	-	39,758
General Government	38,210	12,697	-	50,907
Capital Outlay	-	103,685	78,000	181,685
Total Disbursements	281,961	256,538	637,604	1,176,103
Excess of Receipts Over/(Under) Disbursements	15,845	(31,064)	(546,584)	(561,803)
Other Financing Sources/(Uses):				
Proceeds of O.W.D.A. Loan	-	-	55,000	55,000
Transfers-In	150,000	30,000	50,000	230,000
Transfers-Out	(160,000)	-	-	(160,000)
Total Other Financing Sources/(Uses)	(10,000)	30,000	105,000	125,000
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	5,845	(1,064)	(441,584)	(436,803)
Fund Balance January 1, 2002	63,448	222,610	501,588	787,646
Fund Balance December 31, 2002	\$ 69,293	\$ 221,546	\$ 60,004	\$ 350,843

See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 For the Year Ended December 31, 2003

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Capital Projects	Total
Receipts:				
Taxes	\$ 93,905	\$ 146,481	-	\$ 240,386
Intergovernmental	179,544	70,354	\$ 376,753	626,651
Charges for Services	-	34,275	-	34,275
Fines, Licenses, and Permits	14,427	-	-	14,427
Earnings on Investments	4,582	531	-	5,113
Miscellaneous	74,921	100	-	75,021
Total Receipts	367,379	251,741	376,753	995,873
Disbursements:				
Security of Persons & Property	243,633	49,657	-	293,290
Public Health Services	-	40,940	-	40,940
Leisure Time Activities	-	18,425	-	18,425
Community Environment	-	-	8,120	8,120
Transportation	-	97,504	-	97,504
General Government	168,447	10,417	-	178,864
Capital Outlay	-	10,651	376,753	387,404
Total Disbursements	412,080	227,594	384,873	1,024,547
Excess of Receipts Over/(Under) Disbursements	(44,701)	24,147	(8,120)	(28,674)
Other Financing Sources/(Uses):				
Transfers-In	107,000	20,000	-	127,000
Transfers-Out	(30,076)	-	-	(30,076)
Proceeds of Notes	75,000	-	-	75,000
Total Other Financing Sources/(Uses)	151,924	20,000	-	171,924
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	107,223	44,147	(8,120)	143,250
Fund Balance January 1, 2003	69,293	221,546	60,004	350,843
Fund Balance December 31, 2003	\$ 176,516	\$ 265,693	\$ 51,884	\$ 494,093

See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND CASH BALANCES - PROPRIETARY FUND AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2002

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	Agency	
Receipts:				
Charges for Services	\$ 1,277,188	-	-	\$ 1,277,188
Property and Other Local Taxes	-	-	\$ 133,921	133,921
Earnings on Investments	8,258	\$ 1,009	-	9,267
Total Receipts	1,285,446	1,009	133,921	1,420,376
Disbursements:				
Personal Services	205,296	-	-	205,296
Travel Transportation	56,225	-	1,168	57,393
Contractual Services	806,482	-	7,505	813,987
Supplies and Materials	46,423	-	12	46,435
Capital Outlay	73,948	-	-	73,948
Other	805	-	-	805
Total Disbursements	1,189,179	-	8,685	1,197,864
Excess Receipts Over/(Under) Disbursements	96,267	1,009	125,236	222,512
Other Financing Uses				
Debt Service:				
Principal	(59,000)	-	-	(59,000)
Interest	(36,550)	-	-	(36,550)
Total Other Financing Uses	(95,550)	-	-	(95,550)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	717	1,009	125,236	126,962
Transfers-In	80,000	-	-	80,000
Transfers-Out	-	-	(150,000)	(150,000)
Net Receipts Over/(Under) Disbursements	80,717	1,009	(24,764)	56,962
Fund Balance January 1, 2002	304,302	46,230	94,819	445,351
Fund Balance December 31, 2002	\$ 385,019	\$ 47,239	\$ 70,055	\$ 502,313

See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2003

	Proprietary	Fiduciary Fund		Totals (Memorandum Only)
	Fund Type	Types		
	Enterprise	Non-Expendable Trust	Agency	
Receipts:				
Charges for Services	\$ 1,321,571	-	-	\$ 1,321,571
Property and Other Local Taxes	1,690	-	\$ 126,435	128,125
Earnings on Investment	-	\$ 540	-	540
Total Receipts	1,323,261	540	126,435	1,450,236
Disbursements:				
Personal Services	225,808	-	-	225,808
Travel Transportation	80,422	-	-	80,422
Contractual Services	824,503	-	6,335	830,838
Supplies and Materials	48,379	-	2	48,381
Capital Outlay	154,910	-	-	154,910
Other	5,620	-	-	5,620
Total Disbursements	1,339,642	-	6,337	1,345,979
Excess Receipts Over/(Under) Disbursements	(16,381)	540	120,098	104,257
Other Financing Sources (Uses)				
Other Debt Proceeds	85,947	-	-	85,947
Miscellaneous	2,719	-	-	2,719
Debt Service:				
Principal	(94,000)	-	-	(94,000)
Interest	(30,661)	-	-	(30,661)
Total Other Financing Sources (Uses)	(35,995)	-	-	(35,995)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(52,376)	540	120,098	68,262
Transfers-In	9,964	-	112	10,076
Transfers-Out	-	-	(107,000)	(107,000)
Net Receipts Over/(Under) Disbursements	(42,412)	540	13,210	(28,662)
Fund Balance January 1, 2003	385,019	47,239	70,055	502,313
Fund Balance December 31, 2003	\$ 342,607	\$ 47,779	\$ 83,265	\$ 473,651

See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2002

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 424,790	\$ 447,806	\$ 23,016
Special Revenue	241,737	255,474	13,737
Capital Projects	193,000	196,020	3,020
<u>Proprietary Fund Types:</u>			
Enterprise Funds	1,360,724	1,365,446	4,722
<u>Fiduciary Fund Types:</u>			
Non - Expendable Trust Funds	2,140	1,009	(1,131)
Agency Funds	85,000	133,921	48,921
 	<hr/>	<hr/>	<hr/>
Total (Memorandum Only)	\$ <u>2,307,391</u>	\$ <u>2,399,676</u>	\$ <u>92,285</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2003

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 453,400	\$ 549,379	\$ 95,979
Special Revenue	261,316	271,726	10,410
Capital Projects	500,000	376,753	(123,247)
<u>Proprietary Fund Types:</u>			
Enterprise Funds	1,540,642	1,421,891	(118,751)
<u>Fiduciary Fund Types:</u>			
Expendable Trust Funds	790	540	(250)
Agency Fund	100,000	126,547	26,547
Total (Memorandum Only)	\$ <u>2,856,148</u>	\$ <u>2,746,836</u>	\$ <u>(109,312)</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/OTTAWA COUNTIES OHIO
 COMBINED STATEMENT OF DISBURSEMENTS AND
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
 For the Year Ended December 31, 2002

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2002 Appropriations</u>	<u>Total</u>	<u>Actual 2002 Disbursements</u>	<u>Encumbrances as of 12/31/02</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ 28,154	\$ 453,125	\$ 481,279	\$ 441,961	\$ 10,663	\$ 452,624	\$ 28,655
Special Revenue Funds	3,733	430,160	433,893	256,538	6,556	263,094	170,799
Capital Projects Funds	-	694,454	694,454	637,604	-	637,604	56,850
Proprietary Funds:							
Enterprise Funds	47,189	1,586,657	1,633,846	1,284,729	156,469	1,441,198	192,648
Fiduciary Funds:							
Non - Expendable Trust Funds	-	2,140	2,140	-	-	-	2,140
Agency Fund	2,540	165,224	167,764	158,685	780	159,465	8,299
Total (Memorandum Only)	\$ 81,616	\$ 3,331,760	\$ 3,413,376	\$ 2,779,517	\$ 174,468	\$ 2,953,985	\$ 459,391

See accompanying Notes to the Financial Statements.

VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 COMBINED STATEMENT OF DISBURSEMENTS AND
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
 For the Year Ended December 31, 2003

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2003 Appropriations</u>	<u>Total</u>	<u>Actual 2003 Disbursements</u>	<u>Encumbrances as of 12/31/03</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ 10,663	\$ 511,717	\$ 522,380	\$ 442,232	\$ 11,335	\$ 453,567	\$ 68,813
Special Revenue Funds	6,556	437,865	444,421	227,594	19,067	246,661	197,760
Capital Projects Funds	-	509,720	509,720	384,873	-	384,873	124,847
Proprietary Funds:							
Enterprise Funds	156,469	1,746,296	1,902,765	1,464,446	122,877	1,587,323	315,442
Fiduciary Funds:							
Non - Expendable Trust Funds	-	790	790	-	-	-	790
Agency Fund	780	157,724	158,504	113,342	780	114,122	44,382
Total (Memorandum Only)	\$ 174,468	\$ 3,364,112	\$ 3,538,580	\$ 2,632,487	\$ 154,059	\$ 2,786,546	\$ 752,034

See accompanying Notes to the Financial Statements.

**VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Plymouth, (the Village) is a body corporate and politic established for the purpose of exercising 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 Council. The Village provides general governmental services, including sewer, electric utilities, park operations (leisure time activities), and police services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Plymouth (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included in the financial statements.

C. 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 disbursement 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

E. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

Capital Projects Funds: This fund is 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).

Proprietary Fund Types:

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

Fiduciary Fund Types:

These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the Village's fiduciary fund types:

Non-Expendable Trust Funds: Used to account for assets held by the Village in a trustee capacity for another government, organization, or individuals subject to the terms of the contractual trust agreement. These funds were incorrectly reported as expendable trust funds in prior audits.

Agency Funds: Used to account for that are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Village. She prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Fiscal Officer.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Fiscal Officer sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Fiscal Officer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2002 and 2003.

2. **Estimated Resources**

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2002 and 2003. However, those fund balances are available for appropriation.

3. **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003

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

F. **BUDGETARY PROCESS** – (continued)

4. **Encumbrances**

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

G. **Property, Plant and Equipment**

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

H. **Unpaid Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

I. **Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

The Village maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2002 and 2003."

Legal Requirements

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

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

**VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (continued)

Legal Requirements – (continued)

"Inactive deposits" are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Fiscal Officer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2002 and 2003**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Legal Requirements – (continued)

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, “Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements”.

Deposits: At year end, the carrying amount of the Village’s deposits were \$ 552,523 in 2002 and \$ 662,389 in 2003 and the bank balance was \$ 241,133 in 2002 and \$ 270,961 in 2003. Of the bank balance,

1. \$100,000 was covered by federal depository insurance in 2002 and 2003; and
2. \$141,133 in 2002 and \$170,961 in 2003 was uninsured, but collateralized by U.S. Government securities pooled by the depository not in the Village’s name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Village its safest deposit of money.

Investments:

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village.

Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Village's name. Star Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

The following list represents all investments of the Village, categorized by risk category using the definitions above as of December 31, 2002 and 2003.

<u>2002</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Star Ohio	\$300,633	\$300,633
Total:	\$300,633	\$300,633

<u>2003</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Star Ohio	\$305,355	\$305,355
Total:	\$305,355	\$305,355

**VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2002 and 2003**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Legal Requirements – (continued)

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB 3 is as follows:

<u>2002</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement 9	\$ 851,919	\$ 1,237
Investments:		
Certificates of Deposit (with maturities greater than 3 months)	1,237	(1,237)
Star Ohio	<u>(300,633)</u>	<u>\$ 300,633</u>
GASB Statement 3	<u>\$ 552,523</u>	<u>\$ 300,633</u>

<u>2003</u>	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement 9	\$ 891,507	\$ 76,237
Investments:		
Certificates of Deposit (with maturities greater than 3 months)	76,237	(76,237)
Star Ohio	<u>(305,355)</u>	<u>305,355</u>
GASB Statement 3	<u>\$ 662,389</u>	<u>\$ 305,355</u>

3. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 Revenue. 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 Utilities are also taxed on personal a real property located in 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.

**VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2002 and 2003**

3. **PROPERTY TAX** - (continued)

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

4. **DEBT**

Debt activity for the year ended December 31, 2002 was as follows:

	<u>Balance</u> <u>1/01/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/02</u>
<u>Bonds</u>				
OWDA Loan – Water System Imp.				
Interest Rate 0%	\$ 10,000	\$ 55,000	\$ -	\$ 65,000
1/1/05 maturity				
Sewer Improvement – 1972				
Interest Rate 5%	<u>481,000</u>	<u>-</u>	<u>(29,000)</u>	<u>452,000</u>
Total Bonds	491,000	55,000	(29,000)	517,000
<u>Notes</u>				
Electrical Upgrade				
Interest Rate 2.50%	<u>500,000</u>	<u>-</u>	<u>(30,000)</u>	<u>470,000</u>
Total Notes	<u>500,000</u>	<u>-</u>	<u>(30,000)</u>	<u>470,000</u>
Total Debt	<u>\$ 991,000</u>	<u>\$ 55,000</u>	<u>\$ (59,000)</u>	<u>\$ 987,000</u>

**VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2002 and 2003**

4. **DEBT** - (continued)

Debt Activity for the year ended December 31, 2003 was as follows:

	<u>Balance</u> 1/01/03	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/03
<u>Bonds</u>				
OWDA Loan- Water System Imp				
Interest Rate 0%	\$ 65,000	\$ -	\$ (65,000)	-
Sewer Improvement – 1972				
Interest Rate 5%	<u>452,000</u>	<u>-</u>	<u>(29,000)</u>	<u>423,000</u>
Total Bonds	517,000	-	(94,000)	423,000
<u>Notes</u>				
Electrical Upgrade				
Interest Rate 2.5%	470,000	-	-	470,000
Equipment Purchase				
Interest Rate 4.14%	-	85,947	-	85,947
Building Purchase				
Interest Rate 5%	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total Notes	<u>470,000</u>	<u>160,947</u>	<u>-</u>	<u>630,947</u>
Total Debt	\$ <u>987,000</u>	\$ <u>160,947</u>	\$ <u>(94,000)</u>	\$ <u>1,053,947</u>

Principal and interest requirements to retire long-term bonds outstanding at December 31, 2003 are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 137,000
2005	50,150
2006	48,698
2007	47,250
2008	45,800
Subsequent	<u>267,496</u>
Total	\$ <u>596,394</u>

**VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

5. RISK MANAGEMENT

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

- Comprehensive property and general liability
- Public Officials liability
- Law Enforcement Liability
- Vehicles

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

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

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

6. RETIREMENT SYSTEMS

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. The Village's OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 2002 and 2003 of participant's gross salaries. The Village has paid all contributions required through December 31, 2003.

Police officers of the Village are members of the Ohio Police and Fire Pension Fund (OP&F), a state operated, cost sharing, multiple-employer defined benefit pension plan. OP &F provides retirement and disability benefits to plan members and beneficiaries.

The Ohio Revised Code prescribes contributions. The Village's OP & F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of the participant's gross salaries through December 31, 2002 and 2003 for police officers. The Village has paid all contributions required through December 31, 2003.

The Village does not have a fire department.

**VILLAGE OF PLYMOUTH
RICHLAND/HURON COUNTIES, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2002 and 2003**

7. LOCAL INCOME TAX

This locally levied tax of .5 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Government. It also applies to net income of business organizations conducted within the Village. Tax receipts are credited to the Income Tax Fund and equaled \$ 133,921 for 2002 and \$ 126,435 for 2003.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects, to be immaterial.

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

9. FUND TRANSFERS

The transfers-out of the Agency fund group of \$150,000 in 2002 and \$107,000 in 2003 are comprised of Village income tax receipts originally booked according to ordinance to the Income Tax Fund and then transferred to the General Fund.

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Certified Public Accountants

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of Village Council
Village of Plymouth
Plymouth, Ohio

We have audited the accompanying financial statements of the Village of Plymouth (the Village), as of and for the years ended December 31, 2002 and 2003, and have issued our report thereon dated June 28, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated June 28, 2004.

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

Charles E. Harris & Associates, Inc.
June 28, 2004

**VILLAGE OF PLYMOUTH
 RICHLAND/HURON COUNTIES, OHIO
 FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-001	Ohio Rev. Code Section 121.22 (F). Failure to notify public of special council meetings 24 hrs. in advance	Yes	Finding No Longer Valid.
2001-002	Ohio Rev. Code Section 135.12(B). Not designating depositories for public funds	Yes	Finding No Longer Valid.



**Auditor of State
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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
AUGUST 17, 2004**