



**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2009



Dave Yost • Auditor of State

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Reminderville
Summit County
3382 Glenwood Blvd
Reminderville, Ohio 44202

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Reminderville, Summit County, Ohio (the Village), as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Reminderville, Summit County, Ohio, as of December 31, 2009, and the respective changes in modified cash financial position, thereof and the respective budgetary comparison for the General; Street Construction, Maintenance and Repair; Joint Economic Development; and Road Levy Funds thereof for the year then ended in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012, 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. 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 the 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

March 30, 2012

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

This discussion and analysis of the Village of Reminderville's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2009 are as follows:

Net assets of governmental activities decreased \$676,216, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the joint economic development fund, which had a significant increase in capital expenditures in 2009; however, expenditure increases affected most funds.

The Village's general receipts are primarily property and income taxes. Property tax receipts for 2009 were \$368,996 and income tax receipts were \$1,884,600 a slight decrease over the prior year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the entity-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Village has one type of activity:

Governmental activity - Most of the basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds—not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds are split into three categories: governmental, proprietary and fiduciary. The Village does not have proprietary funds.

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

Village Funds - Most of the activities are reported in governmental funds. The Village fund financial statements provide a detailed view of the Village operations and the basic services it provides. Village fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The significant Village funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are:

General fund
Street construction, maintenance and repair fund
JEDD fund
Road levy fund
Street rehabilitation project fund
Bridge replacement project fund

The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the entity-wide financial statements because the resources of these funds are not available to support the programs. The Village does currently have three of these types of funds, the unclaimed monies, the JEDD fund and the contractors fund.

The Village of Reminderville as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a modified cash basis:

(Table 1)
Net Assets

	<u>Governmental activities</u>	
	<u>2009</u>	<u>2008</u>
<u>Assets:</u>		
Cash and cash equivalents	\$ 635,130	\$ 1,311,346
Total assets	635,130	1,311,346
<u>Net Assets:</u>		
Restricted for:		
Capital projects	206,775	-
Debt service	48,889	63,912
Other purposes	372,324	1,270,148
Unrestricted	7,142	(22,714)
Total net assets	\$ 635,130	\$ 1,311,346

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

As mentioned previously, net assets of governmental activities decreased \$676,216 during 2009. The primary reason the Village had a decrease in net assets was due to significant capital expenditures incurred in 2009.

Table 2 reflects the changes in net assets on a modified cash basis in 2009 and 2008 for governmental activities.

(Table 2)
Change in Net Assets

	<u>Governmental activities</u>	
	<u>2009</u>	<u>2008</u>
Receipts:		
Program receipts:		
Charges for services and sales	\$ 262,090	\$ 315,153
Operating grants and contributions	149,376	132,902
Capital grants and contributions	<u>1,284,271</u>	<u>-</u>
Total program receipts	<u>1,695,737</u>	<u>448,055</u>
General receipts:		
Property and other local taxes	368,996	313,180
Municipal income taxes	1,884,600	2,082,001
Grants and entitlements not restricted to specific programs	220,940	215,581
Notes issued	780,000	-
Interest	2,398	34,369
Miscellaneous	<u>80,585</u>	<u>73,832</u>
Total general receipts	<u>3,337,519</u>	<u>2,718,963</u>
Total receipts	<u>5,033,256</u>	<u>3,167,018</u>
Disbursements:		
General government	435,828	363,361
Security of persons and property	1,557,366	1,555,678
Public health services	26,072	23,919
Leisure time activities	4,806	6,717
Community environment	432,929	370,240
Transportation	379,659	843,707
Capital outlay	2,784,789	325,709
Principal retirement	38,112	29,752
Interest and fiscal charges	<u>49,911</u>	<u>50,442</u>
Total disbursements	<u>5,709,472</u>	<u>3,569,525</u>
Decrease in net assets	(676,216)	(402,507)
Net assets at beginning of year	<u>1,311,346</u>	<u>1,713,853</u>
Net assets at end of year	<u>\$ 635,130</u>	<u>\$ 1,311,346</u>

**Village of Reminderville
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Management's Discussion and Analysis
For the Year Ended December 31, 2009

Program receipts represent only 33.69 percent of total receipts and are primarily ambulance receipts and a capital grants received during 2009.

General receipts represent 66.31 percent of the Village's total receipts, and of this amount, over 11.06 percent are property taxes, 56.47 percent are municipal income taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other activities. These include the costs of the mayor, council, and the fiscal officer as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, the Village tries to limit these costs to 11 percent of general fund unrestricted receipts.

Security of persons and property are the costs of police and fire protection; public health services is the health department; community environment is the building department; and transportation is the cost of maintaining the roads.

Village Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for Village activities are for transportation and security of persons and property, which account for 6.65 and 27.28 percent of all Village disbursements, respectively. General government also represents a significant cost, about 7.63 percent and during 2009 capital outlay represented 48.77 percent of the Villages total disbursements. The next three columns of the Statement of Activities entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

(Table 3)
Governmental Activities

	Total cost of services <u>2009</u>	Net cost of services <u>2009</u>	Total cost of services <u>2008</u>	Net cost of services <u>2008</u>
General government	\$ 435,828	\$ 329,278	\$ 363,361	\$ 357,176
Security of persons and property	1,557,366	1,521,720	1,555,678	1,531,457
Public health services	26,072	26,072	23,919	23,919
Leisure time activities	4,806	4,806	6,717	6,717
Community environment	432,929	211,601	370,240	82,993
Transportation	379,659	(952,554)	843,707	713,305
Capital outlay	2,784,789	2,784,789	325,709	325,709
Principal retirement	38,112	38,112	29,752	29,752
Interest and fiscal charges	49,911	49,911	50,442	50,442
Total expenses	<u>\$ 5,709,472</u>	<u>\$ 4,013,735</u>	<u>\$ 3,569,525</u>	<u>\$ 3,121,470</u>

The Village's Funds

Total Village funds had receipts, excluding advances in of \$5,033,256 and disbursements, excluding advances out of \$5,709,472. General fund receipts were more than disbursements by \$9,857.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During 2009, the Village amended its general fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts but the difference between final budgeted receipts and actual receipts was more by \$418,809.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Village's outstanding debt included \$1,112,300 in general obligation bonds issued for the construction of the Municipal Center, \$294,269 in a loan from Ohio Public Works for infrastructure repair and \$780,000 in bond anticipation notes for street improvements. For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**Village of Reminderville
Summit County**

Management's Discussion and Analysis
For the Year Ended December 31, 2009

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for the future; therefore, the finance committee and the administration are working on implementing a strategy to delay the deficit. We reviewed our sources of revenue and determined that increases were likely but not at the rate needed to continue at the current operating level.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sam Alonso, Mayor, Village of Reminderville, 3382 Glenwood Blvd., Reminderville OH 44202.

Village of Reminderville
Summit County
Statement of Net Assets - Modified Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 635,130</u>
Net Assets	
Restricted for:	
Capital projects	206,775
Debt service	48,889
Other purposes	372,324
Unrestricted	<u>7,142</u>
Total net assets	<u><u>\$ 635,130</u></u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2009

	Cash Disbursements	Program Cash Receipts			Net (Disbursements Receipts and Changes in Net Assets)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General government	\$ 435,828	\$ 6,550	\$ -	\$ 100,000	\$ (329,278)
Security of persons and property	1,557,366	34,212	1,434	-	(1,521,720)
Public health services	26,072	-	-	-	(26,072)
Leisure time activities	4,806	-	-	-	(4,806)
Community environment	432,929	221,328	-	-	(211,601)
Transportation	379,659	-	147,942	1,184,271	952,554
Capital outlay	2,784,789	-	-	-	(2,784,789)
Debt service:					
Principal retirement	38,112	-	-	-	(38,112)
Interest and fiscal charges	49,911	-	-	-	(49,911)
Total governmental activities	5,709,472	262,090	149,376	1,284,271	(4,013,735)
General Receipts					
Municipal income taxes levied for:					
					906,518
					400,466
					464,616
					40,000
					73,000
Property taxes levied for:					
					162,393
					206,603
Grants and entitlements not restricted to specific programs					
					220,940
Notes issued					780,000
Interest					2,398
Miscellaneous					80,585
					<u>3,337,519</u>
					(676,216)
					<u>1,311,346</u>
					<u>\$ 635,130</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2009

	General	Street Construction, Maintenance and Repair	Joint Economic Development	Road Levy	Street Rehabilitation Project
Assets					
Equity in pooled cash and cash equivalents	\$ -	\$ 144,213	\$ -	\$ 112,211	\$ 71,405
Interfund receivable	-	12,858	-	-	67,655
Advances to other funds	20,000	-	152,451	-	-
Total assets	\$ 20,000	\$ 157,071	\$ 152,451	\$ 112,211	\$ 139,060
Liabilities					
Interfund payable	\$ 12,858	\$ -	\$ 175,671	\$ -	\$ -
Advances from other funds	-	-	-	-	-
Total liabilities	12,858	-	175,671	-	-
Fund Balances					
Reserved:					
Reserved for encumbrances	18,751	43,619	51,817	-	-
Unreserved:					
Undesignated (deficit), reported in:					
General fund	(11,609)	-	-	-	-
Special revenue funds	-	113,452	(75,037)	112,211	-
Debt service fund	-	-	-	-	-
Capital projects funds	-	-	-	-	139,060
Total fund balances	\$ 7,142	\$ 157,071	\$ (23,220)	\$ 112,211	\$ 139,060

See accompanying notes to the basic financial statements.

Bridge Replacement Project	Other Governmental Funds	Total Governmental Funds
\$ 21,478	\$ 285,823	\$ 635,130
108,016	-	188,529
-	-	172,451
<u>\$ 129,494</u>	<u>\$ 285,823</u>	<u>\$ 996,110</u>
\$ -	\$ -	\$ 188,529
87,692	84,759	172,451
<u>87,692</u>	<u>84,759</u>	<u>360,980</u>
87,692	1,646	203,525
-	-	(11,609)
-	124,616	275,242
-	48,889	48,889
(45,890)	25,913	119,083
<u>\$ 41,802</u>	<u>\$ 201,064</u>	<u>\$ 635,130</u>

Village of Reminderville
Summit County

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	Street Construction, Maintenance and Repair	Joint Economic Development	Road Levy	Street Rehabilitation Project
Receipts					
Municipal income taxes	\$ 906,518	\$ -	\$ 464,616	\$ -	\$ -
Property and other local taxes	162,393	-	-	206,603	-
Charges for services	6,555	-	-	-	-
Fines, licenses and permits	221,328	-	-	-	-
Intergovernmental	188,841	147,684	100,000	32,100	314,110
Interest	2,398	258	-	-	-
Miscellaneous	80,551	-	-	-	27
Total receipts	1,568,584	147,942	564,616	238,703	314,137
Disbursements					
Current:					
General government	259,327	-	172,536	-	-
Security of persons and property	1,012,656	-	28,303	-	-
Public health services	26,072	-	-	-	-
Leisure time activities	4,806	-	-	-	-
Community environment	141,099	-	291,830	-	-
Transportation	114,767	98,919	-	165,973	-
Capital outlay	-	-	1,027,265	-	955,077
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total disbursements	1,558,727	98,919	1,519,934	165,973	955,077
Excess of receipts over (under) disbursements	9,857	49,023	(955,318)	72,730	(640,940)
Other financing sources					
Notes issued	-	-	-	-	780,000
Net change in fund balance	9,857	49,023	(955,318)	72,730	139,060
Fund balances beginning of year	(2,715)	108,048	932,098	39,481	-
Fund balances end of year	\$ 7,142	\$ 157,071	\$ (23,220)	\$ 112,211	\$ 139,060

See accompanying notes to the basic financial statements.

Bridge Replacement Project	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 513,466	\$ 1,884,600
-	-	368,996
-	28,622	35,177
-	5,590	226,918
84,102	787,494	1,654,331
-	-	2,656
-	-	80,578
<u>84,102</u>	<u>1,335,172</u>	<u>4,253,256</u>
-	3,965	435,828
-	516,407	1,557,366
-	-	26,072
-	-	4,806
-	-	432,929
-	-	379,659
42,300	760,147	2,784,789
-	38,112	38,112
-	49,911	49,911
<u>42,300</u>	<u>1,368,542</u>	<u>5,709,472</u>
<u>41,802</u>	<u>(33,370)</u>	<u>(1,456,216)</u>
-	-	780,000
41,802	(33,370)	(676,216)
-	234,434	1,311,346
<u>\$ 41,802</u>	<u>\$ 201,064</u>	<u>\$ 635,130</u>

Village of Reminderville
Summit County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal income taxes	\$ 901,000	\$ 902,518	\$ 906,518	\$ 4,000
Property and other local taxes	166,047	182,472	162,393	(20,079)
Charges for services	24,100	6,555	6,555	-
Fines, licenses and permits	482,900	687,610	221,328	(466,282)
Intergovernmental	147,314	125,289	188,841	63,552
Interest	35,000	2,398	2,398	-
Miscellaneous	58,000	80,551	80,551	-
Total receipts	<u>1,814,361</u>	<u>1,987,393</u>	<u>1,568,584</u>	<u>(418,809)</u>
Disbursements				
Current:				
General government	332,090	267,412	269,200	(1,788)
Security of persons and property	1,211,687	1,000,395	1,019,185	(18,790)
Public health services	26,072	26,072	26,072	-
Leisure time activities	6,790	4,806	4,806	-
Community environment	163,717	141,504	142,922	(1,418)
Transportation	113,032	115,293	115,293	-
Total disbursements	<u>1,853,388</u>	<u>1,555,482</u>	<u>1,577,478</u>	<u>(21,996)</u>
Net change in fund balance	(39,027)	431,911	(8,894)	(440,805)
Fund balance at beginning of year	(27,263)	(27,263)	(27,263)	-
Prior year encumbrances appropriated	4,548	4,548	4,548	-
Fund balance at end of year	<u>\$ (61,742)</u>	<u>\$ 409,196</u>	<u>\$ (31,609)</u>	<u>\$ (440,805)</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 135,000	\$ 147,684	\$ 147,684	\$ -
Interest	-	247	258	11
Total receipts	<u>135,000</u>	<u>147,931</u>	<u>147,942</u>	<u>11</u>
Disbursements				
Current:				
Transportation	<u>485,000</u>	<u>243,606</u>	<u>142,538</u>	<u>101,068</u>
Net change in fund balance	(350,000)	(95,675)	5,404	101,079
Fund balance at beginning of year	107,972	107,972	107,972	-
Prior year encumbrances appropriated	<u>76</u>	<u>76</u>	<u>76</u>	<u>-</u>
Fund balance at end of year	<u>\$ (241,952)</u>	<u>\$ 12,373</u>	<u>\$ 113,452</u>	<u>\$ 101,079</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Joint Economic Development Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal income taxes	\$ 757,000	\$ 764,745	\$ 464,616	\$ (300,129)
Intergovernmental	-	-	100,000	100,000
Total receipts	<u>757,000</u>	<u>764,745</u>	<u>564,616</u>	<u>(200,129)</u>
Disbursements				
Current:				
General government	807,344	201,785	172,536	29,249
Security of persons and property	28,303	28,303	28,303	-
Community environment	368,493	368,493	291,830	76,663
Capital outlay	<u>1,052,860</u>	<u>1,052,860</u>	<u>1,079,082</u>	<u>(26,222)</u>
Total disbursements	<u>2,257,000</u>	<u>1,651,441</u>	<u>1,571,751</u>	<u>79,690</u>
Excess of receipts under disbursements	<u>(1,500,000)</u>	<u>(886,696)</u>	<u>(1,007,135)</u>	<u>(120,439)</u>
Other financing sources (uses)				
Advances in	-	737,778	38,893	(698,885)
Advances out	-	<u>(890,229)</u>	<u>(191,344)</u>	<u>698,885</u>
Total other financing sources (uses)	<u>-</u>	<u>(152,451)</u>	<u>(152,451)</u>	<u>-</u>
Net change in fund balance	(1,500,000)	(1,039,147)	(1,159,586)	(120,439)
Fund balance at beginning of year	<u>932,098</u>	<u>932,098</u>	<u>932,098</u>	<u>-</u>
Fund balance at end of year	<u>\$ (567,902)</u>	<u>\$ (107,049)</u>	<u>\$ (227,488)</u>	<u>\$ (120,439)</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road Levy Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 206,603	\$ 206,603	\$ 206,603	\$ -
Intergovernmental	42,802	38,896	32,100	(6,796)
Total receipts	<u>249,405</u>	<u>245,499</u>	<u>238,703</u>	<u>(6,796)</u>
Disbursements				
Current:				
Transportation	484,204	273,500	165,973	107,527
Net change in fund balance	(234,799)	(28,001)	72,730	100,731
Fund balance at beginning of year	39,481	39,481	39,481	-
Fund balance at end of year	<u>\$ (195,318)</u>	<u>\$ 11,480</u>	<u>\$ 112,211</u>	<u>\$ 100,731</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
December 31, 2009

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	\$ 34,965
Net Assets	
Unrestricted	\$ 34,965

See accompanying notes to the financial statements.

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 1 – Reporting Entity

The Village of Reminderville, Summit County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads and bridges, park operations and police and fire service. The Village appropriates general fund and fire income money to support a part-time fire department.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village does not have any component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in the Twinsburg Township – Village of Reminderville Joint Economic Development District, (JEDD). Note 13 to the financial statements provides additional information for this entity.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless the Statements and Interpretations conflict with or contradict GASB pronouncements, in which case GASB prevails. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The more significant of the Village's accounting policies are described below.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, and intergovernmental receipts of other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are all governmental with the exception of the agency funds for receipting JEDD monies, contractor monies and the unclaimed monies.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are:

General - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street construction, maintenance and repair – The street construction, maintenance and repair fund is used to account for street projects within the Village.

Joint economic development – The joint economic development fund is used to account for the Village's 30% of the monthly JEDD disbursement.

Road levy – The road levy fund is supported by the levy proceeds as reported on the semi-annual real estate tax disbursements.

Street rehabilitation project – The street rehabilitation project fund is used to account for the Village's street improvement projects.

Bridge replacement project – The bridge replacement project fund is used to account for bridge repairs within the Village.

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

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. One of the Village's agency funds is the fund into which our monthly JEDD disbursements are deposited; checks written to Twinsburg Township for 70% of those monies and 30% to the Village. JEDD RITA fees, JEDD board expenses and consulting and legal fees are also paid out of the JEDD agency fund. The unclaimed monies fund required by statute to account for stale checks and other monies that are to be held for a required period of time. The other agency fund is the contractors fund used to account for contractor escrow monies and fees.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Such modifications made by the Village are described in the appropriate section in this note. As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and set limits on cash disbursements plus encumbrances at the level of control pursuant to the Ohio Revised Code. The legal level of control has been established at the fund, department and within each, the amount appropriated for personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by Village Council.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative reports (contra revenue), respectively.

During part of 2009, the Village utilized a sweep account at First Merit Bank. Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2009 were \$2,398 which includes \$2,336 assigned from other Village funds.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

I. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes might include the income set aside for JEDD projects.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. It has been the practice to set aside 30% of our 30% of the JEDD income for JEDD projects but we have no legislation stating we must do that.

L. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

M. Interfund Transactions

Transfers on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

N. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “advance to/from other funds”. Interfund receivables/payables represents amounts loaned as a result of negative cash balances. These amounts are eliminated in the governmental activities column of the statement of net assets.

Note 3 –Accountability and Compliance

Contrary to Ohio Revised Code Section 5705.39, the Village had original appropriations greater than original total estimated resources in the general, street construction, maintenance and repair, joint economic development and road levy funds by \$61,742, \$241,952, \$567,902 and \$195,318, respectively and the Village had final appropriations greater than final total estimated resources in the joint economic development, street rehabilitation, and bridge replacement funds by \$107,049, \$32,936 and \$450, respectively.

Contrary to Ohio Revised Code Section 5705.41(B), the Village had expenditures that exceeded appropriations in the general fund by \$21,996.

Contrary to Ohio Revised Code Section 5705.10 (H), the Village had negative unencumbered cash fund balances in the general and joint economic development funds of \$31,609 and \$227,488, respectively.

Note 4 –Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for general fund and each major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to:

	<u>General</u>	Street construction, maintenance and repair	Joint economic development	Road levy
GAAP basis	\$ 9,857	\$ 49,023	\$ (955,318)	\$ 72,730
Advance in	-	-	38,893	-
Advance out	-	-	(191,344)	-
Encumbrances	<u>(18,751)</u>	<u>(43,619)</u>	<u>(51,817)</u>	<u>-</u>
Budget basis	<u>\$ (8,894)</u>	<u>\$ 5,404</u>	<u>\$(1,159,586)</u>	<u>\$ 72,730</u>

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

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

Inactive deposits are public deposits that Council has identified as not required for use within the current five-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 held by the Village can be deposited or invested in the following securities:

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

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledges to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. All investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village of qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Custodial Credit Risk is the risk that in the event of bank failure, the Village's deposits may not be returned to it. Protection of the Village's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution. The Village has no deposit policy for custodial risk beyond the requirement of State statute.

Deposits: At year-end, the carrying amount of the Village's deposits was \$670,095 and the bank balance was \$712,803. Of the bank balance, \$250,000 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$462,803 of the Village's bank balance was exposed to custodial risk as described above.

Note 6 – Income Taxes

The Village levies a 1.0% income tax whose proceeds are placed into the general fund. An additional .5% is collected and placed into the fire income tax fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. The Village does not currently offer a credit to these individuals. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The Village contracts with the Regional Income Tax Agency (RITA) for the collection of taxes, including delinquencies and monitoring of compliance with filing requirements.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2008 were levied after October 1, 2008 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 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
Real property:		
Residential and agricultural	\$ 82,273,390	96.6%
Other real value	2,201,900	2.6%
Public Utilities	629,420	0.7%
Tangible personal property	<u>83,892</u>	<u>0.1%</u>
Total	<u>\$ 85,188,602</u>	<u>100.0%</u>

Note 8 – Risk Management

The Village has obtained commercial insurance for the following risks:

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

<u>Coverage</u>	<u>Limit</u>
General liability:	
Per occasion	\$ 5,000,000
Aggregate	7,000,000
Public officials:	
Per occasion	5,000,000
Aggregate	7,000,000
Automobile:	
Liability	5,000,000
Law enforcement	
Per occasion	5,000,000
Aggregate	7,000,000
Employment practices	
Per occasion	1,000,000
Aggregate	3,000,000

The Village also provides health insurance and dental coverage to full-time employees through private carriers.

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a cost-sharing, multiple employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contribution (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2009, the members of all three plans, except those in law enforcement or public safety participating in the Traditional Plan, were required to contribute 10 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 was 14 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the Traditional Plan for years ended December 31, 2009, 2008 and 2007 were \$45,727, \$53,998, and \$47,160 respectively. The full amount has been contributed for 2009, 2008 and 2007.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus OH 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the Village is required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The Village's contributions to the OP&F for the years ended December 31, 2009, 2008, and 2007 were \$82,392, \$80,215, and \$82,487, respectively. The full amount has been contributed for 2009, 2008 and 2007.

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 10 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – The Village contributes to the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both the defined benefit and defined contribution plan. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377. Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00 percent of covered payroll and 17.63 percent for public safety and law enforcement. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2009 was 7.00 percent of covered payroll from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007, were \$22,864, \$26,999 and \$18,728, respectively; 100 percent has been contributed for 2009, 2008 and 2007.

Village of Reminderville
Summit County

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1, of each year from 2006 to 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employees, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50 percent of covered payroll for police employer units and 24.00 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Section 115 and 401(h).

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F for the years ending December 31, 2009, 2008, 2007 were \$82,392, \$80,215 and \$82,487, respectively, of which \$25,847, \$27,767 and \$28,553, respectively, was allocated to the healthcare plan.

Note 11 – Debt

The Village's long-term debt activity for the year ended December 31, 2009 was as follows:

	Balance			Balance	Amount
	<u>12/31/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/09</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds, 4.125%	\$ 1,136,000	\$ -	\$ (23,700)	\$ 1,112,300	\$ 24,700
OPWC, 1%	308,681	-	(14,412)	294,269	14,566
Total long-term obligations	<u>\$ 1,444,681</u>	<u>\$ -</u>	<u>\$ (38,112)</u>	<u>\$ 1,406,569</u>	<u>\$ 39,266</u>

The repayment of the general obligation bonds will be supported by the full faith and credit of the Village and is payable from the Village's JEDD proceeds.

The Village executed a promissory note on July 1, 2004 with the Ohio Public Works Commission (OPWC) for the slip lining of culverts on Clipper Cove, replacement of an existing culvert on Glenwood Boulevard and replacement of existing pavement on Glenwood Boulevard and California Street. The loan is to be repaid with general revenues of the Village. The loan was restructured by OPWC and reduced by \$134,117 to the finalized amount of \$315,838. The Village paid \$14,412 in principal during 2009.

The following is a summary of the Village's future annual debt service requirements:

<u>Year</u>	<u>OPWC Loan</u>		<u>General obligation bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 14,556	\$ 2,906	\$ 24,700	\$ 45,882
2011	14,702	2,760	25,700	44,864
2012	14,850	2,613	26,600	43,923
2013	14,999	2,464	27,900	42,706
2014	15,149	2,314	29,000	41,555
2015-2019	78,053	9,261	163,800	188,941
2020-2024	82,045	5,269	200,600	152,296
2025-2029	59,915	1,204	245,500	107,258
2030-2034	-	-	300,700	52,223
2035	-	-	67,800	2,797
Total	<u>\$ 294,269</u>	<u>\$ 28,791</u>	<u>\$ 1,112,300</u>	<u>\$ 722,445</u>

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

The Village's short-term debt activity for the year ended December 31, 2009 was as follows:

	Balance	Increases	Decreases	Balance	Amount
	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/09</u>	<u>12/31/09</u>	<u>Due in</u>
					<u>One Year</u>
Bond anticipation notes, 2.8%	\$ -	\$ 780,000	\$ -	\$ 780,000	\$ 780,000

In May of 2009, the Village issued \$780,000 in bond anticipation notes. The bond anticipation notes were issued for a street improvement project. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2010. The street rehabilitation capital project fund will retire the debt.

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2009 were an overall debt margin of \$7,101,392 and an unvoted debt margin of \$2,481,962.

Note 12 – Interfund Activity

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. Advances to/from other funds are short-term loans. The interfund receivable/payable was created to eliminate negative cash in the general fund and the Joint economic development fund.

	Advances to other funds	Advances from other funds	Interfund Receivable	Interfund Payable
<u>Fund</u>				
General fund	\$ 20,000	\$ -	\$ -	\$ 12,858
Street construction, maintenance and repair	-	-	12,858	-
Joint economic development	152,451	-	-	175,671
Street rehabilitation	-	-	67,655	-
Fire income tax	-	20,000	-	-
Bridge replacement project	-	87,692	108,016	-
Glenwood phase two project	-	28,771	-	-
Glenwood phase one project	-	35,988	-	-
Budget basis	<u>\$ 172,451</u>	<u>\$ 172,451</u>	<u>\$ 188,529</u>	<u>\$ 188,529</u>

**Village of Reminderville
Summit County**

Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 13 – Joint Ventures

The Village participates in the Twinsburg Township-Village of Reminderville Joint Economic Development District (the District), which is a statutorily created subdivision of the State. The purpose of the District is to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people of the State, the County, the Village and the Township. The joint venture is considered a separate reporting entity by the Village's management. Accordingly, the joint venture has not been included in these financial statements.

The Board of Directors of the District consists of six members. Three members are appointed by the Mayor of the Village and three members are appointed by the Township's Board of Trustees. The District levies an income tax at 1.5 percent in the District which is collected by the Village. The District keeps up to 3 percent of the income tax revenues to operate the District. Revenues in excess of the expense are paid to the Village (30 percent) and the Township (70 percent). During 2009, the Village paid \$28,303 for police protection for the JEDD area along with various other projects which were approved by Council.

Note 14 - Subsequent Event

In November 2008, the Village approved drafting a Village Charter and work began on the Charter January 1, 2009. On November 3, 2009 the electors of the Village accepted the Village Charter. The Village Charter will become effective January 1, 2010.

Note 15 – Litigation

The Village is a party to various legal proceedings that normally occur in the course of governmental operations. As a result of the modified cash basis of accounting, the financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. While the outcome of the above noted proceedings cannot be predicted, the Village feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Village.

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Dave Yost • Auditor of State

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

Village of Reminderville
Summit County
3382 Glenwood Blvd
Reminderville, Ohio 44202

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Reminderville, Summit County, Ohio, (the Village) as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 30, 2012, wherein noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 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 findings 2009-05 and 2009-06 described in the accompanying schedule of findings to be material weaknesses.

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 2009-01 through 2009-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 30, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

March 30, 2012

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009

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

Certification of Available Resources

<i>Finding Number</i>	2009-01
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.36(A) requires on or about the first day of each fiscal year, the fiscal officers of each subdivision and other taxing units shall certify to the county fiscal officer the total amount from all sources available for expenditures from each fund in the tax budget along with any encumbered balances that existed at the end of the preceding year. In addition, this section allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenues to be collected will be greater or less than the amount in the official certificate of estimated resources.

The Village was unable to locate its Certification of Available Resources for fiscal year 2009.

By not certifying year-end balances to the county fiscal officer, and subsequently obtaining an amended certificate of estimated resources, the Village could base appropriations on outdated estimates of available resources which could result in negative fund balances. The Village should file its certificate of available resources with the county fiscal officer on or about the first day of each fiscal year, and should amend it throughout the year as deemed necessary.

Official's Response: Due to the sudden illness and subsequent death of our long-time fiscal officer, the Village's records became disorganized. In order to prevent this in the future, we will institute a plan to create a better filing system with cross checks with regard to the Certificates of Available Resources.

Appropriations Exceeded Estimated Resources

<i>Finding Number</i>	2009-02
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

For the following funds, the Village had original appropriations in excess of original estimated resources during 2009 as follows:

Fund Number	Fund Name	Original Estimated Resources	Original Appropriations	Variance
1000	General	\$1,787,098	\$1,848,840	(\$61,742)
2011	Street Construction Maintenance and Repair	242,972	484,924	(241,952)
2073	Joint Economic Devel.	1,689,098	2,257,000	(567,902)
2902	Road Levy	288,886	484,204	(195,318)

For the following funds at December 31, 2009 the Village had appropriations in excess of estimated resources as follows:

Fund Number	Fund Name	Estimated Resources	Appropriations at 12/31/09	Variance
2073	Joint Economic Devel.	\$2,434,621	\$2,541,670	\$(107,049)
4901	Street Rehabilitation	1,080,027	1,112,963	(32,936)
4902	Bridge Replacement	441,700	442,150	(450)

Village Council should monitor appropriations versus estimated resources to avoid overspending.

Official's Response: The Village shall institute the Auditor's recommendation and the Fiscal Officer shall monitor appropriations against estimated resources to prevent overspending.

Negative Cash Fund Balances

<i>Finding Number</i>	2009-03
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.10(H) requires that monies paid into any fund be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

At December 31, 2009, we noted the following negative unencumbered cash fund balances:

<u>Fund</u>	<u>Amount</u>
General Fund	(\$31,609)
Joint Economic Development Fund	(227,488)

Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds.

Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Official's Response: The Fiscal Officer shall monitor fund activity on a regular basis in order to prevent future expenditures in excess of available resources. In the event additional funds are required, the Village shall transfer or advance funds in accordance with the Ohio Revised Code.

Finding for Recovery Repaid Under Audit

<i>Finding Number</i>	2009-04
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NONCOMPLIANCE

State ex rel. McClure v. Hagerman (1951), 155 Ohio St. 320 provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

On May 27, 2009 check number 11592 in the amount of \$1,160.15 was issued to Sam Alonso, Mayor. Included in this payment was \$478 for a hotel bill at a conference that was reimbursed twice in error.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Sam Alonso, Mayor, and in the amount of \$478 and in favor of the Village of Reminderville general fund.

Sam Alonso repaid \$478 on November 7, 2011.

Official's Response: The Village shall create a policy for reimbursement to Village officials and employees.

Advances

<i>Finding Number</i>	2009-05
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MATERIAL WEAKNESS

Advances are temporary loans to other funds which are intended to be repaid within the current year. Advances can be made from a less restricted fund to a more restricted fund. Council must pass a resolution authorizing an advance. The resolution should include at a minimum the following information: (1) amount of advance, (2) name of fund loaning the money and the name of the fund receiving the money, (3) an estimate of the date of repayment.

Advances have no effect on the budgetary process except when considering the available fund balance at the beginning of the year.

Inter-fund cash advances are subject to the following requirements:

1. Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in O.R.C. 5705.14 to 5705.16. Advances on the other hand, are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment;
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
4. Advances must be approved by a formal resolution of the taxing authority of the subdivision. This resolution must include:
 - a. A specific statement that the transaction is an advance of cash, and
 - b. An indication of the money (fund) from which it is expected that repayment will be made.

During 2009, the Village did not return a 2008 advance between the General Fund and the Fire Income Tax Fund and made numerous advances between funds as summarized below.

Summary of 2009 Advance activity:		Advance to other Funds	Advance from other Funds
Year	Fund		
2009	JEDD Fund (2073)	\$152,451.72	
2009	Bridge Replacement (Fund 4902)		\$ 87,692.33
2009	Glenwood Phase 2 (Fund 4903)		\$ 28,771.11
2009	Glenwood / Liberty Phase 1 (Fund 4904)		\$ 35,988.28
Grand Total:		\$152,451.72	\$152,451.72

The Village did not maintain a reconciliation of its advances throughout the audit period and consequently was not aware of the above advances to/from other funds. The Village prepared a reconciliation after our audit period which included advances in duplicate, improperly excluded numerous transactions and did not reconcile with its accounting system. Additionally, the Village made 4 advances during 2009 without Council authorization and none of the advances documented the intent or expected repayment.

The Village should obtain Council authorization for all advances and the intent and expected repayment should be clearly documented. The Village should also maintain a perpetual reconciliation of its advances which should be reconciled to the ledgers after each advance or repayment of an advance. This reconciliation should clearly identify advances to/from other funds. We also recommend the Village refer to Auditor of State Bulletin 97-003 regarding the accounting treatment for Interfund Advances. The financial statements and ledgers were adjusted to properly reflect these outstanding advances between funds.

Official's Response: Prior to any advances, the Fiscal Officer shall obtain Council approval and authorization. In addition, expected repayment shall be clearly documented. The Fiscal Officer shall further maintain a perpetual reconciliation of all advances which shall be reconciled to the ledgers after each advance or repayment of an advance.

Financial Statement Adjustments

<i>Finding Number</i>	2009-06
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MATERIAL WEAKNESS

The following adjustments required the financial statements to be adjusted for the year ended December 31, 2009:

- General receipts – municipal income taxes levied for community environment and Program cash receipts – Operating Grants were over/understated \$300,129, respectively in the *Statement of Activities* due to OPWC and Summit County grant monies incorrectly reported as general receipts.
- Program cash receipts – Capital Grants and Operating Grants were under/overstated \$1,284,271, respectively in the *Statement of Activities* due to OPWC grant monies for road improvement projects incorrectly reported as operating grants instead of capital grants.
- Income tax receipts in the JEDD Fund and intergovernmental receipts in the Bridge Replacement Fund were over/understated \$41,802, respectively due to OPWC grant money recorded in the wrong fund.
- Income tax receipts in the JEDD Fund and intergovernmental receipts in the Street Rehab Fund were over/understated \$67,655, respectively due to OPWC grant money recorded in the wrong fund.
- Income tax receipts in the JEDD Fund and intergovernmental receipts in the Glenwood Phase 2 Fund were over/understated \$31,040, respectively due to OPWC grant money recorded in the wrong fund.
- Income tax receipts in the JEDD Fund and intergovernmental receipts in the Glenwood-Liberty Phase 1 Fund were over/understated \$59,632, respectively due to OPWC grant money recorded in the wrong fund.
- Income tax receipts and intergovernmental receipts in the JEDD Fund were over/understated \$100,000, respectively due intergovernmental revenue incorrectly reported as income tax revenue.
- Fund balance reserved for encumbrances and unreserved fund balance in the Bridge Replacement Fund were under/overstated \$87,692, respectively due to outstanding encumbrances not correctly recorded.
- Fund balance reserved for encumbrances and unreserved fund balance in the JEDD Fund were under/overstated \$51,502, respectively due to outstanding encumbrances not correctly recorded.
- Fund balance reserved for encumbrances and unreserved fund balance in the General Fund were under/overstated \$11,349, respectively due to outstanding encumbrances not correctly recorded.
- Outstanding advances from the JEDD Fund of \$152,451 to the Bridge Replacement Fund \$87,692; to Glenwood Phase 2 Fund \$28,771; and to Glenwood-Liberty Phase 1 Fund \$35,988 were not correctly recorded in the *Statement of Modified Cash Basis Assets and Fund Balances*.
- General governmental expenditures in the JEDD Fund and security of persons and property expenditures in the General Fund were over/understated \$18,125 due to a settlement payment incorrectly charged to the JEDD Fund.

In addition, two adjustments were reported to management as unadjusted items.

The Village should exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct accounts. In addition, management should review the draft financial statements to help ensure it is supported by sufficient and accurate documentation and free of obvious errors and omissions. This procedure should help avoid financial statement errors and help ensure more accurate financial reporting.

Official's Response: Noted

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-01	Material audit adjustments and reclassifications were made to the financial statements.	No	Not corrected, similar comment issued as Finding Number 2009-06.
2008-02	Numerous instances that time sheets did not match UAN ledgers.	Yes	Finding no longer valid.
2008-03	Village Code 139.14(a) , Numerous instances that police officers holiday pay did not match the policy.	Yes	Finding no longer valid.
2008-04	Village Code 139.16(a)(d) , Numerous instances that overtime and compensatory time paid did not match policy.	Yes	Finding no longer valid.
2008-05	Ohio Rev. Code Section 5705.39 Appropriations exceeded estimated resources in various funds.	No	Not corrected, similar comment issued as Finding Number 2009-02.
2008-06	Ohio Rev. Code Section 5705.41(B) Expenditures exceeded appropriations in various funds.	No	Partially Corrected, similar comment issued in management letter.

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VILLAGE OF REMINDERVILLE

SUMMIT 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 10, 2012