

VILLAGE OF REMINDERVILLE

SUMMIT COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2013 and 2012





Dave Yost • Auditor of State

Village Council
Village of Reminderville
3382 Glenwood Blvd.
Reminderville, Ohio 44202

We have reviewed the *Independent Auditor's Report* of the Village of Reminderville, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 10, 2014

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VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Reminderville, Summit County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Reminderville, Summit County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 15 to the financial statements, in 2012 the Village has elected to change its financial statement presentation in accordance with the regulatory basis approved by the Auditor of State. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.

September 22, 2014

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 171,905	\$ 240,742	-	-	\$ 412,647
Municipal Income Tax	1,063,903	528,296	-	-	1,592,199
Intergovernmental	844,221	177,451	-	\$ 903,917	1,925,589
Special Assessments	54,766	6,650	-	-	61,416
Charges for Services	10,814	32,438	-	-	43,252
Fines, Licenses and Permits	289,260	38,591	-	-	327,851
Earnings on Investments	1,144	11	-	-	1,155
Miscellaneous	46,104	36,125	-	-	82,229
<i>Total Cash Receipts</i>	<u>2,482,117</u>	<u>1,060,304</u>	<u>-</u>	<u>903,917</u>	<u>4,446,338</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,173,403	533,867	-	-	1,707,270
Leisure Time Activities	13,555	-	-	-	13,555
Community Environment	203,169	28,809	-	-	231,978
Transportation	132,592	307,505	-	-	440,097
General Government	462,299	-	-	-	462,299
Capital Outlay	-	203,679	-	1,012,338	1,216,017
Debt Service:					
Principal Retirement	-	-	\$ 72,823	-	72,823
Interest and Fiscal Charges	-	-	75,846	-	75,846
<i>Total Cash Disbursements</i>	<u>1,985,018</u>	<u>1,073,860</u>	<u>148,669</u>	<u>1,012,338</u>	<u>4,219,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	497,099	(13,556)	(148,669)	(108,421)	226,453
Other Financing Receipts (Disbursements)					
Transfers In	-	474,820	211,750	106,307	792,877
Transfers Out	(792,877)	-	-	-	(792,877)
Advances In	25,000	15,000	-	10,000	50,000
Advances Out	(25,000)	(15,000)	-	(10,000)	(50,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(792,877)</u>	<u>474,820</u>	<u>211,750</u>	<u>106,307</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(295,778)	461,264	63,081	(2,114)	226,453
<i>Fund Cash Balances, January 1</i>	<u>553,393</u>	<u>494,744</u>	<u>(89,702)</u>	<u>455,035</u>	<u>1,413,470</u>
Fund Cash Balances, December 31					
Nonspendable	883	-	-	-	883
Restricted	-	825,282	-	467,709	1,292,991
Committed	-	130,726	-	-	130,726
Assigned	57,894	-	-	-	57,894
Unassigned (Deficit)	198,838	-	(26,621)	(14,788)	157,429
<i>Fund Cash Balances, December 31</i>	<u>\$ 257,615</u>	<u>\$ 956,008</u>	<u>\$ (26,621)</u>	<u>\$ 452,921</u>	<u>\$ 1,639,923</u>

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH FUND BALANCES
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating Cash Receipts	
Property and Other Local Taxes	\$ 3,319,943
Miscellaneous	54,000
	<hr/>
<i>Total Operating Cash Receipts</i>	<i>3,373,943</i>
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Operating Cash Disbursements	
Contractual Services	97,449
Supplies and Materials	3,506
Other	71,265
Payments to Another Government	2,898,547
	<hr/>
<i>Total Operating Cash Disbursements</i>	<i>3,070,767</i>
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<i>Net Change in Fund Cash Balances</i>	<i>303,176</i>
	<hr/>
<i>Fund Cash Balances, January 1</i>	<i>772,159</i>
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<i>Fund Cash Balances, December 31</i>	<i>\$ 1,075,335</i>
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts					
Property and Other Local Taxes	\$ 166,016	\$ 232,818	-	-	\$ 398,834
Municipal Income Tax	1,261,050	482,886	-	-	1,743,936
Intergovernmental	221,786	331,970	-	\$ 636,325	1,190,081
Special Assessments	57,379	-	-	-	57,379
Charges for Services	4,871	34,778	-	-	39,649
Fines, Licenses and Permits	242,250	3,279	-	-	245,529
Earnings on Investments	883	11	-	-	894
Miscellaneous	67,314	-	-	-	67,314
<i>Total Cash Receipts</i>	<u>2,021,549</u>	<u>1,085,742</u>	<u>-</u>	<u>636,325</u>	<u>3,743,616</u>
Cash Disbursements					
Current:					
Security of Persons and Property	998,439	549,549	-	-	1,547,988
Public Health Services	1,100	-	-	-	1,100
Leisure Time Activities	9,604	-	-	-	9,604
Community Environment	157,000	912	-	-	157,912
Transportation	103,882	675,570	-	-	779,452
General Government	412,861	849	-	-	413,710
Capital Outlay	-	230,021	-	506,183	736,204
Debt Service:					
Principal Retirement	-	-	\$ 71,376	-	71,376
Interest and Fiscal Charges	-	-	77,990	-	77,990
<i>Total Cash Disbursements</i>	<u>1,682,886</u>	<u>1,456,901</u>	<u>149,366</u>	<u>506,183</u>	<u>3,795,336</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	338,663	(371,159)	(149,366)	130,142	(51,720)
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	6,812	-	-	-	6,812
Transfers In	2,177	272,556	97,572	63,770	436,075
Transfers Out	(373,898)	(2,177)	-	(60,000)	(436,075)
Advances In	20,000	131,667	-	-	151,667
Advances Out	-	(20,000)	-	(131,667)	(151,667)
Other Financing Uses	(1,632)	-	-	-	(1,632)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(346,541)</u>	<u>382,046</u>	<u>97,572</u>	<u>(127,897)</u>	<u>5,180</u>
<i>Net Change in Fund Cash Balances</i>	(7,878)	10,887	(51,794)	2,245	(46,540)
<i>Fund Cash Balances, January 1, restated</i>	<u>561,271</u>	<u>483,857</u>	<u>(37,908)</u>	<u>452,790</u>	<u>1,460,010</u>
Fund Cash Balances, December 31					
Nonspendable	883	-	-	-	883
Restricted	-	477,435	-	511,107	988,542
Committed	-	17,309	-	-	17,309
Assigned	58,144	-	-	-	58,144
Unassigned (Deficit)	494,366	-	(89,702)	(56,072)	348,592
<i>Fund Cash Balances, December 31</i>	<u>\$ 553,393</u>	<u>\$ 494,744</u>	<u>\$ (89,702)</u>	<u>\$ 455,035</u>	<u>\$ 1,413,470</u>

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

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

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
Property and Other Local Taxes	\$ 3,691,525
Miscellaneous	46,000
	3,737,525
<i>Total Operating Cash Receipts</i>	<i>3,737,525</i>
Operating Cash Disbursements	
Contractual Services	108,637
Supplies and Materials	13,719
Other	40,670
Payments to Another Government	2,947,381
	3,110,407
<i>Total Operating Cash Disbursements</i>	<i>3,110,407</i>
<i>Net Change in Fund Cash Balances</i>	<i>627,118</i>
<i>Fund Cash Balances, January 1</i>	<i>145,041</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 772,159</i>

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Reminderville, Summit County, Ohio (the Village) as a body corporate and politic. The Village is directed by a six-member Council with three members elected at large and three elected from separate voting districts each with four year terms. The Mayor is elected to a four year term and serves as the chief executive officer and does not have a vote. The Village provides general government services, maintenance of Village roads and bridges, park operations and police and fire service.

The Village participates in one jointly governed organization: Twinsburg Township – Village of Reminderville Joint Economic Development District (District), which was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare within the District. Note 11 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Village pooled all money into demand deposits.

D. Fund Accounting

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

1. General Fund

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

2. Special Revenue Funds

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

Fire Income Tax Fund - This fund receives income tax money for the cost associated with providing fire protection services.

Road Levy Fund - This fund receives property tax money to pay for constructing, maintaining and repairing Village roads.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

USDA Bond Retirement Fund - This fund is supported by general fund transfers for the retirement of debt.

Street Dedication Fund - This fund is supported by general fund transfers for the retirement of debt.

4. Capital Project Funds

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

Street Rehabilitation Fund - This fund receives grant monies for constructing and repairing Village roads and bridges.

Waterline Replacement and Repair Fund - This fund receives payments from Cleveland Water to pay for the waterline repair and replacement costs associated with constructing and repairing Village roads.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for JEDD income tax amounts collected and remitted to the Village by the Regional Income Tax Authority (RITA) and contractor deposits.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits (continued)

	2013	2012
Demand deposits	\$ 2,715,258	\$ 2,185,629
Total deposits	\$ 2,715,258	\$ 2,185,629

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,793,943	\$2,482,117	(\$311,826)
Special Revenue	1,563,758	1,535,124	(28,634)
Debt Service	72,319	211,750	139,431
Capital Project	350,460	1,010,224	659,764

2013 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$0	\$2,835,789	(\$2,835,789)
Special Revenue	0	1,215,472	(1,215,472)
Debt Service	0	152,669	(152,669)
Capital Project	0	1,012,338	(1,012,338)

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,968,548	\$2,030,538	\$61,990
Special Revenue	755,204	1,358,298	603,094
Debt Service	28,000	97,572	69,572
Capital Project	0	700,095	700,095

2012 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$0	\$2,116,560	(\$2,116,560)
Special Revenue	0	1,463,765	(1,463,765)
Debt Service	0	149,366	(149,366)
Capital Project	0	566,183	(566,183)

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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

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

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

5. Local Income Tax

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village contracts with the Regional Income Tax Agency (RITA) for the collection of taxes, including delinquencies and monitoring of compliance with filing requirements.

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$1,007,400	4.125%
Street Improvement Bonds	655,000	3.000 - 4.750%
Ohio Public Works Commission Loan	<u>242,680</u>	1.000%
Total	<u><u>\$1,905,080</u></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.

During 2010, the Village issued \$740,000 street improvement bonds. The bonds were issued for the purpose of street improvement projects. The obligations are to be paid from the debt service fund. The Village's taxing authority collateralized the bonds.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Debt (continued)

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

Year ending December 31:	OPWC Loan	General Obligation Bonds	Street Improvement Bonds
2014	\$ 17,463	\$ 70,555	\$ 59,700
2015	17,463	70,559	58,800
2016	17,463	70,520	57,600
2017	17,463	70,522	56,400
2018	17,463	70,573	60,200
2019-2023	87,313	352,871	288,025
2024-2028	87,313	352,755	270,738
2029-2033		353,026	107,125
2034-2035		141,179	
Total	<u>\$ 261,941</u>	<u>\$ 1,552,560</u>	<u>\$ 958,588</u>

7. Leases

Leases outstanding at December 31, 2013 were as follows:

	Principal	Interest Rate
Fire Pumper Truck Lease	\$ 381,622	3.500%

The Village entered into a lease for the purchase of a fire pumper truck on October 24, 2012. Principal and interest payments totaling \$50,315 are due annually on July 1.

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

Year ending December 31:	Amount
2014	\$ 50,315
2015	50,315
2016	50,315
2017	50,315
2018	50,315
2019-2022	201,264
Total	<u>\$ 452,839</u>

8. Retirement Systems

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Retirement Systems (continued)

The Ohio Revised Code also prescribes contribution rates. For January – June 2013 and all of 2012, OP&F participants contributed 10% of their wages. For July – December 2013, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. For 2013 and 2012, part time fire fighters contributed to Social Security an amount equal to 6.2% and 4.2%, respectively of their gross salary. The Village has paid all contributions required through December 31, 2013.

9. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials and law enforcement liability;
- Inland marine;
- Crime;
- Boiler and machinery;
- Vehicles; and
- Errors and omissions.

There have been no settlements paid in excess of insurance coverage nor has insurance coverage been significantly reduced in 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.

10. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

11. Jointly Governed Organizations

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 jointly governed organization is considered a separate reporting entity by the Village's management, however, as the District's fiscal agent the activity in the agency fund has been included in the accompanying 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).

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

12. Compliance

Contrary to Ohio Revised Code Section 5705.41(D), the Village did not certify that expenditures were lawfully appropriated and free from any previous encumbrances for numerous expenditures tested for 2013 and 2012.

Contrary to Ohio Revised Code Section 5705.10(H), at December 31, 2013 and 2012, various funds had negative fund balances.

Contrary to Ohio Revised Code Section 5705.14, the Village failed to obtain the required approval prior to making transfers during 2013 and 2012.

Contrary to Ohio Revised Code Section 5705.36(A)(1), the Village did not certify the correct beginning fund balances to the Summit County Auditor for 2013 and 2012.

Contrary to Ohio Revised Code Section 5705.38(A), the Village did not pass a resolution approving a permanent appropriation measure for fiscal year 2013 and 2012.

Contrary to Ohio Revised Code Section 5705.41(B), all of the Village's funds had expenditures which exceeded appropriations due to the lack of an approved appropriation resolution.

13. Transfers

Transfers were made from the General Fund to various funds to subsidize operations and capital projects, and to make debt service payments. Transfers were made to correct negative fund balances noted during prior audit. A transfer was also made from a Special Revenue Fund to the General Fund due to the completion of the project for which the Special Revenue Fund was created. Prior period advances made from a Special Revenue Fund to a Capital Projects Fund were repaid during 2012. There were no outstanding advances as of December 31, 2013.

14. Prior Period Adjustment

An adjustment of prior period fund balances was necessary due to a previously unrecorded bank account as well as numerous adjustments necessary to reconcile the cash balance to the Village's book balance.

	General Fund	Special Revenue Funds
Fund Cash Balance, Previously Reported at December 31, 2011	\$ 551,106	\$ 424,905
Adjustments	10,165	58,952
Restated Fund Balance, January 1, 2012	561,271	483,857

15. Change in Presentation

In 2012, the Village has elected to change its financial statement presentation to the regulatory basis of accounting approved by the Auditor of State.

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

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Reminderville, Summit County (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 22, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, which was changed from the prior presentation.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-01 and 2013-06 through 2013-08 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-09 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-01 through 2013-05.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 22, 2014.

Entity's Responses to Findings

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.

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
September 22, 2014

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2013 and 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number: 2013-01 – Noncompliance and Material Weakness

Law Enforcement Funds and Deposit of Public Monies

Ohio Revised Code Section 2981.13(B) provides in part, proceeds from the sale of contraband and forfeited property shall be disposed of in the following order:

- 1) to the payment of the costs incurred in the forfeiture proceedings;
- 2) to satisfy any restitution orders to the victim of the offense or satisfy any recovery ordered for the person harmed;
- 3) to the payment of the balance due on any security interest preserved under this chapter;
- 4) apply the remaining amounts as follows:

(b) if the forfeiture was ordered in a court other than a juvenile court, one hundred percent to the law enforcement fund if the municipal corporation.

In addition, Section(C)(1) provides in part, a law enforcement fund shall be established by the legislative authority of each municipal corporation.

The Guide to Equitable Sharing for State and Local Law Enforcement Agencies, issued by the U.S. Department of Justice Criminal Division Asset Forfeiture and Money Laundering Section provides in Section IX all participating state and local law enforcement agencies must implement standard accounting procedures and internal controls (e.g., tracking share requests and receipts, electronically depositing shares into a separate revenue account or accounting code) to track equitably shared monies and tangible property. Those procedures must be consistent with those set forth below.

A. Bookkeeping procedures and internal controls

The state of local participating law enforcement agency must:

1. Establish a separate revenue account or accounting code through the agency's finance department for the proceeds for the Department of Justice Equitable Sharing Program. This account or the accounting code will be used solely for funds from the Department of Justice Sharing Program. No other funds may be included in this account or with this accounting code.
2. Establish an internal procedure to recommend expenditures from the revenue account. In many small agencies, the chief of police determines the purpose for which the funds are used. The agency head must authorize all expenditures from the federal sharing revenue account.
3. Use tangible property placed into official use for a law enforcement purpose for at least two years following transfer. After two years, the property may be sold for the benefit of the law enforcement agency. All proceed from the sale of such property must be deposited into the agency's equitable sharing account.
4. Obtain approval for expenditures from the governing body, such as the town council.
5. Upon final approval, issue contracts or purchase orders to formally disburse deposited assets for goods or services. Deduct purchase orders and contracts from the account balance.
6. Maintain a record of all expenditures from the revenue account or accounting code. These expenditures must be in accordance with this Guide.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012

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

Finding Number: 2013-01 – Noncompliance and Material Weakness (continued)

Ohio Revised Code Section 9.38 requires a person who is a public official other than a state officer, employee or agent shall deposit all public monies received by that person with the treasurer of the public office or properly designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds one thousand dollars. If the total amount of the public monies received does not exceed one thousand dollars, the person shall deposit the monies on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the monies until such time as the monies are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited. If the public office of which the person is a public official is governed by a legislative authority, only the legislative authority may adopt such a policy.

The police department maintains bank accounts for federal and state drug fine monies which are not under the control of the Fiscal Officer including receipts and disbursements from these bank accounts. In addition, this money and activity in these accounts are not recorded on the financial statements of the Village. As of December 31, 2012, the book balance of these accounts was \$25,796. Receipts for the year totaled \$3,147 and expenditures were \$6,303. As of December 31, 2013, the book balance of these accounts is \$58,451. Receipts for the year totaled \$32,736 and expenditures were \$81. This could allow for material financial activity under the control of the office of the Village to be unaccounted for and errors and irregularities to not be detected by management in a timely manner.

We recommend the Village record the cash accounts currently maintained by the police department as well as all receipts and expenditures relating to those accounts in the Village's financial ledgers. The bank accounts should be placed under the control of the Fiscal Officer in accordance with the requirements noted above. The financial statements and Village's records have been adjusted.

Official's Response: Internal controls have been adjusted according to the state requirement.

Finding Number: 2013-02 – Noncompliance

Fiscal Officer's Certification of Expenditures

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

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

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012

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

Finding Number: 2013-02 – Noncompliance (continued)

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

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

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

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

During 2013 and 2012, 14 out of 38 or 37% and 28 out of 38 or 74% of expenditures tested, respectively, were not certified by the Fiscal Officer or certified prior to incurring the obligation, nor was evidence discovered the Village issued Then and Now Certificates for these exceptions.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's expenditures exceeding budgetary spending limitations, we recommend that the Village certify expenditures prior to incurring the liability. Also, we recommend the Village only use "then and now" certificates for items under \$3,000 and to have all certificates approved by Council. This will assist in keeping adequate controls over disbursements and encumbrances.

Official's Response: Beginning in FY 2014, the Fiscal Officer has been certifying the availability of funds for expenditure prior to commitment or has implemented the use of Then and Now, Blanket and Super Blanket Certificates.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2013-03 – Noncompliance

Negative Fund Balances

Ohio Revised Code Section 5705.10(H) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

Numerous audit adjustments were required to be made to the Village's bank reconciliations and receipts during our audit, and as a result, Village fund balances in the accounting system also required adjustment.

As a result of these adjustments, the Street Dedication Fund – Debt Service had deficit fund balances of \$26,621 and \$55,065 and the Glenwood Phase 2 Fund – Capital Projects had deficit fund balances of \$14,788 and \$14,788 as of December 31, 2013 and 2012, respectively. The Ohio Public Works Loan Fund – Debt Service, USDA Bond Retirement Fund – Debt Service and the Bridge/Culvert Replacement Fund – Capital Projects had deficit fund balance as of December 31, 2012 of \$12,083, \$22,554 and \$41,284, respectively.

We recommend that fund activity be closely 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: Beginning in FY 2014, fund activity has been monitored. The single case of a negative cash fund balance occurrence in 2013 was due to an incorrect receipting of revenues.

Finding Number: 2013-04 – Noncompliance

Certification of Available Resources

Ohio Revised Code Section 5705.36(A)(1) 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 unencumbered 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. Although the Certificate of the Total Amount From All Sources Available for Expenditures and Unencumbered Balances was filed with the Summit County Auditor for fiscal year 2013 and 2012, the beginning fund balances were incorrect.

We recommend the Village file on or about the first day of the fiscal year an accurate Certificate of the Total Amount From All Sources Available for Expenditures and Unencumbered Balances existing at the end of the preceding year.

Official's Response: Beginning in FY 2013, the Village of Reminderville is requesting appropriate certification from Summit County for sources available for expenditure, as well as amended certificates.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2013-05 – Noncompliance

Annual Appropriation Measure

Ohio Revised Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The Village did not pass a permanent appropriation resolution for 2013 or 2012.

Ohio Revised Code Section 5705.41(B) requires that budgetary expenditures shall not exceed appropriations. In 2013, budgetary expenditures exceeded appropriation authority in the General Fund by \$2,835,789, in the Special Revenue Funds by \$1,215,472, in the Debt Service Funds by \$152,669 and in the Capital Projects Funds by \$1,012,338 due to the lack of an appropriation resolution referred to above. In 2012, budgetary expenditures exceeded appropriation authority in the General Fund by \$2,116,560, in the Special Revenue Funds by \$1,463,765, in the Debt Service Funds by \$149,366 and in the Capital Projects Funds by \$566,183 due to the lack of an appropriation resolution referred to above.

We recommend that the Village monitor its budget closely to prevent expenditures from exceeding appropriations. Also, we recommend that the Village approve an appropriation resolution annually.

Official's Response: Beginning in FY 2014, only appropriated money is expended.

Finding Number: 2013-06 – Material Weakness

Posting of Transfers and Advances without Approval

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 ORC Sections 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

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012

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

Finding Number: 2013-06 – Material Weakness (continued)

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 our testing of advances for 2012, we noted five advances from the General Fund totaling \$72,367 and one advance from the Glenwood/Liberty Phase I Fund– Capital Projects for \$60,000 that were not approved by Council, as required. These advances were still outstanding as of December 31, 2013 and were therefore converted to transfers on the financial statements as the Village has no plans to repay the funds.

During our testing of transfers, we noted three transfers totaling \$21,410 from the General Fund to various debt service and special revenue funds in 2012 and four transfers totaling \$106,127 from the General Fund to various debt service and special revenue funds in 2013 were not approved by Council, as required.

We recommend that all advances and transfers be formally approved by resolution of Council. For advances, the resolution should include the specific information indicating the amount of advance, the name of the fund loaning the money and the name of the fund receiving the money, and an estimate of the date of the repayment. For transfers, the resolution should include the amount of transfer, the name of the fund paying the money and the name of the fund receiving the money. The Village should ensure there is proper statutory authority to use the money in the fund advancing or transferring the cash for the same purpose for which the fund receiving the cash was established. Additionally, the Village should ensure all advances will be repaid to the fund providing the loan and should develop procedures for the prompt repayment of advances.

Official's Response: Beginning in FY 2014, no inter-fund cash advance transactions have occurred.

Finding Number: 2013-07 – Material Weakness

Mispostings and Misclassifications Resulting in Financial Statement Adjustments

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Village Officers' Handbook (revised March 2012) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2013-07 – Material Weakness (continued)

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions. During 2013 and 2012, these misclassifications included the following:

- During 2013 and 2012, Homestead and Rollback monies were misclassified as Property Tax revenue instead of Intergovernmental revenue and were not allocated to the proper funds.
- During 2013, Special Assessment revenue was misclassified as Property Tax revenue instead of Special Assessments. During 2012, Special Assessment revenue was recorded at the net amount and was allocated to the Street Dedication Project Fund – Debt Service instead of the General Fund.
- During 2013 and 2012, many receipts were misclassified as Special Items and Extraordinary Items. The postings did not qualify as special or extraordinary therefore adjustments were made to reclassify these items.
- During 2013 and 2012, Capital Road Project monies received from Cleveland Water were misclassified as Miscellaneous revenue instead of Intergovernmental revenue in the Waterline Replacement/Repair Fund – Capital Projects.
- During 2013, audit adjustments from the 2011 audit to correct transfers made from an agency fund to the General Fund were misclassified as Miscellaneous revenue instead of Intergovernmental revenue.
- During 2013 and 2012, transfers made from the JEDD Agency Fund to the General Fund were reclassified as Payments to Another Government expenditures in the agency fund and Intergovernmental revenues in the General Fund.
- During 2013 and 2012, Grant monies paid directly to vendors were not recorded resulting in the understatement of Intergovernmental revenues and Capital Outlay expenditures in the Bridge/Culvert Fund – Capital Projects.
- During 2012, Debt Service payments made from the debt service funds were not properly posted as principal and interest.
- During 2013 and 2012, Contractor Deposits were misclassified as Fines, Licenses and Permits and Charges for Services revenue, respectively instead of Miscellaneous revenue.
- During 2013, a donation received from the Homeowner’s Association to help pay for street improvements was misclassified as Other Debt Proceeds in the Street Dedication Project Fund – Debt Service instead of Miscellaneous revenue in the Street, Construction, Maintenance and Repair Fund – Special Revenue. The associated expense was also misclassified as a Transportation expenditure instead of a Capital Outlay expenditure in those same funds.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012

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

Finding Number: 2013-07 – Material Weakness (continued)

- During 2013 and 2012, Property Tax monies were recorded at the net amount received and were not allocated to the proper funds causing the Property Tax revenue to be overstated and General Government expenses to be understated in the General Fund. Property Tax revenue was also understated in the Road Levy Fund.

Management agrees with these adjustments and they were adjusted in the Village's records and the accompanying financial statements.

We recommend the Village use more caution to ensure all activities of the Village are recorded accurately. The Village's Fiscal Officer should refer to the Village Officers' Handbook and the UAN Handbook to ensure proper fund and account classification. We also recommend that management review the draft financial statements to help ensure that they are supported by sufficient and accurate documentation and free of obvious errors and omissions.

Official's Response: Beginning in FY 2014, the Village of Reminderville is ensuring the receipts and expenditures are posted to the correct accounts.

Finding Number: 2013-08 – Material Weakness

Cash Reconciliations

A bank to book reconciliation should be performed monthly and reviewed and approved by an individual with appropriate fiscal authority. The reconciliation of the Village's bank accounts with its cash ledgers is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the Village. As part of the bank reconciliation, all differences between the balance appearing on the financial statements and the balance of cash according to the Village's records should be accounted for.

The Village's bank accounts and fund balances were not reconciled during fiscal year 2013 and 2012. The Village Fiscal Officer contracted with an external consultant with governmental experience to perform a proof-of-cash reconciliation for the two year audit period. Upon conclusion of the reconciliations being performed, the Village's books were overstated by \$163,699 and \$177,513 for 2013 and 2012, respectively.

The audit adjustments were posted to the Village's financial accounting system and to the audited financial statements.

We recommend the Village implement procedures to help ensure that bank statements are reconciled to the Village's books in a timely manner. We further recommend the bank reconciliations be presented to the Finance Committee so they can sign off on them and present to the entire Council for approval on a monthly basis within the minute records. All reconciling amounts should be easily identifiable and explained.

Official's Response: Beginning in FY 2012, supporting documentation for receipts and expenditures have been filed with each transaction, which will assist in matching those transactions with what is recorded in UAN.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS - continued
December 31, 2013 and 2012

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</p>
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Finding Number: 2013-09 – Significant Deficiency

JEDD Income Tax Revenue Allocation

The Village distributed \$667,866 and \$296,341 of its Joint Economic Development District (JEDD) income tax levy to the General Fund during 2013 and 2012, respectively. The commingling of these JEDD monies in the General Fund makes it difficult to interpret whether the JEDD revenues were used in accordance with the JEDD contract purposes.

The Village's JEDD contract identifies the purpose the JEDD income tax proceeds may be used for, but does not specifically allocate the collection by purpose to a fund or account. Therefore, these purposes are not clearly defined in relation to the Village's fund structure.

We recommend the Village record all (100%) of its allocation of the JEDD Income Tax revenues directly to the JEDD special revenue fund, then pay for allowable activities as defined within the JEDD contract directly from this fund. We also recommend that the Village consider reviewing and revising the JEDD contract to define the allocation percentages of the JEDD income tax levy in terms which better correlate to the purposes of the Village's funds. This would help ensure the JEDD Income Tax revenues are distributed and spent in accordance with the intent of the JEDD contract.

Official's Response: Mayor Alonso, Paul Carpenter, Council and Deborah Wordell are currently in discussion regarding this finding, while considering the past recommendations made by State Auditors and, more recently, by a CPA firm that was hired by the Village to prepare financial statements for 2012 and 2013.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Law Enforcement Funds and Deposit of Public Monies	No	Repeated as 2013-01
2011-02	Certification of Expenditures	No	Repeated as 2013-02
2011-03	Negative Cash Fund Balances	No	Repeated as 2013-03
2011-04	Certification of Available Resources	No	Repeated as 2013-04
2011-05	Appropriations Exceeding Estimated Resources	Yes	Finding No Longer Valid
2011-06	Expenditures Exceeding Appropriations	No	Repeated as 2013-05
2011-07	Finding for Recovery Repaid Under Audit	Yes	Finding No Longer Valid
2011-08	Posting Appropriations and Estimated Resources	Yes	Finding No Longer Valid
2011-09	Advances	No	Repeated as 2013-06
2011-10	Financial Statement Adjustments	No	Repeated as 2013-07
2011-11	Ambulance Billing Revenue	Yes	Finding No Longer Valid
2011-12	Reconciling Items and Stale Dated Checks	No	Partially Corrected, Repeated as 2013-08



Dave Yost • Auditor of State

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
OCTOBER 21, 2014**