



Dave Yost • Auditor of State

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

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Dave Yost • Auditor of State

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 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, 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2C describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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, 2011, and the respective changes in modified cash financial position and the respective budgetary comparison for the General; Street Construction, Maintenance and Repair; Road Levy; and Joint Economic Development Funds thereof for the year then ended in accordance with the accounting basis described in Note 2C.

Accounting Basis

We draw attention to Note 2C of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2O to the financial statements, during 2011, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Village's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net assets, changes in net assets, governmental activities and long-term debt. *The Federal Awards Receipts and Expenditures Schedule (the Schedule)* is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional analysis and are not a required part of the basic financial statements.

These tables and the Schedule 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. We subjected this information 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, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013

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Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

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, 2011, 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 2011 are as follows:

- Net assets of governmental activities increased \$285,276, mainly due to an increase in income tax receipts over 2010.
- The Village's general receipts are primarily property and income taxes. Property tax receipts for 2011 were \$428,093 and income tax receipts were \$2,369,730. Property taxes and income taxes increased 11 percent and 15 percent respectively, from 2010.
- The Village started road and waterline improvement projects with Ohio Department of Transportation and Ohio Public Works in 2011.

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.

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

Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

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 2011, 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 nonlocal 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 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:

Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

General fund
Street construction, maintenance and repair fund
Road levy fund
Joint economic development fund
USDA bond retirement fund
Glenwood phase two project fund
Waterline repair and replacement 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 two of these types of funds, 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 2011 compared to 2010 on a modified cash basis:

Table 2
Change in Net Assets

	Governmental Activities	
	2011	Restated 2010
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,400,893	\$ 1,115,617
<i>Total Assets</i>	1,400,893	1,115,617
Net Assets		
Restricted for:		
Street Construction and Repair	562,387	518,241
Security Services	4,045	3,450
Waterline Construction and Repair	239,163	485,491
Other Purposes	29,063	76,467
Unrestricted	566,235	31,968
<i>Total Net Assets</i>	\$ 1,400,893	\$ 1,115,617

As mentioned previously, net assets of governmental activities increased \$285,276 during 2011. This is primarily due to an increase in income tax receipts over 2010.

Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

Table 2 reflects the changes in net assets on a modified cash basis in 2011 and 2010 for governmental activities.

Table 2
Change in Net Assets

	Governmental Activities	
	2011	Restated 2010
<i>Receipts</i>		
<i>Program Cash Receipts:</i>		
Charges for Services	\$ 218,077	\$ 437,480
Operating Grants, Contributions and Interest	192,990	61,020
Capital Grants and Contributions	1,914,024	1,398,695
<i>General Receipts:</i>		
Income Taxes	2,369,730	2,054,863
Property Taxes	428,093	385,843
Grants and Entitlements, not Restricted	196,564	196,925
Proceeds from Debt Issuance	0	740,000
Notes Issued	0	810,000
Sale of Capital Assets	0	801
Investment Earnings	1,477	1,471
Miscellaneous	73,194	46,363
<i>Total Receipts</i>	5,394,149	6,133,461
<i>Program Disbursements</i>		
General Government	413,009	348,240
Security of Persons and Property	1,519,381	1,555,024
Public Health Services	0	29,076
Leisure Time Activities	11,346	5,553
Community Environment	197,480	347,917
Transportation	233,269	356,622
Capital Outlay	2,592,290	1,291,852
<i>Debt Services:</i>		
Principal Retirement	58,034	1,629,256
Interest and Fiscal Charges	84,064	89,434
<i>Total Disbursements</i>	5,108,873	5,652,974
<i>Change in Net Assets</i>	285,276	480,487
Net Assets, Beginning of Year - Restated	1,115,617	635,130
Net Assets, End of Year	\$ 1,400,893	\$ 1,115,617

Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

Program receipts represent 43.1 percent of total receipts and are primarily ambulance fees and licenses and permits and capital grants received during 2011. Capital grants increased \$515,329 over 2010 through grants for road and waterline construction.

General receipts represent 56.9 percent of the Village's total receipts, and of this amount, over 7.9 percent are property taxes, 43.9 percent are municipal income taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources. Municipal income taxes increased \$314,867 over 2010 due to a recovering economy.

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.

Capital outlay increased by \$1,300,438 from 2010 due to street and waterline improvements projects while principal retirement decreased \$1,571,222 due to the payoff of bond anticipation notes in 2010.

Village Activities

If you look at the Statement of Activities on page 13, 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 security of persons and property and capital outlay, which account for 29.7 and 50.7 percent of all Village disbursements, respectively. 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, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

Table 3
Governmental Activities

	Governmental Activities			
	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
<i>Program Disbursements</i>				
General Government	\$ 413,009	\$ 377,992	\$ 348,240	\$ 269,954
Security of Persons and Property	1,519,381	1,469,907	1,555,024	1,514,621
Public Health Services	0	0	29,076	29,076
Leisure Time Activities	11,346	11,346	5,553	5,553
Community Environment	197,480	64,594	347,917	40,445
Transportation	233,269	39,579	356,622	(1,114,412)
Capital Outlay	2,592,290	678,266	1,291,852	1,291,852
Debt Services:				
Principal Retirement	58,034	58,034	1,629,256	1,629,256
Interest and Fiscal Charges	84,064	84,064	89,434	89,434
<i>Total Disbursements</i>	<u>\$ 5,108,873</u>	<u>\$ 2,783,782</u>	<u>\$ 5,652,974</u>	<u>\$ 3,755,779</u>

The dependence upon general revenues for governmental activities is apparent. Over 54 percent of governmental activities in 2011 are supported through taxes and other general revenues; such revenues are 57 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Village.

The Village's Funds

Total Village funds had receipts, excluding advances and transfers in, of \$5,394,149 and disbursements, excluding advances and transfers out, of \$5,108,873. General fund receipts were more than disbursements by \$518,926.

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 2011, the Village amended its general fund budget several times to reflect changing circumstances. Original and final budgeted receipts were below actual receipts by \$679,814 and \$682,563, respectively. Original budget disbursements were \$278,786 below actual disbursements and final budgeted disbursements were higher than actual disbursements by \$186,356.

Village of Reminderville
Summit County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2011, the Village had outstanding general obligation bonds of \$1,776,900 and a loan from Ohio Public Works for infrastructure repair in the amount of \$272,379.

Debt		
Outstanding Debt		
December 31, 2011		
	Governmental Activities	
	2011	2010
General Obligation Bonds:		
Municipal Center Construction	\$ 1,061,900	\$ 1,087,600
Street Improvements	715,000	740,000
Ohio Public Works	<u>272,379</u>	<u>279,713</u>
 Total	 <u>\$ 2,049,279</u>	 <u>\$ 2,107,313</u>

For further information regarding the Village's debt, refer to Note 12 to the basic financial statements.

Current Issues

While assessed value has decreased, we still consider the district's tax base strong. In 2011, Reminderville's assessed value decreased 4.8 percent to \$86.1 million, largely related to a triennial update. However, we still consider market value per capita strong at \$72,243. Management has reported an increase in housing starts and has cited strong school districts and access to Cleveland and Akron as primary growth factors. The Village has a 1.5 percent voted continuing income tax with 1 percent deposited into the general fund and .5 percent into the fire income tax fund. Residents do not receive a credit for income tax paid to the municipality where they work. Income tax receipts decreased 9.5 percent in 2009, then increased 9 percent in 2010. Management has reported an unaudited increase in income tax revenue for 2011 and has reported that income tax revenues have trended above 2011 levels thus far and close to budget for 2012. We consider Village median household and per capita effective buying income levels strong at 118 percent and 112 percent of the respective national averages.

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, Ohio
Statement of Net Assets - Modified Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,400,893
<i>Total Assets</i>	1,400,893
Net Assets	
Restricted for:	
Street Construction and Repair	562,387
Safety Services	4,045
Waterline Construction and Repair	239,163
Other Purposes	29,063
Unrestricted	566,235
<i>Total Net Assets</i>	\$ 1,400,893

See accompanying notes to the basic financial statement.

Village of Reminderville
Summit County, Ohio

Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011

	General Fund	Street Construction, Maintenance and Repair Fund	Road Levy Fund	Joint Economic Development Fund
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 355,965	\$ 160,938	\$ 172,996	\$ 0
Interfund Receivable	175,141	0	0	0
Advances to Other Funds	20,000	0	0	131,667
<i>Total Assets</i>	<u>\$ 551,106</u>	<u>\$ 160,938</u>	<u>\$ 172,996</u>	<u>\$ 131,667</u>
Liabilities				
Interfund Payable	\$ 0	\$ 0	\$ 0	\$ 132,725
Advances from Other Funds	0	0	0	0
<i>Total Liabilities</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 132,725</u>
Fund Balances				
Nonspendable	\$ 20,883	\$ 0	\$ 0	\$ 0
Restricted	0	160,938	172,996	0
Committed	0	0	0	0
Assigned	14,376	0	0	0
Unassigned	515,847	0	0	(1,058)
<i>Total Fund Balances</i>	<u>\$ 551,106</u>	<u>\$ 160,938</u>	<u>\$ 172,996</u>	<u>\$ (1,058)</u>

See accompanying notes to the basic financial statements.

USDA Bond Retirement Fund	Glenwood Phase 2 Project Fund	Waterline Repair and Replacement Fund	Other Governmental Funds	Total Governmental Funds
\$ 0	\$ 31,040	\$ 239,163	\$ 440,791	\$ 1,400,893
0	0	0	0	175,141
0	0	0	0	151,667
<u>\$ 0</u>	<u>\$ 31,040</u>	<u>\$ 239,163</u>	<u>\$ 440,791</u>	<u>\$ 1,727,701</u>
\$ 38,304	\$ 0	\$ 0	\$ 4,112	\$ 175,141
0	94,810	0	56,857	151,667
<u>\$ 38,304</u>	<u>\$ 94,810</u>	<u>\$ 0</u>	<u>\$ 60,969</u>	<u>\$ 326,808</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 20,883
0	0	239,163	261,561	834,658
0	0	0	127,999	127,999
0	0	0	0	14,376
(38,304)	(63,770)	0	(9,738)	402,977
<u>\$ (38,304)</u>	<u>\$ (63,770)</u>	<u>\$ 239,163</u>	<u>\$ 379,822</u>	<u>\$ 1,400,893</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio

Statement of Cash Receipts, Disbursements and Changes in Modified Cash Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General Fund	Street Construction, Maintenance and Repair Fund	Road Levy Fund	Joint Economic Development Fund
Receipts				
Municipal Income Taxes	\$ 1,672,314	\$ 0	\$ 0	\$ 184,352
Property and Other Local Taxes	202,899	0	225,045	0
Charges for Services	15,013	0	0	0
Fines, Licenses and Permits	168,029	0	0	0
Intergovernmental	162,541	1,363,246	33,972	0
Special Assessments	28,577	0	0	0
Interest	1,477	53	0	0
Miscellaneous	73,192	0	0	0
<i>Total Receipts</i>	<u>2,324,042</u>	<u>1,363,299</u>	<u>259,017</u>	<u>184,352</u>
Disbursements				
Current:				
General Government	413,009	0	0	0
Security of Persons and Property	1,062,703	0	0	17,583
Leisure Time Activities	11,346	0	0	0
Community Environment	142,435	0	0	55,045
Transportation	131,953	94,934	3,203	3,179
Capital Outlay	2,545	1,278,318	343,637	17,144
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Disbursements</i>	<u>1,763,991</u>	<u>1,373,252</u>	<u>346,840</u>	<u>92,951</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>560,051</u>	<u>(9,953)</u>	<u>(87,823)</u>	<u>91,401</u>
Other Financing Sources (Uses)				
Transfers In	0	0	0	0
Transfers Out	(41,125)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(41,125)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	518,926	(9,953)	(87,823)	91,401
<i>Fund Balances, Beginning of Year (Restated, See Note 2 P)</i>	<u>32,180</u>	<u>170,891</u>	<u>260,819</u>	<u>(92,459)</u>
<i>Fund Balances, End of Year</i>	<u>\$ 551,106</u>	<u>\$ 160,938</u>	<u>\$ 172,996</u>	<u>\$ (1,058)</u>

See accompanying notes to the basic financial statements.

USDA Bond Retirement Fund	Glenwood Phase 2 Project Fund	Waterline Repair and Replacement Fund	Other Governmental Funds	Total Governmental Funds
\$ 27,473	\$ 0	\$ 0	\$ 485,591	\$ 2,369,730
0	0	0	149	428,093
0	0	0	35,035	50,048
0	0	0	0	168,029
0	0	347,610	367,581	2,274,950
0	0	0	0	28,577
0	0	0	0	1,530
0	0	0	0	73,192
<u>27,473</u>	<u>0</u>	<u>347,610</u>	<u>888,356</u>	<u>5,394,149</u>
0	0	0	0	413,009
0	0	0	439,095	1,519,381
0	0	0	0	11,346
0	0	0	0	197,480
0	0	0	0	233,269
0	0	593,938	356,708	2,592,290
50,700	0	0	7,334	58,034
<u>82,667</u>	<u>0</u>	<u>0</u>	<u>1,397</u>	<u>84,064</u>
<u>133,367</u>	<u>0</u>	<u>593,938</u>	<u>804,534</u>	<u>5,108,873</u>
<u>(105,894)</u>	<u>0</u>	<u>(246,328)</u>	<u>83,822</u>	<u>285,276</u>
41,125	0	0	0	41,125
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(41,125)</u>
<u>41,125</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(64,769)	0	(246,328)	83,822	285,276
<u>26,465</u>	<u>(63,770)</u>	<u>485,491</u>	<u>296,000</u>	<u>1,115,617</u>
<u>\$ (38,304)</u>	<u>\$ (63,770)</u>	<u>\$ 239,163</u>	<u>\$ 379,822</u>	<u>\$ 1,400,893</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,672,314	\$ 672,314
Property and Other Local Taxes	200,283	200,283	231,476	31,193
Charges for Services	10,000	10,000	15,013	5,013
Fines, Licenses and Permits	196,742	196,742	168,029	(28,713)
Intergovernmental	180,258	180,258	162,541	(17,717)
Interest	1,000	1,000	1,477	477
Miscellaneous	51,520	48,771	68,767	19,996
<i>Total Receipts</i>	<u>1,639,803</u>	<u>1,637,054</u>	<u>2,319,617</u>	<u>682,563</u>
Disbursements				
Current:				
General Government	338,082	443,159	413,567	29,592
Security of Persons and Property	907,171	1,189,122	1,070,834	118,288
Leisure Time Activities	9,103	11,932	11,346	586
Community Environment	130,498	171,057	143,799	27,258
Transportation	110,810	145,250	133,276	11,974
Capital Outlay	917	1,202	2,545	(1,343)
<i>Total Disbursements</i>	<u>1,496,581</u>	<u>1,961,723</u>	<u>1,775,367</u>	<u>186,356</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>143,222</u>	<u>(324,669)</u>	<u>544,250</u>	<u>868,919</u>
Other Financing Sources (Uses)				
Other Financing Sources	5,566	5,566	4,425	(1,141)
Transfers Out	(79,931)	(79,931)	(41,125)	38,806
Other Financing Uses	(3,000)	(3,000)	(3,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(77,365)</u>	<u>(77,365)</u>	<u>(39,700)</u>	<u>37,665</u>
<i>Net Change in Fund Balance</i>	65,857	(402,034)	504,550	906,584
<i>Fund Balances, Beginning of Year</i>	(12,682)	(12,682)	(12,682)	0
Prior Year Encumbrances Appropriated	3,766	3,766	3,766	0
<i>Fund Balance, End of Year</i>	<u>\$ 56,941</u>	<u>\$ (410,950)</u>	<u>\$ 495,634</u>	<u>\$ 906,584</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio

*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, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 147,852	\$ 147,852	\$ 1,363,246	\$ 1,215,394
Interest	90	90	53	(37)
<i>Total Receipts</i>	<u>147,942</u>	<u>147,942</u>	<u>1,363,299</u>	<u>1,215,357</u>
Disbursements				
Current:				
Transportation	200,000	200,000	99,625	100,375
Capital Outlay	0	0	1,278,318	(1,278,318)
<i>Total Disbursements</i>	<u>200,000</u>	<u>200,000</u>	<u>1,377,943</u>	<u>(1,177,943)</u>
<i>Net Change in Fund Balance</i>	(52,058)	(52,058)	(14,644)	37,414
<i>Fund Balances, Beginning of Year</i>	<u>170,891</u>	<u>170,891</u>	<u>170,891</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 118,833</u>	<u>\$ 118,833</u>	<u>\$ 156,247</u>	<u>\$ 37,414</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road Levy Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 225,045	\$ 225,045	\$ 225,045	0
Intergovernmental	35,625	35,625	33,972	(1,653)
<i>Total Receipts</i>	<u>260,670</u>	<u>260,670</u>	<u>259,017</u>	<u>(1,653)</u>
Disbursements				
Current:				
Community Environment	3,300	3,300	3,203	97
Transportation	489,650	489,650	343,637	146,013
<i>Total Disbursements</i>	<u>492,950</u>	<u>492,950</u>	<u>346,840</u>	<u>146,110</u>
<i>Net Change in Fund Balance</i>	(232,280)	(232,280)	(87,823)	144,457
<i>Fund Balances, Beginning of Year</i>	<u>260,819</u>	<u>260,819</u>	<u>260,819</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ 28,539</u>	<u>\$ 28,539</u>	<u>\$ 172,996</u>	<u>\$ 144,457</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Joint Economic Development Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Municipal Income Taxes	\$ 700,000	\$ 700,000	\$ 184,352	\$ (515,648)
Disbursements				
Current:				
Security of Persons and Property	147,075	44,454	17,583	26,871
Community Environment	460,431	139,166	55,045	84,121
Transportation	26,591	8,036	3,179	4,857
Capital Outlay	143,403	43,344	17,144	26,200
<i>Total Disbursements</i>	<u>777,500</u>	<u>235,000</u>	<u>92,951</u>	<u>142,049</u>
<i>Net Change in Fund Balance</i>	(77,500)	465,000	91,401	(373,599)
<i>Fund Balances, Beginning of Year</i>	<u>(224,126)</u>	<u>(224,126)</u>	<u>(224,126)</u>	<u>0</u>
<i>Fund Balance, End of Year</i>	<u>\$ (301,626)</u>	<u>\$ 240,874</u>	<u>\$ (132,725)</u>	<u>\$ (373,599)</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 145,041</u>
Net Assets	
Unrestricted	<u>\$ 145,041</u>

See accompanying notes to the basic financial statements.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 – Reporting Entity

The Village of Reminderville, Summit County, Ohio (the Village) is a charter municipal corporation and continues to be a body politic and corporate. The Village is established to exercise the rights and privileges conveyed to it by their Charter and general laws of the State of Ohio. The Village was incorporated in 1955 and became a Charter Village in 2010 and operates with an elected Council and Mayor. 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 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 14 to the financial statements provides additional information for this entity.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 and the contractor 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.

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

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

USDA bond retirement – The USDA bond retirement fund is funded by income tax to retire debt.

Glenwood phase two project – The Glenwood phase two project fund is used to account for a project within the Village.

Waterline repair and replacement – The waterline repair and replacement fund is used to account for the Village's waterline improvement projects.

The other governmental funds of the Village account for grants and other resources to which the Village is bound to observe constraints imposed upon the use of the resources.

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 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 other agency fund is the contractors fund used to account for contractor escrow monies and fees.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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.

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.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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.

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 2011 were \$1,477 which includes \$1,297 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.

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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Village's modified 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. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the Village classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as 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.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Village Council. Through the Village’s purchasing policy, the Council has given the Clerk the authority to constrain monies for intended purposes.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.

L. 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.

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 there is no legislation stating this must be done.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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 non-operating 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.

N. Interfund Balances

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

O. Changes in Accounting Principles

For the year ended December 31, 2011, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the Village.

P. Restatement of Fund Balances/Net Assets

On January 1, 2011, the Village implemented Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” As a result, the unclaimed monies agency fund was reclassified to the general fund for modified cash basis reporting purposes.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The following is the effect of the change in fund balance:

	General Fund
Fund Balance, December 31, 2010	\$ 31,297
Fund Reclassification	883
Restated Fund Balance, January 1, 2011	\$ 32,180

The following is the effect of the change in net assets:

	Governmental Activities
Net Assets, December 31, 2010	\$ 1,114,734
Fund Reclassification	883
Restated Net Assets, January 1, 2011	\$ 1,115,617

Note 3 –Accountability and Compliance

Contrary to Ohio Revised Code Sections 2933.43 and 9.38, the police department maintains federal and state drug fine monies which are not recorded on the Village’s ledgers or deposited with the Fiscal Officer.

Contrary to Ohio Revised Code Section 5705.10 (H), the Village had negative unencumbered cash fund balances in the USDA bond retirement fund of \$38,304, the joint economic development fund of \$132,725, the OPWC loan fund of \$3,352 and the bridge replacement fund of \$760.

Contrary to Ohio Revised Cost Section 5705.41(D), certain expenditures were not certified by the Fiscal Officer prior to incurring the obligation.

Contrary to Ohio Revised Code Section 5705.36(A), the Village was unable to locate its certification of the total amount from all sources available for expenditures. In addition, appropriations exceeded actual resources in the JEDD fund.

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources in certain funds.

Contrary to Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriations in certain funds.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 4 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General Fund	Street Maintenance and Repair Fund	Road Levy Fund	Joint Economic Development Fund	USDA Bond Retirement Fund	Glenwood Phase 2 Project Fund	Waterline Repair and Replacement Fund	Other Governmental Funds	Total
Nonspendable for:									
Unclaimed Monies	\$ 883	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 883
Advances to Other Funds	20,000	0	0	0	0	0	0	0	20,000
Total Nonspendable	20,883	0	0	0	0	0	0	0	20,883
Restricted for:									
Street Construction/Repair	0	160,938	172,996	0	0	0	0	228,453	562,387
Safety Services	0	0	0	0	0	0	0	4,045	4,045
Waterline Construction/Repair	0	0	0	0	0	0	239,163	0	239,163
Other Purposes	0	0	0	0	0	0	0	29,063	29,063
Total Restricted	0	160,938	172,996	0	0	0	239,163	261,561	834,658
Committed to:									
Vehicle Acquisition	0	0	0	0	0	0	0	79,809	79,809
Safety Services	0	0	0	0	0	0	0	48,190	48,190
Total Committed	0	0	0	0	0	0	0	127,999	127,999
Assigned for:									
Encumbrances:									
General Government	628	0	0	0	0	0	0	0	628
Security of Persons and Property	11,061	0	0	0	0	0	0	0	11,061
Community Environment	1,364	0	0	0	0	0	0	0	1,364
Transportation	1,323	0	0	0	0	0	0	0	1,323
Total Assigned	14,376	0	0	0	0	0	0	0	14,376
Unassigned (Deficit)	515,847	0	0	(1,058)	(38,304)	(63,770)	0	(9,738)	402,977
Total Fund Balance (Deficit)	\$ 551,106	\$ 160,938	\$ 172,996	\$ (1,058)	\$ (38,304)	\$ (63,770)	\$ 239,163	\$ 379,822	\$1,400,893

Note 5 –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 modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as an assignment of fund balance (modified 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 (modified cash basis). The major differences between the budgetary basis and modified cash basis are as follows:

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

	General Fund **	Street Construction Maintenance and Repair Fund	Road Levy Fund	Joint Economic Development Fund
Modified Cash Basis	\$ 518,926	\$ (9,953)	\$ (87,823)	\$ 91,401
Encumbrances	<u>(14,376)</u>	<u>(4,691)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$ 504,550</u>	<u>\$ (14,644)</u>	<u>\$ (87,823)</u>	<u>\$ 91,401</u>

** As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, certain funds that are legally budgeted in separate funds are considered part of the general fund on a GAAP basis. This includes the unclaimed monies fund.

Note 6 – Deposits and Investments

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

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

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

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

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

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

Village of Reminderville
Summit County, Ohio
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For the Year Ended December 31, 2011

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that 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 deposit 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions and;
7. The State Treasurer's Investment pool (STAROhio).

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 for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Village 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 uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. The Village has no deposit policy for custodial risk beyond the requirement of State statute.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Deposits: At year-end, the carrying amount of the Village's deposits was \$1,545,934 and the bank balance was \$1,808,190. 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", \$1,558,190 of the Village's bank balance was exposed to custodial risk as described above.

Note 7 – 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.

Note 8 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of the 2010 taxes.

2011 real property taxes were levied after October 1, 2011 on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

Village of Reminderville
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

The assessed values of real property upon which 2011 property tax receipts were based are as follows:

	Assessed Value	Percent
Real Property	\$ 89,703,880	99.2%
Public Utilities	694,790	0.8%
Total	\$ 90,398,670	100.0%
 Tax rate per \$1,000 assessed valuation	 \$ 5.20	

Note 9 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. 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 also provides health insurance and dental coverage to full-time employees through private carriers.

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 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The Village participates in 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 in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the 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 in nature to the Traditional Pension Plan benefit. Member contributions, the 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, Ohio

Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

For the year ended December 31, 2011, members in state and local classifications contributed 10.0% of covered payroll while public safety and law enforcement members contributed 11.0% and 11.6%, respectively.

The Village's 2011 contribution rate was 14.0%, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.1% of covered payroll. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

The Village's required contributions for pension obligations to the Traditional Pension, Combined and Member Directed Plans for the years ended December 31, 2011, 2010, and 2009, were \$45,381, \$48,015, and \$45,727, respectively. The full amount has been contributed for 2011, 2010 and 2009.

B. Ohio Police and Fire Pension Fund (OP&F)

Plan Description - 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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% for police officers and 24.0% for firefighters. The Village's contributions to OP&F for the years ended December 31, 2011, 2010 and 2009 were \$75,106, \$76,197 and \$82,392, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 11 – Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order 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. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0% of covered payroll, and public safety and law enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011.

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Summit County, Ohio
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For the Year Ended December 31, 2011

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$12,980, \$24,007 and \$22,864, respectively. The full amount has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board 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. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund (OP&F)

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

OP&F provides access to post-retirement health care coverage for 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 Postemployment 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 healthcare 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 information and required supplementary information for the Plan. That report may be obtained by writing to 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 Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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Summit County, Ohio
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For the Year Ended December 31, 2011

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit 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, 2011, the employer contribution allocated to the health care plan was 6.75% 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 Sections 115 and 401(h).

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 which were allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010 and 2009 were \$23,903, \$23,903 and \$25,847, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 12 – Debt

The Village's long-term debt activity for the year ended December 31, 2011 was as follows:

	Balance 12/31/10	Increases	Decreases	Balance 12/31/11	Due Within One Year
General Obligation Bonds, 4.125%	\$ 1,087,600	\$ 0	\$ 25,700	\$ 1,061,900	\$ 26,600
Street Improvement Bonds, 1.3 - 4.75%	740,000	0	25,000	715,000	30,000
OPWC, 1%	279,713	0	7,334	272,379	14,775
Total	\$ 2,107,313	\$ 0	\$ 58,034	\$ 2,049,279	\$ 71,375

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 \$7,334 in principal during 2011.

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.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

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

Year	General Obligation Bonds		Street Improvement Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 26,600	\$ 43,923	\$ 30,000	\$ 31,500	\$ 14,775	\$ 2,687
2013	27,900	42,706	30,000	30,600	14,924	2,539
2014	29,000	41,555	30,000	29,700	15,074	2,389
2015	30,200	40,359	30,000	28,800	15,224	2,238
2016	31,300	39,220	30,000	27,600	15,378	2,085
2017 - 2021	177,700	175,137	170,000	118,275	79,230	8,084
2022 - 2026	217,500	135,313	205,000	76,175	83,281	4,032
2027 - 2031	266,300	86,583	190,000	23,038	34,493	432
2032 - 2035	255,400	26,903	0	0	0	0
	<u>\$ 1,061,900</u>	<u>\$ 631,699</u>	<u>\$ 715,000</u>	<u>\$ 365,688</u>	<u>\$ 272,379</u>	<u>\$ 24,486</u>

Note 13 – Interfund Activity

A. Advances and Interfund

Advances to/from other funds are short-term loans. The interfund receivable/payable was created to eliminate negative cash in the joint economic development fund, the USDA bond retirement fund, OPWC loan fund and the bridge replacement fund.

Fund	Advances to Other Funds	Advances From Other Funds	Interfund Receivable	Interfund Payable
General Fund	\$ 20,000	\$ 0	\$ 175,141	\$ 0
Joint Economic Development Fund	131,667	0	0	132,725
USDA Bond Retirement	0	0	0	38,304
Glenwood Phase Two Project Fund	0	94,810	0	0
<i>Other governmental funds:</i>				
Fire Income Tax Fund	0	20,000	0	0
OPWC Loan Fund	0	0	0	3,352
Bridge Replacement Fund	0	5,626	0	760
Glenwood Phase One Project Fund	0	31,231	0	0
	<u>\$ 151,667</u>	<u>\$ 151,667</u>	<u>\$ 175,141</u>	<u>\$ 175,141</u>

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

B. Transfers

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.

The general fund transferred \$41,125 to the USDA bond retirement fund to cover debt payments.

Note 14 – 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).

Note 15 – Commitments

A. 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.

B. Encumbrance Commitments

Outstanding cash basis encumbrances for governmental funds include \$14,376 for general fund, \$4,691 for the street construction, maintenance and repair fund and \$36,638 for the ambulance non-major governmental fund.

Note 16 – Subsequent Events

On May 22, 2012, Village Council approved a contract for the Pirates Trail and Cove waterline replacement project in the amount of \$683,761. The project will be financed by City of Cleveland.

Village of Reminderville
Summit County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

On October 9, 2012, Village Council approved the purchase of a fire pumper truck from Pierce Manufacturing in the amount of \$425,000. To finance the purchase of the truck, the Village entered into a ten year lease purchase agreement, with the first payment due July 1, 2013 and the last payment due July 1, 2022.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ <i>Pass Through Grantor/</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
DEPARTMENT OF TRANSPORTATION				
From the Ohio Department of Transportation:				
Highway Planning and Construction:				
ODOT- Glenwood Boulevard- Phase III	2011	20.205	<u>\$1,237,896</u>	<u>\$1,237,896</u>
Total Department of Transportation			<u>\$ 1,237,896</u>	<u>\$ 1,237,896</u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Village of Reminderville's federal award program's receipts and expenditures. The schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

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

Village of 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 governmental activities, each major fund, and the aggregate remaining fund information of The Village of Reminderville, Summit County, (the Village) as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 24, 2013.

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. We consider findings 2011-01 and 2011-08 through 2011-11 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 2011-12 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 2011-01 through 2011-07.

Entity's Response 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.



Dave Yost
Auditor of State

Columbus, Ohio

May 24, 2013



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Village Council:

Report on Compliance for Each Major Federal Program

We have audited the Village of Reminderville's (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2011. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Village's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Reminderville complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2011.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2013

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction – CFDA #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

1. Law Enforcement Funds and Deposit of Public Moneys

<i>Finding Number</i>	2011-01
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. 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 of 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 from the Department of Justice Equitable Sharing Program. This account or 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.
6. Establish an internal procedure to recommend expenditures from the revenue account. In many small agencies, the chief of police determines the purposes for which the funds are used. The agency head must authorize all expenditures from the federal sharing revenue account.
7. 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 proceeds from the sale of such property must be deposited into the agency's equitable sharing account.
9. Obtain approval for expenditures from the governing body, such as the town council.
10. 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.
11. Maintain a record of all expenditures from the revenue account or accounting code. These expenditures must be in accordance with this Guide.

Ohio Rev. Code Section 9.38, requires a person who is a public official other than a state officer, employee, or agent shall deposit all public moneys 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 moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys 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 moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys 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 moneys 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, 2011, the book balance of these accounts is \$28,952. Receipts for the year totaled \$26,453 and expenditures were \$51,311. This could allow for material financial activity under the color of office of the Village to be unaccounted for and errors and irregularities to not be detected by management in a timely manner.

These moneys should be recorded on the Village's financial ledgers and placed under the control of the Fiscal Officer in accordance with the requirements noted above.

Official's Response:

Mayor Alonso, Paul Carpenter, Chief Buck, Council and Deborah Wordell are currently in discussion regarding this finding, considering federal regulations, as well as the Auditor of State finding. If it is determined that the Ohio Revised Code supersedes the federal requirements, the bookkeeping and internal controls will be adjusted according to the state requirement

Action Steps and Timeframe:

- *Keep separate bank account for equitable sharing funds received by Village of Reminderville Police Department*
- *Establish separate revenue accounting code in UAN system*
- *Establish internal procedure to recommend expenditures from revenue account (in 2013, if applicable)*

2. Certification of Expenditures

<i>Finding Number</i>	2011-02
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

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

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account 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 Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional 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 2011, 37 out of 42 or 88% of expenditures tested 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. In addition, a "then and now" certificate of greater than \$3,000, included in this test, was not approved by Council.

We also noted Council did not establish a maximum amount for "blanket certificates" through a formal resolution or ordinance.

The Fiscal Officer should certify the availability of funds for expenditure prior to commitment and also implement the use of Then and Now Certificates, Blanket Certificates and Super Blanket Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). 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. In addition, Council should establish a maximum dollar amount for "blanket certificates" by a formal resolution or ordinance.

Official's Response:

Beginning in FY 2012, 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

Action Steps and Timeframe:

- *Establish, through councilmatic action, a maximum amount for "blanket certificates" by mid-FY 2013*

3. **Negative Cash Fund Balances**

<i>Finding Number</i>	2011-03
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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, 2011, we noted the following negative unencumbered cash fund balances:

Fund #	Fund Name	Unencumbered Cash Fund Balances
2073	Joint Economic Development	(\$132,725)
3101	USDA Bond Retirement	(38,304)
3901	Ohio Public Works Loan	(3,352)
4902	Bridge Replacement	(760)

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:

Beginning in FY 2012, fund activity has been monitored

Action Steps and Timeframe:

- *Transfer or advance funds in cases where additional funds are required*

4. Certification of Available Resources

<i>Finding Number</i>	2011-04
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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 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.

The Village was unable to locate its certification of the total amount from all sources available for expenditures from each fund for fiscal year 2011. Additionally, appropriations exceeded actual resources (revenues plus beginning unencumbered fund balance) in the Joint Economic Development Fund, by \$274,774, as of December 31, 2011, and an amended certificate of estimated resources was not requested by the Village.

Failure to certify total unencumbered fund balances from the preceding fiscal year and estimated revenues to the county fiscal office, could cause the Village to appropriate, and subsequently spend, more than is available from each respective fund. The Village should file its certificate of the total amount from all sources available for expenditures from each fund, including the preceding year's unencumbered fund balances, to the county fiscal officer on or about the first day of each fiscal year, and should request amendments throughout the year, as deemed necessary.

Official's Response:

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

Action Steps and Timeframe: none

5. **Appropriations Exceeding Estimated Resources**

<i>Finding Number</i>	2011-05
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.39 requires that the total appropriations from each fund not exceed the total revenue available for expenditure therefrom. 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 ("does not exceed certificate").

The Village had appropriations in excess of estimated resources as of December 31, 2011, as follows:

Fund #	Fund Name	Estimated Resources	Appropriations	Variance
1000	General	\$1,629,938	\$2,040,888	\$(410,950)
2071	Fire Income Tax	357,831	400,000	(42,169)

The Village did not receive or request a "does not exceed" certificate from the Summit County Fiscal Officer, as required.

The Village should monitor appropriations versus estimated resources to avoid overspending. Additionally, the Village should request a "does not exceed" certificate from the Summit County Fiscal Officer.

Official's Response:

Beginning in FY 2013, appropriations have not exceeded total estimated fund resources for each fund

Action Steps and Timeframe:

- *Request a "does not exceed" certificate from Summit County by mid FY2013*

6. **Expenditures Exceeding Appropriations**

<i>Finding Number</i>	2011-06
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NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2011, expenditures plus outstanding encumbrances exceeded appropriations plus prior year outstanding encumbrances as follows:

Fund #	Fund Name	Appropriations Plus Prior Year Outstanding Encumbrances	Expenditures Plus Current Year Outstanding Encumbrances	Variance
2011	Street Construction, Maintenance and Repair Fund	\$200,000	\$1,377,943	\$(1,177,943)
2071	Fire Income Tax Fund	400,000	421,343	(21,343)
4905	Waterline Repair and Replacement	460,000	950,646	(490,646)

The Fiscal Officer should compare expenditures plus outstanding encumbrances to appropriations (including prior year outstanding encumbrances) frequently, to avoid spending more than the Village's appropriation authority and to comply with the Ohio Revised Code.

Official's Response:

Beginning in FY 2013, only appropriated money is expended

Action Steps and Timeframe: none

7. Finding for Recovery Repaid Under Audit

<i>Finding Number</i>	2011-07
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NONCOMPLIANCE

An employee, Thomas Martin, was paid at a total hourly plus longevity rate of \$17.83 per hour during 2011. However, his approved total rate was \$17.18 per hour. Thus, he was overpaid \$655.20 during 2011.

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 Thomas Martin in the amount of \$655 and in favor of the Village of Reminderville General Fund.

Thomas Martin repaid \$350 on May 3, 2012 and \$305 on May 12, 2012.

Official's Response:

Prior to the first payroll in FY 2013, longevity rates were reviewed and adjusted

Action Steps and Timeframe:

- *Determine overpayment in 2012 and require repayment from employees who were overpaid prior to the end of FY 2013*

8. **Posting Appropriations and Estimated Resources**

<i>Finding Number</i>	2011-08
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MATERIAL WEAKNESS

As of December 31, 2011, appropriations posted to the Village's UAN system did not agree to the Village's actual annual appropriation measure plus supplemental appropriations for the following funds:

Fund #	Fund Name	Total Appropriations as of 12/31/11	Appropriations Posted to the UAN System as of 12/31/11	Variance
1000	General	\$2,040,888	\$1,982,932	\$57,956
2011	Street Construction, Maintenance, and Repair	400,000	418,750	(18,750)
2073	Joint Economic Development	235,000	210,000	25,000
4905	Waterline Repair and Replacement	460,000	10,000	450,000

The Village did not request amended certificates from the Summit County Fiscal Office, when approving supplemental or amended appropriations.

As of December 31, 2011, estimated revenue posted to the Village's UAN system did not agree to the Village's amended certificate of estimated resources for the following funds:

Fund #	Fund Name	Total Estimated Revenue from the Certificate of Estimated Resources as of 12/31/11	Estimated Revenue Posted to the UAN System as of 12/31/11	Variance
1000	General	\$1,642,620	\$1,628,849	\$13,772
2011	Street Construction, Maintenance and Repair	147,942	68,512	79,430
2071	Fire Income Tax	385,000	412,000	(27,000)
2073	Joint Economic Development	700,000	425,000	275,000
4905	Waterline Repair and Replacement	571,080	134,355	436,726

The Village used the amounts posted in the UAN system for appropriations and estimated resources to prepare the *Statement of Receipts, Disbursements, and Changes in Fund Balance- Budget and Actual-Budget Basis* (budgetary comparison statements) for the General; Street Construction, Maintenance and Repair; Fire Income Tax; and Joint Economic Development Funds. As a result of inaccurate posting of appropriations and estimated revenue in the UAN system, original and final budgeted revenue and disbursements in the budgetary comparison statements for each fund were materially misstated. Audit adjustments were made to the budgetary comparison statements.

The Fiscal Officer should ensure budgetary information is promptly and accurately recorded in the UAN system. Appropriations recorded in the UAN system should agree to the current appropriations approved by Council and estimated revenue should agree to the most recent official or amended certificate of estimated resources received from the county budget commission. Accurate posting of

budgetary information will allow the Fiscal Officer to compare budgeted data with actual data for prompt and responsible decision making, allow the Village to monitor compliance with budgetary laws in the Ohio Revised Code, and ensure the financial statements are free from material misstatement. Additionally, the Fiscal Officer should request an amended certificate of estimated resources whenever appropriations or amendments are approved by Council.

Official's Response:

Beginning in FY 2013, appropriations and revenues posted to the UAN system agree with the actual annual appropriations and estimated resources

Action Steps and Timeframe: none

9. Advances

<i>Finding Number</i>	2011-09
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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 our testing of advances for fiscal year 2011, we noted the following exceptions:

- All advances made by the Village in 2011 were not approved by Council, as required. Adjustments to return \$85,870 of advances made from the General Fund to various other funds were made to the financial statements;
- An advance from the General Fund to the OPWC Loan Fund in the amount of \$3,352 should have been classified as a transfer instead of an advance, as the OPWC Loan Fund is used to

make debt payments and receives no funds which are available to be repaid for any advances. However, as noted above, Council did not approve this advance and the financial statements were adjusted to return this advance to the General Fund;

- Advances from fiscal year 2010 in the amount of \$151,667 were not returned to the advancing fund until May 15, 2012.

All advances should be formally approved by resolution of Council. 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. The Village should also maintain a perpetual reconciliation of its advances which should be reconciled to its 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 Village should ensure there is proper statutory authority to use the money in the fund advancing 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 2013, inter-fund cash advances have been approved by council and repaid to the fund providing the loan

Action Steps and Timeframe: none

10. **Financial Statement Adjustments**

<i>Finding Number</i>	2011-10
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MATERIAL WEAKNESS

The following adjustments required the financial statements to be adjusted for the year ended December 31, 2011:

- Equity in pooled cash and cash equivalents and advances to agency fund were under/overstated \$137,189, respectively in the *Statement of Net Assets*. In addition, equity in pooled cash and cash equivalents and interfund receivable were under/overstated \$137,189, respectively in the general fund and equity in pooled cash and cash equivalents and interfund payable from governmental activities were overstated in the JEDD income tax fund due to an advance incorrectly reported.
- Equity in pooled cash and cash equivalents and transfers out were under/overstated \$38,304, respectively in the general fund. In addition, equity in pooled cash and cash equivalents and transfers in were over/understated \$38,304, respectively in the USDA bond retirement fund due to a transfer which was not formally approved by Council.
- Equity in pooled cash and cash equivalents and advances to other funds were under/overstated \$85,870, respectively in the general fund due to various advances during the year which were not formally approved by Council.
- Equity in pooled cash and cash equivalents and advances from other funds were overstated \$81,300 in the fire income tax fund due to various advances during the year which were not formally approved by Council.

- Interfund payable and advances from other funds were under/overstated \$1,218, respectively in the joint economic development fund due to an advance during the year which was not formally approved by Council.
- Capital outlay disbursements in the waterline repair fund and bridge replacement fund were over/understated \$63,288, respectively due to construction disbursements recorded in the wrong fund.
- Intergovernmental receipts and capital outlay disbursements in the waterline repair fund and bridge replacement fund were over/understated \$293,420, respectively due to OPWC receipts and disbursements recorded in the wrong fund.
- Equity in cash and cash equivalents and advances from other funds were overstated \$3,352 in the Ohio Public Works Loan fund due to an advance during the year which was not formally approved by Council.
- Original and final budgeted receipts were overstated \$1,164,985 and original and final budgeted disbursements were overstated \$1,233,871 on the *statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis* for the street, construction, maintenance and repair fund due to not properly recording amounts from the certificates of estimated resources and appropriation ordinances.
- Original and final budgeted receipts were overstated \$275,000 and original and final budgeted disbursements were overstated \$567,500 and \$25,000, respectively on the *statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis* for the joint economic development fund due to not properly recording amounts from the certificates of estimated resources and appropriation ordinances.

In addition, four 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. Interfund transfers and advances should be formally approved by Council. Approved budgetary amounts should be posted to the budgetary statements. 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.

The Village has posted the adjustments and fund balance changes to their ledgers.

Official’s Response:

Beginning in FY2012, Village of Reminderville is ensuring the receipts and expenditures are posted to the correct accounts

Action Steps and Timeframe:

- *Review the draft FS of 2012 and 2013, to ensure supported by documentation and free of obvious errors/omissions, prior to 2012 and 2013 audits (potentially April, 2014)*

11. Ambulance Billing Revenue

<i>Finding Number</i>	2011-11
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MATERIAL WEAKNESS

During fiscal year 2011, the Village contracted with a third-party administrator (TPA) to collect ambulance billing fees on behalf of the Village. The Village's fire department provided the TPA with ambulance run data for individual patients for billing purposes. The TPA would bill the patients, collect

the revenue, and deposit the revenue into the Village's bank account. The TPA provided a monthly deposit breakdown to the Village. During fiscal year 2011, the Village was also directly receiving some ambulance billing revenue. The Village would deposit the checks received and was supposed to provide deposit information to the TPA, in order for the TPA to accurately update patient accounts.

During fiscal year 2011, we were unable to obtain sufficient appropriate audit evidence to support that charges for services revenue is not materially misstated in the aggregate remaining fund information opinion unit. During testing of ambulance billing revenue, we noted the following:

- We attempted to confirm total ambulance billing information with the TPA; however, the total amount confirmed with the TPA was \$3,677 greater than the total amount recorded by the Village;
- We attempted to take a sample of receipts recorded in the UAN revenue ledger and trace the amounts recorded to supporting documentation maintained by the Fiscal Officer and to the bank statements. However, the Fiscal Officer did not have detailed supporting documentation for all five receipts selected for testing. Additionally, we could only trace one receipt to the bank statement and no deposit slips supporting the receipt could be found.
- The Village did not have any procedures in place to reconcile deposit activity from the TPA to the amount recorded in the UAN system and deposited in the Village's bank account;
- The Village did not have any internal controls to ensure ambulance billing revenue was properly recorded on the financial statements and free from material misstatements.

The Village should develop internal control procedures to ensure the deposit activity from the TPA is reconciled to the amount recorded in the UAN system and the Village's bank account. The Fiscal Officer should maintain documentation to support each receipt recorded in the UAN system, included but not limited to, TPA billing/deposit reports, deposit slips, and check copies. Failure to develop adequate internal control procedures could lead to the Village misstating their financial statements.

Official's Response:

Beginning in FY13, Village of Reminderville maintained documentation to support receipts from EMB billing

Action Steps and Timeframe:

- *Reconcile the UAN receipts of EMS billing with bank account, beginning May 2013*

12. Reconciling Items and Stale Dated Checks

<i>Finding Number</i>	2011-12
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SIGNIFICANT DEFICIENCY

As an internal monitoring control, monthly book to bank reconciliations are prepared by the Fiscal Officer and provided to the Finance Committee. Members of the Finance Committee sign the reconciliation approving it.

During our review of internal controls related to the Village's bank to book reconciliations, we scanned 4 monthly reconciliations and observed the following:

- Supporting documentation for the Deposits in Transits and/or other Adjusting Factors was not attached to any monthly reconciliation.
- The monthly reconciliations were not signed or dated by the Fiscal Officer

- Only 2 of the 4 reconciliations were signed by Finance Committee Members to document their monitoring of the finance related activity.

During our testing of the Village's December 31, 2011 bank to book reconciliation, we noted the following:

- Five of the Village's 74 outstanding checks amounting to \$260.32 were greater than one year old, with the oldest dating back to September 26, 2007;
- One outstanding check dated March 31, 2011 totaling \$6,055 was related to a payment made in duplicate that was returned to the Village but not voided from the UAN system;
- There was no supporting documentation initially attached to support the Deposit in Transit amount;
- There was also an "Other Adjusting Factor", related to check 13683 that cleared the bank on March 7, 2011 for \$105, however this check was not recorded in UAN. Instead, it was accounted for by adjustment #28-2011 for \$210.48. This same adjustment number was also determined to be used on 2 additional dates.

We recommend:

- Bank reconciliations be signed and dated by the Fiscal officer documenting when they were completed;
- Finance Committee members sign the monthly bank reconciliations to document their awareness and approval of all finance related activity and to provide evidence that monitoring activities are being performed;
- Supporting documentation should be attached to each bank reconciliation;
- The Village should develop a written policy for removing old or stale-dated checks from the accounting system following the guidance provided for in Auditor of State Management Advisory Services Bulletin 91-11. This bulletin indicates that, pursuant to Ohio Rev. Code Section 9.39, unclaimed money shall be deposited to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund. The Village should also consider listing the names of the individuals on their website or placing an ad in the local newspaper to clear stale dated items.

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

Action Steps and Timeframe:

- *Village of Reminderville will hire a consultant to work with the Fiscal Officer to complete bank reconciliations, during the summer of FY 2013*
- *Village of Reminderville will develop a written policy for removing stale-dated checks from UAN, including listing the names of individuals on the Village of Reminderville website*

3. FINDINGS FOR FEDERAL AWARDS

None.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Ohio Rev. Code Section 5705.36(A) , the Village was unable to locate its Certification of Available Resources or show it certified year-end balances with the County Fiscal Officer.	No	Not Corrected, similar comment issued as finding 2011-04.
2010-02	Ohio Rev. Code Section 5705.39 , appropriations exceeded estimated resources in various funds.	No	Not Corrected, similar comment issued as finding 2011-05.
2010-03	Ohio Rev. Code Section 5705.10(H) , numerous funds had negative cash balances.	No	Not Corrected, similar comment issued as finding 2011-03.
2010-04	Advances – Numerous advances were not repaid before year end and were not originally recorded in the financial statements correctly.	No	Not Corrected, similar comment issued as finding 2011-09.
2010-05	Financial Statements Adjustments – Numerous adjustments were made to the financial statements.	No	Not Corrected, similar comment issued as finding 2011-10.



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
JUNE 13, 2013**