

**VILLAGE OF REMINDERVILLE**

**INDEPENDENT AUDITOR'S REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2004 AND DECEMBER 31, 2003





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Reminderville  
Reminderville, Ohio

We have reviewed the *Independent Auditor's Report* of the Village of Reminderville, Summit County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 25, 2006

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**VILLAGE OF REMINDERVILLE  
FOR THE YEARS ENDED  
DECEMBER 31, 2004 AND DECEMBER 31, 2003**

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**INDEPENDENT AUDITOR'S REPORT**

Village Council  
Village of Reminderville, Summit County  
3601 Glenwood Boulevard  
Reminderville, OH 44202

We have audited the accompanying financial statements of Village of Reminderville, Summit County (the Village), as of and for the years ended December 31, 2004 and December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (ie. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

## **INDEPENDENT AUDITOR'S REPORT** (continued)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 and do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Reminderville, Summit County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 described.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2005 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

September 22, 2005

**Village of Reminderville**  
**Summit County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2004**

	General	Special Revenue	Debt Service	Capital Projects	Total (Memorandum Only)
<b>Cash Receipts</b>					
Taxes	\$109,172	\$148,849	\$0	\$0	\$258,021
Municipal Income Tax	885,728	800,703	0	0	1,686,431
Intergovernmental	249,732	178,705	0	0	428,437
Special Assessments	0	0	32,372	0	32,372
Charges for Services	200	15,728	0	0	15,928
Fines, Licenses and Permits	311,596	6,766	0	0	318,362
Earnings on Investments	4,311	285	0	7,148	11,744
Other Receipts	12,893	0	0	0	12,893
<b>Total Cash Receipts</b>	<b>1,573,632</b>	<b>1,151,036</b>	<b>32,372</b>	<b>7,148</b>	<b>2,764,188</b>
<b>Cash Disbursements</b>					
Security of Persons and Property	747,628	515,494	0	0	1,263,122
Public Health Service	17,337	6,636	0	0	23,973
Leisure Time Activities	0	0	0	0	0
Community Environment	179,325	21,600	0	0	200,925
Basic Utility Services	0	0	0	0	0
Transportation	97,271	163,918	0	0	261,189
General Government	302,741	2,636	0	19	305,396
Capital Outlay	8,844	118,273	1,389	532,996	661,502
Debt Service:					
Principal Payment	20,413	10,349	28,443	0	59,205
Interest and Fiscal Charges	0	2,919	6,558	0	9,477
<b>Total Cash Disbursements</b>	<b>1,373,559</b>	<b>841,825</b>	<b>36,390</b>	<b>533,015</b>	<b>2,784,789</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>200,073</b>	<b>309,211</b>	<b>(4,018)</b>	<b>(525,867)</b>	<b>(20,601)</b>
<b>Other Financing Receipts/Disbursements</b>					
Sale of Notes	0	0	0	1,200,000	1,200,000
Sale of Fixed Assets	14,697	0	0	0	14,697
Transfers In	0	98,682	0	145,344	244,026
Transfers Out	(244,026)	0	0	0	(244,026)
Advances In	28,159	75,934	0	0	104,093
Advances Out	(75,934)	(28,159)	0	0	(104,093)
Other Financing Sources	229	0	0	0	229
Other Financing Uses	(1,166)	0	0	0	(1,166)
<b>Total Other Financing Receipts/Disbursements</b>	<b>(278,041)</b>	<b>146,457</b>	<b>0</b>	<b>1,345,344</b>	<b>1,213,760</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(77,968)</b>	<b>455,668</b>	<b>(4,018)</b>	<b>819,477</b>	<b>1,193,159</b>
<b>Fund Cash Balances, January 1, 2004</b>	<b>253,367</b>	<b>262,134</b>	<b>17,253</b>	<b>0</b>	<b>532,754</b>
<b>Fund Cash Balances, December 31, 2004</b>	<b>\$175,399</b>	<b>\$717,802</b>	<b>\$13,235</b>	<b>\$819,477</b>	<b>\$1,725,913</b>
<b>Reserve for Encumbrances, December 31, 2004</b>	<b>\$28,562</b>	<b>\$52,259</b>	<b>\$0</b>	<b>\$736,223</b>	<b>\$817,044</b>

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



**Village of Reminderville**  
**Summit County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - Fiduciary Fund Type**  
**For the Year Ended December 31, 2004**

	Fiduciary Fund Type
	<u>Agency</u>
Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements	
Contractual Services	76,830
Other	<u>2,504,525</u>
Total Operating Cash Disbursements	<u>2,581,355</u>
Total Receipts Over (Under) Disbursements	(2,581,355)
Non-Operating Receipts/Disbursements	
Property and Other Local Taxes	<u>2,581,356</u>
Deficiency of Receipts (Under) Disbursements	1
Fund Cash Balances, January 1, 2004	<u>0</u>
Fund Cash Balances, December 31, 2004	<u><u>\$1</u></u>
Reserve for Encumbrances, December 31, 2004	<u><u>\$0</u></u>

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

**Village of Reminderville**  
**Summit County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2003**

	General	Special Revenue	Debt Service	Total (Memorandum Only)
<b>Cash Receipts</b>				
Taxes	\$97,537	\$83,712	\$0	\$181,249
Municipal Income Tax	222,930	1,089,771	0	1,312,701
Intergovernmental	172,731	104,031	0	276,762
Special Assessments	0	0	36,215	36,215
Charges for Services	1,752	13,206	0	14,958
Fines, Licenses and Permits	231,804	25	0	231,829
Earnings on Investments	1,194	89	0	1,283
Other Receipts	306,895	0	0	306,895
<b>Total Cash Receipts</b>	<b>1,034,843</b>	<b>1,290,834</b>	<b>36,215</b>	<b>2,361,892</b>
<b>Cash Disbursements</b>				
Security of Persons and Property	726,363	334,460	0	1,060,823
Public Health Service	15,218	8,188	0	23,406
Leisure Time Activities	0	0	0	0
Community Environment	152,959	4,659	0	157,618
Basic Utility Services	0	0	0	0
Transportation	50,057	201,681	0	251,738
General Government	326,600	21,322	0	347,922
Capital Outlay	0	3,809	1,491	5,300
Debt Service:				
Principal Payment	0	9,725	31,345	41,070
Interest and Fiscal Charges	0	3,543	10,201	13,744
<b>Total Cash Disbursements</b>	<b>1,271,197</b>	<b>587,387</b>	<b>43,037</b>	<b>1,901,621</b>
<b>Total Receipts Over (Under) Disbursements</b>	<b>(236,354)</b>	<b>703,447</b>	<b>(6,822)</b>	<b>460,271</b>
<b>Other Financing Receipts/Disbursements</b>				
Sale of Fixed Assets	13,725	0	0	13,725
Transfers In	516,942	0	7,362	524,304
Transfers Out	(7,362)	(516,942)	0	(524,304)
Advances In	37,140	151,365	180	188,685
Advances Out	(101,545)	(87,140)	0	(188,685)
Other Financing Uses	(843)	0	0	(843)
<b>Total Other Financing Receipts/Disbursements</b>	<b>458,057</b>	<b>(452,717)</b>	<b>7,542</b>	<b>12,882</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over</b> <b>Cash Disbursements and Other Financing Disbursements</b>	<b>221,703</b>	<b>250,730</b>	<b>720</b>	<b>473,153</b>
<b>Fund Cash Balances, January 1, 2003</b>	<b>31,664</b>	<b>11,404</b>	<b>16,533</b>	<b>59,601</b>
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$253,367</b>	<b>\$262,134</b>	<b>\$17,253</b>	<b>\$532,754</b>
<b>Reserve for Encumbrances, December 31, 2003</b>	<b>\$35,912</b>	<b>\$14,546</b>	<b>\$0</b>	<b>\$50,458</b>

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

**Village of Reminderville**  
**Summit County, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements and**  
**Changes in Fund Cash Balances - Fiduciary Fund Type**  
**For the Year Ended December 31, 2003**

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Operating Cash Receipts	<u>\$0</u>
Operating Cash Disbursements	
Contractual Services	42,450
Other	<u>1,363,591</u>
Total Operating Cash Disbursements	<u>1,406,041</u>
Total Receipts Over (Under) Disbursements	(1,406,041)
Non-Operating Receipts/Disbursements	
Property and Other Local Taxes	<u>1,406,041</u>
Excess of Receipts Over Disbursements	0
Fund Cash Balances, January 1, 2003	<u>0</u>
Fund Cash Balances, December 31, 2003	<u><u>\$0</u></u>
Reserve for Encumbrances, December 31, 2003	<u><u>\$0</u></u>

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

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Village of Reminderville, Summit County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including police and fire protection, emergency medical services park operations and road maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie. when an encumbrance is approved).

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

C. Cash and Investments

The provisions of the Ohio Revised Code govern the investments and deposits of Village monies. In accordance with these statutes, only financial institutions located in Ohio are eligible to hold public deposits. The statutes also permit the Village to invest its monies in certificates of deposit, savings accounts, money market accounts, the State Treasurer's Asset Reserve (STAR Ohio) investment pool and obligations of the United States government or certain agencies thereof. The Village may also enter into repurchase agreements with any eligible depository for a period not exceeding thirty days.

Public depositories must give security for all public funds on deposit. These institutions may specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety accompanying bonds or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

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

D. Fund Accounting

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

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**Street Construction** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**Fire Income Tax** - This fund receives one-third of the Village's municipal income tax collections for the purpose of expanding fire protection services provided to Village residents.

**Debt Service Fund** - This fund is used to accumulate resources for the payment of note indebtedness. The Village's only Debt Service Fund is the Ohio Water Development Authority (OWDA) Fund, which is used to accumulate resources, primarily in the form of special assessments, for the repayment of proceeds from debt issued in connection with various OWDA-funded projects.

**Capital Project Fund** - This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant capital project fund:

**Safety Center** - This fund accounts for loan proceeds and expenditures for the construction of the Village's administrative and safety service offices.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

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

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

**Encumbrances** - The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. **CORRECTION OF PRIOR PERIOD ERROR**

The cash balance in the prior period has been corrected for previous errors made on the books. As a result of these errors, the fund cash balances have been restated as follows:

	General Fund	Special Revenue Funds
Previously Reported Fund Cash		
Balance, December 31, 2002	\$24,171	\$25,487
Correction of Errors	7,493	(14,083)
Restated Fund Balance, January 1, 2003	\$31,664	\$11,404

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

3. **EQUITY IN POOLED CASH**

The Village maintains a cash and investment pool used by all funds. The carrying amount of cash and investments at December 31, was as follows:

	2004	2003
Demand deposits	\$1,725,912	\$532,754

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village. The Village did not have investments during 2004 and 2003.

4. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 was as follows:

2004 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,616,364	\$1,588,558	(\$2,027,806)
Special Revenue	1,768,334	1,249,718	(518,616)
Debt Service	32,372	32,372	0
Capital Projects	1,795,294	1,352,492	(442,802)
Total	\$7,212,364	\$4,223,140	(\$2,989,224)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,539,677	\$1,647,313	(\$107,636)
Special Revenue	1,847,525	894,084	953,441
Debt Service	37,600	36,390	1,210
Capital Projects	0	1,269,238	(1,269,238)
Total	\$3,424,802	\$3,847,025	(\$422,223)

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

4. **BUDGETARY ACTIVITY** (continued)

2003 Budget vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,293,883	\$1,565,510	(\$728,373)
Special Revenue	1,114,249	1,290,834	176,585
Debt Service	43,757	43,757	0
Total	<u>\$3,451,889</u>	<u>\$2,900,101</u>	<u>(\$551,788)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,481,931	\$1,315,314	\$166,617
Special Revenue	2,143,483	1,118,875	1,024,608
Debt Service	44,000	43,037	963
Total	<u>\$3,669,414</u>	<u>\$2,477,226</u>	<u>\$1,192,188</u>

5. **PROPERTY TAX**

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

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

Tangible personal property tax is assessed to the property owners, who must file a list of such property to the County by each April 30.

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



VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

6. **LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency or business activities within the Village as well as substantially all income of residents earned outside of the Village. The Village contracts with the Regional Income Tax Agency (RITA) for the collection of taxes, including delinquencies and monitoring of compliance with filing requirements.

Corporations (self-employed residents) and other individual taxpayers pay estimated taxes quarterly, if required, and file a declaration with RITA annually.

7. **DEBT**

A. Loans

Loans outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan (OWDA)	\$65,238	9.48%
Ohio Public Works Commission Loan	449,950	1.00%
Total	<u>\$515,188</u>	

Ohio Water Development Authority (OWDA) loan #1841 relates to the 1987 installation of approximately 11,000 feet of various sized water lines together with hydrant and house connections. This project was initiated by the petitions of the benefiting land owners and is accordingly repaid through special assessments collected by the County from these individuals. The loans will be repaid in semiannual installments over 20 years.

The Village entered into an agreement by executing a promissory note on July 1, 2004 with the Ohio Public Works Commission for the sliplining of culverts on Clipper Cove, replacement of an existing culvert of Glenwood Boulevard and replacement of existing pavement on Glenwood Boulevard and California Street, including installation of storm sewer. This loan is intended to be repaid with general revenues of the Village. As of December 31, 2004, the Village has not received any proceeds of the loan.

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

7. **DEBT** (continued)

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

Year Ending December 31,	OWDA Loan	OPWC Loan
2005	\$35,706	\$0
2006	36,478	13,202
2007	0	24,878
2008	0	24,878
2009	0	24,878
2010 - 2014	0	124,391
2015 - 2019	0	124,391
2020 - 2024	0	124,391
2025 - 2026	0	37,317
Total	\$72,184	\$498,326

B. Notes

Note activity was as follows:

	Balance 01/01/2004	Issued	(Retired)	Balance 12/31/2004
2004 - 2.10%, Bond Anticipation Note, due 8/4/2005	\$0	\$1,200,000	\$0	\$1,200,000

8. **CAPITAL LEASES**

During 2000, the Village entered into a capital lease for the acquisition of a dump truck for the Service Department at a total cost of \$92,875.

During 2004, the Village entered into capital leases for the acquisition of two cruisers for the Police Department at a total cost of \$61,238.

The following is a schedule of the future long-term payments required under the dump truck and police cruisers capital leases and the present value of the minimum lease payments as of December 31, 2004:

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

8. **CAPITAL LEASES** (continued)

Year Ending December 31,	Dump Truck	Police Cruisers
2005	\$13,268	\$20,413
2006	13,268	20,413
2007	13,268	0
Total minimum lease payment	39,804	40,826
Less: amount representing interest	(4,605)	(2,870)
Present value of minimum lease payments	\$35,199	\$37,956

9. **RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. OPERS members contribute 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004. The Village has paid all contributions required through December 31, 2004.

10. **RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- \*Comprehensive property and general liability;
- \*Vehicles; and
- \*Public Officials Liability.

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

11. **CONTINGENT LIABILITIES**

Amount received from grantor agencies are subject to audit and adjustment by the grantor, principally the Federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003

12. **JOINT VENTURE**

The Village participates in the Twinsburg Township-Village of Reminderville Joint Economic Development Village (the Village), which is a statutorily created subdivision of the State. The purpose of the Village 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, the Township and the Village. This 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.

13. **SUBSEQUENT EVENT**

The Village received overpayment of an insurance claim by Village insurance providers, Ohio Casualty and Coregas. The matter has been resolved and Settlement Agreements and Releases have been sent to each party. Upon execution, the case will be dismissed and the Village will expend approximately \$126,512.

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

Village Council  
Village of Reminderville, Summit County  
3601 Glenwood Boulevard  
Reminderville, OH 44202

We have audited the financial statements of Village of Reminderville, Summit County (the Village), as of and for the years ended December 31, 2004 and December 31, 2003, and have issued our report thereon dated September 22, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as Item 2004-001.

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

We noted additional matters that we have reported to management of the Village in a separate letter dated September 22, 2005.

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

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

September 22, 2005

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Village Council  
Village of Reminderville, Summit County  
3601 Glenwood Boulevard  
Reminderville, OH 44202

Compliance

We have audited the compliance of the Village of Reminderville, Summit County (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133*** (continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Village Council and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

September 22, 2005



**Village of Reminderville, Summit County  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2004**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Community Facilities Loans and Grants	10.766	-----	<u>\$502,782</u>
Total U.S. Department of Agriculture			<u>502,782</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Assistance to Firefighters Grant	97.004	EMW-2003-FG-02594	<u>79,430</u>
Total U.S. Department of Homeland Security			<u>79,430</u>
Total Expenditures of Federal Awards			<u><u>\$582,212</u></u>

The notes to this Schedule are an integral part of this Schedule.

**VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY**

**NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

**VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified/Adverse Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

**VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**

(CONTINUED)

(d)(1)(vii)	Major Program:	Community Facilities Loans and Grants, CFDA #10.766
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

2004-001

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

Village expenditures plus outstanding encumbrances exceeded appropriations as follows:

December 31, 2003

	<u>Fund</u>	<u>Amount</u>
Court Computer		\$270

December 31, 2004

	<u>Fund</u>	<u>Amount</u>
General		\$107,636
Fire Income Tax		80,290
Firefighters Assistance Grant		79,440
EMS Patient Care		7
Airway Equipment Grant		2,125
Clipper Cove/Florida Street		69,219
Safety Center		1,200,019

In addition, appropriations posted to the Village's Appropriation Ledgers did not always reconcile to the Village's Annual Appropriation Measure plus supplemental appropriations. The Village Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the legal level of control to avoid potential overspending. In addition, the Village Clerk should periodically review the Village's Appropriation Ledgers to ensure appropriation amounts are posted accurately and timely.

**VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**

**(CONTINUED)**

**3. FINDINGS FOR FEDERAL AWARDS**

None

**VILLAGE OF REMINDERVILLE  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain</u>
2002-001	Overpayment of Police Captain	Yes	Finding no longer valid.
2002-002	Fiscal Officer Certification	Yes	Finding no longer valid.
2002-003	Expenditures plus encumbrances exceeding appropriations	No	Not Corrected



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF REMINDERVILLE**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 9, 2006**