

**VILLAGE OF REMINDERVILLE**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Reminderville, Summit County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 13, 2007

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**VILLAGE OF REMINDERVILLE  
FOR THE YEAR ENDED  
DECEMBER 31, 2006**

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**INDEPENDENT AUDITOR'S REPORT**

To the Village Council  
Village of Reminderville, Summit County

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 (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 2, the Village prepares its financial statements on the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Reminderville as of December 31, 2006, and the respective changes in cash basis financial position, and the respective budgetary comparison for the General Fund, Fire Income Tax Fund, Joint Economic Development District Fund and the Road Levy Fund thereof for the year ended in conformity with the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2007, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and

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

compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Varney, Fink & Associates*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

July 3, 2007

Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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This discussion and analysis of the Village of Reminderville financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village of Reminderville's financial performance.

### **Highlights**

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$307,669, or 31 percent, a significant change from the prior year.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 10 and 68 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2006 increased due to increased development within the Village.

### **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 of Reminderville's 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 government-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 of Reminderville has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.



Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Government did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Village of Reminderville 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 of Reminderville's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the financial health is improving or deteriorating. When evaluating the financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the activity is presented as governmental activities. All of the Village of Reminderville's 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 Government's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village of Reminderville as a whole. Separate funds are established to better manage the 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 of the Village of Reminderville are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government's governmental operations and the basic services it provides. Governmental fund information

Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The significant governmental 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 of Reminderville's major funds are:

- General Fund
- Fire Income Tax Fund
- JEDD Fund
- Road Levy 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 Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Government as a Whole**

Table 1 provides a summary of the Government's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2006
<b>Assets</b>		
Cash and Cash Equivalents	\$994,794	\$1,302,463
Total Assets	\$994,794	\$1,302,463
<b>Net Assets</b>		
Restricted for:		
Debt Service	\$6,937	\$38,855
Capital Projects	16,813	2,363
Other Purposes	856,874	1,116,591
Unrestricted	114,170	144,654
Total Net Assets	\$994,794	\$1,302,463

Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

As mentioned previously, net assets of governmental activities increased by \$307,669 during 2006. The primary reason contributing to the increase in cash balances is the continued development within the Village.

Table 2 reflects the changes in net assets on a cash basis in 2005 and 2006 for governmental activities.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2005	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$202,308	\$187,719
Operating Grants and Contributions	109,369	132,478
Capital Grants and Contributions	35,167	31,480
Total Program Receipts	346,844	351,677
General Receipts:		
Property and Other Local Taxes	258,806	287,297
Income Taxes	1,905,734	1,914,175
Grants and Entitlements Not Restricted to Specific Programs	208,312	191,944
Sale of Bonds	1,200,000	0
Sale of Fixed Assets	0	2,700
Earnings on Investments	38,791	60,849
Miscellaneous	8,389	22,524
Total General Receipts	3,620,032	2,479,489
Total Receipts	3,966,876	2,831,166
Disbursements:		
General Government	444,247	310,230
Security of Persons and Property	1,292,587	1,388,968
Public Health Services	18,317	25,409
Community Environment	158,352	143,652
Transportation	328,305	198,930
Capital Outlay	1,174,496	310,479
Principal Retirement	1,270,998	93,910
Interest and Fiscal Charges	8,720	51,919
Other	1,973	0
Total Disbursements	4,697,995	2,523,497
Increase (Decrease) in Net Assets	(\$731,119)	\$307,669

Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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General receipts represent 88 percent of the Village's total receipts, and of this amount, over 88 percent are local taxes. State and federal grants and entitlements make up 8 percent of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village of Reminderville activities. These include the costs of mayor, council, fiscal officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; the Community Environment deals with road repairs and general community issues and Transportation is the cost of maintaining the Village (road repair, brush and leaf pickup, lawn maintenance, etc.)

### **Governmental Activities**

If you look at the Statement of Activities, 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 governmental activities are for general government, capital outlay and security of persons and property, which account for 12, 12, and 55 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program 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.

Reminderville Village, Summit County  
Management's Discussion and Analysis  
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Unaudited

(Table 3)

**Governmental Activities**

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$444,247	\$438,544	\$310,230	\$291,676
Security of Persons and Property	1,292,587	1,280,680	1,388,968	1,373,897
Public Health Services	18,317	18,317	25,409	25,409
Community Environment	158,352	(30,867)	143,652	(22,627)
Basic Utility Services	0	(30,646)	0	(31,480)
Transportation	328,305	218,936	198,930	78,637
Capital Outlay	1,174,496	1,174,496	310,479	310,479
Principal Retirement	1,270,998	1,270,998	93,910	93,910
Interest and Fiscal Charges	8,720	8,720	51,919	51,919
Other	1,973	1,973	0	0
Total Expenses	<u>\$4,697,995</u>	<u>\$4,351,151</u>	<u>\$2,523,497</u>	<u>\$2,171,820</u>

The dependence upon property and income tax receipts including JEDD revenue is apparent as 86 percent of governmental activities are supported through these general receipts. The large discrepancy in cost between 2005 and 2006 is the Municipal Center capital outlay and subsequent repayment of the loan.

**The Government's Funds**

Total governmental funds had receipts of \$2,836,625 along with a beginning balance of \$994,794 and disbursements of \$2,528,956. There was a \$307,669 increase in the net assets by year end.

**General Fund Budgeting Highlights**

The Village of Reminderville'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 2006, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts by \$168,887 due to a decline in building in 2006. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$1,757,307 while actual disbursements were \$1,637,078. Receipts failed to live up to expectations and appropriations were reduced. The Village attempted to keep spending very close to budgeted amounts as demonstrated by the minor reported variances.

Reminderville Village, Summit County  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

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**Debt Administration**

At December 31, 2006, the Village's outstanding debt included \$1,180,500 in general obligation bonds issued for construction of the municipal center, and \$22,193 in capital leases for facilities and equipment along with OWDA and OPWC loans. For further information regarding the Village's debt, see Note 11 in the financial statements.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely on local taxes, the JEDD Income Tax and various grants to support the tax base. We reviewed our sources of revenue and determined that increases were likely with the continued development within the Village. We then reviewed the disbursement history of the Village. We have reduced expenditures in areas where we felt it would have the least impact on services.

**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 of Reminderville's finances and to reflect accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda Baker, Fiscal Officer, Village of Reminderville, 3382 Glenwood Blvd., Reminderville OH 44202, 330-562-1234.

**Reminderville Village, Summit County**

*Statement of Net Assets - Cash Basis*

*December 31, 2006*

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	<b>Governmental Activities</b>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$1,302,463
<i>Total Assets</i>	<u>\$1,302,463</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	\$2,363
Debt Service	38,855
Other Purposes	1,116,591
Unrestricted	<u>144,654</u>
<i>Total Net Assets</i>	<u>\$1,302,463</u>

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006

	<b>Program Cash Receipts</b>				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
<b>Governmental Activities</b>					
Security of Persons and Property	\$1,388,968	\$12,571	\$2,500	\$0	(\$1,373,897)
Public Health Services	25,409	0	0	0	(25,409)
Community Environment	143,652	160,936	5,343	0	22,627
Basic Utility Services	0	0	0	31,480	31,480
Transportation	198,930	0	120,293	0	(78,637)
General Government	310,230	14,212	4,342	0	(291,676)
Capital Outlay	310,479	0	0	0	(310,479)
Debt Service:					
Principal	93,910	0	0	0	(93,910)
Interest	51,919	0	0	0	(51,919)
<b>Total Governmental Activities</b>	<u>\$2,523,497</u>	<u>\$187,719</u>	<u>\$132,478</u>	<u>\$31,480</u>	<u>(2,171,820)</u>
<b>General Receipts</b>					
Property Taxes Levied for General Purposes					105,156
Property Taxes Levied for Special Revenue					170,359
Municipal Income Taxes					1,914,175
Other Taxes					11,782
Grants and Entitlements not Restricted to Specific Programs					191,944
Sale of Fixed Assets					2,700
Earnings on Investments					60,849
Miscellaneous					22,524
<b>Total General Receipts</b>					<u>2,479,489</u>
Change in Net Assets					307,669
<b>Net Assets Beginning of Year</b>					<u>994,794</u>
<b>Net Assets End of Year</b>					<u>\$1,302,463</u>

See accompanying notes to the basic financial statements



**Reminderville Village, Summit County**  
*Statement of Cash Basis Assets and Fund Balances*  
 Governmental Funds  
 December 31, 2006

	General	Fire Income Tax	Joint Economic Development	Road Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$144,653	\$22,963	\$584,917	\$263,041	\$286,889	\$1,302,463
<i>Total Assets</i>	<u>\$144,653</u>	<u>\$22,963</u>	<u>\$584,917</u>	<u>\$263,041</u>	<u>\$286,889</u>	<u>\$1,302,463</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$17,286	\$0	\$3,181	\$0	\$571	\$21,038
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	127,367	0	0	0	0	127,367
Special Revenue Funds	0	22,963	581,736	263,041	245,100	1,112,840
Debt Service Fund	0	0	0	0	38,855	38,855
Capital Projects Funds	0	0	0	0	2,363	2,363
<i>Total Fund Balances</i>	<u>\$144,653</u>	<u>\$22,963</u>	<u>\$584,917</u>	<u>\$263,041</u>	<u>\$286,889</u>	<u>\$1,302,463</u>

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Fire Income Tax	Joint Economic Development	Road Levy	Other Governmental Funds	Total
<b>Receipts</b>						
Property and Other Local Taxes	\$131,057	\$0	\$0	\$156,240	\$0	\$287,297
Municipal Income Taxes	1,086,191	366,155	358,287	0	103,542	1,914,175
Intergovernmental	175,922	0	0	20,364	128,136	324,422
Special Assessments	0	0	0	0	31,480	31,480
Charges for Service	1,586	0	0	0	12,571	14,157
Fines, Licenses and Permits	165,830	0	0	0	7,732	173,562
Earnings on Investments	52,429	0	0	0	8,420	60,849
Miscellaneous	21,320	0	0	0	0	21,320
<i>Total receipts</i>	<u>1,634,335</u>	<u>366,155</u>	<u>358,287</u>	<u>176,604</u>	<u>291,881</u>	<u>2,827,262</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	905,964	446,069	25,061	0	11,874	1,388,968
Public Health Services	19,640	0	0	0	5,769	25,409
Community Environment	90,727	0	52,925	0	0	143,652
Transportation	143,650	0	0	37,798	17,482	198,930
General Government	310,230	0	0	0	0	310,230
Capital Outlay	0	0	269,871	0	40,608	310,479
Debt Service:						
Principal Retirement	28,593	0	0	0	65,317	93,910
Interest and Fiscal Charges	2,152	0	0	0	49,767	51,919
<i>Total Disbursements</i>	<u>1,500,956</u>	<u>446,069</u>	<u>347,857</u>	<u>37,798</u>	<u>190,817</u>	<u>2,523,497</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>133,379</u>	<u>(79,914)</u>	<u>10,430</u>	<u>138,806</u>	<u>101,064</u>	<u>303,765</u>
<b>Other Financing Sources (Uses)</b>						
Receipt of Loan Repayment	5,459	0	0	0	0	5,459
Return of Loan	0	(5,459)	0	0	0	(5,459)
Sale of Fixed Assets	2,700	0	0	0	0	2,700
Transfers In	6,577	108,336	0	0	10,500	125,413
Transfers Out	(118,836)	0	0	0	(6,577)	(125,413)
Other Financing Sources	1,204	0	0	0	0	1,204
<i>Total Other Financing Sources (Uses)</i>	<u>(102,896)</u>	<u>102,877</u>	<u>0</u>	<u>0</u>	<u>3,923</u>	<u>3,904</u>
<i>Net Change in Fund Balance</i>	30,483	22,963	10,430	138,806	104,987	307,669
<i>Fund Balance Beginning of Year</i>	<u>114,170</u>	<u>0</u>	<u>574,487</u>	<u>124,235</u>	<u>181,902</u>	<u>994,794</u>
<i>Fund Balance End of Year</i>	<u>\$144,653</u>	<u>\$22,963</u>	<u>\$584,917</u>	<u>\$263,041</u>	<u>\$286,889</u>	<u>\$1,302,463</u>

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$111,326	\$126,176	\$131,057	\$4,881
Municipal Income Taxes	793,500	1,086,191	1,086,191	0
Intergovernmental	163,350	181,587	175,922	(5,665)
Charges for Services	2,250	1,600	1,586	(14)
Fines, Licenses and Permits	622,500	167,000	165,830	(1,170)
Earnings on Investments	105,000	55,000	52,429	(2,571)
Miscellaneous	20,250	21,058	21,320	262
<i>Total receipts</i>	1,818,176	1,638,612	1,634,335	(4,277)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	926,594	959,149	921,223	37,926
Public Health Services	19,640	19,640	19,640	0
Community Environment	257,650	155,788	90,781	65,007
Transportation	218,700	149,032	144,029	5,003
General Government	357,139	324,117	311,824	12,293
Debt Service:				
Principal Retirement	28,593	28,593	28,593	0
Interest and Fiscal Charges	2,152	2,152	2,152	0
<i>Total Disbursements</i>	1,810,468	1,638,471	1,518,242	120,229
<i>Excess of Receipts Over Disbursements</i>	7,708	141	116,093	115,952
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	0	2,700	2,700	0
Receipt of Loan Repayment	0	0	5,459	5,459
Transfers In	0	6,577	6,577	0
Transfers Out	0	(118,836)	(118,836)	0
Other Financing Sources	0	1,400	1,204	(196)
<i>Total Other Financing Sources (Uses)</i>	0	(108,159)	(102,896)	5,263
<i>Net Change in Fund Balance</i>	7,708	(108,018)	13,197	121,215
<i>Fund Balance Beginning of Year</i>	93,282	93,282	93,282	0
<i>Prior Year Encumbrances Appropriated</i>	20,888	20,888	20,888	0
<i>Fund Balance End of Year</i>	\$121,878	\$6,152	\$127,367	\$121,215

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire Income Tax*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$295,000	\$405,000	\$366,155	(\$38,845)
<i>Total receipts</i>	<u>295,000</u>	<u>405,000</u>	<u>366,155</u>	<u>(38,845)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	491,002	486,601	446,069	40,532
<i>Total Disbursements</i>	<u>491,002</u>	<u>486,601</u>	<u>446,069</u>	<u>40,532</u>
<i>Excess(Deficiency) of Receipts Over (Under) Disbursements</i>	(196,002)	(81,601)	(79,914)	1,687
<b>Other Financing Sources (Uses)</b>				
Return of Loan	0	0	(5,459)	(5,459)
Transfers In	100,000	100,000	108,336	8,336
<i>Total Other Financing Sources (Uses)</i>	<u>100,000</u>	<u>100,000</u>	<u>102,877</u>	<u>2,877</u>
<i>Net Change in Fund Balance</i>	(96,002)	18,399	22,963	4,564
<i>Fund Balance Beginning of Year</i>	0	0	0	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Fund Balance End of Year</i>	<u>(\$96,002)</u>	<u>\$18,399</u>	<u>\$22,963</u>	<u>\$4,564</u>

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Joint Economic Development District*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Municipal Income Taxes	\$900,000	\$425,000	\$358,287	(\$66,713)
<i>Total receipts</i>	900,000	425,000	358,287	(66,713)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	25,000	25,500	25,061	439
Community Environment	47,000	54,125	52,925	1,200
Capital Outlay	707,893	797,660	273,052	524,608
<i>Total Disbursements</i>	779,893	877,285	351,038	526,247
<i>Excess(Deficiency) of Receipts Over (Under) Disbursements</i>	120,107	(452,285)	7,249	459,534
<i>Fund Balance Beginning of Year</i>	568,991	568,991	568,991	0
Prior Year Encumbrances Appropriated	5,496	5,496	5,496	0
<i>Fund Balance End of Year</i>	\$694,594	\$122,202	\$581,736	\$459,534

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road Levy*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$145,177	\$150,504	\$156,240	\$5,736
Intergovernmental	52,644	53,063	20,364	(32,699)
<i>Total receipts</i>	<u>197,821</u>	<u>203,567</u>	<u>176,604</u>	<u>(26,963)</u>
<b>Disbursements</b>				
Current:				
Transportation	150,000	150,000	37,798	112,202
<i>Total Disbursements</i>	<u>150,000</u>	<u>150,000</u>	<u>37,798</u>	<u>112,202</u>
<i>Excess of Receipts Over Disbursements</i>	47,821	53,567	138,806	85,239
<i>Fund Balance Beginning of Year</i>	124,235	124,235	124,235	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$172,056</u>	<u>\$177,802</u>	<u>\$263,041</u>	<u>\$85,239</u>

See accompanying notes to the basic financial statements

**Reminderville Village, Summit County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$12,064
<i>Total Assets</i>	<u>\$12,064</u>
<b>Net Assets</b>	
Unrestricted	<u>\$12,064</u>

See accompanying notes to the basic financial statements

## **Notes to the Financial Statements For Year Ended December 31, 2006**

### **Note 1 – Reporting Entity**

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

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

#### **A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads and bridges, park operations and police 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.

## **Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This 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 cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless the pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Village's accounting policies.

### **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, 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 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.

## 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 fund for receipting JEDD monies.

### Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. One of the Village's major governmental funds is the General Fund. The Fire Income Tax Fund is also considered a major fund and is supported by municipal income taxes. Our Joint Economic Development Fund is also considered a major fund and represents our 30% of the monthly JEDD disbursement. The Road Levy, also classified as a major fund, is supported by the levy proceeds as reported on the semi-annual real estate tax disbursements. 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 to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

### 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. The Village's agency fund is the fund into which our monthly JEDD disbursements are deposited; checks written to Twinsburg Township for 70% of those monies and 30% to the Village. RITA fees, JEDD Board expenses and consulting and legal fees are also paid out of the JEDD Agency Fund.

## C. Basis of Accounting

The Village's financial statements are prepared using the 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 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 the 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 department level.

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 the 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 the 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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

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

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

During 2006, the Village utilized the sweep account at First Merit Bank. Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$52,429 which includes \$45,520 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 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

#### J. Long-Term Obligations

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

#### K. Net Assets

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

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

#### L. Fund Balance Reserves

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

#### M. Interfund Transactions

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

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

#### **Note 3 – 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 any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an inter-fund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$17,286 for the general fund; \$3,181 for the JEDD fund; and \$571 for Other Governmental Funds. The Council-approved transfers from General Fund to Fire Income Tax and Bulletproof Vest Grant Funds that amounted to \$108,336 and \$10,500, respectively, and \$6,577 from the Safety Center Fund to the General Fund.

#### **Note 4 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in

commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidence 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 evidence by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

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

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledges to the Village by the financial institution, or by a collateral pool

established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. All investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

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

At year end, the Village had no undeposited cash on hand and as such, this is not included as part of "Equity in Pooled Cash and Cash Equivalents."

At December 31, 2006, the carrying amount of all Village deposits was (\$95,473). The Village's bank balance of \$996 was covered in full by the FDIC. The Village has no deposit policy for custodial risk beyond the requirement of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose marked value at all times shall be at least one hundred five percent of the deposits being secured.

### Investments

As of December 31, 2006, the Village had a sweep account with First Merit Bank, with a carrying balance of \$1,410,000, whereby the bulk of the Village bank balance is invested overnight and interest received on a daily basis by the Village.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The underlying securities for the Village's repurchase agreement are:

Federal Home Loan Mortgage Corporation	A-1+
Federal National Mortgage Association	A-1+
Federal Home Loan Bank	A-1

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities underlying the repurchase agreement are held by FirstMerit, not in the name of the Village. The Village has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute.

Concentration of Credit Risk: Concentration of credit risk is the possibility of loss attributed to the magnitude of the Village's investment in a single user. 100% of the Village's investment is in

a repurchase agreement, with underlying securities in Federal Home Mortgage Corporation, Federal National Mortgage Association and Federal Home Loan Bank. The Village has no policy concerning concentration of credit risk.

### **Note 6 – Income Taxes**

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

### **Note 7 – Property Taxes**

Property taxes include amounts levied against all real property, public utility Property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005 on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005 were levied after October 1, 2005 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$53.68619 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:



Real Property	
Residential/Agriculture	\$62,959,030
Other Real Value	4,199,810
Public Utility Personal	866,240
Tangible Personal Property	<u>52,073</u>
Total Assessed Value	<u><u>\$68,077,153</u></u>

**Note 8 – Risk Management**

The Village has obtained commercial insurance for the following risks:

Commercial General Liability	\$1,000,000 per occurrence/\$2,000,000 Aggregate
Automobile Liability	\$1,000,000 combine single limit
Law Enforcement Liability	\$1,000,000 per occurrence
Public Official Liability	\$1,000,000 each loss/\$1,000,000 Aggregate
Employment Practices Liability	\$1,000,000 each loss/\$1,000,000 Aggregate

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

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

**Note 9 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment of

which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the Traditional Plan, were required to contribute 9.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.70%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the Traditional Plan for years ended December 31, 2006, 2005 and 2004 were \$43,635, \$46,727, and \$41,297 respectively. The full amount has been contributed for 2006, 2005 and 2004.

#### B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary, while the Village is required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The Village's contributions to the OP&F for the years ended December 31, 2006, 2005, and 2004 were \$66,032, \$53,082, and \$45,005, respectively. The full amount has been contributed for 2006, 2005 and 2004.

### **Note 10- Postemployment Benefits**

#### A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional or Combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The health

care coverage provided by the OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of the gross amount paid to the employee; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funding using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the Traditional and Combined Plans was 369,214. Actual employer contributions for 2005 which were used to fund post employment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increase as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

#### B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's Board of Trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2005 and in 2006. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2006 was \$66,032 for police. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 was 13,922 for police and 10,537 for firefighters.

**Note 11- Debt**

The Village's long-term debt activity for the year ended December 31, 2006 was as follows:

	<b>Interest Rate</b>	<b>Balance December 31, 2005</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance December 31, 2006</b>	<b>Due Within One Year</b>
OWDA	9.48%	\$34,099	\$0	\$34,099	\$0	\$0
General Obligation Bonds	4.125%	1,200,000	0	19,500	1,180,500	21,900
OPWC	1.0%	449,950	0	0	449,950	10,189

The repayment of the General Obligation Bonds will be supported by the full faith and credit of the Village and is payable from a portion of the Village's portion of the JEDD proceeds.

The Ohio Water Development Authority (OWDA) loan relates to water main installation that was constructed in 1985. The repayment funds come from a special assessment to the residents.

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

Year Ending December 31,	OPWC Loan Principal	OPWC Loan Interest	General Obligation Bond Principal	General Obligation Bond Interest
2007	\$10,189	\$3,012	\$21,900	\$48,696
2008	20,532	4,346	22,600	47,923
2009	20,738	4,141	23,700	46,860
2010	20,946	3,933	24,700	45,882
2011	21,156	3,723	25,700	44,864
2012-2016	131,462	17,807	145,000	207,764
2017-2021	115,724	8,666	177,700	175,136
2022-2026	109,203	2,748	217,500	135,312
2027-2031	0	0	266,300	86,584
2032-2036	0	0	255,400	26,903
	<u>\$449,950</u>	<u>\$48,376</u>	<u>\$1,180,500</u>	<u>\$865,924</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 of its tax valuation. The effects of the debt limitations at December 31, 2006 were an overall debt margin of \$7,148,101 and an unvoted debt margin of \$ 3,744,243.

**Note 12 – Leases**

The Village leases cruisers and a dump truck and disbursed \$40,311 in principal payments along with \$3,702 in interest for the year ended December 31, 2006. Future lease payments are as follows:

	<u>Year</u>	<u>Amount</u>
	2007	\$23,600
Total Minimum Lease Payment		23,600
Less amount representing interest		(1,407)
Present Value of Minimum Lease Payments		<u>\$22,193</u>

**Note 13 – Interfund Transfers**

During 2006, the General Fund transferred \$108,336 to the Fire Income Tax Fund to offset wages and benefits per Ordinance 14-2005. In addition, the General Fund transferred \$10,500 to the Bulletproof Vest Grant Fund until the grant monies were received. The Safety Center Fund transferred the unexpended balance of \$6,577 after completion of the project to the General Fund pursuant to Ohio Revised Code.

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Advances occur mostly if there is a cash flow problem as with the Fire Income Tax Funds for payroll purposes.

**Note 14 – Joint Ventures**

The Village participates along with Twinsburg Township 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%) and the Township (70%).

During 2006, the Village paid \$44,504 for police protection for the JEDD area along with various other projects which were approved by Council.

**Note 15 – Repayment of Loan/Receipt of Repayment of Loan**

This transaction reflects the correction of a prior year negative fund balance in the Fire Income Tax Fund.

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

To the Village Council  
Village of Reminderville, Summit County

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 (the Village), as of and for the year ended December 31, 2006, and have issued our report thereon dated July 3, 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as define above.

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Village in a separate letter dated July 3, 2007.

This report is intended solely for the information and use of management, the Village 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*

VARNEY, FINK & ASSOCIATES, INC.  
Certified Public Accountants

July 3, 2007





**Mary Taylor, CPA**  
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  
DECEMBER 24, 2007**