

***VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 2001

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Honorable Mayor and Village Council
Village of Reminderville
3601 Glenwood Blvd
Reminderville, Ohio 44202

We have reviewed the Independent Auditor's Report of the Village of Reminderville, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 2, 2002

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VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 & 2001

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VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 & 2001

ELECTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Sam Alonso 10544 Maryland Street Reminderville, Ohio 44202	Mayor	1/1/00 to 12/31/03	(A)	1/1/00 - 12/31/03
Albert Williams	Council President	1/1/98 to 12/31/01		
Anita Williamson	Council	1/1/98 to 12/31/01		
Gregory Galaska	Council	1/1/98 to 12/31/01		
Mario Molina	Council	4/17/01 to 12/31/01		
Mary Jo Kiss	Council	1/1/00 to 12/31/03		
Ronald Geewax	Council	1/1/00 to 12/31/03		
Linda Peterson	Clerk/ Treasurer	1/1/00 to 12/31/03	(A)	1/1/00 - 12/31/03

Statutory Legal Council

Paul E. Carpenter
Village Solicitor
17645 North Hampton Court
Chagrin Falls, Ohio 44023

(A) Ohio Casualty Insurance

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Audit report
For Years Ended December 31, 2000 and 2001

APPOINTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Richard Wilk	Police Chief	Continuous
Thomas Plunkett	Fire Chief	Continuous
Robert Rodic	Building Inspector	Continuous
Lawrence Fulton	Engineer	Continuous
Rosita Algeri	Clerk of Courts	Continuous
Linda Baker	Administrative Assistant	Continuous
Barbara Fischer	Administrative Secretary	Continuous

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

REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members of Village Council
Village of Reminderville
Reminderville, Ohio

We have audited the accompanying financial statements of the Village of Reminderville (Village), as of and for the years ended December 31, 2000 and 2001, 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.

Except as discussed in the following paragraph, 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.

We were unable to obtain certain expenditure records not provided to us or to satisfy ourselves as to those financial activities by other procedures. Those financial activities are included in the governmental and proprietary fund types.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, except for the effects, if any, as might have been determined to be necessary had we been able to obtain certain expenditure records, or had we been able to satisfy ourselves as to those financial activities by other auditing procedures, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Village, as of December 31, 2000 and 2001, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 19, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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 these specified parties.

Charles E. Harris & Associates, Inc.
July 19, 2002

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
As of December 31, 2000 and 2001

	<u>2000</u> <u>Balances</u>	<u>2001</u> <u>Balances</u>
Cash and Cash Equivalents	\$ 141,404	\$ 80,121
Investments	<u>50,035</u>	<u>26,272</u>
	<u>\$ 191,439</u>	<u>\$ 106,393</u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 18,955	\$ 6,829
Special Revenue Funds	153,548	82,903
Debt Service Funds	18,936	16,661

Proprietary Fund Types:

Enterprise Funds	<u>-</u>	<u>-</u>
Total	<u>\$ 191,439</u>	<u>\$ 106,393</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUNDC
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2000

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Debt Service	Total
Receipts:				
Taxes	\$ 556,814	\$ 305,844	-	\$ 862,658
Intergovernmental	194,687	67,107	-	261,794
Special Assessments	-	-	\$ 34,196	34,196
Charges for Services	116	11,428	-	11,544
Fines, Licenses, and Permits	22,447	123	-	22,570
Other	42,220	381	-	42,601
Total Receipts	816,284	384,883	34,196	1,235,363
Disbursements:				
Security of Persons & Property	489,350	170,561	-	659,911
Public Safety	13,820	16,224	-	30,044
Community Environment	11,936	-	-	11,936
Transportation	76,388	162,142	-	238,530
General Government	227,850	19,218	-	247,068
Capital Outlay	22,102	-	-	22,102
Debt Service:				
Principal	-	-	18,941	18,941
Interest and Fiscal Charges	-	-	18,382	18,382
Total Disbursements	841,446	368,145	37,323	1,246,914
Loss on misappropriation of funds	-	(7,354)	-	(7,354)
Excess of Receipts Over/(Under) Disbursements	(25,162)	9,384	(3,127)	(18,905)
Fund Balance January 1, 2000	44,117	144,164	22,063	210,344
Fund Balance December 31, 2000	\$ 18,955	\$ 153,548	\$ 18,936	\$ 191,439

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUNDC
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2001

	Governmental Fund Types			(Memorandum Only)
	General	Special Revenue	Debt Service	Total
Receipts:				
Taxes	\$ 523,083	\$ 316,723	-	\$ 839,806
Intergovernmental	177,405	75,900	-	253,305
Special Assessments	-	-	\$ 46,101	46,101
Charges for Services	290	14,614	-	14,904
Fines, Licenses, and Permits	79,501	137	-	79,638
Interest	1,073	-	-	1,073
Other	83,301	209	-	83,510
Total Receipts	864,653	407,583	46,101	1,318,337
Disbursements:				
Security of Persons & Property	558,339	226,601	-	784,940
Public Safety	14,902	13,522	-	28,424
Community Environment	21,217	-	-	21,217
Transportation	74,898	166,887	-	241,785
General Government	200,995	19,071	-	220,066
Capital Outlay	6,428	22,257	-	28,685
Debt Service:				
Principal	-	-	29,866	29,866
Interest and Fiscal Charges	-	-	18,510	18,510
Total Disbursements	876,779	448,338	48,376	1,373,493
Loss on misappropriation of funds	-	(29,890)	-	(29,890)
Excess of Receipts Over/(Under) Disbursements	(12,126)	(70,645)	(2,275)	(85,046)
Fund Balance January 1, 2001	18,955	153,548	18,936	191,439
Fund Balance December 31, 2001	\$ 6,829	\$ 82,903	\$ 16,661	\$ 106,393

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
For the Year Ended December 31, 2000

	<u>Enterprise</u>
Receipts:	
Charges for Services	-
Total Receipts	-
 Disbursements:	
Personal Services	-
Contractual Services	-
Material and Supplies	-
Capital Outlay	-
Total Disbursements	-
Excess Receipts Over/(Under) Disbursements:	-
 Non-Operating Receipts/(Disbursements)	
Principal Retirement	\$ (24,283)
Interest & Fiscal Charges	(6,543)
Total Non-Operating Receipts/(Disbursements)	(30,826)
Loss on misappropriation of funds	(42,568)
Net Receipts Over/(Under) Disbursements	(73,394)
Fund Balance January 1, 2000	73,394
Fund Balance December 31, 2000	\$ -

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2000

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 892,204	\$ 816,284	\$ (75,920)
Special Revenue	854,519	384,883	(469,636)
Debt Service	<u>40,000</u>	<u>34,196</u>	<u>(5,804)</u>
 Total (Memorandum Only)	 <u>\$ 1,786,723</u>	 <u>\$ 1,235,363</u>	 <u>\$ (551,360)</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2001

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 859,290	\$ 864,653	\$ 5,363
Special Revenue	839,575	407,583	(431,992)
Debt Service	<u>40,000</u>	<u>35,049</u>	<u>(4,951)</u>
 Total (Memorandum Only)	 <u>\$ 1,738,865</u>	 <u>\$ 1,307,285</u>	 <u>\$ (431,580)</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2000

<u>Fund Types/Funds</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2000 Appropriations</u>	<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances as of 12/31/00</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 846,505	\$ 846,505	\$ 841,446	\$ -	\$ 841,446	\$ 5,059
Special Revenue Funds	-	850,075	850,075	368,145	-	368,145	481,930
Debt Service Fund	-	38,700	38,700	37,323	-	37,323	1,377
Proprietary Fund:							
Enterprise Fund	-	31,600	31,600	30,826	-	30,826	774
Total (Memorandum Only)	\$ -	\$ 1,766,880	\$ 1,766,880	\$ 1,277,740	\$ -	\$ 1,277,740	\$ 489,140

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
For the Year Ended December 31, 2001

<u>Fund Types/Funds</u>	<u>Carryover Appropriation</u>	<u>Year Ending 2001 Appropriations</u>	<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances as of 12/31/01</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ -	\$ 885,625	\$ 885,625	\$ 876,779	\$ -	\$ 876,779	\$ 8,846
Special Revenue Funds	-	898,231	898,231	448,338	-	448,338	449,893
Debt Service Fund	-	39,900	39,900	37,324	-	37,324	2,576
Proprietary Fund:							
Enterprise Fund	-	11,052	11,052	-	-	-	-
Total (Memorandum Only)	\$ -	\$ 1,834,808	\$ 1,834,808	\$ 1,362,441	\$ -	\$ 1,362,441	\$ 461,315

See accompanying Notes to the Financial Statements.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Reminderville, Summit County, (the Village) is a body corporate and politic established for the purpose of exercising 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 sewer, electric utilities, park operations (leisure time activities), and police, fire and ambulance services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Reminderville (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, 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 financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included the financial statements.

C. 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 disbursement basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved.)

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

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

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

D. **INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

E. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

Debt Service Fund: This fund is used to accumulate resources for the payment of bond and note debt.

Proprietary Fund Types:

Enterprise Funds: These funds account for operations that are similar to private business enterprise where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Treasurer.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk/Treasurer sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk/Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2000 and 2001.

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2000 and 2001. However, those fund balances are available for appropriation.

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. BUDGETARY PROCESS – (continued)

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

G. 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.

H. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

I. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2000 and 2001."

Legal Requirements

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

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

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

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

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

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Legal Requirements - (continued)

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and be purchased within 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 treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Village's deposits were (\$43,596) in 2000 and (\$34,879) in 2001 and the bank balance was \$3,009 in 2000 and \$4,093 in 2001. Of the bank balance, all deposits for both years were covered by federal depository insurance. The negative cash balance is due to overnight repurchase agreements classified as investments.

Investments:

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Village's name.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Investments - (continued)

The following list represents all investments of the Village, categorized by risk category using the definitions above as of December 31, 2000 and 2001.

<u>2000</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Treasury Bonds Category 3	\$ 50,035	\$ 50,035
Repurchase Agreements Category 3	\$ 185,000	\$ 185,000
Total:	<u>\$ 235,035</u>	<u>\$ 235,035</u>

<u>2001</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Treasury Bonds Category 3	\$ 26,272	\$ 26,272
Repurchase Agreements Category 3	\$ 115,000	\$ 115,000
Total:	<u>\$ 141,272</u>	<u>\$ 141,272</u>

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with original maturities of three months or less and cash and investments of the cash management pool.

A reconciliation between the classifications of cash and investments on the financial statements and the classification per GASB 3 is as follows:

<u>2000</u>	<u>Cash and Cash Equivalents</u>	<u>Investment</u>
GASB Statement 9	\$ 141,404	\$ 50,035
Repurchase Agreement	<u>(185,000)</u>	<u>185,000</u>
GASB Statement 3	<u>\$ (43,596)</u>	<u>\$ 235,035</u>
<u>2001</u>	<u>Cash and Cash Equivalents</u>	<u>Investment</u>
GASB Statement 9	\$ 80,121	\$ 26,272
Repurchase Agreement	<u>(115,000)</u>	<u>115,000</u>
GASB Statement 3	<u>\$ (34,879)</u>	<u>\$ 141,272</u>

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1999 and 2000 (received in 2000 and 2001) were \$5.20 for each year per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$4.248016 and \$4.241062 for 1999 and 2000, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$4.756471 for both 1999 and 2000, respectively, per \$1,000 of assessed valuation for commercial property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The following represents the assessed property values for the revenues received during the years 2000 and 2001:

	2000	2001
Real Property		
Residential/Agricultural	\$ 42,113,730	\$ 42,142,500
Commercial/Industrial	71,630	67,160
Tangible Personal Property		
General	137,720	148,117
Public Utilities	1,090,900	935,470
Total Valuation	\$ 43,413,980	\$ 43,293,247

The Summit County Treasurer collects property tax on behalf of all taxing Villages within the county. The Summit County Auditor periodically remits to the taxing Villages their portions of the taxes collected.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Balance</u> <u>01/01/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/00</u>
OWDA 3012 6.58%				
7/1/03 maturity	\$ 33,511	-	\$ 4,283	\$ 29,228
OWDA 762 9.48%				
1/1/07 maturity	193,908	-	18,941	174,967
Water Bond				
12/31/00 maturity	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total Debt	<u>\$ 247,419</u>	<u>-</u>	<u>\$ 43,224</u>	<u>\$ 204,195</u>

Debt outstanding at December 31, 2001 was as follows:

	<u>Balance</u> <u>01/01/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/01</u>
OWDA 3012 6.58%				
7/1/03 maturity	\$ 29,228	-	\$ 9,129	\$ 20,099
OWDA 762 9.48%				
1/1/07 maturity	<u>174,967</u>	<u>-</u>	<u>20,737</u>	<u>154,230</u>
Total Debt	<u>\$ 204,195</u>	<u>-</u>	<u>\$ 29,866</u>	<u>\$ 174,329</u>

The OWDA loan 762 will be paid from special assessments. The OWDA loan 3012 will be paid from transfers from the general fund.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2000 and 2001, the Village contracted with four insurance companies for coverage of buildings and contents.

The following is a list of insurance coverage of the Village and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Commercial Property	\$1,083,000	
Commercial General Liability	1,000,000	
Personal Advertising	1,000,000	
General Aggregate	2,000,000	
Vehicles	1,000,000	
Products/Completed Operations	2,000,000	
Public Officials' Liability	1,000,000	\$1,000
Law Enforcement Liability	1,000,000	1,000
Stop Gap Liability	1,000,000	
Employment Practices Liability	1,000,000	1,000

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the Village did not reduce its insurance coverages significantly during the years.

6. PENSION AND RETIREMENT PLANS

The employees of the Village of Reminderville are covered by either the Public Employees Retirement System of Ohio or the Ohio Police and Fire Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Public Employees Retirement System (PERS)

PERS is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates is 8.5%. For local government employer units the rate was 10.84% of covered payroll for 2000 and 13.55% for 2001. The Village's contributions for pension obligations to PERS for the years ended December 31, 1999, 2000 and 2001 were \$21,220, \$20,288 and \$24,481; respectively. The full amount has been contributed for 1999 and 2000, and 74.8% has been contributed in 2001.

VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

6. PENSION AND RETIREMENT PLANS - (continued)

Ohio Police and Fire Pension Fund (the "Fund")

The Village of Reminderville contributes to the Fund, a cost-sharing, multiple-employer defined benefit pension plan. The Fund provides retirement and disability 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. The Fund 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, 230 East Town Street, Columbus, Ohio 43215.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. There were no firefighters on the Villages' payroll for 2000 or 2001. The Village's contributions for the years ending December 31, 1999, 2000, 2001 were \$39,388, \$38,644, and \$43,190 respectively. The full amount has been contributed for 1999 and 2000, and 74.1% has been contributed in 2001.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System (PERS)

PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The 2001 employer contribution rate for local employers was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care.

Benefits are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000 (the latest information available) the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. As of December 31, 2000, the unaudited estimated new assets available for futures OPEB payments were \$11,735.9 million. At December 31, 2000, the total number of active contributing participants was 411,076. The Village's actual contributions for 2001 that were used to fund OPEB were \$7,768.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (continued)

Ohio Police and Fire Pension Fund (the "Fund")

The Fund provides post-retirement health care coverage to any person who received or is eligible to receive a monthly 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 Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Fund shall be included in the employer's contribution rate. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

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 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available) are 12,853 for Police and 10,037 for Firefighters.

The Village's actual contributions for 2001, which were used to fund postemployment benefits, were \$14,878.

The Fund's total health care expense for the year ending December 31, 2000 (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431.

8. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

9. MATERIAL CASH ADJUSTMENT

The Village was not reconciling the bank accounts in a timely manner during the audit period. The Village made an adjustment to reconcile of \$49,922 at December 31, 2000 and \$29,890 at December 31, 2001. The Village is now currently reconciling in a timely manner to help ensure that the Village will stay in balance.

**VILLAGE OF REMINDERVILLE
SUMMIT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

10. NONCOMPLIANCE

The Village had violations of Section 5705.39 (B), Revised Code, which states that the total appropriations from each fund should not exceed the total estimated revenue plus carryover balances.

The Village had funds with deficit cash balances which indicates that money from other funds had been used to pay the obligations of these funds contrary to Section 5705.10 (B), Revised Code, which provides that money paid into any fund shall be used only for the purposes for which the funds were established.

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

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

The Honorable Mayor and Members of Village Council
Village of Reminderville
Reminderville, Ohio

We have audited the accompanying financial statements of the Village of Reminderville (the Village), as of and for the years ended December 31, 2000 and 2001, and have issued our report thereon dated July 19, 2002. 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.

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, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-R-001 and 2001-R-002. Also, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated July 19, 2002.

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 assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-R-003. 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 of 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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the item 2001-R-003 to be a material weakness.

This report is intended solely for the information and use of management, the Honorable Mayor and Members of Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
July 19, 2002

**VILLAGE OF REMINDERVILLE
SCHEDULE OF FINDINGS**

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

Finding Number: 2001-R-001

Section 5705.39 (B), Revised Code, states that the total appropriations from each fund should not exceed the total estimated revenue plus carryover balances.

During our testing, we noted the following material violations:

<u>2001</u>		
General Fund	\$	7,380
<u>Special Revenue Fund</u>		
Street Construction Maintenance & Repair		41,843
Cops Fast Grant		23,950
Fire Income Tax		30,223
<u>2000</u>		
<u>Special Revenue Fund</u>		
Fire & Rescue Levy	\$	13,429

Finding Number: 2001-R-002

Section 5705.10 (B), Revised Code, provides that money paid into any fund shall be used only for the purposes for which the funds were established. The following funds had deficit cash balances that indicate that money from other funds have been used to pay the obligations of these funds.

<u>2001</u>		
<u>Special Revenue Fund</u>		
Cops Fast Grant	\$	5,439
Cops More Grant		23,941
<u>2000</u>		
<u>Special Revenue Fund</u>		
Cops Fast Grant	\$	5,439

Finding Number: 2001-R-003

The Village currently cannot reconcile the bank balance to the book balance for 2001 and 2000. Certain expenditure records that could possibly indicate a cause of the problem have not been made available to us.

It is important for the control over cash that bank accounts are reconciled to the penny every month. Unreconciled differences can obscure significant but offsetting items (such as bank errors or improperly recorded transactions) that would be a cause for investigation if the items were apparent. Also, if differences are not reconciled on a monthly basis, over time, they can build up to a significant amount that will be difficult to reconcile. In preparing the bank reconciliations, all items should be investigated and corrected in that period. The Village made a large adjustment to the cash balance to get back into balance with the books.

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ended December 31, 1998 and 1999 did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
DECEMBER 17, 2002**