



**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SUMMERFIELD
NOBLE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Summerfield
Noble County
P.O. Box 78
Summerfield, Ohio 43788-0078

To the Village Council:

We have audited the accompanying financial statements of the Village of Summerfield, Noble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Summerfield, Noble County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2001 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, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 29, 2001

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VILLAGE OF SUMMERFIELD
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,303	\$581	\$	\$4,884
Intergovernmental Receipts	14,248	9,201	9,584	33,033
Earnings on Investments	156	226		382
Miscellaneous	398	525		923
Total Cash Receipts	<u>19,105</u>	<u>10,533</u>	<u>9,584</u>	<u>39,222</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,336	466		3,802
Leisure Time Activities	345	53		398
Basic Utility Services	1,681			1,681
Transportation		6,825		6,825
General Government	15,506	3,407		18,913
Capital Outlay			9,584	9,584
Total Cash Disbursements	<u>20,868</u>	<u>10,751</u>	<u>9,584</u>	<u>41,203</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(1,763)</u>	<u>(218)</u>	<u>0</u>	<u>(1,981)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		250		250
Transfers-Out		(250)		(250)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,763)	(218)	0	(1,981)
Fund Cash Balances, January 1	4,709	13,420	81	18,210
Fund Cash Balances, December 31	<u>\$2,946</u>	<u>\$13,202</u>	<u>\$81</u>	<u>\$16,229</u>

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

VILLAGE OF SUMMERFIELD
NOBLE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,176	\$592	\$	\$4,768
Intergovernmental Receipts	14,366	9,102		23,468
Charges for Services	100			100
Earnings on Investments	197	243		440
Miscellaneous	373			373
Total Cash Receipts	<u>19,212</u>	<u>9,937</u>	<u>0</u>	<u>29,149</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,506	439		3,945
Leisure Time Activities	415	494		909
Basic Utility Services	1,418			1,418
Transportation		3,830		3,830
General Government	19,168	1,706		20,874
Total Cash Disbursements	<u>24,507</u>	<u>6,469</u>	<u>0</u>	<u>30,976</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,295)</u>	<u>3,468</u>	<u>0</u>	<u>(1,827)</u>
Fund Cash Balances, January 1	<u>10,004</u>	<u>9,952</u>	<u>81</u>	<u>20,037</u>
Fund Cash Balances, December 31	<u>\$4,709</u>	<u>\$13,420</u>	<u>\$81</u>	<u>\$18,210</u>

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

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Summerfield, Noble County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities) and fire protection services. The Summerfield Volunteer Fire Department provides fire protection to the Village.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Issue II Fund - The Village received a grant from the State of Ohio to pave streets within the Village.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 16,229	\$ 18,210

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 18,266	\$ 19,105	\$ 839
Special Revenue	7,747	10,783	3,036
Capital Projects	<u>14,382</u>	<u>9,584</u>	<u>(4,798)</u>
Total	<u>\$ 40,395</u>	<u>\$ 39,472</u>	<u>\$ (923)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 24,723	\$ 20,868	\$ 3,855
Special Revenue	19,113	11,001	8,112
Capital Projects	<u>81</u>	<u>9,584</u>	<u>(9,503)</u>
Total	<u>\$ 43,917</u>	<u>\$ 41,453</u>	<u>\$ 2,464</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 18,960	\$ 19,212	\$ 252
Special Revenue	6,237	9,937	3,700
Capital Projects	<u>10,082</u>	<u>0</u>	<u>(10,082)</u>
Total	<u>\$ 35,279</u>	<u>\$ 29,149</u>	<u>\$ (6,130)</u>

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 28,960	\$ 24,507	\$ 4,453
Special Revenue	16,127	6,469	9,658
Capital Projects	81	0	81
Total	\$ 45,168	\$ 30,976	\$ 14,192

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEMS

The Village's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Summerfield
Noble County
P.O. Box 78
Summerfield, Ohio 43788-0078

To the Village Council:

We have audited the accompanying financial statements of the Village of Summerfield, Noble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 29, 2001. 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 2000-31061-001 through 2000-31061-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 29, 2001.

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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. The reportable condition is described in the accompanying Schedule of Findings as item 2000-31061-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 29, 2001.

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

Jim Petro
Auditor of State

May 29, 2001

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-31061-001

Finding for Adjustment

Ohio Rev. Code Sections 4501.04 and 5735.27 require that municipal corporations use tax monies collected under these statutes to contract, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads and streets, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on public highways, roads and streets and to supplement revenue already available for such purposes.

During 1999 and 2000, the Village paid for labor out of the Street Construction, Maintenance and Repair Fund which did not pertain to the Village roads and streets. The Village also paid for painting supplies and furnace repairs for the town hall out of the Street Construction, Maintenance and Repair Fund. These items should have been paid from the Village's General Fund.

A finding for adjustment is hereby issued against the General Fund of the Village of Summerfield in the amount of \$3,428, in favor of the Street Construction, Maintenance and Repair Fund in the amount of \$3,428. This adjustment is reflected in the 2000 financial statements and has been made to the Village's books.

FINDING NUMBER 2000-31061-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds and appropriation accounts had expenditures which exceeded appropriations in 2000 by the following amounts:

General Fund		
General Government		
Other Supplies and Materials	\$	245
FEMA Fund		
Leisure Time Activities		
Repairs and Maintenance	\$	53
Transfers Out		
Operating Transfers Out	\$	250
Issue II Fund		
Capital Outlay		
Other Capital Outlay	\$	9,503

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF SUMMERFIELD
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2000-31061-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not obtain the Clerk's prior certification of the availability of funds for 29 percent of the transactions we tested, nor was there evidence of a "Then and Now" certificate being used by the Clerk.

We recommend that the Village obtain the Clerk's prior certification for all disbursements.

FINDING NUMBER 2000-31061-004

Reportable Condition - Accounting for Issue II Money

Issue II money used on behalf of the Village in 2000 was not accounted for on the Village's books. According to Auditor of State Bulletin 2000-08 and Auditor of State Management Advisory Services Bulletin 89-17, these monies should be accounted for in an Issue II Fund within the Capital Projects Fund Type. The Village did not certify the funds or appropriate for the expenditure of the Issue II money.

We recommend that the Village account for Issue II money. The revenue should be certified, and the appropriations should be amended to include the expenditure of this money. The financial statements have been adjusted to reflect the receipts and expenditures of Issue II monies.



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VILLAGE OF SUMMERFIELD

NOBLE 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
JULY 31, 2001**