

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY  
Regular Audit  
December 31, 2004 and 2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Summerfield  
PO Box 223  
Summerfield, Ohio 43788-0223

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

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

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

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

BETTY MONTGOMERY  
Auditor of State

September 12, 2005

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**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY  
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## INDEPENDENT ACCOUNTANTS' REPORT

Village of Summerfield  
Noble County  
303 Cross Street  
P.O. Box 223  
Summersfield, OH 43780

To the Village Council of Summerfield:

We have audited the accompanying financial statements of Village of Summerfield, Noble County, (the Government) as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Government'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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the government has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. For the year ended December 31, 2004, the Village was required to present the financial statements in accordance with a new reporting model. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 18, 2005, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.

Perry & Associates CPA's, A.C.  
July 18, 2005

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, 2004**

	<b>Governmental Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 8,578	\$ 1,594	\$ -	\$ 10,172
Special Assessments	-	-	-	-
Intergovernmental Receipts	12,676	8,814	-	21,490
Charges for Services	-	450	-	450
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	41	81	-	122
Miscellaneous	-	-	-	-
<b>Total Cash Receipts</b>	<b>21,295</b>	<b>10,939</b>	<b>-</b>	<b>32,234</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	4,142	2,435	-	6,577
Public Health Services	-	-	-	-
Leisure Time Activities	242	3,588	-	3,830
Basic Utility Services	2,024	-	-	2,024
Transportation	-	5,639	-	5,639
General Government	14,110	9,316	-	23,426
Debt Service				
Principal Payments	-	-	-	-
Interest Payments	-	-	-	-
Capital Outlay	-	-	-	-
<b>Total Cash Disbursements</b>	<b>20,518</b>	<b>20,978</b>	<b>-</b>	<b>41,496</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>777</b>	<b>(10,039)</b>	<b>-</b>	<b>(9,262)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sales of Notes	-	39,494	-	39,494
Transfers-In	-	800	-	800
Transfers-Out	(800)	-	-	(800)
Other financing Uses	(95)	-	-	(95)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(895)</b>	<b>40,294</b>	<b>-</b>	<b>39,399</b>
Excess of Cash and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	-	-	-	-
	-	-	-	-
	(118)	30,255	-	30,137
Fund Cash Balances, January 1	12,640	13,769	81	26,490
<b>Fund Cash Balances, December 31</b>	<b>\$ 12,522</b>	<b>\$ 44,024</b>	<b>\$ 81</b>	<b>\$ 56,627</b>
Reserve for Encumbrances, December 31	\$ -	\$ -	\$ -	\$ -

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, 2003**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 8,620	\$ 1,532	\$ -	\$ 10,152
Special Assessments	-	-	-	-
Intergovernmental Receipts	14,069	10,600	-	24,669
Charges for Services	646	373	-	1,019
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	49	90	-	139
Miscellaneous	962	-	-	962
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,346	12,595	-	36,941
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	3,941	373	-	4,314
Public Health Services	-	-	-	-
Leisure Time Activities	1,581	-	-	1,581
Basic Utility Services	1,218	-	-	1,218
Transportation	-	9,211	-	9,211
General Government	16,956	3,045	-	20,001
Debt Service				
Principal Payments	-	-	-	-
Interest Payments	-	-	-	-
Capital Outlay	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,696	12,629	-	36,325
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	650	(34)	-	616
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	650	(34)	-	616
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	11,989	13,803	81	25,873
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$ 12,639</u>	<u>\$ 13,769</u>	<u>\$ 81</u>	<u>\$ 26,489</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31	\$ -	\$ 50	\$ -	\$ 50
	<hr/>	<hr/>	<hr/>	<hr/>

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, 2004 AND 2003**

**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 the maintenance of roads, fire protection services and park operations (leisure time activities).

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 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).

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 and investments that are 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 has 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, 2004 AND 2003  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village presently does not have a Debt Service Fund:

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village does not have a Capital Project Fund at this time.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**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. The Village did encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 8.

**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, 2004 AND 2003  
(Continued)**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. EQUITY IN POOLED CASH**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$56,627</u>	<u>\$26,490</u>
Total deposits	<u>\$56,627</u>	<u>\$26,490</u>

Deposits are entirely insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**3. PROPERTY TAXES**

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. The second half payment is due the following June 20.

Tangible personal property taxes are 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.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

(Continued)

**4. RETIREMENT SYSTEMS**

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This 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 2004 and 2003, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

Contributions:	<u>2004</u>	<u>2003</u>
Village	\$ 1,330	\$ 1,086
Employees	<u>834</u>	<u>681</u>
	<u><u>2,164</u></u>	<u><u>1,767</u></u>

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

Comprehensive property and general liability;

Vehicles; and

Errors and omissions.

**6. CONTINGENT LIABILITIES**

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

VILLAGE OF SUMMERFIELD  
 NOBLE COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 DECEMBER 31, 2004 AND 2003  
 (Continued)

**7. Debt**

Debt outstanding at December 31, 2004 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Kansas State Bank of Manhattan	\$ 11,266	4.49%
Department of Commerce	34,750	0.00%
Total	\$ 46,016	

The Kansas State Bank of Manhattan holds the lease with option to purchase agreement relates to the lease of a tractor for groundkeeping. The the lease will be paid in annual installments of \$ 3,140.29 over the next five years. The designated revenue source for the capital lease payments are from 20% General Fund and 80% Special Revenue Fund.

The Department of Commerce loan relate to the purchase of EMS Vehicle for the Village of Summerfield Volunteer Fire Department. The Village began repayment of the loan in October 1, 2004. The village of Summerfield is acting only as an intermediary in processing of this loan. The village receives monies from the Summerfield Volunteer Fire Department for the repayment of debt through the Special Revenue Fund. The interest free loan will be repaid in quarterly installments of \$875.00 over the next 41 quarters.

Amortization of the above interest free debt and capital lease is as follows :

	Department of Commerce	Kansas State Bank of Manhattan
Year ending December 31:		
2005	\$ 3,500	3,140
2006	3,500	3,140
2007	3,500	3,140
2008	3,500	3,140
2009	3,500	
2010-2014	17,250	
	\$ 34,750	\$ 12,560

VILLAGE OF SUMMERFIELD  
NOBLE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(continued)

**8. BUDGETARY ACTIVITY**

**2004 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,294	\$ 21,295	\$ (11,999)
Special Revenue	51,358	51,234	(124)
Total	<u>84,652</u>	<u>72,529</u>	<u>(12,123)</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	31,100	21,413	9,687
Special Revenue	59,682	20,978	38,704
Total	<u>\$ 90,782</u>	<u>\$ 42,391</u>	<u>\$ 48,391</u>

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,406	\$ 24,346	\$ 1,940
Special Revenue	40,258	12,595	(27,663)
Total	<u>62,664</u>	<u>36,941</u>	<u>(25,723)</u>

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	34,038	23,696	10,342
Special Revenue	18,179	12,680	5,499
Total	<u>\$ 52,217</u>	<u>\$ 36,376</u>	<u>\$ 15,841</u>

Village of Summerfield  
Noble County  
303 Cross Street  
P.O. Box 223  
Summerfield, Ohio 43780

July 18, 2005

Village Council:

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

We have audited the financial statements of the Village of Summerfield, Noble County (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 18, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**COMPLIANCE**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-001.

This report is intended solely 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.

Respectfully submitted,

Perry and Associates  
Certified Public Accountants, A.C.



**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Noncompliance Citation**

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

The following fund/account had expenditures in excess of appropriations at the legal level of control for 2003:General Fund  
Office Supplies and Materials \$122

The Village Clerk/Treasurer may request the Village Council to approve increased expenditure levels by increasing appropriations and estimated resources, if necessary.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

**Finding Number 2002-001**

ORC 5705.41 – failure to obtain amended certification of estimated resources.

Fully Corrected: YES

Finding is no longer valid

**Finding Number 2002-002**

ORC 5705.39 – appropriations exceeded estimated resources.

Fully Corrected: No

Finding reoccurs in cite 2004-001



**Auditor of State  
Betty Montgomery**

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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  
SEPTEMBER 22, 2005**