

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY  
Regular Audit  
December 31, 2006 and 2005**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Village of Summerfield  
PO Box 223  
Summerfield, OH 46788-0223

We have reviewed the *Independent Accountants' Report* of the Village of Summerfield, Noble County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

May 15, 2007

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**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

April 4, 2007

Village of Summerfield  
Noble County  
303 Cross Street  
PO Box 223  
Summerfield, Ohio 43780

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, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or their 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 of the Village of Summerfield, Noble County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.

**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, 2006**

	<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	\$ 8,270	\$ 1,315	\$ -	\$ 9,585
Intergovernmental	14,045	13,000	-	27,045
Earnings on Investments	40	80	-	120
	<u>22,355</u>	<u>14,395</u>	<u>-</u>	<u>36,750</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	1,627	275	-	1,902
Leisure Time Activities	3,406		-	3,406
Basic Utility Services	2,750		-	2,750
Transportation		613	-	613
General Government	13,107	5,579	-	18,686
Debt Service:				
Redemption of Principal	2,202	4,050	-	6,252
Interest and Fiscal Charges	310	78	-	388
	<u>23,402</u>	<u>10,595</u>	<u>-</u>	<u>33,997</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(1,047)</u>	<u>3,800</u>	<u>-</u>	<u>2,753</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	1,900	1,900	-	3,800
Advances-Out	<u>(1,900)</u>	<u>(1,900)</u>	<u>-</u>	<u>(3,800)</u>
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,047)	3,800	-	2,753
Fund Cash Balances, January 1	<u>12,635</u>	<u>8,628</u>	<u>81</u>	<u>21,344</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 11,588</b></u>	<u><b>\$ 12,428</b></u>	<u><b>\$ 81</b></u>	<u><b>\$ 24,097</b></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, 2005**

	<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	\$ 7,244	\$ 1,413	\$ -	\$ 8,657
Intergovernmental	14,097	12,157	-	26,254
Earnings on Investments	46	91	-	137
	<u>21,387</u>	<u>13,661</u>	<u>-</u>	<u>35,048</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	3,172	1,698	-	4,870
Leisure Time Activities	493	-	-	493
Basic Utility Services	2,604			2,604
Transportation	-	2,838	-	2,838
General Government	14,377	5,219	-	19,596
Debt Service:				
Redemption of Principal	527	5,606	-	6,133
Interest and Fiscal Charges	101	406	-	507
Capital Outlay		33,290		33,290
	<u>21,274</u>	<u>49,057</u>	<u>-</u>	<u>70,331</u>
Total Cash Receipts Over/(Under) Disbursements	<u>113</u>	<u>(35,396)</u>	<u>-</u>	<u>(35,283)</u>
Fund Cash Balances, January 1	<u>12,522</u>	<u>44,024</u>	<u>81</u>	<u>56,627</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 12,635</u></b>	<b><u>\$ 8,628</u></b>	<b><u>\$ 81</u></b>	<b><u>\$ 21,344</u></b>

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, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Summerfield, Noble County, (the Village) as a body corporate and politic. A publicly - elected six-member Council governs the Village. The village provides general governmental services, including the maintenance of roads, fire protections 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 accounting basis the Auditor of State prescribes or permits. 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).

These statements include adequate disclosure of material matters the Auditor of State prescribes.

**C. Cash**

All cash is maintained in a pooled checking account.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash 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 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.

Fire Truck Fund – This fund receives money from the Summerfield Volunteer Fire Department for the payment of the debt related to the purchase of a Suburban Truck financed by the Village of behalf of the Fire Department.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Capital Projects Fund**

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 going on at this time.

**E. 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 fund, function, and object level of control and appropriations may not exceed estimated resources. Village 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 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 not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(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:

	2006	2005
Demand Deposits	\$24,097	\$21,344
Total Deposits	\$24,097	\$21,344

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,170	\$22,355	\$3,185
Special Revenue	13,172	14,395	1,223
Total	\$32,342	\$36,750	\$4,408

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$23,402	(\$23,402)
Special Revenue	0	10,595	(10,595)
Total	\$0	\$33,997	(\$33,997)

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$19,530	\$21,387	\$1,857
Special Revenue	9,709	13,661	3,952
Total	\$29,239	\$35,048	\$5,809

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$21,274	(\$21,274)
Special Revenue	0	49,057	(49,057)
Total	\$0	\$70,331	(\$70,331)

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**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.

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

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 elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2006 and 2005, members of PERS contributed 9.0% and 8.5%, respectively, of their gross salaries. The Village contributed an amount equal to 13.70% of participants' gross salaries in 2006 and 13.55% in 2005. The Village has paid all contributions required through December 31, 2006.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Commercial general liability coverage
- Commercial inland marine coverage
- Errors and omissions
- Certified acts of terrorism

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Kansas State Bank of Manhattan	\$ 6,029	4.49%
Ohio Department of Commerce	<u>\$27,750</u>	0.00%
Total	<u><u>\$33,779</u></u>	

The Kansas State Bank of Manhattan lease with option to purchase agreement relates to the lease of a tractor for grounds keeping in 2003. The lease will be paid in annual installments over five years.

The Ohio Department of Commerce loan relates to the purchase of an Emergency Management Services Vehicle for the Village of Summerfield Volunteer Fire Department in 2004. The Village receives monies from the Summerfield Volunteer Fire Department for the repayment of the debt. The loan will be repaid in quarterly installments of \$875 over the next 41 quarters.

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

	<u>Kansas State Bank of Manhattan</u>	<u>Ohio Department Commerce</u>
Year ending December 31:		
2007	\$3,140	\$3,500
2008	3,140	3,500
2009		3,500
2010		3,500
2011		3,500
2012- 2014		<u>10,250</u>
Total	<u><u>\$6,280</u></u>	<u><u>\$27,750</u></u>

***Perry & Associates***  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

April 4, 2007

Village of Summerfield  
Noble County  
303 Cross Street  
Summerfield, Ohio 43780

To the Village Council:

We have audited the financial statements of Village of Summerfield, Noble County, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 4, 2007, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

**Internal Control Over Financial Reporting (Continued)**

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated April 4, 2007.

**Compliance and Other Matters**

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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-002 through 2006-004.

This report is intended solely for the information and use of Village management and 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, 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Weakness/Significant Deficiency**

**Posting of Estimated Revenues and Appropriations**

The Village did not have control procedures in place to ensure estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the estimated receipts posted to the accounting system. The Village did not have any appropriations approved for either year therefore any amounts input into the accounting system were inaccurate.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission. A noncompliance citation was issued as finding number 2006-004 in regards the Villages appropriations.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-002**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** states, in part, no subdivision or taxing unit is to expend money unless it has been properly appropriated.

The Village did not pass a permanent appropriation measure for 2006. During 2005, the Village Council approved a permanent appropriation measurer however the appropriation resolution was never filed with the County Auditor, for approval by the County Budget Commission, thus making them invalid. Therefore all funds had expenditures, which exceeded appropriations.

We recommend the Village annually pass a permanent appropriation resolution and review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds in excess of existing appropriations. The Village Clerk should deny any payments when the expenditures exceed appropriations.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-003**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (the Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Blanket Certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-003 (Continued)**

**Ohio Revised Code Section 5705.41(D)(1) (Continued)**

The Village did not properly certify the availability of funds prior to purchase commitment for 25% of the expenditures tested during 2006 and 36% tested during 2005 and there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-004**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.38** states, in part, on or about the first day of each year, the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure. If the subdivision desires to postpone the passage of an annual appropriation measure until an amended certificate is received based on actual balances, it may pass a temporary appropriation for meeting ordinary expenses or the taxing unit until not later than the first day of April of the current year, and the appropriations made therein shall be chargeable to the appropriations in the annual appropriation measurer for the fiscal year when passed.

The Village failed to pass a temporary or permanent appropriation measure for 2006. During 2005, the Village did pass a temporary and permanent appropriation measure by the required dates however the resolution was not filed with the County Auditor for approval of the County Budget Commission.

We recommend the Village pass an appropriation measurer at the beginning of each year. If the Village wants to postpone the appropriation measure until later in the year, they should pass a temporary appropriation measurer.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SUMMERFIELD  
NOBLE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2004-001	ORC Section 5705.41(B) – Expenditures exceeding appropriations.	No	Not Corrected, Repeated as finding 2006-002



**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 29, 2007**