

**VILLAGE OF FLETCHER**

DAYTON REGION, MIAMI COUNTY

**REGULAR AUDIT**

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006





# Mary Taylor, CPA

Auditor of State

Members of Council  
Village of Fletcher  
71 N. Walnut Street  
PO Box 119  
Fletcher, Ohio 45326

We have reviewed the *Report of Independent Auditors'* of the Village of Fletcher, Miami County, prepared by Manning & Associates, CPAs, LLC, for the audit period January 1, 2006 through December 31, 2007. 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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Auditors (AICPA), modifications were required to the *Report of Independent Auditors'* on your financial statements. While the AOS 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 *Report of Independent Auditors'* also includes an opinion on the financial statements using the regulatory format the AOS 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 Fletcher is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 28, 2008

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**VILLAGE OF FLETCHER  
MIAMI COUNTY**

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**MANNING & ASSOCIATES CPAs, LLC**  
**6105 NORTH DIXIE DRIVE**  
**DAYTON, OHIO 45414**

**REPORT OF INDEPENDENT AUDITORS'**

Village Council  
Village of Fletcher  
71 N. Walnut Street  
P.O. Box 119  
Fletcher, Ohio 45326

To Village Council:

We have audited the accompanying financial statements of the Village of Fletcher, Miami County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2007 and 2006 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, 2007 and 2006 or its changes in financial position or cash flows for the years 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 Fletcher, Miami County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 August 20, 2008, 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.

Manning & Associates CPAs, LLC  
Dayton, Ohio

August 20, 2008



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**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Governmental Funds</b>		<b>Total</b>
	<b>General</b>	<b>Special Revenue</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>			
Taxes	\$ 3,732	\$ 18,003	\$ 21,735
Intergovernmental Receipts	28,019	24,599	52,618
Special Assessments	10,171	0	10,171
Fines, Licenses, and Permits	11,068	0	11,068
Interest	653	0	653
Miscellaneous	2,004	0	2,004
<b>Total Cash Receipts</b>	<u>55,647</u>	<u>42,602</u>	<u>98,249</u>
<b>Cash Disbursements:</b>			
General Government	27,007	277	27,284
Security of Persons and Property	24,909	50,961	75,870
Leisure Time Activities	625	0	625
Capital Outlay	1,785	0	1,785
Transportation	0	10,443	10,443
<b>Total Cash Disbursements</b>	<u>54,326</u>	<u>61,681</u>	<u>116,007</u>
<b>Total Receipts Over/ (Under) Disbursements</b>	<u>1,321</u>	<u>(19,079)</u>	<u>(17,758)</u>
<b>Fund Cash Balances, January 1,</b>	<u>3,759</u>	<u>61,991</u>	<u>65,750</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 5,080</u>	<u>\$ 42,912</u>	<u>\$ 47,992</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>PROPRIETARY FUND</b>	<b>FIDUCIARY FUND</b>	<b>Total (Memorandum Only)</b>
	<b>Enterprise Fund</b>	<b>Agency Fund</b>	
<b>Operating Receipts:</b>			
Charges for Services	\$ 63,643	\$ 0	\$ 63,643
Fines, Licenses, and Permits	0	12,803	12,803
<b>Total Cash Receipts</b>	<b>63,643</b>	<b>12,803</b>	<b>76,446</b>
<b>Operating Disbursements:</b>			
Personal Services - Salaries	14,099	0	14,099
Employee's Retirement and Insurance	4,382	0	4,382
Purchased Services	30,838	0	30,838
Supplies and Materials	414	25	439
Capital Outlay	1,675	0	1,675
Other	2,795	12,803	15,598
<b>Total Operating Disbursements</b>	<b>54,203</b>	<b>12,828</b>	<b>67,031</b>
<b>Net Receipts over Disbursements</b>	<b>9,440</b>	<b>(25)</b>	<b>9,415</b>
<b>Fund Cash Balances, January 1,</b>	<b>11,114</b>	<b>500</b>	<b>11,614</b>
<b>Fund Cash Balances, December 31,</b>	<b>\$ 20,554</b>	<b>\$ 475</b>	<b>\$ 21,029</b>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF FLETCHER  
MIAMI 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 Funds</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Taxes	\$ 3,593	\$ 17,836	\$ 21,429
Intergovernmental Receipts	28,098	25,912	54,010
Special Assessments	10,290	0	10,290
Fines, Licenses, and Permits	7,144	0	7,144
Interest	794	0	794
	<u>49,919</u>	<u>43,748</u>	<u>93,667</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
General Government	26,360	4,822	31,182
Security of Persons and Property	23,161	0	23,161
Leisure Time Activities	756	0	756
Capital Outlay	0	7,376	7,376
Transportation	0	26,379	26,379
	<u>50,277</u>	<u>38,577</u>	<u>88,854</u>
Total Cash Disbursements			
Total Receipts Over/ (Under) Disbursements	<u>(358)</u>	<u>5,171</u>	<u>4,813</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Other Financing Receipts (Disbursements)	2,000	0	2,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,642	5,171	6,813
<b>Fund Cash Balances, January 1,</b>	<u>2,117</u>	<u>56,820</u>	<u>58,937</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 3,759</u>	<u>\$ 61,991</u>	<u>\$ 65,750</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>PROPRIETARY FUND</b>	<b>FIDUCIARY FUND</b>	<b>Total (Memorandum Only)</b>
	<b>Enterprise Fund</b>	<b>Agency Fund</b>	
<b>Operating Receipts:</b>			
Charges for Services	\$ 65,878	\$ 0	\$ 65,878
Fines, Licenses, and Permits	0	8,611	8,611
<b>Total Cash Receipts</b>	<b>65,878</b>	<b>8,611</b>	<b>74,489</b>
<b>Operating Disbursements:</b>			
Personal Services - Salaries	15,575	0	15,575
Employee's Retirement and Insurance	3,922	0	3,922
Purchased Services	40,787	0	40,787
Supplies and Materials	1,787	33	1,820
Capital Outlay	9,000	0	9,000
Other	5,465	9,119	14,584
<b>Total Operating Disbursements</b>	<b>76,536</b>	<b>9,152</b>	<b>85,688</b>
<b>Net Receipts Over/(Under) Disbursements</b>	<b>(10,658)</b>	<b>(541)</b>	<b>(11,199)</b>
<b>Fund Cash Balances, January 1,</b>	<b>21,772</b>	<b>1,041</b>	<b>22,813</b>
<b>Fund Cash Balances, December 31,</b>	<b>\$ 11,114</b>	<b>\$ 500</b>	<b>\$ 11,614</b>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Fletcher of Miami 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 Mayor and six-member Council. The Village provides general governmental services, including street maintenance, streetlights and police and fire protection services.

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 a payment is made 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. Cash and Investments**

The Village maintains an interest bearing checking account and savings account.

**D. 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:

**General Fund:**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

**D. Fund Accounting** (continued)

**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 Improvement Fund** – This fund receives gasoline tax and motor vehicle tax money for maintaining, and repairing the state highway, which goes through the Village.

**Fire Fund** – This fund receives property tax monies for the Village to provide fire protection.

**Ambulance Fund** – This fund receives property tax monies for the Village to provide ambulance services

**Enterprise Fund**

This fund accounts for an operation that is similar to a private business enterprise where management intends that the significant cost of providing the good or service will be recorded through user charges. The Village had the following enterprise fund:

**Water Fund** – This fund is used to account for proceeds from water operations. The revenue is to be used to maintain plant operations and for water improvements.

**Agency Fund**

**Mayor's Court Fund** – This fund is used to account for fines and court costs collected from tickets issued by the police department.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village 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.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

**E. Budgetary Process (continued)**

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2007 and 2006 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	<b>2007</b>	<b>2006</b>
Demand deposits	<u>\$68,546</u>	<u>\$76,864</u>

**Deposits:**

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.



**VILLAGE OF FLETCHER  
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 as follows:

**2007 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 66,612	\$ 55,647	\$ (10,965)
Special Revenue	40,730	42,602	1,872
Enterprise Fund	72,420	63,643	(8,777)
Total	<u>\$ 179,762</u>	<u>\$ 161,892</u>	<u>\$ (17,870)</u>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 70,371	\$ 54,326	\$ 16,045
Special Revenue	102,721	61,681	41,040
Enterprise Fund	83,534	54,203	29,331
Total	<u>\$ 256,626</u>	<u>\$ 170,210</u>	<u>\$ 86,416</u>

**2006 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 66,606	\$ 51,919	\$ (14,687)
Special Revenue	40,057	43,748	3,691
Enterprise Fund	72,420	65,878	(6,542)
Total	<u>\$ 179,083</u>	<u>\$ 161,545</u>	<u>\$ (17,538)</u>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 68,723	\$ 50,277	\$ 18,446
Special Revenue	96,877	38,577	58,300
Enterprise Fund	94,192	76,536	17,656
Total	<u>\$ 259,792</u>	<u>\$ 165,390</u>	<u>\$ 94,402</u>

Contrary to Ohio Law, estimated resources exceeded actual receipts in the General and Water funds in 2007 by \$10,965 and in 2006 by \$8,777 and \$14,687 and \$6,542, respectively.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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**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 employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-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 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries. The Village contributed an amount equal to 13.85% and 13.70%, respectively, of participants' gross salaries. As of December 31, 2007, the Village has paid all contributions required through December 31, 2007.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- General Liability
- Auto Liability & Auto Physical Damage
- Public Officials Liability
- Property Coverage

**MANNING & ASSOCIATES CPAS, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

Village of Fletcher  
71 N. Walnut Street  
P.O. Box 119  
Fletcher, Ohio 45326

To Village Council:

We have audited the financial statements of the Village of Fletcher, Miami County (the Village), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 20, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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 significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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-consequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-002 through 2007-004.

### **Internal Control Over Financial Reporting (continued)**

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. However, of the significant deficiencies described above, we believe finding number 2007-002 is also material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 20, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 such 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 2007-001 and 2007-003.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 20, 2008.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it. We intend this report solely for the information and use of the audit committee, management and Village Council. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC  
Dayton, Ohio

August 20, 2008

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Noncompliance**

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. These certificates need to be signed only by a subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$3,000, the Fiscal Officer may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

The Village did not properly certify the availability of funds for 49 percent in 2007 and 46 percent in 2006 of expenditures tested and neither of the above two exceptions applied.

Failure to properly certify the availability of funds can result in overspending available funds and negative cash fund balances. Effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders. We recommend that Village obtain approved purchase orders, including amounts, which contain the Fiscal Officer's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

*Response:* The Fiscal Officer will review the ORC and Village Handbook for guidance in proper issuance of purchase orders.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006**

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-002**

**Monitoring of Financial Activity**

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank-to-book reconciliations. The Village's Council and Board of Public Affairs did not receive all the financial reports and/or reconciliations during 2006 and 2007.

The failure of the Village's governing bodies to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Village should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual revenue and expenditure reports and fund balance reports, along with the monthly bank to book reconciliation. Evidence of the review and approval of financial reports should be evidenced by signatures or initials on the documents reviewed and/or mention in the minutes.

*Response:* The Village will strengthen the monitoring of the reports to Council and evidence this by signatures or initials on the reports themselves.

**FINDING NUMBER 2007-003**

**Ohio Rev. Code Section 5705.36** allows the Village to request an amendment to the Certificate of Estimated Resources from the County Budget Commission upon determination that revenue to be collected will be greater or less than the previous Certificate of Estimated Resources. Procedures should be implemented to include monitoring of this budgetary activity and regular detailed comparisons to the Village's actual financial activity to prevent overspending Village resources. In 2007 and 2006, estimated resources were less than budgeted for the general fund and the water fund by \$10,965 and \$8,777 in 2007 and \$14,687 and \$6,542 in 2006.

*Response:* The Village will file an amendment with the County when revenues are not as anticipated.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 and 2006

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<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2007-004**

**Ohio Rev. Code, Section 733.28**, requires the Fiscal Officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended. The Village did not properly classify receipt and disbursement transactions. An accurate record was not maintained for all monies received by the Village. Reclassifications were needed to other financing sources to properly reflect capital outlays and general government expenditures. This condition resulted in inaccurate accounting records.

The Village has made these adjustments to their books and the adjustments are reflected in the financial statements.

*Response:* The Village will review its current accounting methods and implement changes where needed.

**VILLAGE OF FLETCHER  
MIAMI COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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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>
2005-001	Ohio Rev Code Section 5705.41(D) Failure to certify the availability of funds prior to incurring the obligations.	No	Reissued as 2007-001
2005-002	Reportable Condition: Monitoring of the Fiancial Activity	No	Reissued as 2007-002





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF FLETCHER**

**MIAMI 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  
NOVEMBER 13, 2008**