



Dave Yost • Auditor of State

VILLAGE OF FLETCHER
MIAMI COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Fletcher
Miami County
P.O. Box 119
Fletcher, Ohio 45326

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Fletcher, Miami County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 22, 2014

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$3,033	\$18,815	\$21,848
Intergovernmental	17,400	24,398	41,798
Special Assessments		10,054	10,054
Fines, Licenses and Permits	50		50
Earnings on Investments	59	17	76
Miscellaneous	6,841		6,841
Total Cash Receipts	<u>27,383</u>	<u>53,284</u>	<u>80,667</u>
Cash Disbursements:			
Current:			
Security of Persons and Property		21,855	21,855
Leisure Time Activities	821		821
Transportation		11,117	11,117
General Government	24,277	363	24,640
Total Cash Disbursements	<u>25,098</u>	<u>33,335</u>	<u>58,433</u>
Excess of Receipts Over (Under) Disbursements	<u>2,285</u>	<u>19,949</u>	<u>22,234</u>
Fund Cash Balances, January 1	<u>16,070</u>	<u>41,825</u>	<u>57,895</u>
Fund Cash Balances, December 31:			
Restricted		61,774	61,774
Unassigned (Deficit)	18,355		18,355
Fund Cash Balances, December 31	<u>\$18,355</u>	<u>\$61,774</u>	<u>\$80,129</u>

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

VILLAGE OF FLETCHER
MIAMI COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$77,644
Total Operating Cash Receipts	<u>77,644</u>
Operating Cash Disbursements:	
Personal Services	16,696
Employee Fringe Benefits	5,509
Contractual Services	40,863
Supplies and Materials	539
Other	4,957
Total Operating Cash Disbursements	<u>68,564</u>
Operating Income (Loss)	<u>9,080</u>
Non-Operating Receipts (Disbursements):	
Principal Retirement	(18,000)
Interest and Other Fiscal Charges	(5,293)
Total Non-Operating Receipts (Disbursements)	<u>(23,293)</u>
Net Change in Fund Cash Balances	(14,213)
Fund Cash Balances, January 1	<u>50,724</u>
Fund Cash Balances, December 31	<u><u>\$36,511</u></u>

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$3,044	\$18,809	\$21,853
Intergovernmental	19,965	28,041	48,006
Special Assessments		10,065	10,065
Fines, Licenses and Permits	100		100
Earnings on Investments	63	18	81
Total Cash Receipts	<u>23,172</u>	<u>56,933</u>	<u>80,105</u>
Cash Disbursements:			
Current:			
Security of Persons and Property		35,431	35,431
Leisure Time Activities	4,189		4,189
Transportation		17,682	17,682
General Government	30,678	6,577	37,255
Total Cash Disbursements	<u>34,867</u>	<u>59,690</u>	<u>94,557</u>
Excess of Receipts Over (Under) Disbursements	<u>(11,695)</u>	<u>(2,757)</u>	<u>(14,452)</u>
Fund Cash Balances, January 1	<u>27,765</u>	<u>44,582</u>	<u>72,347</u>
Fund Cash Balances, December 31:			
Restricted		41,825	41,825
Assigned	16,070		16,070
Fund Cash Balances, December 31	<u>\$16,070</u>	<u>\$41,825</u>	<u>\$57,895</u>

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$78,522
Total Operating Cash Receipts	<u>78,522</u>
Operating Cash Disbursements:	
Personal Services	24,750
Employee Fringe Benefits	6,752
Contractual Services	45,790
Supplies and Materials	725
Other	4,463
Total Operating Cash Disbursements	<u>82,480</u>
Operating Income (Loss)	<u>(3,958)</u>
Non-Operating Receipts (Disbursements):	
Other Debt Proceeds	180,000
Capital Outlay	<u>(161,771)</u>
Total Non-Operating Receipts (Disbursements)	<u>18,229</u>
Net Change in Fund Cash Balances	14,271
Fund Cash Balances, January 1	<u>36,453</u>
Fund Cash Balances, December 31	<u><u>\$50,724</u></u>

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Fletcher, Miami County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water utilities and park operations. The Village contracts with the Miami County Sheriff's department to provide security of persons and property. The Village contracts with Fletcher Volunteer Fire Department to receive fire protection services and JSP Joint Fire & EMS to receive ambulance services. The Village levies property taxes to support fire and EMS services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits

The Village has an interest-bearing checking account and savings account which are valued at cost.

D. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 state highways.

VILLAGE OF FLETCHER
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Lighting Fund - This fund receives special assessment money for maintaining the street lights of the Village.

Fire Fund - This fund receives tax levy monies for providing fire protection.

Ambulance Fund - This fund receives tax levy monies for providing emergency medical services.

3. **Enterprise Fund**

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

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 or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. **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 re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. **Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Non-spendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

VILLAGE OF FLETCHER
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$116,640</u>	<u>\$108,619</u>

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,500	\$27,383	(\$4,117)
Special Revenue	53,009	53,284	275
Enterprise	90,000	77,644	(12,356)
Total	<u>\$174,509</u>	<u>\$158,311</u>	<u>(\$16,198)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,117	\$25,098	\$14,019
Special Revenue	93,217	33,335	59,882
Enterprise	113,333	91,857	21,476
Total	<u>\$245,667</u>	<u>\$150,290</u>	<u>\$95,377</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,732	\$23,172	(\$16,560)
Special Revenue	46,423	56,933	10,510
Enterprise	99,000	258,522	159,522
Total	<u>\$185,155</u>	<u>\$338,627</u>	<u>\$153,472</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,955	\$34,867	\$34,088
Special Revenue	89,988	59,690	30,298
Enterprise	315,453	244,251	71,202
Total	<u>\$474,396</u>	<u>\$338,808</u>	<u>\$135,588</u>

4. PROPERTY TAX

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

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$162,000	2.90%
Total	\$162,000	

The General Obligation Bonds relate to a water treatment plant renovation project the Village completed in 2012. The Village received bond proceeds of \$180,000 for this project in 2012. The Village will repay the bonds in annual installments of \$18,000 plus interest over ten years.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	General Obligation Bonds	
	Principal	Interest
2014	\$18,000	\$4,763
2015	18,000	4,234
2016	18,000	3,715
2017	18,000	3,176
2018	18,000	2,646
2019-2022	72,000	5,297
Total	\$162,000	\$23,831

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. NONCOMPLIANCE

The Village failed to properly classify various transactions in its books and properly present its annual report as required by law.

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Dave Yost • Auditor of State

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

Village of Fletcher
Miami County
P.O. Box 119
Fletcher, Ohio 45326

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 22, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

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, opining 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 findings 2013-001 through 2013-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

August 22, 2014

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 5705.10(D) states, in part, that except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Additionally, **Ohio Rev Code Section 727.01** states, in part, that each municipal corporation shall have special power to levy and collect special assessments. The legislative authority of a municipal corporation may assess upon the abutting, adjacent, and contiguous, or other specially benefited, lots or lands in the municipal corporation, any part of the cost connected with the improvement of any street, alley, dock, wharf, pier, public road, place, boulevard, parkway, or park entrance or an easement of the municipal corporation available for the purpose of the improvement to be made in it by grading, draining, curbing, paving, repaving, repairing, treating the surface with substances designed to lay the dust on it or preserve it, constructing sidewalks, piers, wharves, docks, retaining walls, sewers, sewage disposal works and treatment plants, sewage pumping stations, water treatment plants, water pumping stations, reservoirs, and water storage tanks or standpipes, together with the facilities and appurtenances necessary and proper therefore, drains, storm-water retention basins, watercourses, water mains, or laying of water pipe, or the lighting, sprinkling, sweeping, or cleaning thereof.

The Village recorded revenues and expenditures from the street lighting special assessments in the amounts of \$10,065 and \$9,347, respectively, in 2012 into the General Fund. However, as required above, all special assessment revenue and related expenditures should be recorded into a separate special revenue fund. Adjustments have been made to the accompanying financial statements and the Village's accounting ledgers.

The Village should implement procedures to verify that all revenues and related expenditures of the municipality are properly recorded into the correct fund classification. Failure to do so could result in material misstatements of the financial statements.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2013-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 733.28 requires, in part, the fiscal officer to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Throughout the audit period, there were numerous errors related to the recording of financial transactions in the accounting system and on the financial statements. The following errors were identified and adjusted in the accompanying financial statements:

FINDING NUMBER 2013-002
(Continued)

- In 2013 and 2012, General Fund intergovernmental receipts were understated and property tax receipts were overstated by \$720 and \$602, respectively, because homestead and rollback receipts were incorrectly recorded as property taxes.
- In 2013 and 2012, Special Revenue Funds intergovernmental receipts were understated and property tax receipts were overstated by \$3,500 and \$3,660, respectively, because homestead and rollback receipts were incorrectly reported as property taxes.
- In 2012, the Village received State Fire Marshal Grant revenue on behalf of the Fletcher Volunteer Fire Department for equipment upgrades; however, the Village signed the check over to the Fletcher Volunteer Fire Department instead of recording the receipt and related disbursement to its accounting records. As a result, Special Revenue Fund intergovernmental receipts and security of persons and property disbursements were understated by \$2,874.
- In 2012, Water Fund loan proceed receipts were understated and miscellaneous receipts were overstated by \$180,000 for a loan that was received to fund a water treatment plant renovation project.
- In 2013, Water Fund charges for services receipts were understated and miscellaneous receipts were overstated by \$5,250 because water fund charges for services were incorrectly recorded as miscellaneous receipts.
- In 2013, Water Fund principal and interest payments were understated by \$18,000 and \$5,293, respectively; and contract services and other financing uses disbursements were overstated by \$23,031 and \$262, respectively, due to loan repayment principal and interest disbursements being recorded to an incorrect line item.
- In 2012, Water Fund capital outlay disbursements were understated and contractual services disbursements were overstated by \$161,771 for payments related to a water treatment plant renovation project.
- In 2013 and 2012, disbursements were incorrectly recorded as other financing uses in the amount of \$6,700 and \$7,247 in the General Fund (instead of general government), respectively; and \$213 and \$9,624 in the Water Fund (instead of personal services and contractual services), respectively.
- **Auditor of State Bulletin 2011-004** states that when an appropriation measure is adopted for the subsequent year, and those appropriations exceed estimated receipts, the excess is to be assigned as it uses existing fund balance at year-end. This would be applicable only to the General Fund as it is the only fund with a positive unassigned fund balance. The Village failed to properly classify the amount by which temporary appropriations exceeded estimated receipts for the subsequent fiscal year in the amount of \$16,070 for 2012. This amount should have been classified as assigned fund balance rather than unassigned fund balance in the General Fund.

The posting of receipts and expenditures should be performed consistently with the instructions contained in the Uniform Accounting Network (UAN) Chart of Accounts to improve the accuracy and completeness of the Village's financial statements and provide comparative financial statements from year to year. The Village should implement procedures for independent reviews of transaction posting to provide for accurate and consistent financial information.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2013-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision 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. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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 the sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- A. "Then and Now" Certificate** - If the fiscal officer can certify that both at the time 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from 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 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.
- B. Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal. 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.
- C. Super Blanket Certificate** - The Village may also make expenditures and contract 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. The certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for any (100%) expenditures examined, as the Village Fiscal Officer did not sign any of the certifications examined. Additionally, the Village Council has not established by resolution or ordinance a maximum amount for blanket certificates.

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. The Village should certify that the funds are or will be available prior to the obligation to improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations. When prior certification is not possible, "then and now" certification may be used, if appropriate. Additionally, the Village Council should establish by resolution or ordinance a maximum amount for blanket certificates.

Officials' Response:

We did not receive a response from Officials to this finding.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 733.28 – Failure to Properly Classify Receipts and Disbursements	No	Repeated as Finding Number 2013-002
2011-02	Ohio Rev. Code Section 5705.10(D) and Ohio Rev. Code Section 727.01 – Properly Classifying Special Assessments Receipts and Disbursements	No	Repeated as Finding Number 2013-001
2011-03	Ohio Rev. Code Section 149.351(A) – Destruction of Records	Yes	
2011-04	Ohio Rev. Code Section 5705.41(D)(1) – Proper Encumbering of Disbursements	No	Repeated as Finding Number 2013-003
2011-05	Finding For Recovery Repaid Under Audit – Overpayment of Wages	Yes	
2011-06	Finding For Recovery Repaid Under Audit – Overpayment of Wages	Yes	



Dave Yost • 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 6, 2014**