



Mary Taylor, CPA
Auditor of State

VILLAGE OF FLETCHER
MIAMI COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 14, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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, 2009 and 2008 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, 2009 and 2008, 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 Village of Fletcher, Miami County, as of December 31, 2009 and 2008, 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 May 14, 2010, 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.



Mary Taylor, CPA
Auditor of State

May 14, 2010

**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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$4,093	\$19,484	\$23,577
Intergovernmental	25,168	27,036	52,204
Special Assessments	10,091		10,091
Fines, Licenses and Permits	3,887		3,887
Earnings on Investments	91		91
Miscellaneous	2,000		2,000
Total Cash Receipts	<u>45,330</u>	<u>46,520</u>	<u>91,850</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	22,241	17,930	40,171
Leisure Time Activities	3,266		3,266
Transportation		26,839	26,839
General Government	27,473	282	27,755
Total Cash Disbursements	<u>52,980</u>	<u>45,051</u>	<u>98,031</u>
Total Receipts Over Disbursements	<u>(7,650)</u>	<u>1,469</u>	<u>(6,181)</u>
Fund Cash Balances, January 1	<u>39,092</u>	<u>54,766</u>	<u>93,858</u>
Fund Cash Balances, December 31	<u><u>\$31,442</u></u>	<u><u>\$56,235</u></u>	<u><u>\$87,677</u></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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$71,549		\$71,549
Fines, Licenses and Permits		\$4,257	4,257
Total Operating Cash Receipts	<u>71,549</u>	<u>4,257</u>	<u>75,806</u>
Operating Cash Disbursements:			
Personal Services	14,139		14,139
Employee Fringe Benefits	4,469		4,469
Contractual Services	32,848		32,848
Supplies and Materials	1,816		1,816
Other	2,717	4,653	7,370
Total Operating Cash Disbursements	<u>55,989</u>	<u>4,653</u>	<u>60,642</u>
Operating Income/(Loss)	<u>15,560</u>	<u>(396)</u>	<u>15,164</u>
Fund Cash Balances, January 1	<u>18,925</u>	<u>1,177</u>	<u>20,102</u>
Fund Cash Balances, December 31	<u><u>\$34,485</u></u>	<u><u>\$781</u></u>	<u><u>\$35,266</u></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
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$4,145	\$15,277	\$19,422
Intergovernmental	69,666	27,138	96,804
Special Assessments	10,255		10,255
Fines, Licenses and Permits	7,429		7,429
Earnings on Investments	160		160
Miscellaneous	131		131
Total Cash Receipts	<u>91,786</u>	<u>42,415</u>	<u>134,201</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	19,023	17,727	36,750
Public Health Services	3,050		3,050
Leisure Time Activities	5,639	68	5,707
Transportation		12,383	12,383
General Government	30,062	383	30,445
Total Cash Disbursements	<u>57,774</u>	<u>30,561</u>	<u>88,335</u>
Total Receipts Over Disbursements	<u>34,012</u>	<u>11,854</u>	<u>45,866</u>
Fund Cash Balances, January 1	<u>5,080</u>	<u>42,912</u>	<u>47,992</u>
Fund Cash Balances, December 31	<u><u>\$39,092</u></u>	<u><u>\$54,766</u></u>	<u><u>\$93,858</u></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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$69,922		\$69,922
Fines, Licenses and Permits		\$8,884	8,884
Total Operating Cash Receipts	<u>69,922</u>	<u>8,884</u>	<u>78,806</u>
Operating Cash Disbursements:			
Personal Services	19,916		19,916
Employee Fringe Benefits	5,139		5,139
Contractual Services	38,258		38,258
Supplies and Materials	3,393		3,393
Other	4,845	8,182	13,027
Total Operating Cash Disbursements	<u>71,551</u>	<u>8,182</u>	<u>79,733</u>
Operating Income/(Loss)	<u>(1,629)</u>	<u>702</u>	<u>(927)</u>
Fund Cash Balances, January 1	<u>20,554</u>	<u>475</u>	<u>21,029</u>
Fund Cash Balances, December 31	<u><u>\$18,925</u></u>	<u><u>\$1,177</u></u>	<u><u>\$20,102</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, 2009 AND 2008**

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 governmental services, water utilities, park operations, and police services. The Village contracts with Fletcher Fire Department to receive fire protection 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 and Investments

Village had no investments.

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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 constructing, maintaining, and repairing state highways.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

These funds account 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.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Village's Mayor's Court. The Mayor's Court had start-up monies, which are carried in this fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when 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 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2009	2008
Demand deposits	\$122,943	\$113,960

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 62,761	\$ 45,330	(\$17,431)
Special Revenue	46,224	46,520	296
Enterprise	73,000	71,549	(1,451)
Total	\$181,985	\$163,399	(\$18,586)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,853	\$ 52,980	\$ 48,873
Special Revenue	100,989	45,051	55,938
Enterprise	91,925	55,989	35,936
Total	\$294,767	\$154,020	\$140,747

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,971	\$ 91,786	(\$12,185)
Special Revenue	40,832	42,415	1,583
Enterprise	69,643	69,922	279
Total	\$214,446	\$204,123	(\$10,323)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,052	\$ 57,774	\$ 51,278
Special Revenue	83,743	30,561	53,182
Enterprise	90,197	71,551	18,646
Total	\$282,992	\$159,886	\$123,106

Contrary to Ohio law, the Village did not routinely encumber funds in violation of Ohio Rev. Code Section 5705.41(D). In addition, the Village had appropriations in excess of available resources in the General Fund by \$17,431 and the Fire Levy Fund by \$1,451 at December 31, 2009, and in the General Fund by \$12,185 at December 31, 2008 in violation of Ohio Rev. Code Section 5705.36(A)(2).

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.

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). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. At December 31, 2009, the Village had \$391 employee share outstanding and \$547 employer share outstanding.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

7. SUBSEQUENT EVENT

On February 8, 2010, the record of the proceedings noted the Village will receive \$2.7 million for a sewer system project through stimulus monies. The funding will flow through Miami County with the exception of the Ohio Public Works Commission Grant in amount \$300,000.

8. NONCOMPLIANCE

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 14, 2010 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-003 described in the accompanying schedule of findings to be a material weakness.

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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 14, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 14, 2010

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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 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 Village Council (the Council) can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 Council.
2. **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 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.
3. **Super Blanket Certificate** – The Council 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.

The Village of Fletcher did not properly certify the availability of funds prior to purchase commitment for 62% (\$49,685 out of \$80,449 expenditures tested) in 2009 and 48% (\$37,171 out of \$78,224 expenditures tested) in 2008, and there was no evidence that Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and lead to negative cash fund balances.

**FINDING NUMBER 2009-001
 (Continued)**

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, the Village should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

The fiscal officer will correct and comply with the use of "Then and Now", "Blanket", and "Super" Blanket Certificates. I thought the process I was using was the correct method.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The following funds had actual available resources (Actual Revenues plus Unencumbered Balance) below the current level of appropriation at December 31, 2009:

<u>Fund</u>	<u>Appropriations</u>	<u>Available Resources</u>	<u>Variance</u>
General Fund (1000)	\$101,853	\$84,422	(\$17,431)
Fire Levy Fund (2904)	91,925	71,549	(1,451)

The following fund had actual available resources (Actual Revenues plus Unencumbered Balance) below the current level of appropriations at December 31, 2008:

<u>Fund</u>	<u>Appropriations</u>	<u>Available Resources</u>	<u>Variance</u>
General Fund 1000	\$109,052	\$96,867	(\$12,185)

The Village should monitor estimated and actual revenues throughout the year and obtain an amended certificate if revenues are going to significantly vary from the original estimate to prevent over-appropriating available resources.

Officials' Response:

I have been doing this process for years and will try to readjust my procedures.

FINDING NUMBER 2009-003

Noncompliance Citation / Material Weakness

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. The following errors were noted on the Village's annual reports:

- 2009 and 2008 annual reports did not present the Mayor's Court (Agency Fund) which understated the revenue by \$4,257 and \$8,884, respectively, and expenditures by \$4,653 and \$8,182, respectively.
- 2009 and 2008 annual report had expenditures incorrectly recorded as other financing uses by \$5,512 and \$7,270 in the General Fund respectively; \$156 in the Street Maintenance Fund for 2008; and \$5,280 and \$12,593 in Water Fund respectively.
- The January 1, 2008 beginning balance was overstated according to the audited December 31, 2007 balance by \$38 for the General Fund and \$124 for Water Fund.
- In 2008, the \$10,000 personal property exemption revenues were improperly posted as taxes. These settlements should be posted as intergovernmental revenue as this is reimbursement from the state. Also, public utility revenue was incorrectly recorded in 2008 and 2009. House Bill 66 phased out the tax on the tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. At the same time, the bill replaces the revenue lost due to phasing out the tax. In the first five years, school districts and local governments are reimbursed fully for lost revenue; in the following seven years, the reimbursements are phased out. Additionally, the Village received local government tangible personal property tax reimbursements (CAT Tax) but incorrectly posted it as tax revenue in 2009 and 2008. These reimbursements should be treated as state reimbursed money, in the same manner as property tax rollback reimbursements i.e. as intergovernmental revenue. Finally, in 2009 and 2008, the first and second half real property homestead and rollback from the State were incorrectly recorded as taxes. These state reimbursements should be posted as intergovernmental revenue, which caused the intergovernmental revenue to be understated by \$2,038 in the Fire Levy Fund and \$2,071 in the Ambulance Fund for 2009 and \$1,112 in the Fire Levy Fund and \$1,837 in the Ambulance Fund for 2008.

The 2009 and 2008 annual reports required numerous audit adjustments and reclassifications for proper presentation. The adjustments are reflected on the audited financial statements and have been posted to the Village's records. The Village clerk-treasurer should review the Village Handbook for proper posting and use due care in preparation of the annual report. The Village clerk-treasurer should also obtain assistance in determination of proper posting when necessary.

Policies and procedures should be developed and implemented to verify that all receipts are posted in correct accounts. The Village can consult the Ohio Department of Taxation's website at http://tax.ohio.gov/channels/other/services_for_local_govts.stm to verify the accuracy of personal property reimbursement distribution amongst various funds. The clerk-treasurer should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted in accordance with the UAN chart of accounts.

Officials' Response:

Fiscal Officer was unaware that the Mayor's Court was to be set as its own Fund. Since we have had Mayor's court it has always went to the General Fund. Mayor's Court and our Police Department was eliminated at the end of December 2009. Whatever monies that may come in 2010 for Mayor's court will go to the General Fund. I have already begun the year before the audit was done. Special Revenue had intergovernmental revenue incorrectly posted, and other intergovernmental revenue posted incorrectly. I was and am still unsure what codes certain taxes go under and how to determine where they are to be posted when received. I will work with someone to make sure that they will be placed under the proper/correct codes.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 5705.41(D) – prior certification of funds	No	Not corrected, re-issued as Finding Number 2009-001
2007-002	Monitoring of Financial Activity	No	Partially corrected. See comments in separate letter to management.
2007-003	Ohio Rev. Code Section 5705.36 – estimated resources in excess of actual revenue	No	Partially corrected. Re-issued as Finding Number 2009-002
2007-004	Ohio Rev. Code Section 733.28 – did not properly classify receipts and disbursements	No	Not corrected, re-issued as Finding Number 2009-003



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
JUNE 29, 2010**