

**VILLAGE OF FLETCHER
MIAMI COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018



OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Village Council
Village of Fletcher
71 North Walnut Street
Fletcher, Ohio 45326

We have reviewed the *Independent Auditor's Report* of the Village of Fletcher, Miami County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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.

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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 20, 2020

This page intentionally left blank.

**VILLAGE OF FLETCHER
MIAMI COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2019 and 2018**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditor’s Report	1-2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2019	3
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type – For the Year Ended December 31, 2019	4
Notes to the Financial Statements – For the Year Ended December 31, 2019	5-12
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2018	13
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type – For the Year Ended December 31, 2018	14
Notes to the Financial Statements – For the Year Ended December 31, 2018	15-22
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23-24
Schedule of Audit Findings	25-26
Schedule of Prior Audit Findings – Prepared by Management	27
Corrective Action Plan – Prepared by Management	28

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Village of Fletcher
Miami County
71 N. Walnut Street
Fletcher, Ohio 45326

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2019 and 2018, and the changes in financial position or cash flows 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 cash balances, receipts and disbursements by fund type, and the related notes of the Village of Fletcher, Miami County, as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 10 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Charles E. Harris & Associates, Inc.
June 25, 2020

**VILLAGE OF FLETCHER, OHIO
MIAMI COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 2,925	\$ 18,917	\$ 21,842
Intergovernmental	22,406	32,707	55,113
Special Assessments	-	11,094	11,094
Fines, Licenses and Permits	60	-	60
Earnings on Investments	275	228	503
Miscellaneous	100	348.00	448
	25,766	63,294	89,060
Cash Disbursements			
Current:			
Security of Persons and Property	159	22,920	23,079
Leisure Time Activities	1,309	-	1,309
Transportation	-	28,638	28,638
General Government	26,377	3,670	30,047
Debt Service:			
Principal Retirement	-	328	328
	27,845	55,556	83,401
Total Cash Disbursements	27,845	55,556	83,401
Net Change in Fund Cash Balances	(2,079)	7,738	5,659
Fund Cash Balances, January 1, 2019 (restated)	12,726	53,450	66,176
Fund Cash Balances, December 31, 2019			
Restricted	-	61,188	61,188
Unassigned	10,647	-	10,647
	10,647	61,188	71,835
Fund Cash Balances, December 31, 2019	\$ 10,647	\$ 61,188	\$ 71,835

See Accompanying Notes to the Financial Statements.

**VILLAGE OF FLETCHER
MIAMI COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2019**

	Enterprise
Operating Receipts:	
Charges for Services	\$ 87,405
Total Operating Receipts	87,405
Operating Disbursements:	
Personal Services	29,165
Employee Fringe Benefits	8,114
Contractual Services	39,069
Supplies and Materials	655
Other	4,343
Total Operating Disbursements	81,346
Operating Income	6,059
Non-Operating Receipts/(Disbursements):	
Miscellaneous Receipts	1,085
Debt Service:	
Principal Retirement	(8,000)
Interest and Fiscal Charges	(2,005)
Other Financing Uses	(500)
Total Nonoperating Receipts/(Disbursements)	(9,420)
Net Change in Fund Cash Balances	(3,361)
Fund Cash Balance, January 1, 2019 (restated)	7,442
Fund Cash Balance, December 31, 2019	\$ 4,081

See Accompanying Notes to the Financial Statements.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Fletcher (the Village), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water utilities and park operations. The Village contracts with the JSP Joint Fire District for emergency services protection and the Fletcher Volunteer Firemen's Association, Inc. for fire protection.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 The street construction maintenance and repair fund accounts for and reports State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline and motor vehicle taxes for use in constructing, maintaining, and repairing state highways within the Village.

Street Lighting Fund This fund receives proceeds of special assessments from Village property owners to provide street lighting.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies – Continued

Special Revenue Funds - Continued

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

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

Ambulance 1 Mil Fund This fund receives tax levy monies for providing emergency medical services.

Fire 1 Mil Fund This fund receives tax levy monies for providing fire services.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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. Unencumbered appropriations lapse at year end.

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

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies - Continued

Budgetary Process – Continued

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Village has an interest-bearing checking account and savings account which are valued at cost. The Village does not have investments.

Capital Assets

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

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:

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

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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget in the General Fund.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies - Continued

Fund Balance – Continued

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,766	\$25,766	\$ -
Special Revenue	63,294	63,294	-
Enterprise	88,490	88,490	-

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$27,845	\$27,845	\$ -
Special Revenue	55,556	55,556	-
Enterprise	91,851	91,851	-

Note 4 – Deposits

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 and investments at December 31 was as follows:

	2019
Demand deposits	\$75,916

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits - Continued

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized for 102 percent through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – 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.

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

Note 6 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management – Continued

Risk Pool Membership - Continued

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018 (latest information available).

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$60,820	2.90%
Ohio EPA Emergency Loan	12,250	0.00%
Ohio Public Works Commission (OPWC)	8,541	0.00%
Total	\$81,611	

In 2012, the Village issued bonds in the sum of \$180,000 for a renovation project at the water treatment plant for needed improvements. The bonds were sold to Fifth Third Bank at an interest rate of 2.9%. In 2019, the Village re-structured the bonds. The outstanding principal was \$72,000; however, Fifth Third Bank applied late fees and interest of \$3,180 that had been paid in prior years towards the balance, reducing the balance that was refinanced to \$68,820. The renegotiated bond is being repaid in annual installments of \$8,000, plus interest beginning June 1 of 2019 to June 1, 2027. The original maturity date was December 1, 2022.

In 2015, the Village received a drinking water protection fund emergency loan from the Ohio EPA for \$24,500. The loan relates to costs incurred to replace 320 feet of waterline. The loan is interest free and repayment was to be made 12 months after issuance; however, to date the only payments made were in 2018 totaling \$12,250.

The OPWC loan relates to a Main Street Reconstruction project. The original loan amount was \$9,854 with semiannual installments of \$164 over 30 years.

Amortization

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

	General Obligation Bonds	Ohio EPA	OPWC #CK06P
Year <u>Ended</u>			
2020	\$9,270	\$ 12,250	\$ 328
2021	9,532	-	328
2022	9,300	-	328
2023	9,068	-	328
2024	8,836	-	328
2025-2029	21,935	-	1,640
2030-2034	-	-	1,640
2035-2039	-	-	1,640
2040-2044	-	-	1,640
2045	-	-	341
Total	\$67,941	\$12,250	\$8,541

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Contingent Liabilities/Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Management believes there are no pending claims or lawsuits.

Note 11 – Fund Balance Adjustments

The Village made some minor adjustments in January 2019 to correct transactions originally recorded in 2018. Therefore, the beginning fund balances for 2019 are restated as follows:

	General Fund	Enterprise Fund
Fund Balance as previously reported	\$12,747	\$7,104
Adjustments in 2019 to correct transactions from 2018	(21)	338
Restated Fund balance	<u>\$12,726</u>	<u>\$7,442</u>

**VILLAGE OF FLETCHER, OHIO
MIAMI COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 2,859	\$ 18,527	\$ 21,386
Intergovernmental	22,085	27,658	49,743
Special Assessments	-	10,878	10,878
Fines, Licenses and Permits	125	-	125
Earnings on Investments	607	174	781
Miscellaneous	451	-	451
Total Cash Receipts	26,127	57,237	83,364
Cash Disbursements			
Current:			
Security of Persons and Property	1,332	32,161	33,493
Leisure Time Activities	3,103	-	3,103
Transportation	-	58,283	58,283
General Government	22,099	374	22,473
Capital Outlay	35,474	-	35,474
Debt Service:			
Principal Retirement	328	-	328
Total Cash Disbursements	62,336	90,818	153,154
Excess of Receipts Over (Under) Disbursements	(36,209)	(33,581)	(69,790)
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	39,110	-	39,110
Total Other Financing Receipts (Disbursements)	39,110	-	39,110
Net Change in Fund Cash Balances	2,901	(33,581)	(30,680)
Fund Cash Balances, January 1, 2018	9,846	87,031	96,877
Fund Cash Balances, December 31 2018			
Restricted	-	53,450	53,450
Assigned	2,979	-	2,979
Unassigned	9,768	-	9,768
Fund Cash Balances, December 31, 2018	\$ 12,747	\$ 53,450	\$ 66,197

See Accompanying Notes to the Financial Statements.

**VILLAGE OF FLETCHER
MIAMI COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
For the Year Ended December 31, 2018**

	Enterprise
Operating Receipts:	
Charges for Services	\$ <u>79,505</u>
Total Operating Receipts	79,505
Operating Disbursements:	
Personal Services	20,394
Employee Fringe Benefits	6,549
Contractual Services	31,379
Supplies and Materials	571
Other	<u>1,830</u>
Total Operating Disbursements	<u>60,723</u>
Operating Income	18,782
Non-Operating Receipts/(Disbursements):	
Miscellaneous Receipts	1,061
Debt Service:	
Principal Retirement	(30,250)
Interest and Fiscal Charges	<u>(5,818)</u>
Total Nonoperating Receipts/(Disbursements)	<u>(35,007)</u>
Net Change in Fund Cash Balances	(16,225)
Fund Cash Balance, January 1, 2018	<u>23,329</u>
Fund Cash Balance, December 31, 2018	<u><u>\$ 7,104</u></u>

See Accompanying Notes to the Financial Statements.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Fletcher (the Village), Miami County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water utilities and park operations. The Village contracts with the JSP Joint Fire District for emergency services protection and the Fletcher Volunteer Firemen's Association, Inc. for fire protection.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 The street construction maintenance and repair fund accounts for and reports State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund This fund receives gasoline and motor vehicle taxes for use in constructing, maintaining and repairing state highways within the Village.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies – Continued

Special Revenue Funds - Continued

Street Lighting Fund This fund receives proceeds of special assessments from Village property owners to provide street lighting.

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

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

Ambulance 1 Mil Fund This fund receives tax levy monies for providing emergency medical services.

Fire 1 Mil Fund This fund receives tax levy monies for providing fire services.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Basis of Accounting

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Council 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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. Unencumbered appropriations lapse at year end.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies - Continued

Budgetary Process - Continued

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village has an interest-bearing checking account and savings account which are valued at cost. The Village does not have investments.

Capital Assets

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

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:

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

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.

Committed Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies - Continued

Fund Balance - Continued

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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget in the General Fund.

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$65,237	\$65,237	\$ -
Special Revenue	57,237	57,237	-
Enterprise	80,566	80,566	-

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$63,040	\$62,336	\$ 704
Special Revenue	138,872	90,818	48,054
Enterprise	97,514	96,791	723

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits

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 and investments at December 31 was as follows:

	<u>2018</u>
Demand deposits	\$73,301

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized for 102 percent through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – 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.

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

Note 6 - Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management – Continued

Risk Pool Membership – Continued

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village did not pay the required contributions until February 2019.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 0 percent of the employer contribution to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$72,000	2.90%
Ohio EPA Emergency Loan	12,250	0.00%
Ohio Public Works Commission (OPWC)	8,869	0.00%
Total	<u>\$93,119</u>	

In 2012, the Village issued bonds in the sum of \$180,000 for a renovation project at the water treatment plant for needed improvements. The bonds were sold to Fifth Third Bank at an interest rate of 2.9%. The bond is being repaid in annual installments of \$18,000, plus interest, beginning on June 1 of 2013 and ending on December 1, 2022.

In 2015, the Village received a drinking water protection fund emergency loan from the Ohio EPA for \$24,500. The loan relates to costs incurred to replace 320 feet of waterline. The loan is interest free and repayment was to be made 12 months after issuance; however, no payments were made until 2018.

The OPWC loan relates to a Main Street Reconstruction project. The original loan amount was \$9,854 with semiannual installments of \$164 over 30 years.

Village of Fletcher, Ohio
Miami County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt- Continued

Amortization

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

Year Ended	General Obligation Bonds	Ohio EPA	OPWC #CK06P
2019	\$20,117	\$ 12,250	\$ 328
2020	19,592	-	328
2021	19,059	-	328
2022	18,529	-	328
2023	-	-	328
2024-2028	-	-	1,640
2029-2033	-	-	1,640
2034-2038	-	-	1,640
2039-2043	-	-	1,640
2044-2045	-	-	669
Total	\$72,297	\$12,250	\$8,869

Note 10 – Contingent Liabilities

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Village of Fletcher
Miami County
71 N. Walnut Street
Fletcher, Ohio 45326

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Fletcher, Miami County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *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 Village's financial statements will not be prevented, or detected and corrected on a timely basis. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Audit Findings as items 2019-002 and 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 June 25, 2020.

Entity's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 25, 2020

VILLAGE OF FLETCHER
MIAMI COUNTY
Schedule of Audit Findings
December 31, 2019 and 2018

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

Finding Number 2019-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2019 and 2018, errors were noted in the Village's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- Various general fund expenses of \$1,020 in 2019 and \$41,242 in 2018 which were mis-classified as Other Financing Uses were reclassified. In addition, an Enterprise fund expense of \$3,154 in 2018 which was mis-classified as Other Financing Uses was reclassified.
- Debt service payments of \$8,328 in 2019 and \$30,578 in 2018 which were classified as contractual or general government expenses were reclassified.
- In 2018, \$10,000 of the cost of a storm repair was reclassified from general government expense to transportation expense.
- Proceeds from the sale of assets in 2018 totaling \$39,110 were reclassified from miscellaneous revenue to sale of assets.
- In 2018, \$3,264 of salary expense was erroneously recorded as miscellaneous expense.
- The amount by which general fund subsequent year appropriations exceeded estimated resources was not presented as an assignment of fund balance in the amount of \$2,979 for 2018.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board Statement No. 54, Audit Bulletin 2001-004, the Village Officer's Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management's Response:

See Corrective Action Plan on page 28.

VILLAGE OF FLETCHER
MIAMI COUNTY
Schedule of Audit Findings - Continued
December 31, 2019 and 2018

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

Finding Number 2019-002 – Non Compliance

In connection with our testing of expenditures and payroll, we noted the Village was not remitting payroll taxes on a timely basis. Internal Revenue Code 26 U.S.C. Sections 3401-3406 as well as various state and local laws require the timely remittance of withheld and employer payroll taxes. Contrary to these requirements, the Village's remittances for the 2018 tax year were made 6 to 9 months in arrears.

We recommend that the Village prepare and remit all required tax returns in a timely manner for compliance with the Ohio Revised Code and to avoid late fees and penalties.

Management's Response:

See Corrective Action Plan on page 28.

Finding Number 2019-003 – Non Compliance

The Village obtained an emergency loan for \$24,500 from the Ohio EPA in December 2015 to repair a waterline. The loan terms of the loan called for repayment in 12 months. However, the Village has not repaid the loan as of December 31, 2019. However, the Village did make payments in 2018 of \$12,500. The Village and Ohio EPA have entered an informal repayment agreement of \$700 per month. We further noted that in 2018 the Village made a late payment on another loan resulting in late fees exceeding \$2,000. When the loan was renegotiated, the lender forgave the Village the late fees and applied it to the outstanding principal.

We recommend the Village establish a procedure to ensure payments on all loans are made timely to avoid late fees and penalties.

Management's Response:

See Corrective Action Plan on page 28.

VILLAGE OF FLETCHER
 MIAMI COUNTY
 For the Years Ended December 31, 2019 and 2018

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Material Weakness – Audit Adjustments and Reclassifications	Not corrected	See Corrective Action Plan
2017-002	Non Compliance – Payroll taxes not filed timely	Not corrected	See Corrective Action Plan
2017-003	Non Compliance – Late and lack of loan payments	Not corrected	See Corrective Action Plan

**VILLAGE OF FLETCHER
MIAMI COUNTY
For the Years Ended December 31, 2019 and 2018**

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	The Village Clerk will set up accounts in UAN that are needed to properly record all transactions. The Village Clerk will also review GASB Statement Number 54, Audit Bulletin 2011-004, the Village Officer’s Handbook and other Auditor of State guidance as references when recording transactions.	Immediately	Julie M. Anderson. Village Clerk/Treasurer
2019-002	In 2019 and forward all payroll taxes will be paid on time including annual reporting.	Immediately	Julie M. Anderson, Village Clerk
2019-003	Starting in June of 2020 the Village will transfer \$700 per month to the Enterprise Debt Service fund for the purpose of beginning a repayment agreement with the EPA. The Village Clerk is to contact Wayne Cannon regarding this issue in order to arrange the repayment plan. Payments on other loans will be made timely.	Immediately	Julie M. Anderson, Village Clerk/Treasurer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FLETCHER

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 9/1/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov