

VILLAGE OF FLETCHER

DAYTON REGION, MIAMI COUNTY

REGULAR AUDIT

JANUARY 1, 2000 THROUGH DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

We have reviewed the Independent Auditor's Report of the Village of Fletcher, Miami County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 2000 through December 31, 2001. 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.

Finding for Recovery:

Ohio Rev. Code Sec. 2743.70, 2949.091 and 4513.263 require the Village to charge a fine, payable to the State of Ohio for certain violations. It was noted during the audit that the Village did not remit to the State of Ohio fees collected on their behalf in the amount of two thousand two hundred eighty dollars (\$2,280) for the year ending December 31, 2000. Nine hundred forty five dollars (\$945) is due to the State Reparations Fund and one thousand three hundred thirty five dollars (\$1,335) due to the General Fund.

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.

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JIM PETRO
Auditor of State

September 6, 2002

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**VILLAGE OF FLETCHER
MIAMI COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Auditors'	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund - For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2000	5
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund - For the Year Ended December 31, 2000	6
Notes to the Financial Statements	7 - 11
Report of Independent Accountants on Compliance and On Internal Control Required By <i>Government Auditing Standards</i>	12 – 13

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

REPORT OF INDEPENDENT AUDITORS'

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

We have audited the accompanying financial statements of the Village of Fletcher, Miami County, (the Village), as of and for the years ended December 31, 2001, and 2000. 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 audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Fletcher, Miami County, as of December 31, 2001, and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 4, 2002, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report on considering the results of our audit.

This report is intended solely for the information and use of the management, the Village council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 4, 2002

**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, 2001

	Governmental Funds			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Taxes	\$ 3,429	\$ 17,996	\$ 0	\$ 21,425
Intergovernmental Receipts	37,220	18,370	184,500	240,090
Special Assessments	8,539	0	0	8,539
Fines, Licenses, and Permits	20,736	0	0	20,736
Interest	2,556	88	0	2,645
Miscellaneous	940	0	0	940
Total Cash Receipts	\$ 73,420	\$ 36,455	\$ 184,500	\$ 294,375
Cash Disbursements:				
General Government	\$ 24,369	\$ 287	\$ 0	\$ 24,656
Security of Persons and Property	30,182	13,021	0	43,202
Public Health Service	836	0	0	836
Leisure Time Activities	826	0	0	826
Capital Outlay	0	0	217,500	217,500
Transportation	0	9,679	0	9,679
Total Cash Disbursements	\$ 56,213	\$ 22,987	\$ 217,500	\$ 296,700
Total Receipts Over/ (Under) Disbursements	\$ 17,207	\$ 13,468	\$ (33,000)	\$ (2,325)
Other Financing Sources/(Uses)				
Transfers In	\$ 0	\$ 0	\$ 33,000	\$ 33,000
Transfers Out	(33,000)	0	0	(33,000)
Other Financing Uses	(23,386)	(327)	0	(23,713)
Total Other Financing Sources/(Uses)	\$ (56,386)	\$ (327)	\$ 33,000	\$ (23,713)
Total Receipts Over/ (Under) Disbursements and Other Financing Sources/(Uses)	\$ (39,179)	\$ 13,142	\$ 0	\$ (26,037)
Fund Cash Balances, January 1, 2001	\$ 75,243	\$ 28,769	\$ 0	\$ 104,012
Fund Cash Balances, December 31, 2001	\$ 36,064	\$ 41,910	\$ 0	\$ 77,974

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001

	PROPRIETARY FUND	FIDUCIARY FUND	Total (Memorandum Only)
	Enterprise Fund	Agency Fund	
	<u> </u>	<u> </u>	<u> </u>
Operating Receipts:			
Charges for Services	\$ 56,407	\$ 0	\$ 56,407
Fines, Licenses, and Permits	0	18,870	18,870
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	\$ <u>56,407</u>	\$ <u>18,870</u>	\$ <u>75,277</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 14,218	\$ 0	\$ 14,218
Employee's Retirement and Insurance	4,488	0	4,488
Purchased Services	30,195	0	30,195
Supplies and Materials	308	0	308
State of Ohio	0	6,509	6,509
Village of Fletcher	0	20,476	20,476
Other	<u>3,204</u>	<u>0</u>	<u>3,204</u>
Total Operating Disbursements	\$ <u>52,413</u>	\$ <u>26,985</u>	\$ <u>79,398</u>
Operating Loss	\$ <u>3,994</u>	\$ <u>(8,115)</u>	\$ <u>(4,121)</u>
Non-Operating & Disbursements			
Other Financing Uses	<u>(13,000)</u>	<u>0</u>	<u>(13,000)</u>
Total Other Financing Sources/(Uses)	\$ <u>(13,000)</u>	\$ <u>0</u>	\$ <u>(13,000)</u>
Net Receipts Over/(Under) Disbursements	\$ (9,006)	\$ (8,115)	\$ (17,121)
Fund Cash Balances, January 1, 2001	\$ <u>31,778</u>	\$ <u>9,045</u>	\$ <u>40,823</u>
Fund Cash Balances, December 31, 2001	\$ <u><u>22,772</u></u>	\$ <u><u>930</u></u>	\$ <u><u>23,702</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, 2000

	GOVERNMENTAL FUND TYPES		
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Taxes	\$ 3,415	\$ 13,229	\$ 16,644
Intergovernmental Receipts	33,646	19,205	52,851
Special Assessments	8,583	0	8,583
Fines, Licenses, and Permits	9,417	0	9,417
Interest	3,948	152	4,100
Miscellaneous	<u>147</u>	<u>0</u>	<u>147</u>
Total Cash Receipts	\$ <u>59,156</u>	\$ <u>32,586</u>	\$ <u>91,742</u>
Cash Disbursements:			
General Government	\$ 27,409	\$ 4,159	\$ 31,568
Public Health Services	67	0	
Security of Persons and Property	22,177	12,816	34,993
Leisure Time Activities	703	0	703
Transportation	0	15,060	15,060
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Disbursements	\$ <u>50,356</u>	\$ <u>32,035</u>	\$ <u>82,391</u>
Total Receipts Over/(Under) Disbursements	\$ <u>8,800</u>	\$ <u>551</u>	\$ <u>9,352</u>
Other Financing Sources/(Uses)			
Transfers In	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0
Other Financing Uses	<u>(6,311)</u>	<u>(1,750)</u>	<u>(8,061)</u>
Total Other Financing Sources/(Uses)	\$ <u>(6,311)</u>	\$ <u>(1,750)</u>	\$ <u>(8,061)</u>
Total Receipts Over/(Under) Disbursements and Other Financing Sources/(Uses)	\$ 2,489	\$ (1,199)	\$ 1,291
Fund Cash Balances, January 1, 2000	\$ <u>72,753</u>	\$ <u>29,968</u>	\$ <u>102,721</u>
Fund Cash Balances, December 31, 2000	\$ <u><u>75,243</u></u>	\$ <u><u>28,769</u></u>	\$ <u><u>104,012</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 FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	PROPRIETARY FUND	FIDUCIARY FUND	Total (Memorandum Only)
	Enterprise Fund	Agency Fund	
	<u> </u>	<u> </u>	<u> </u>
Operating Receipts:			
Charges for Services	\$ 58,774	\$ 0	\$ 58,774
Fines, Licenses, and Permits	0	11,054	11,054
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	\$ <u>58,774</u>	\$ <u>11,054</u>	\$ <u>69,828</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 14,276	\$ 0	\$ 14,276
Employee's Retirement and Insurance	5,663	0	5,663
Purchased Services	33,118	0	33,118
Supplies and Materials	64	0	64
State of Ohio	0	0	0
Village of Fletcher	0	9,307	9,307
Other	<u>6,081</u>	<u>0</u>	<u>6,081</u>
Total Operating Disbursements	\$ <u>59,202</u>	\$ <u>9,307</u>	\$ <u>68,509</u>
Operating Loss	\$ <u>(428)</u>	\$ <u>1,747</u>	\$ <u>1,319</u>
Non-Operating & Disbursements			
Other Financing Uses	<u>(5,735)</u>	<u>0</u>	<u>(5,735)</u>
Net Receipts Over/(Under) Disbursements	\$ (6,162)	\$ 1,747	\$ (4,415)
Fund Cash Balances, January 1, 2000	\$ <u>37,940</u>	\$ <u>7,298</u>	\$ <u>45,238</u>
Fund Cash Balances, December 31, 2000	\$ <u><u>31,778</u></u>	\$ <u><u>9,045</u></u>	\$ <u><u>40,823</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
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Fletcher of Miami County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and six-member Council. The Village provides general governmental services, including street maintenance, streetlights and police and fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Village maintains an interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund:

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

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Funds: (continued)

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

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

Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

South End Water Line Replacement Project Fund – This fund receives intergovernmental revenue for replacement and repairs of the Village’s South End Water Line.

Enterprise Fund

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

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

Agency Fund

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

	2001	2000
Demand deposits	<u>\$101,676</u>	<u>\$144,835</u>

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001, and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,060	\$ 73,420	\$ 2,360
Special Revenue	42,660	36,455	(6,205)
Capital Projects	516,151	217,500	(298,651)
Enterprise	<u>80,615</u>	<u>56,407</u>	<u>(24,208)</u>
Total	<u>\$ 710,486</u>	<u>\$383,782</u>	<u>\$(326,704)</u>

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 146,119	\$112,599	\$ 33,520
Special Revenue	56,048	23,314	32,734
Capital Projects	516,151	217,500	298,651
Enterprise	<u>91,767</u>	<u>65,413</u>	<u>26,354</u>
Total	<u>\$ 810,085</u>	<u>\$418,826</u>	<u>\$391,259</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 59,773	\$ 59,156	\$ (617)
Special Revenue	36,801	32,586	(4,215)
Enterprise	<u>78,267</u>	<u>58,774</u>	<u>(19,493)</u>
Total	<u>\$ 174,841</u>	<u>\$150,516</u>	<u>\$(24,325)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$132,527	\$ 56,667	\$ 75,860
Special Revenue	66,768	33,785	32,983
Enterprise	<u>116,208</u>	<u>64,937</u>	<u>51,271</u>
Total	<u>\$315,503</u>	<u>\$155,389</u>	<u>\$160,114</u>

4. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

5. RETIREMENT SYSTEMS

The Village's employees and elected officials belong to either the Social Security System or Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of Social Security System contributed 6.2% of their wages to Social Security. The Village contributed an amount equal to 6.2% of their wages to Social Security. PERS members contributed 8.5% of their gross salaries. The Village is required to contribute an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, the Village contributed 8.13%. For 2001, the Village contributed 13.55%. The Village has paid all contributions required through December 31, 2001.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the Village of Fletcher, Miami County (the Village), as of and for the years ended December 31, 2001, and 2000, and have issued our report thereon dated June 4, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated June 4, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted immaterial instances of other matters involving internal control that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 4, 2002.

This report is intended for the information and use of the management and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 4, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
SEPTEMBER 19, 2002**