

VILLAGE OF FLETCHER

DAYTON REGION, MIAMI COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 - 2002



**Auditor of State
Betty Montgomery**

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, 2002 through December 31, 2003. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 23, 2004

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**VILLAGE OF FLETCHER
MIAMI COUNTY**

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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, 2003, and 2002. 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, 2003, and 2002, 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 30, 2004, 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 30, 2004

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**VILLAGE OF FLETCHER
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Funds			Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Taxes	\$ 4,623	\$ 15,512	\$ 0	\$ 20,135
Intergovernmental Receipts	28,173	20,697	217,552	266,422
Special Assessments	10,171	0	0	10,171
Fines, Licenses, and Permits	13,516	0	0	13,516
Interest	584	0	0	584
Miscellaneous	59	0	0	59
	<u>\$ 57,126</u>	<u>\$ 36,209</u>	<u>\$ 217,552</u>	<u>\$ 310,887</u>
Total Cash Receipts	\$ 57,126	\$ 36,209	\$ 217,552	\$ 310,887
Cash Disbursements:				
General Government	\$ 25,230	\$ 301	\$ 0	\$ 25,531
Security of Persons and Property	31,034	17,306	0	48,340
Public Health Service	400	0	0	400
Leisure Time Activities	1,768	0	0	1,768
Capital Outlay	3,268	5,404	217,552	226,224
Transportation	0	9,321	0	9,321
	<u>\$ 61,700</u>	<u>\$ 32,332</u>	<u>\$ 217,552</u>	<u>\$ 311,584</u>
Total Cash Disbursements	\$ 61,700	\$ 32,332	\$ 217,552	\$ 311,584
Total Receipts Over/ (Under) Disbursements	\$ (4,574)	\$ 3,877	\$ 0	\$ (697)
Fund Cash Balances, January 1, 2003	\$ 6,292	\$ 26,453	\$ 0	\$ 32,745
Fund Cash Balances, December 31, 2003	\$ 1,718	\$ 30,330	\$ 0	\$ 32,048

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, 2003

	PROPRIETARY FUND	FIDUCIARY FUND	Total (Memorandum Only)
	Enterprise Fund	Agency Fund	
Operating Receipts:			
Charges for Services	\$ 69,407	\$ 0	\$ 69,407
Fines, Licenses, and Permits	<u>0</u>	<u>15,571</u>	<u>15,571</u>
Total Cash Receipts	<u>\$ 69,407</u>	<u>\$ 15,571</u>	<u>\$ 84,978</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 14,148	\$ 0	\$ 14,148
Employee's Retirement and Insurance	4,314	0	4,314
Purchased Services	33,393	0	33,393
Supplies and Materials	346	225	571
State of Ohio	0	2,220	2,220
Village of Fletcher	0	13,731	13,731
Capital Outlay	11,638	0	11,638
Other	<u>2,510</u>	<u>0</u>	<u>2,510</u>
Total Operating Disbursements	<u>\$ 66,349</u>	<u>\$ 16,176</u>	<u>\$ 82,525</u>
Net Receipts Over/(Under) Disbursements	<u>\$ 3,058</u>	<u>\$ (605)</u>	<u>\$ 2,453</u>
Fund Cash Balances, January 1, 2003	<u>\$ 19,734</u>	<u>\$ 1,069</u>	<u>\$ 20,803</u>
Fund Cash Balances, December 31, 2003	<u><u>\$ 22,792</u></u>	<u><u>\$ 464</u></u>	<u><u>\$ 23,256</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, 2002

	Governmental Funds			Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Taxes	\$ 3,702	\$ 17,562	\$ 0	\$ 21,264
Intergovernmental Receipts	49,625	18,347	146,389	214,361
Special Assessments	9,259	0	0	9,259
Fines, Licenses, and Permits	15,293	0	0	15,293
Interest	1,234	28	0	1,262
Miscellaneous	525	0	0	525
Total Cash Receipts	\$ 79,638	\$ 35,937	\$ 146,389	\$ 261,964
Cash Disbursements:				
General Government	\$ 31,897	\$ 4,972	\$ 0	\$ 36,869
Security of Persons and Property	39,159	17,887	0	57,046
Public Health Service	334	0	0	334
Leisure Time Activities	4,764	0	0	4,764
Capital Outlay	37,255	15,413	146,389	199,057
Transportation	0	13,123	0	13,123
Total Cash Disbursements	\$ 113,409	\$ 51,395	\$ 146,389	\$ 311,193
Total Receipts Over/ (Under) Disbursements	\$ (33,771)	\$ (15,458)	\$ 0	\$ (49,229)
Other Financing Sources/(Uses)				
Sale of Fixed Assets	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Total Other Financing Sources/(Uses)	\$ 4,000	\$ 0	\$ 0	\$ 4,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ (29,771)	\$ (15,458)	\$ 0	\$ (45,229)
Fund Cash Balances, January 1, 2002	\$ 36,064	\$ 41,910	\$ 0	\$ 77,974
Fund Cash Balances, December 31, 2002	\$ 6,292	\$ 26,453	\$ 0	\$ 32,745

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, 2002

	PROPRIETARY FUND	FIDUCIARY FUND	Total (Memorandum Only)
	Enterprise Fund	Agency Fund	
	<u> </u>	<u> </u>	<u> </u>
Operating Receipts:			
Charges for Services	\$ 70,516	\$ 0	\$ 70,516
Fines, Licenses, and Permits	0	18,136	18,136
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts	\$ <u>70,516</u>	\$ <u>18,136</u>	\$ <u>88,652</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 15,008	\$ 0	\$ 15,008
Employee's Retirement and Insurance	4,688	0	4,688
Purchased Services	27,960	0	27,960
Supplies and Materials	360	0	360
State of Ohio	0	2,721	2,721
Village of Fletcher	0	15,276	15,276
Capital Outlay	23,275	0	23,275
Other	<u>2,263</u>	<u>0</u>	<u>2,263</u>
Total Operating Disbursements	\$ <u>73,554</u>	\$ <u>17,997</u>	\$ <u>91,551</u>
 Net Receipts Over/(Under) Disbursements	 \$ (3,038)	 \$ 139	 \$ (2,899)
Fund Cash Balances, January 1, 2002	\$ <u>22,772</u>	\$ <u>930</u>	\$ <u>23,702</u>
Fund Cash Balances, December 31, 2002	\$ <u><u>19,734</u></u>	\$ <u><u>1,069</u></u>	\$ <u><u>20,803</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, 2003 AND 2002

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, 2003 AND 2002

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 FINACIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

	2003	2002
Demand deposits	<u>\$55,304</u>	<u>\$53,548</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, 2003, and 2002 was as follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 79,245	\$ 57,126	\$ (22,119)
Special Revenue	36,556	36,209	(347)
Capital Projects	217,552	217,552	0
Enterprise	<u>71,000</u>	<u>69,407</u>	<u>(1,593)</u>
Total	<u>\$ 404,353</u>	<u>\$380,294</u>	<u>\$ (24,059)</u>

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 85,537	\$ 61,700	\$ 23,837
Special Revenue	63,008	32,333	30,676
Capital Projects	217,552	217,552	0
Enterprise	<u>90,734</u>	<u>66,34</u>	<u>24,385</u>
Total	<u>\$ 456,831</u>	<u>\$377,934</u>	<u>\$ 78,897</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,018	\$ 83,638	\$ (7,380)
Special Revenue	36,844	35,937	(907)
Capital Projects	275,579	146,389	(129,190)
Enterprise	<u>70,000</u>	<u>70,516</u>	<u>516</u>
Total	<u>\$ 473,441</u>	<u>\$336,480</u>	<u>\$ (136,961)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,082	\$ 113,409	\$ 13,673
Special Revenue	69,628	51,395	18,233
Capital Projects	275,578	146,389	129,189
Enterprise	<u>92,732</u>	<u>73,554</u>	<u>19,178</u>
Total	<u>\$565,020</u>	<u>\$ 384,747</u>	<u>\$ 180,273</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, 2003 AND 2002

5. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2003, the Village has paid all contributions required through December 31, 2003.

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, 2003, and 2002, and have issued our report thereon dated June 30, 2004. 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 30, 2004.

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 30, 2004.

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 30, 2004



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
OCTOBER 5, 2004**