

VILLAGE OF FLETCHER

DAYTON REGION, MIAMI COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Fletcher
71 N. Walnut Street
PO Box 119
Fletcher, Ohio 45326

We have reviewed the *Report of Independent Auditors'* of the Village of Fletcher, Miami County, prepared by Manning & Associates, CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Auditors (AICPA), modifications were required to the *Report of Independent Auditors'* on your financial statements. While the AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Auditors'* also includes an opinion on the financial statements using the regulatory format the AOS permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 12, 2007

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**VILLAGE OF FLETCHER
MIAMI COUNTY**

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MANNING & ASSOCIATES 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, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its large (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004 or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Fletcher, Miami County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

September 7, 2006

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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, 2005

	Governmental Funds		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Taxes	\$ 3,715	\$ 17,830	\$ 21,545
Intergovernmental Receipts	27,897	22,939	50,836
Special Assessments	10,171	0	10,171
Fines, Licenses, and Permits	9,653	0	9,653
Interest	1,332	0	1,332
Miscellaneous	<u>252</u>	<u>0</u>	<u>252</u>
Total Cash Receipts	\$ <u>53,020</u>	\$ <u>40,769</u>	\$ <u>93,789</u>
Cash Disbursements:			
General Government	\$ 25,118	\$ 282	\$ 25,400
Security of Persons and Property	25,220	0	25,220
Public Health Service	1,599	0	1,599
Leisure Time Activities	500	0	500
Capital Outlay	0	2,500	2,500
Transportation	<u>0</u>	<u>15,895</u>	<u>15,895</u>
Total Cash Disbursements	\$ <u>52,437</u>	\$ <u>18,677</u>	\$ <u>71,114</u>
Total Receipts Over/ (Under) Disbursements	\$ <u>583</u>	\$ <u>22,092</u>	\$ <u>22,675</u>
Fund Cash Balances, January 1, 2005	\$ <u>1,534</u>	\$ <u>34,728</u>	\$ <u>36,262</u>
Fund Cash Balances, December 31, 2005	\$ <u><u>2,117</u></u>	\$ <u><u>56,820</u></u>	\$ <u><u>58,937</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, 2005

	PROPRIETARY FUND	FIDUCIARY FUND	Total (Memorandum Only)
	Enterprise Fund	Agency Fund	
Operating Receipts:			
Charges for Services	\$ 65,858	\$ 0	\$ 65,858
Fines, Licenses, and Permits	<u>0</u>	<u>11,599</u>	<u>11,599</u>
Total Cash Receipts	<u>\$ 65,858</u>	<u>\$ 11,599</u>	<u>\$ 77,457</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 14,567	\$ 0	\$ 14,567
Employee's Retirement and Insurance	4,427	0	4,427
Purchased Services	31,715	0	31,715
Supplies and Materials	397	49	446
State of Ohio	0	0	0
Village of Fletcher	0	0	0
Capital Outlay	55,787	0	55,787
Other	<u>0</u>	<u>11,178</u>	<u>11,178</u>
Total Operating Disbursements	<u>\$ 106,893</u>	<u>\$ 11,227</u>	<u>\$ 118,120</u>
Operating Income/(Loss)	<u>\$ (41,035)</u>	<u>\$ 372</u>	<u>\$ (40,663)</u>
Non-Operating Receipts/Disbursements			
Intergovernmental	<u>\$ 52,500</u>	<u>\$ 0</u>	<u>\$ 52,500</u>
Net Receipts over Disbursements	11,465	372	11,837
Fund Cash Balances, January 1, 2005	<u>\$ 10,307</u>	<u>\$ 669</u>	<u>\$ 10,976</u>
Fund Cash Balances, December 31, 2005	<u><u>\$ 21,772</u></u>	<u><u>\$ 1,041</u></u>	<u><u>\$ 22,813</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, 2004

	Governmental Funds		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Taxes	\$ 6,233	\$ 16,198	\$ 22,431
Intergovernmental Receipts	28,048	21,132	49,180
Special Assessments	10,257	0	10,257
Fines, Licenses, and Permits	10,208	0	10,208
Interest	602	0	602
Miscellaneous	36	0	36
Total Cash Receipts	\$ 55,384	\$ 37,330	\$ 92,714
Cash Disbursements:			
General Government	\$ 29,270	\$ 2,652	\$ 31,922
Security of Persons and Property	25,563	17,711	43,274
Leisure Time Activities	735	0	735
Transportation	0	12,569	12,569
Total Cash Disbursements	\$ 55,568	\$ 32,932	\$ 88,500
Total Receipts Over/ (Under) Disbursements	\$ (184)	\$ 4,398	\$ 4,214
Fund Cash Balances, January 1, 2004	\$ 1,718	\$ 30,330	\$ 32,048
Fund Cash Balances, December 31, 2004	\$ 1,534	\$ 34,728	\$ 36,262

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, 2004

	PROPRIETARY FIDUCIARY		Total (Memorandum Only)
	FUND	FUND	
	Enterprise Fund	Agency Fund	
Operating Receipts:			
Charges for Services	\$ 67,583	\$ 0	\$ 67,583
Fines, Licenses, and Permits	<u>0</u>	<u>12,445</u>	<u>12,445</u>
Total Cash Receipts	<u>\$ 67,583</u>	<u>\$ 12,445</u>	<u>\$ 80,028</u>
Operating Disbursements:			
Personal Services - Salaries	\$ 20,007	\$ 0	\$ 20,007
Employee's Retirement and Insurance	4,726	0	4,726
Purchased Services	44,006	0	44,006
Supplies and Materials	3,681	13	3,694
Other	<u>7,648</u>	<u>12,227</u>	<u>19,875</u>
Total Operating Disbursements	<u>\$ 80,068</u>	<u>\$ 12,240</u>	<u>\$ 92,308</u>
Net Receipts Over/(Under) Disbursements	\$ (12,485)	\$ 205	\$ (12,280)
Fund Cash Balances, January 1, 2004	<u>\$ 22,792</u>	<u>\$ 464</u>	<u>\$ 23,256</u>
Fund Cash Balances, December 31, 2004	<u><u>\$ 10,307</u></u>	<u><u>\$ 669</u></u>	<u><u>\$ 10,976</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, 2005 AND 2004

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, 2005 AND 2004

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

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 (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. 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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	2005	2004
Demand deposits	<u>\$80,709</u>	<u>\$46,569</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, 2005, and 2004 was as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,257	\$ 53,020	\$ (14,237)
Special Revenue	40,122	40,769	647
Enterprise	<u>126,920</u>	<u>118,358</u>	<u>(8,562)</u>
Total	<u>\$ 234,299</u>	<u>\$212,147</u>	<u>\$ (22,152)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 68,789	\$ 52,437	\$ 16,352
Special Revenue	74,850	18,677	56,173
Enterprise	<u>135,227</u>	<u>106,893</u>	<u>28,334</u>
Total	<u>\$ 278,866</u>	<u>\$178,007</u>	<u>\$100,859</u>

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,922	\$ 55,384	\$ (11,538)
Special Revenue	39,294	37,330	(1,964)
Enterprise	<u>71,000</u>	<u>67,583</u>	<u>(3,417)</u>
Total	<u>\$ 177,216</u>	<u>\$160,297</u>	<u>\$ (16,919)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,558	\$ 55,568	\$ 11,990
Special Revenue	67,351	32,932	34,419
Enterprise	<u>93,317</u>	<u>80,068</u>	<u>13,249</u>
Total	<u>\$228,226</u>	<u>\$ 168,568</u>	<u>\$ 59,658</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.

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 2005 and 2004, 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, 2005, the Village has paid all contributions required through December 31, 2005.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

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

**MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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, 2005 and 2004, and have issued our report thereon dated September 7, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2005-001 through 2005-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. In a separate letter to the Village's management dated September 7, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2005-001. In a separate letter to the Village's management dated September 7, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

September 7, 2006

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 and 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Noncompliance

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. These certificates need to be signed only by a subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$1,000 (\$3,000 after April 7, 2003), the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Trustees, if such expenditure is otherwise valid.

The Village did not properly certify the availability of funds for some of expenditures tested and neither of the above two exceptions applied.

Failure to properly certify the availability of funds can result in overspending available funds and negative cash fund balances. Effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders. We recommend that Village obtain approved purchase orders, including amounts, which contain the Fiscal Officer's certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

**VILLAGE OF FLETCHER
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 and 2004**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2005-002

Reportable Condition

Monitoring of Financial Activity

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank-to-book reconciliations. The Village's Council and Board of Public Affairs did not receive all the financial reports and/or reconciliations during 2004 and 2005.

The failure of the Village's governing bodies to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Village should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual revenue and expenditure reports and fund balance reports, along with the monthly bank to book reconciliation. Evidence of the review and approval of financial reports should be evidenced by signatures or initials on the documents reviewed and/or mention in the minutes.

Response: The Village will strengthen the monitoring of the reports to Council and evidence this by signatures or initials on the reports themselves.



Mary Taylor, CPA
Auditor of State

VILLAGE OF FLETCHER

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 22, 2007**