

Mifflin Township

Pike County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Mifflin Township  
Hillsboro, Ohio

We have reviewed the *Independent Accountants' Report* of Mifflin Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2003 through December 31, 2004. 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. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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 *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State 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. Mifflin Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

May 1, 2006

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**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Independent Accountants' Report**

Board of Trustees  
Mifflin Township  
Pike County, Ohio  
1588 Pinhook Road  
Hillsboro, OH 45133

We have audited the accompanying financial statements of Mifflin Township, Pike County, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require 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 Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Mifflin Township, Pike County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion & 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 August 16, 2005, on our consideration of the Township'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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.



Balestra, Harr & Scherer, CPAs, Inc.

August 16, 2005



**MIFFLIN TOWNSHIP  
PIKE 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**

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$11,022	\$24,418	\$35,440
Intergovernmental	23,013	77,054	100,067
Earnings on Investments	1,242	784	2,026
Other Revenue	148	0	148
	<u>35,425</u>	<u>102,256</u>	<u>137,681</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	23,792	0	23,792
Public Safety	0	8,720	8,720
Public Works	27,424	69,971	97,395
Health	219	7,572	7,791
Debt Service:			
Redemption of Principal	0	3,181	3,181
Interest and Fiscal Charges	0	689	689
Capital Outlay	0	2,805	2,805
	<u>51,435</u>	<u>92,938</u>	<u>144,373</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,010)</u>	<u>9,318</u>	<u>(6,692)</u>
Fund Cash Balances, January 1	<u>79,872</u>	<u>77,404</u>	<u>157,276</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$63,862</u></b>	<b><u>\$86,722</u></b>	<b><u>\$150,584</u></b>

*The notes to the financial statements are an integral part of this statement.*

**MIFFLIN TOWNSHIP  
PIKE 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$10,244	\$24,273	\$34,517
Intergovernmental	26,085	99,741	125,826
Earnings on Investments	1,407	600	2,007
	<u>37,736</u>	<u>124,614</u>	<u>162,350</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
General Government	32,498	0	32,498
Public Safety	0	9,035	9,035
Public Works	3,237	94,648	97,885
Health	216	5,327	5,543
Debt Service:			
Redemption of Principal	0	2,980	2,980
Interest and Fiscal Charges	0	890	890
Capital Outlay	0	3,014	3,014
	<u>35,951</u>	<u>115,894</u>	<u>151,845</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,785</u>	<u>8,720</u>	<u>10,505</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers-In	7,686	28,300	35,986
Transfers-Out	(23,000)	(12,986)	(35,986)
	<u>(15,314)</u>	<u>15,314</u>	<u>0</u>
Total Other Financing Receipts and (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(13,529)	24,034	10,505
Fund Cash Balances, January 1	<u>93,401</u>	<u>53,370</u>	<u>146,771</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$79,872</u></b>	<b><u>\$77,404</u></b>	<b><u>\$157,276</u></b>

*The notes to the financial statements are an integral part of this statement.*

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mifflin Township, Pike County (the Township), 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with Benton Township to provide fire services.

The Township's management believes these financial statements present all activities for which the Township 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 paid rather than when a liability is incurred.

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

**C. Cash and Investments**

The Township has one demand deposit account and no investments.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. 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 Township had the following significant Special Revenue Funds:

*Motor Vehicle License Fund* – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

*Gasoline Tax Fund* - This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

*Cemetery Fund* – This fund receives levied tax money for the maintenance of the Township cemeteries.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2004 and 2003 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 Township 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:

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$150,584</u>	<u>\$157,276</u>
Total deposits and investments	<u><u>\$150,584</u></u>	<u><u>\$157,276</u></u>

**Deposits:** At December 31, 2004 and December 31, 2003, \$100,000 of the Township's deposits were insured by the Federal Deposit Insurance Corporation and \$25,000 was collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2004 and December 31, 2003, deposits in the amount of \$,31,957 and \$36,185, respectively, were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,195	\$35,425	(\$35,770)
Special Revenue	144,210	102,256	(41,954)
Total	<u>\$215,405</u>	<u>\$137,681</u>	<u>(\$77,724)</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,950	\$51,435	\$110,515
Special Revenue	208,660	92,938	115,722
Total	<u>\$370,610</u>	<u>\$144,373</u>	<u>\$226,237</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,995	\$45,422	(\$33,573)
Special Revenue	166,020	152,914	(13,106)
Total	<u>\$245,015</u>	<u>\$198,336</u>	<u>(\$46,679)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$182,000	\$58,951	\$123,049
Special Revenue	206,000	128,880	77,120
Total	<u>\$388,000</u>	<u>\$187,831</u>	<u>\$200,169</u>

Contrary to Ohio law, the Township did not properly encumber all funds.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 Township.

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 Township.

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$7,020	6.75%

The general obligation note was for a Kubota Tractor/Loader/Backhoe purchased in 2001 through Ricer Equipment. The original loan was for \$15,973 with yearly payments of \$3,870.

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

	<u>Kubota Tractor Note</u>
Year ending December 31:	
2005	\$3,870
2006	<u>3,870</u>
Total	<u>\$7,740</u>

**6. RETIREMENT SYSTEMS**

The Township's elected officials and 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 postretirement 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 2004 and 2003, members of OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2004.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000 on any specific loss. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>
 <u>Property Coverage</u>		
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>

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**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***

Board of Trustees  
Mifflin Township  
Pike County, Ohio  
1588 Pinhook Road  
Hillsboro, OH 45133

We have audited the financial statements of Mifflin Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 16, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 reportable conditions. 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 Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2004-004.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its 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 or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2004-001, 2004-002 and 2004-003.



Mifflin Township  
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*  
Page 2

We also noted certain additional matters that we reported to management of the Township in a separate letter dated August 16, 2005.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

August 16, 2005

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**Noncompliance Citation**

Ohio Revised Code Section 135.18 (specific collateral) and Section 135.181 (pooled collateral) provide that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities (Section 135.18).

Upon request of a treasurer no more than 4 times per year, a public depository is required to report the amount of public monies deposited by the treasurer and secured and the total value based on the valuations described above, of the pool of securities pledged to secure public monies held by the depository, including those deposited by the treasurer (Section 135.181(L)).

The bank balance on December 31, 2004 and December 31, 2003 exceeded the \$100,000 secured by the Federal Deposit Insurance Corporation. The public depository pledged specific securities for the deposits of the Township. However, the uninsured deposits exceeded the value of pledged collateral by \$31,957 and \$36,185 at December 31, 2004 and December 31, 2003, respectively. Therefore, the depository balances were not adequately secured.

The Clerk should monitor the depository balance and the value of the pledged securities to ensure that adequate security is obtained for the deposits of the Township.

**FINDING NUMBER 2004-002**

**Noncompliance Citation**

Ohio Revised Code 5705.14 requires that except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution be passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution is required).

The Township did not approve via formal resolution a transfer of \$12,986 from the Miscellaneous Special Revenue fund (FEMA) to the General Fund and the Gasoline Tax Fund. This could result in the mismanagement of funds.

The Township Board of Trustees should properly monitor and approve all transfers.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2004-003**

**Noncompliance Citation**

Ohio Revised Code 5705.41 (D) states in part that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement are provided by statute:

Then and Now Certificate – This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1000 (until April 7, 2003) (\$3000 (effective April 7, 2003)) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any other wise applicable requirement for approval of expenditures by the taxing authority.

Several of the Township’s expenditures had invoice dates that preceded purchase order dates.

The Clerk’s certification should be completed for any and all disbursements. Additionally, the Township should always utilize a purchase order at the time of commitment, when possible, and properly record the encumbrance of funds in the appropriations ledger. This will enable the Township to better monitor its budgetary position throughout the year and ensure that expenditures do not exceed appropriations.

**FINDING NUMBER 2004-004**

**Reportable Condition**

Estimated vs. Actual Receipts

Estimated receipts exceeded actual receipts at December 31, 2003 in the following funds: General Fund by \$33,573; Motor Vehicle License Fund by \$18,310; Gasoline Tax Fund by \$24,766; Road and Bridge Fund by \$21,776; and Cemetery Fund by \$2,600. Estimated receipts exceeded actual receipts at December 31, 2004 in the following funds: General Fund by \$35,770; Motor Vehicle License Fund by \$10,326; Gasoline Tax Fund by \$31,835; Road and Bridge Fund by \$403; and Cemetery Fund by \$843. This could result in overspending if not monitored.

The Clerk should monitor estimated versus actual receipts throughout the year. If it becomes apparent that the Township is not going to receive what was estimated, the Clerk should request a reduced amended certificate of estimated resources from the County Auditor.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Ohio Revised Code Section 135.18 - inadequate pledged collateral for depository balances	No	Reissued as finding 2004-001.
2002-002	Ohio Revised Code Section 5705.41 (D) – fund not properly certified by Clerk	No	Reissued as finding 2004-003.
2002-003	Ohio Revised Code Section 5575.01 - improper contracting procedures	Yes	Finding no longer valid in current audit period.
2002-004	Not meeting insurance covenant requirements for tractor/loader/backhoe	Yes	
2002-005	Reportable Condition – Estimated receipts exceeding actual receipts	No	Reissued as finding 2004-004.



**Auditor of State  
Betty Montgomery**

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**MIFFLIN TOWNSHIP**

**PIKE 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  
MAY 11, 2006**