



Dave Yost • Auditor of State



MIFFLIN TOWNSHIP  
RICHLAND COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mifflin Township  
Richland County  
2326 Park Avenue East  
Mansfield, Ohio 44903

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Mifflin Township, Richland County, (the Township) as of and for the year ended December 31, 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013, or changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Mifflin Township, Richland County as of December 31, 2013, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2015, 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 internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 27, 2015

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 78,776	\$ 1,035,202	\$ -	\$ 1,113,978
Charges for Services	-	210,326	-	210,326
Licenses, Permits and Fees	1,164	-	-	1,164
Intergovernmental	35,856	430,166	-	466,022
Special Assessments	-	-	7,821	7,821
Earnings on Investments	2,237	125	-	2,362
Gifts & Donations	-	555	-	555
Miscellaneous	14,500	50,133	-	64,633
<i>Total Cash Receipts</i>	<u>132,533</u>	<u>1,726,507</u>	<u>7,821</u>	<u>1,866,861</u>
<b>Cash Disbursements</b>				
Current:				
General Government	193,904	3,120	-	197,024
Public Safety	20,548	921,807	-	942,355
Public Works	-	536,372	-	536,372
Capital Outlay	-	-	7,017	7,017
Debt Service:				
Principal Retirement	-	258,089	-	258,089
Interest and Fiscal Charges	-	73,177	-	73,177
<i>Total Cash Disbursements</i>	<u>214,452</u>	<u>1,792,565</u>	<u>7,017</u>	<u>2,014,034</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(81,919)</u>	<u>(66,058)</u>	<u>804</u>	<u>(147,173)</u>
<b>Other Financing Receipts</b>				
Other Financing Sources	9,085	-	-	9,085
<i>Total Other Financing Receipts</i>	<u>9,085</u>	<u>-</u>	<u>-</u>	<u>9,085</u>
<i>Net Change in Fund Cash Balances</i>	<u>(72,834)</u>	<u>(66,058)</u>	<u>804</u>	<u>(138,088)</u>
<i>Fund Cash Balances, January 1</i>	<u>251,336</u>	<u>2,172,891</u>	<u>13,843</u>	<u>2,438,070</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	1,967,195	14,647	1,981,842
Committed	1,454	139,638	-	141,092
Assigned	114,800	-	-	114,800
Unassigned (Deficit)	62,248	-	-	62,248
<i>Fund Cash Balances, December 31</i>	<u>\$ 178,502</u>	<u>\$ 2,106,833</u>	<u>\$ 14,647</u>	<u>\$ 2,299,982</u>

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

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**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mifflin Township, Richland County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Plan Risk Management, Inc. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits**

The Township did not have any investments. Cash consists of demand deposits.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire District Fund – This fund receives property tax money for providing fire protection services.

Ambulance & Emergency Medical Services Fund - This fund receives EMS charges for services money for providing EMS services.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Lighting Assessment Fund - The Township receives assessments for providing street lighting.

**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. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township 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 2013 budgetary activity appears in Note 3.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

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

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2013
Demand deposits	\$2,299,982

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the year ended December 31, 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 80,500	\$ 141,618	\$ 61,118
Special Revenue	1,395,000	1,726,506	331,506
Capital Projects	4,000	7,821	3,821
Total	\$ 1,479,500	\$ 1,875,945	\$ 396,445

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 305,760	\$ 214,452	\$ 91,308
Special Revenue	2,056,105	1,792,565	263,540
Capital Projects	8,850	7,017	1,833
Total	\$ 2,370,715	\$ 2,014,034	\$ 356,681

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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, 2013 was as follows:

	Principal
General Obligation Bonds - 2006	\$ 955,000
Tax Anticipation Notes - 2005	75,000
Fire Truck Loan - 2007	38,383
Pumper Truck Loan - 2012	158,892
Dump Truck Loan - 2012	86,066
Total	\$ 1,030,000

During 2006, the Township issued general obligation bonds for the purpose of constructing a new fire station, renovating the current fire station and equipping those facilities. The Township's taxing authority collateralized the bonds. During 2005, the Township issued Tax Anticipation Notes. The Tax Anticipation Notes are backed by the full faith and credit of the Township. The Fire Truck, Pumper Truck, and Dump Truck loans are collateralized by the equipment that was purchased with the proceeds.

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

	General Obligation Bonds	Tax Anticipation Notes	Fire Truck	Pumper Truck	Dump Truck
Year ending December 31:					
2014	\$ 58,513	\$ 38,750	\$ 40,213	\$ 58,522	\$ 44,810
2015	58,263	42,000	-	58,522	44,810
2016	98,000	-	-	58,522	-
2017	95,638	-	-	58,522	-
2018	98,275	-	-	-	-
2019-2023	485,163	-	-	-	-
2024-2028	489,125	-	-	-	-
Total	\$1,382,977	\$ 80,750	\$ 40,213	\$ 234,088	\$ 89,620

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2013 through June 30, 2013, OP&F participants contributed 10% of their wages. From July 1, 2013 through December 31, 2013, OP&F participants contributed 10.75% of their wages. For 2013, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all but \$253 for OPERS and \$231 for OP&F contributions required through December 31, 2013.

**7. Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2013.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013  
(Continued)**

**7. Risk Management (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013.

	<b>2013</b>
Assets	<u>\$13,774,304</u>
Liabilities	<u>(7,968,395)</u>
Members' Equity	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Mifflin Township  
Richland County  
2326 Park Avenue East  
Mansfield, Ohio 44903

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Mifflin Township, Richland County, (the Township) as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated January 27, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 through 2013-003 and 2013-005 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-002 and 2013-004.

***Township's Response to Findings***

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 27, 2015

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013**

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

**FINDING NUMBER 2013-001**

**Material Weakness – Cash Reconciliation**

A necessary step in the internal control over financial reporting is to reconcile the bank balance to the accounting record's cash balance. Bank reconciliation means accounting for the differences between the bank statement's balances and the cash and investment balances according to the entity's records at a specific point in time.

The December 31, 2013 bank reconciliations prepared by the Township fiscal officer contained unknown errors. As a result, the Township hired an independent private accountant to identify adjustments that needed to be posted to the Township's books in order to ensure the Township's accounting records reconciled to the bank statements. In 2013, a total of \$391,116 of errors were noted, reducing the Township's book balance. The following errors were identified by the accountant and have been posted to the Township's accounting records and financial statements:

- Payroll posting errors of \$392,469, which consisted of not posting all of the pay periods, payroll disbursements, taxes and Compupay (the organization that processes the Township's payroll) fees correctly to the Township's accounting system;
- Memo check errors of \$4,689, which included double posting checks, not posting checks, or not correctly posting memo transactions;
- Deposit errors of (\$6,042), which included double posting receipts, not posting receipts, or not correctly posting receipts at gross.

Without complete and accurate monthly reconciliations between the accounting records and the bank activity, the Township's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Township should perform complete monthly bank reconciliations in a timely manner. Also, copies of the monthly bank reconciliations and listing of outstanding checks and other reconciling items should be provided to the Board each month for review. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

**FINDING NUMBER 2013-002**

**Material Weakness - Noncompliance – Revenue Posting Error**

**Ohio Rev. Code § 5705.10 (C)** provides that all revenue that is derived from a special levy is to be credited to a special fund for the purpose for which the levy is made. Additionally, section (D) states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. The following posting errors were noted:

- During 2013, \$1,393 of General Fund local government revenue was incorrectly posted as charges for services in the Ambulance & Emergency Fund rather than General Fund intergovernmental receipts.
- During 2013, \$8,141 of OPWC reimbursement to the Township was incorrectly posted to the Permissive Sales Tax Fund intergovernmental receipts rather than Road and Bridge Fund intergovernmental receipts.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)**

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

**FINDING NUMBER 2013-002 (Continued)**

**Material Weakness - Noncompliance – Revenue Posting Error (Continued)**

- During 2013, \$8,584 of permissive sales tax receipts were incorrectly posted to the Gasoline Tax Fund intergovernmental receipts rather than Permissive Sales Tax Fund intergovernmental receipts.

The Fiscal Officer should be diligent in ensuring funds are properly posted to the correct fund in accordance with the Ohio Revised Code.

The Township Fiscal Officer made the adjustments to the Township's records and the adjustments are reflected in the accompanying financial statements.

**FINDING NUMBER 2013-003**

**Material Weakness – Financial Statement Presentation**

In addition to errors noted in Finding Numbers 2013-001 and 2013-002, our receipt and disbursement testing revealed the Township recorded several transactions incorrectly. Mispostings identified included, but were not limited, to the following:

- \$6,715 of General Fund and \$96,746 of Special Revenue Fund homestead and rollback and miscellaneous receipts were incorrectly posted as property tax receipts rather than intergovernmental and miscellaneous receipts.
- \$7,340 of permissive sales tax receipts were incorrectly recorded as interest receipts in the Permissive Sales Tax Fund rather than intergovernmental receipts.
- \$99,291 of debt payments were incorrectly recorded as public safety and public works disbursements rather than principal and interest disbursements.

Adjustments were made to the financial statements and the Township's accounting records for the misstatements identified above.

The Township should exercise due care when posting transactions to help ensure receipts and disbursements are posted to the correct fund and account. Additionally, the Board of Trustees should review monthly receipt and disbursement activity reports to help ensure transactions are properly accounted for and classified. Furthermore, the Board of Trustees should develop financial statement review procedures. These will help to accurately reflect the Township's financial activity and aid in more accurate financial reporting.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-004**

**Finding For Recovery – Repaid Under Audit - Noncompliance – OP&F**

On July 1 2013, the Ohio Police and Fire (OP&F) pension increased the employee portion of the withholdings from 10% to 10.75%. However, the Township did not increase the rate to 10.75% until the first pay period in October 2013, resulting in the employees not contributing the extra .75% during the third quarter of 2013. When OP&F notified the Township of this error, the Township paid the .75% employee portion on behalf of the employees.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against the following employees in the amounts noted below and in favor of the Township's Fire Fund.

Mike Clinage	\$ 79
Matthew Elgart	75
John Fry	78
Dennis Gast	92
Stan Hoptry	78
Brent Krichbaum	102
Davel Markel	104
Brian Mowry	<u>77</u>
	<u>\$685</u>

On December 22, 2014, \$685 had been repaid by the employee's listed above to the Township's Fire Fund. The repayment for Mike Clinage was repaid with check number 1211 on December 22, 2014, and the other amounts were repaid by payroll withholdings from the October 31, 2014 and the November 14, 2014 pay periods.

**FINDING NUMBER 2013-005**

**Material Weakness – GASB 54**

Governmental Accounting Standards Board (GASB) Statement No. 54 provides that fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

The Township did not initially classify the fund balances on their financial statements in accordance with GASB 54. Therefore, the following adjustment and reclassifications were made to the financial statements to properly classify fund balances:

- \$114,800 was classified as assigned fund balance for the subsequent year appropriations exceeding subsequent year estimated receipts in the General Fund.
- \$139,638 was classified as committed fund balance for the Road and Bridge Fund as a result of this fund only receiving inside tax millage.
- \$1,454 was classified as assigned fund balance in the General Fund for money set aside by the Trustees for cemetery expenses.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2013-005 (Continued)**

**Material Weakness – GASB 54 (Continued)**

The Township should review the provisions of GASB 54 to ensure the requirements of GASB 54 are being met.

**Officials' Response:** We are aware of the issues and will take appropriate action to correct them.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Material Weakness – Cash Reconciliation	No	Reissued as Finding Number 2013-001
2012-002	Material Weakness – Financial Statement Presentation	No	Reissued as Finding Number 2013-002
2012-003	Material Weakness/Noncompliance – Ohio Rev. Code Section 5705.41(B)	Yes	
2012-004	Material Weakness/Noncompliance – OPWC	Yes	
2012-005	Material Weakness – GASB 54	No	Reissued as Finding Number 2013-004

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# Dave Yost • Auditor of State

**MIFFLIN TOWNSHIP**

**RICHLAND 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 26, 2015**