



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 of the cash balances, receipts and disbursements by fund type, and related notes of Mifflin Township, Richland County, Ohio (the Township) as of and for the year ended December 31, 2015.

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 opinions.

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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are 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 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, 2015, 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, Ohio as of December 31, 2015, 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 February 27, 2017, 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

February 27, 2017

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	General	Special Revenue	Capital Projects	Total (Memorandum Only)
Cash Receipts				
Property and other local taxes	\$ 78,372	\$ 1,212,929	\$ -	\$ 1,291,301
Charges for services.	-	231,849	-	231,849
Licenses, permits and fees.	1,275	-	-	1,275
Intergovernmental.	50,370	421,319	-	471,689
Special assessments	-	-	8,128	8,128
Earnings on investments	8	-	-	8
Miscellaneous	12,804	184,002	-	196,806
Total cash receipts	142,829	2,050,099	8,128	2,201,056
Cash Disbursements				
Current:				
General government	113,392	3,221	-	116,613
Public safety	-	1,266,902	-	1,266,902
Public works	-	632,420	-	632,420
Capital outlay	2,232	101,078	7,376	110,686
Debt service:				
Principal retirement.	-	184,987	-	184,987
Interest and fiscal charges	-	61,829	-	61,829
Total cash disbursements	115,624	2,250,437	7,376	2,373,437
Excess (deficiency) of receipts over (under) disbursements	27,205	(200,338)	752	(172,381)
Other financing receipts				
Capital lease transaction.	-	101,078	-	101,078
Other financing sources	4,263	-	-	4,263
Total other financing receipts	4,263	101,078	-	105,341
Net change in fund cash balances.	31,468	(99,260)	752	(67,040)
Fund cash balances, January 1	218,563	1,978,531	15,588	2,212,682
Fund cash balances, December 31				
Restricted.	-	1,637,769	16,340	1,654,109
Committed	1,482	241,502	-	242,984
Assigned	151,838	-	-	151,838
Unassigned	96,711	-	-	96,711
Fund cash balances, December 31	\$ 250,031	\$ 1,879,271	\$ 16,340	\$ 2,145,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Township

The constitution and laws of the State of Ohio establish the rights and privileges of 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 that is 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, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 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 re-appropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

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.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 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:

	2015
Demand Deposits	\$ 2,145,642

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

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 117,510	\$ 147,092	\$ 29,582
Special Revenue	1,478,000	2,151,177	673,177
Capital Projects	5,100	8,128	3,028
Total	\$ 1,600,610	\$ 2,306,397	\$ 705,787

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 431,767	\$ 115,624	\$ 316,143
Special Revenue	2,686,216	2,250,437	435,779
Capital Projects	8,500	7,376	1,124
Total	\$ 3,126,483	\$ 2,373,437	\$ 753,046

NOTE 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.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 5 - DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest %</u>
General Obligation Bonds - 2006	\$ 945,000	5.2%
Pumper Truck Loan - 2012	112,404	2.7%
Dump Truck Loan - 2014	95,357	3.8%
Backhoe Lease - 2015	<u>101,078</u>	3.0%
Total	<u>\$ 1,253,839</u>	

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. The Pumper Truck, and Dump Truck loans are collateralized by the equipment that was purchased with the proceeds. During 2015, the Township entered into a lease agreement to buy a backhoe. The lease agreement is collateralized by the backhoe.

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

Year Ending December 31,	General Obligation <u>Bonds</u>	Pumper Truck <u>Truck</u>	Dump Truck <u>Truck</u>	Backhoe Lease <u>Lease</u>
2016	\$ 98,000	\$ 58,522	\$ 48,349	\$ 35,762
2017	95,638	58,522	50,789	35,762
2018	98,275	-	-	35,762
2019	95,650	-	-	-
2020	98,025	-	-	-
2021 - 2025	483,963	-	-	-
2026 - 2028	<u>296,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,266,201</u>	<u>\$ 117,044</u>	<u>\$ 99,138</u>	<u>\$ 107,286</u>

NOTE 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, 2015 through June 30, 2015, OP&F participants contributed 11.5% of their wages. From July 1, 2015 through December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2015, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2015, 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 OPERS and OP&F contributions required through December 31, 2015.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(CONTINUED)

NOTE 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 nonprofit 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. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015:

	<u>2015</u>
Assets	\$ 14,643,667
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u>\$ 5,531,637</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

NOTE 8 – SUBSEQUENT EVENT

On November 1, 2016, the Township refinanced the 2006 general obligation bonds in the amount of \$900,000.

On September 20, 2016, the Township entered into a loan to purchase two rescue squads in the amount of \$190,000.

On August 15, 2016, the Township entered into a loan to purchase a dump truck in the amount of \$124,000.



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 cash balances, receipts, and disbursements by fund type of Mifflin Township, Richland County, Ohio, (the Township) as of and for the year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated February 27, 2017, 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 opinions 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.

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 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 deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-002 through 2015-004 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 2015-001 and 2015-002.

Township's Responses to Findings

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

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

February 27, 2017

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015**

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

FINDING NUMBER 2015-001

Finding For Recovery – Repaid Under Audit - Noncompliance – Payroll Overpayments

For the pay period of April 18 through May 1, 2015, Michael Switzer worked 72 regular hours and took 8 hours of sick leave. However, Mr. Switzer was paid for 72 regular hours and 8 hours of overtime at time and one half. As a result, Mr. Switzer was overpaid by \$76.

For the pay period of October 3 through October 16, 2015, Dennis Gast and David Markel were originally paid 113 regular hours and 7 hours of overtime and 106 regular hours and 38 hours of overtime, respectively. After the payment was made, an error was discovered, and Mr. Gast had 14 hours of regular time moved to overtime and Mr. Markel had 17 hours of regular time moved to overtime. Since they had already received regular pay for these hours, they should have only received half pay for these hours, since overtime is paid at time and one half. However, they were paid the full time and one half for these hours that were moved, resulting in overpayments of \$211 to Mr. Gast and \$272 to Mr. Markel.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Michael Switzer, Dennis Gast and David Markel in the amounts of \$76, \$211 and \$272, respectively, and in favor of the Township's Road and Bridge Fund for Mr. Switzer and the Fire District Fund for Mr. Gast and Mr. Markel.

The overpayments were repaid as indicated below:

Employee	Amount Owed	Date Repaid	Repaid Amount	Date Repaid	Repaid Amount	Date Repaid	Repaid Amount	Total Repaid
Michael Switzer	\$76	2/7/2017	\$26	2/21/2017	\$25	3/8/2017	\$25	\$76
Dennis Gast	211	2/7/2017	211	-	-	-	-	211
David Markel	272	2/7/2017	50	2/21/2017	50	3/8/2017	172	272

We recommend the Fiscal Officer ensure all employees are paid for the correct number of hours and the correct type of hours (i.e. regular time, sick time, overtime).

Officials' Response: Corrections were made as requested. Fiscal Officer Gast provided auditor back up paperwork from the contract amount to the final booking step in the OTAS system.

MIFFLIN TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015
(Continued)

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

FINDING NUMBER 2015-002

Material Weakness – Noncompliance – Revenue Posting Error

Ohio Rev. Code § 5705.10(C) indicates 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, **Ohio Rev. Code § 5705.10(D)** indicates 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 adjustments were noted:

- \$105,220 of homestead and rollback receipts were incorrectly posted entirely to the General Fund miscellaneous receipts, and \$105,773 of homestead and rollback receipts were incorrectly posted entirely to the Ambulance Fund charges for services. As a result, the General Fund and the Ambulance Fund were overstated \$93,127 and \$105,773, respectively, and the Road and Bridge Fund, Fire District Fund and Road District Fund were understated \$39,129, \$138,556 and \$21,215, respectively.
- \$240 of Special Assessments revenue was posted to the General Fund instead of the Capital Projects Fund.

These amounts were adjusted to the Township's accounting system and financial statements.

By not posting transactions to the correct fund, it does not allow the Trustees to receive accurate financial information upon which to base Township decisions.

The Township should exercise due care when posting receipts to ensure receipts are posted to the correct funds. This will help more accurately reflect the Township's financial activity and will aid in more accurate financial reporting.

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

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015
(Continued)**

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

FINDING NUMBER 2015-003

Material Weakness – Financial Statement Presentation

The Fiscal Officer did not always accurately post receipts and disbursements to the Township's accounting system and financial statements. In addition, fund balance classifications were not always in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. Mispostings identified included, but were not limited, to the following:

- \$1,462 of Local Government receipts were posted to the Miscellaneous Revenue line item rather than Intergovernmental Revenue in the General Fund.
- \$9,287 of State or County funds were posted as Miscellaneous Revenue rather than Intergovernmental Revenue in the Special Revenue Funds.
- \$13,153 of debt payments and public safety disbursements were incorrectly recorded as interest disbursements in the Special Revenue Funds.
- County Auditor deductions for tax receipts were added to the tax revenues and then recorded as a disbursement. As a result, the General Fund and Special Revenue Funds tax revenues and disbursements were overstated \$969 and \$17,407, respectively.
- The Township recorded \$151,838 of Assigned Fund Balance for Subsequent Appropriations as General Fund Unassigned Fund Balance.

Reclassifications were posted to the financial statements for the misstatements identified above.

By not posting transactions to the correct line items, it does not allow the Trustees to receive accurate financial information upon which to base Township decisions.

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.

Officials' Response: Finding stated correctly by auditor.

MIFFLIN TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015
(Continued)

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

FINDING NUMBER 2015-004

Material Weakness – Cash Reconciliations

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 balances according to the entity's records at a specific point in time.

The December 31, 2015 bank reconciliations prepared by the Township fiscal officer contained unknown errors. As a result, the Township hired an independent private accountant, who completed the reconciliation in November 2016, 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 2015, a total of \$86,229 of errors were noted, increasing 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 \$37,911, which consisted of various amounts not posted to the Township's accounting system, and some 2016 payroll transactions that were included on the December 31, 2015 Extract Fund Cash Journal;
- Memo check errors of \$58,883, which included posting disbursements that never cleared the bank, not posting disbursements, or not posting disbursements for the correct amount;
- Deposit errors of (\$10,565), which included not posting receipts, not posting receipts at the correct amount, or not correctly posting receipts at gross.

These adjustments have been posted to the Township's accounting system and the financial statements.

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.

Officials' Response: Errors stemmed from the Township using a third party payroll system. The Fiscal Officer now does payroll in house.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Status	Additional Information
2013-002 2014-001	Material Weakness/Noncompliance – Revenue Posting Error	Not Corrected	Repeated as Finding Number 2015-002. See Officials' Response for corrective action plan.
2013-003 2013-005 2014-002	Material Weakness – Financial Statement Presentation	Not Corrected	Repeated as Finding Number 2015-003. See Officials' Response for corrective action plan.
2013-001 2014-003	Material Weakness – Cash Reconciliation	Not Corrected	Repeated as Finding Number 2015-004. See Officials' Response for corrective action plan.

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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 30, 2017