



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MIFFLIN TOWNSHIP
ASHLAND COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2001 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 grants. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 16, 2001

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non-Expendable Trust	
Cash Receipts:						
Local Taxes	\$92,726	\$609,927	\$0	\$0	\$0	\$702,653
Intergovernmental	115,644	265,174				380,818
Special Assessments				16,826		16,826
Charges for Services		80,071				80,071
Licenses, Permits and Fees	1,525					1,525
Earnings on Investments	9,866	1,081			7	10,954
Miscellaneous	82	10,508				10,590
Total Cash Receipts	219,843	966,761	0	16,826	7	1,203,437
Cash Disbursements:						
Current:						
General Government	136,438					136,438
Public Safety		422,406				422,406
Public Works		349,258				349,258
Capital Outlay	2,438	161,285		7,164		170,887
Debt Service:						
Redemption of Principal				8,000		8,000
Interest and Fiscal Charges				1,040		1,040
Total Cash Disbursements	138,876	932,949	0	16,204	0	1,088,029
Total Cash Receipts Over Cash Disbursements	80,967	33,812	0	622	7	115,408
Other Financing Receipts/(Disbursements):						
Proceeds of Notes		47,000				47,000
Transfers-In		16,000				16,000
Transfers-Out	(16,000)					(16,000)
Other Financing Sources	58					58
Total Other Financing Receipts/(Disbursements)	(15,942)	63,000	0	0	0	47,058
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	65,025	96,812	0	622	7	162,466
Fund Cash Balances, January 1	250,427	389,674	2,202	11,673	848	654,824
Fund Cash Balances, December 31	\$315,452	\$486,486	\$2,202	\$12,295	\$855	\$817,290
Reserves for Encumbrances, December 31	\$11,551	\$26,589	\$0	\$0	\$0	\$38,140

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

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non-Expendable Trust	
Cash Receipts:						
Local Taxes	\$80,696	\$487,864	\$0	\$0	\$0	\$568,560
Intergovernmental	91,543	248,113				339,656
Special Assessments				18,266		18,266
Charges for Services		88,396				88,396
Licenses, Permits and Fees	1,540					1,540
Earnings on Investments	6,250	994			3	7,247
Miscellaneous	2,587	11,596				14,183
Total Cash Receipts	182,616	836,963	0	18,266	3	1,037,848
Cash Disbursements:						
Current:						
General Government	119,931					119,931
Public Safety		419,154				419,154
Public Works		317,573				317,573
Capital Outlay		30,299		7,086		37,385
Debt Service:						
Redemption of Principal				8,000		8,000
Interest and Fiscal Charges				1,560		1,560
Total Cash Disbursements	119,931	767,026	0	16,646	0	903,603
Total Cash Receipts Over Cash Disbursements	62,685	69,937	0	1,620	3	134,245
Other Financing Receipts/(Disbursements):						
Transfers-In		19,500				19,500
Transfers-Out	(19,500)					(19,500)
Total Other Financing Receipts/(Disbursements)	(19,500)	19,500	0	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	43,185	89,437	0	1,620	3	134,245
Fund Cash Balances, January 1	207,242	300,237	2,202	10,053	845	520,579
Fund Cash Balances, December 31	\$250,427	\$389,674	\$2,202	\$11,673	\$848	\$654,824
Reserves for Encumbrances, December 31	\$695	\$5,229	\$0	\$0	\$0	\$5,924

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

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Mifflin Township, Richland County, Ohio, (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 general governmental services, including maintenance of Township roads, bridges and cemetery, and fire protection and emergency medical 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 cash 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

The Township has no investments.

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 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 Fund:

Fire District Fund - This fund receives tax receipts for providing fire protection to the Township.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on note indebtedness. The Township had no activity in this fund during 2000 and 1999.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects funds.

Sylvan Drive Improvement Bond Fund - This fund receives monies from a County special assessment to pay the costs of improvements to Sylvan Drive.

Lighting Assessment Fund - This fund receives local taxes assessed on property owners for the purpose of improving lighting on certain streets in the Township.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund is used to account for donations made to the cemetery. The interest earned on these monies is used to assist in the upkeep of the cemetery.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected a liability under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$817,290	\$654,824

Deposits are either 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 years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 173,186	\$ 219,901	\$ 46,715
Special Revenue	938,740	1,029,761	91,021
Debt Service	0	0	0
Capital Projects	15,999	16,826	827
Non-Expendable Trust	10	7	(3)
Total	\$ 1,127,935	\$ 1,266,495	\$ 138,560

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 423,613	\$ 166,427	\$ 257,186
Special Revenue	1,308,414	959,538	348,876
Debt Service	137	0	137
Capital Projects	30,738	16,204	14,534
Non-Expendable Trust	858	0	858
Total	<u>\$ 1,763,760</u>	<u>\$ 1,142,169</u>	<u>\$ 621,591</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 175,001	\$ 182,616	\$ 7,615
Special Revenue	831,624	856,463	24,839
Debt Service	0	0	0
Capital Projects	19,900	18,266	(1,634)
Non-Expendable Trust	0	3	3
Total	<u>\$ 1,026,525</u>	<u>\$ 1,057,348</u>	<u>\$ 30,823</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 369,552	\$ 140,126	\$ 229,426
Special Revenue	1,077,120	772,255	304,865
Debt Service	137	0	137
Capital Projects	32,019	16,646	15,373
Non-Expendable Trust	845	0	845
Total	<u>\$ 1,479,673</u>	<u>\$ 929,027</u>	<u>\$ 550,646</u>

- Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not certify the availability of funds for certain expenditures during 2000 and 1999.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$8,000	6.50%
General Obligation Note	47,000	6.35%
Lease Purchase	76,758	5.75%
Total	\$131,758	

The general obligation bonds were issued in 1991 in anticipation of the collection of special assessments to finance improvements to Sylvan Drive. The bonds will be retired from the collection of special assessments from property owners on Sylvan Drive.

The general obligation note was issued in 2000 for the purchase of a new ambulance squad vehicle. This note will be repaid in annual installments over 3 years.

The lease purchase agreement was entered into in 2000 for the purpose of obtaining a loader tractor. The lease is collateralized by a security interest in the tractor loader. This lease will be paid in annual installments over 5 years beginning in 2000.

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

Year ending December 31:	Lease Purchase	General Obligation Bonds	General Obligation Note
2001	\$21,581	\$8,520	\$18,651
2002	21,581	0	17,656
2003	21,581	0	16,662
2004	21,581	0	0
Total	\$86,324	\$8,520	\$52,969

**MIFFLIN TOWNSHIP
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. Members of PERS 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 contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township is a member of the Ohio Government Risk Management Plan (the Plan). The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Township's deductible contribution. The following risks are covered by the Plan:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability

The Township also provides health insurance coverage to full-time employees through a private carrier.



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Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Richland County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 16, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-40570-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 16, 2001.

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 our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 16, 2001.

Mifflin Township
Richland County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 16, 2001

MIFFLIN TOWNSHIP
RICHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40570-001

Noncompliance Citation

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

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

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

During the audit period, 11 out of the 60 expenditures tested were not certified by the Clerk prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance.

The Township should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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 13, 2001**