



**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Mifflin Township  
Pike County  
1588 Pinhook Road  
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Pike 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to 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 audit provides 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 of Mifflin Township, Pike County 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 June 28, 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. That 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 audit.

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

June 28, 2001

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**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$8,826	\$16,607	\$25,433
Intergovernmental	38,015	65,350	103,365
Earnings on Investments	5,833		5,833
Other Revenue	47		47
Total Cash Receipts	52,721	81,957	134,678
<b>Cash Disbursements:</b>			
Current:			
General Government	23,877		23,877
Public Safety		8,201	8,201
Public Works	9,551	70,234	79,785
Health	623	2,731	3,354
Debt Service:			
Redemption of Principal		4,984	4,984
Interest and Fiscal Charges		935	935
Capital Outlay		9,350	9,350
Total Cash Disbursements	34,051	96,435	130,486
Total Cash Receipts Over/(Under) Cash Disbursements	18,670	(14,478)	4,192
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources		1,409	1,409
Total Other Financing Receipts/(Disbursements)	0	1,409	1,409
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,670	(13,069)	5,601
Fund Cash Balances, January 1	91,810	79,922	171,732
<b>Fund Cash Balances, December 31</b>	<b>\$110,480</b>	<b>\$66,853</b>	<b>\$177,333</b>

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

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$8,138	\$16,773	\$24,911
Intergovernmental	63,044	64,983	128,027
Earnings on Investments	4,343		4,343
Other Revenue	70	48	118
	<u>75,595</u>	<u>81,804</u>	<u>157,399</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	24,936		24,936
Public Safety		5,144	5,144
Public Works	1,571	52,114	53,685
Health	240	2,907	3,147
Debt Service:			
Redemption of Principal		4,706	4,706
Interest and Fiscal Charges		1,213	1,213
Capital Outlay		2,017	2,017
	<u>26,747</u>	<u>68,101</u>	<u>94,848</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>48,848</u>	<u>13,703</u>	<u>62,551</u>
Fund Cash Balances, January 1	<u>42,962</u>	<u>66,219</u>	<u>109,181</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$91,810</u></b>	<b><u>\$79,922</u></b>	<b><u>\$171,732</u></b>

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

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Mifflin Township, Pike County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection. The Township contracts with Benton Township to provide fire services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

**C. Cash and Investments**

The Township had one demand deposit account and 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:

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Mifflin Township did not properly encumber funds.

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

**F. Property, Plant and Equipment**

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

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$177,333</u>	<u>\$171,732</u>

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2000, \$12,177 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,574	\$52,721	\$5,147
Special Revenue	<u>91,525</u>	<u>83,366</u>	<u>(8,159)</u>
Total	<u>\$139,099</u>	<u>\$136,087</u>	<u>(\$3,012)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$142,000	\$34,051	\$107,949
Special Revenue	<u>166,300</u>	<u>96,435</u>	<u>69,865</u>
Total	<u>\$308,300</u>	<u>\$130,486</u>	<u>\$177,814</u>

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,198	\$75,595	\$40,397
Special Revenue	60,890	81,804	20,914
Total	\$96,088	\$157,399	\$61,311

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,100	\$26,747	\$51,353
Special Revenue	122,600	68,101	54,499
Total	\$200,700	\$94,848	\$105,852

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Gallion Grader	\$10,867	5.90%

The general obligation note was for a Gallion Grader purchased in 1997 through Southeastern Equipment Company, Inc. The original loan was for \$25,000 with yearly payments of \$5,919.

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

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

**5. DEBT (Continued)**

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

<u>Year Ending December 31</u>	<u>Gallion Grader Note</u>
2001	\$5,919
2002	5,919
Total	<u><u>\$11,838</u></u>

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision coverage to the full-time employee and the elected officials through private carriers.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mifflin Township  
Pike County  
1588 Pinhook Road  
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the financial statements of Mifflin Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 28, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-40766-001, 2000-40766-002, 2000-20766-003 and 2000-40766-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 28, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 June 28, 2001.

Mifflin Township  
Pike 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

June 28, 2001

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40776-001**

**Finding for Recovery**

Norma Rumfield, Township Clerk, received compensation in the amount of \$10,503.00 during 2000. This exceeds the \$10,127.25 calculated maximum for compensation allowable per Ohio Rev. Code Section 507.09 by \$375.75.

	<u>2000</u>
Budget	\$310,837.00
Salary Allowed	\$10,127.25
Amount Paid	<u>10,503.00</u>
Over Payment	<u><u>\$375.75</u></u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Norma Rumfield, Mifflin Township Clerk, and Ohio Township Association Risk Management Authority, jointly and severally, and in favor of the General Fund of Mifflin Township, in the amount of three hundred seventy-five dollars and seventy-five cents.

**FINDING NUMBER 2000-40776-002**

**Finding for Recovery**

On December 22, 2000, Mifflin Township disbursed \$400 to Boyer Funeral Home, Inc. to help pay the funeral expenses of a resident of the Township. While Townships are required under Ohio Rev. Code Section 5101.52 to pay the cost of burial for a resident who's body is not claimed by any person for burial at that person's expense, the body in this case was claimed for burial by the deceased's relatives. As the body was claimed by a person for burial at that person's expense, the Township was not required, nor did it have any authority, to pay any of the cost of the burial. As a result, the \$400 expenditure was not allowable.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Norma Rumfield, Mifflin Township Clerk, Karl Ison, C. David Brewster, and Charles D. Hannah, Township Trustess, and the Ohio Township Association Risk Management Authority, Ohio Farmers Insurance Company, and Lumbermens Mutual Casualty Company jointly and severally, and in favor of the General Fund of Mifflin Township, in the amount of four hundred dollars.

MIFFLIN TOWNSHIP  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

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

FINDING NUMBER 2000-40766-003

**Noncompliance Citation**

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

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

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

Amounts of less than \$1,000 for Townships, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Clerk's Certification of the availability of funds was not completed for any of the disbursements during the audit period. Further, funds were not encumbered during the audit period.

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

**MIFFLIN TOWNSHIP  
PIKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

**FINDING NUMBER 2000-40766-004**

**Noncompliance Citation**

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

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

The bank balance on December 31, 2000 exceeded the \$100,000 secured by the Federal Deposit Insurance Corporation. The public depository pledged specific securities for the deposits of the Township. However, the uninsured deposits exceeded the value of the pledged collateral by \$12,177 at December 31, 2000. Therefore, the depository balance was not adequately secured.

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





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MIFFLIN TOWNSHIP**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 9, 2001**