



Dave Yost • Auditor of State

VILLAGE OF MIFFLIN
ASHLAND COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Mifflin
Ashland County
36 Main St, Rt. 4
Ashland, Ohio 44805

To the Village Council:

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 the Village of Mifflin, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 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 Village'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 Village'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 Village 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 Village 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 Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years 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 the Village of Mifflin, Ashland County, Ohio as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years 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 September 12, 2017, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2017

Village of Mifflin, Ohio
Ashland County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,573	\$ -	\$ 1,573
Municipal Income Tax	14,808	-	14,808
Intergovernmental	26,025	6,728	32,753
Fines, Licenses and Permits	1,637	-	1,637
Earnings on Investments	13	-	13
Miscellaneous	7,259	-	7,259
<i>Total Cash Receipts</i>	<u>51,315</u>	<u>6,728</u>	<u>58,043</u>
Cash Disbursements			
Current:			
Security of Persons and Property	20,569	-	20,569
Public Health Services	100	-	100
Community Environment	3,323	-	3,323
Transportation	-	1,988	1,988
General Government	29,170	-	29,170
<i>Total Cash Disbursements</i>	<u>53,162</u>	<u>1,988</u>	<u>55,150</u>
<i>Net Change in Fund Cash Balances</i>	(1,847)	4,740	2,893
<i>Fund Cash Balances, January 1</i>	<u>95,104</u>	<u>24,362</u>	<u>119,466</u>
Fund Cash Balances, December 31			
Restricted	-	29,102	29,102
Unassigned	93,257	-	93,257
<i>Fund Cash Balances, December 31</i>	<u>\$ 93,257</u>	<u>\$ 29,102</u>	<u>\$ 122,359</u>

See accompanying notes to the basic financial statements

Village of Mifflin, Ohio
Ashland County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2016*

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 12,288
<i>Total Operating Cash Receipts</i>	<i>12,288</i>
Operating Cash Disbursements	
Personal Services	1,400
Travel Transportation	177
Supplies and Materials	284
Other	640
<i>Total Operating Cash Disbursements</i>	<i>2,501</i>
<i>Operating Income</i>	<i>9,787</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	2,457,766
Capital Outlay	(2,457,766)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>-</i>
<i>Net Change in Fund Cash Balances</i>	<i>9,787</i>
<i>Fund Cash Balances, January 1</i>	<i>7,634</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 17,421</i>

See accompanying notes to the basic financial statements

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Mifflin, Ashland County (the Village), 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 Village is directed by a publicly-elected six member Council. The Village provides sewer utilities, and police services.

The Village's management believes these financial statements present all activities for which the Village 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 Village 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 Village maintains an interest bearing checking account used by all funds. The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

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

E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its fund 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.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Accounting (Continued)

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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village roads.

Park Fund – This fund receives donation money for a potential park.

Mifflin Memories – This fund is comprised of donations that were raised to move and preserve and maintain the old jail and watering trough.

3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Fund:

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

F. 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 Council 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 Village 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 2016 budgetary activity appears in Note 3.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

G. Fund Balance

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

1. Nonspendable

The Village 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

Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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 Village Council or a Village 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 Village 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.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(CONTINUED)**

2. Equity in Pooled Deposits

The Village 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:

	2016
Demand deposits	\$139,780

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 ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,793	\$51,315	\$15,522
Special Revenue	1,811	6,728	4,917
Enterprise	3,357,226	2,470,054	(887,172)
Total	\$3,394,830	\$2,528,097	(\$866,733)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,897	\$53,162	\$77,735
Special Revenue	30,213	1,988	28,225
Enterprise	3,364,860	2,460,267	904,593
Total	\$3,525,970	\$2,515,417	\$1,010,553

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which Council 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 Village.

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(CONTINUED)**

5. Debt

There is no outstanding debt at December 31, 2016

6. Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

7. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

8. Risk Management

The Village 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.

VILLAGE OF MIFFLIN
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016
(CONTINUED)

8. 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, 2015 (the latest information available).

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

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

Village of Mifflin, Ohio
Ashland County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 1,390	\$ -	\$ 1,390
Municipal Income Tax	13,038	-	13,038
Intergovernmental	27,748	5,970	33,718
Fines, Licenses and Permits	10,129	-	10,129
Earnings on Investments	12	2	14
Miscellaneous	11	700	711
<i>Total Cash Receipts</i>	<u>52,328</u>	<u>6,672</u>	<u>59,000</u>
Cash Disbursements			
Current:			
Security of Persons and Property	19,569	-	19,569
Public Health Services	905	-	905
Community Environment	3,637	-	3,637
Transportation	-	844	844
General Government	28,586	201	28,787
<i>Total Cash Disbursements</i>	<u>52,697</u>	<u>1,045</u>	<u>53,742</u>
<i>Net Change in Fund Cash Balances</i>	(369)	5,627	5,258
<i>Fund Cash Balances, January 1</i>	<u>95,473</u>	<u>18,735</u>	<u>114,208</u>
Fund Cash Balances, December 31			
Restricted	-	24,362	24,362
Unassigned	95,104	-	95,104
<i>Fund Cash Balances, December 31</i>	<u>\$ 95,104</u>	<u>\$ 24,362</u>	<u>\$ 119,466</u>

See accompanying notes to the basic financial statements

Village of Mifflin, Ohio
Ashland County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2015*

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 8,468
<i>Total Operating Cash Receipts</i>	8,468
Operating Cash Disbursements	
Other	834
<i>Total Operating Cash Disbursements</i>	834
<i>Operating Income</i>	7,634
Non-Operating Receipts (Disbursements)	
Intergovernmental	519,179
Capital Outlay	(519,179)
<i>Total Non-Operating Receipts (Disbursements)</i>	-
<i>Net Change in Fund Cash Balances</i>	7,634
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$ 7,634

See accompanying notes to the basic financial statements

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Mifflin, Ashland County (the Village), 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 Village is directed by a publicly-elected six member Council. The Village provides sewer utilities, and police services.

The Village's management believes these financial statements present all activities for which the Village 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 Village 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 Village maintains an interest bearing checking account used by all funds. The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Property, Plant, and Equipment

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E. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its fund 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.

VILLAGE OF MIFFLIN
ASHLAND COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

E. Fund Accounting (Continued)

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 Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village roads.

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3. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following Enterprise Fund:

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

F. 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 Council 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 Village 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 2015 budgetary activity appears in Note 3.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)**

1. Summary of Significant Accounting Policies (Continued)

G. Fund Balance

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

1. Nonspendable

The Village 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

Council can commit amounts via formal action (resolution or ordinance). The Village must adhere to these commitments unless the Council amends the resolution or ordinance. 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 Village Council or a Village 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 Village 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.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)**

2. Equity in Pooled Deposits

The Village 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	\$127,100

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 ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,237	\$52,328	\$9,091
Special Revenue	6,551	6,672	121
Enterprise	222,000	527,647	305,647
Total	\$271,788	\$586,647	\$314,859

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,897	\$52,697	\$78,200
Special Revenue	30,213	1,045	29,168
Enterprise	741,179	520,013	221,166
Total	\$902,289	\$573,755	\$328,534

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which Council 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 Village.

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(CONTINUED)**

5. Debt

There is no outstanding debt at December 31, 2015.

6. Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

7. Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

8. Risk Management

The Village 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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty and 10% on the first \$1,000,000 property treaty. 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 and 783 members as of December 31, 2015 and 2014, respectively.

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.

VILLAGE OF MIFFLIN
ASHLAND COUNTY

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

8. 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, 2015.

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

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



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*

Village of Mifflin
Ashland County
36 Main St, Rt. 4
Ashland, Ohio 44805

To the Village Council:

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 the Village of Mifflin, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated September 12, 2017, wherein we noted the Village 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 Village'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 Village'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 Village'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 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village'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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2017

VILLAGE OF MIFFLIN
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015

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

FINDING NUMBER 2016-001

Recording On-Behalf-Of Grants - Material Weakness/Noncompliance

Ohio Rev. Code § 5705.42 requires, in part, that when the state or any department, division, agency, authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

In 2016 and 2015, the Village did not report \$2,290,154 and \$222,526 of on behalf of payments from the Ohio Water Development Authority, respectively.

These amounts were adjusted to the Village's financial statements.

Failure to record these amounts results in an understatement of receipts and disbursements on the Village's financial statements.

We recommend the Village record the receipt and disbursement of all payments made on behalf of the Village by another party.

Officials' Response: I do not disagree with this finding. I was unaware of the reporting requirements that are necessary when receiving these kinds of grant monies. Not all of the payments went through the Village's books so I did not realize that I had to record these payments that were made directly from the OWDA.

VILLAGE OF MIFFLIN
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

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

FINDING NUMBER 2016-002

Transaction Posting - Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council. The Fiscal Officer did not always accurately post receipts and disbursements to the Village's accounting system and financial statements.

Mispostings identified included, but were not limited, to the following:

- In the General Fund, income taxes totaling \$14,808 in 2016 and \$13,038 in 2015 were posted as property taxes instead of income taxes.
- In the Enterprise Fund, disbursements related to Ohio Water Development Authority on-behalf of payments were classified as operating expenses instead of non-operating capital outlay expenses totaling \$167,612 in 2016 and \$296,653 in 2015.

These amounts were adjusted to the Village's financial statements.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help more accurately reflect the Village's financial activity and will aid in more accurate financial reporting.

Officials' Response: In regards to the General Fund comment, the local taxes were reported to the revenue account 1000-190-0000 which shows as Other –Local Taxes in UAN. I was unaware that this line rolls up with Property taxes. I am now aware of this fact and will correct this reporting in the future.



Dave Yost • Auditor of State

VILLAGE OF MIFFLIN

ASHLAND 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
NOVEMBER 30, 2017