

MIFFLIN TOWNSHIP

RICHLAND COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2019 and 2018





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Board of Trustees
Mifflin Township
2326 Park Ave. East
Mansfield, OH 44903

We have reviewed the *Independent Auditor's Report* of Mifflin Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Mifflin Township is responsible for compliance with these laws and regulations.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2022

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MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2019 and 2018

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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 for each governmental fund type, and related notes of Mifflin Township, Richland County, Ohio (the Township) as of and for the years ended December 31, 2019 and 2018.

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 such 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 2 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, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements for each governmental fund type, and related notes of Mifflin Township, Richland County as of December 31, 2019 and 2018, 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 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 and 2018 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

As discussed in Note 10 to the 2019 and 2018 financial statements, the Township paid \$487,161 in back IRS tax withholdings, penalties and interest in 2019 and still owed \$45,864 at December 31, 2019.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2022, 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.



Charles E. Harris & Associates, Inc.
February 27, 2022

Mifflin Township
Richland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$78,780	\$1,248,631	\$0	\$1,327,411
Charges for Services	0	184,330	0	184,330
Licenses, Permits and Fees	1,180	0	0	1,180
Intergovernmental	41,432	553,892	0	595,324
Special Assessments	0	0	9,143	9,143
Earnings on Investments	7,237	21,328	0	28,565
Contributions, Gifts and Donations	0	13,479	0	13,479
Miscellaneous	29,845	40,595	0	70,440
<i>Total Cash Receipts</i>	<u>158,474</u>	<u>2,062,255</u>	<u>9,143</u>	<u>2,229,872</u>
Cash Disbursements				
Current:				
General Government	373,161	0	0	373,161
Public Safety	0	1,281,979	0	1,281,979
Public Works	0	510,613	0	510,613
Capital Outlay	0	0	7,326	7,326
Debt Service:				
Principal Retirement	0	166,800	0	166,800
Interest and Fiscal Charges	0	31,308	0	31,308
<i>Total Cash Disbursements</i>	<u>373,161</u>	<u>1,990,700</u>	<u>7,326</u>	<u>2,371,187</u>
<i>Net Change in Fund Cash Balances</i>	(214,687)	71,555	1,817	(141,315)
<i>Fund Cash Balances, January 1</i>	<u>265,582</u>	<u>2,050,134</u>	<u>25,596</u>	<u>2,341,312</u>
Fund Cash Balances, December 31				
Restricted	0	1,686,357	27,413	1,713,770
Committed	1,483	477,136	0	478,619
Assigned	28,517	0	0	28,517
Unassigned (Deficit)	20,895	(41,804)	0	(20,909)
<i>Fund Cash Balances, December 31</i>	<u><u>\$50,895</u></u>	<u><u>\$2,121,689</u></u>	<u><u>\$27,413</u></u>	<u><u>\$2,199,997</u></u>

See accompanying notes to the financial statements

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

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

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a risk management pool. Note 6 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Gasoline Tax Fund This fund accounts for and reports the portion of the State gasoline tax restricted for maintenance of roads within the Township.

Road and Bridge Fund This fund accounts for and reports property tax revenue from inside millage committed for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund This fund accounts for and reports the receipt of property tax revenue restricted to providing fire protection services to Township residents.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Lighting Assessment Fund The lighting assessment fund accounts for and reports the receipts of special assessments for the purpose of providing street lighting.

Basis of Accounting

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 Township 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 disbursements 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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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.

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 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Township'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.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

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

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.

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:

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

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.

Committed The Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Township amends 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.

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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$168,460	\$158,474	(\$9,986)
Special Revenue	1,762,900	2,062,255	299,355
Capital Projects	13,500	9,143	(4,357)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$251,410	\$373,161	(\$121,751)
Special Revenue	2,357,235	1,990,700	366,535
Capital Projects	10,880	7,326	3,554

Note 4 – Deposits and Investments

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

	2019
Demand deposits	\$2,199,997

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes

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.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - 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, 2019.

Assets	\$15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u><u>\$4,591,493</u></u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Township 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. OPERS members contributed 10 percent, of their gross salaries and the Township contributed an amount equaling 14 percent, of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Township's full-time firefighters belong to the Ohio Police and Fire Retirement System (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time firefighters' wages. The Township has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Postemployment Benefits (continued)

Beginning January 1, 2019, OP&F changed its retiree health care model and the current self-insured health care plan was no longer offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
General Obligation Bonds		
2016 Fire Station Bonds	\$690,000	3.80%
Installment Loans		
2016 Emergency Squad Loan	76,000	3.00%
2016 Road Truck Loan	49,600	3.00%
2018 Road Truck Loan	69,997	3.35%
Subtotal	195,597	
Total	\$885,597	

In 2016, the Township issued general obligation bonds for the purpose of refinancing the 2006 general obligation bonds which was for constructing a new fire station, renovating the current fire station and equipping those facilities. The Township’s taxing authority collateralized the bonds. The loans entered into for the Emergency Squad and the two Road Trucks are collateralized by the equipment that was purchased with the proceeds.

Amortization

Amortization of the above debt is scheduled as follows:

Year ending December 31:	General Obligation Bonds		Installment Loans	
	Principal	Interest	Principal	Interest
2020	\$70,000	\$24,951	\$96,800	\$4,606
2021	70,000	22,219	98,797	1,532
2022	70,000	19,559	0	0
2023	70,000	16,899	0	0
2024	70,000	14,282	0	0
2025-2029	340,000	31,500	0	0
Total	\$690,000	\$129,410	\$195,597	\$6,138

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

In previous years, the Township had unpaid federal income taxes, penalties and interest of \$533,025, of which \$487,161 was paid in 2019, leaving a balance at December 31, 2019 of \$45,864, which was paid in 2020 and 2021.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2021, the Township issued a loan for a dump truck for \$130,000 for 5 years at an interest rate of 2.4%.

Note 12 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(B), the Township's expenditures exceeded appropriations in the General Fund for 2019. Contrary to the Ohio Revised Code Section 5705.10(I), the Township had a negative fund balance in the Special Revenue FEMA fund. Contrary to the Ohio Revised Code Section 5705.41(D), 83% of the Township's tested purchase orders were dated after the invoice dates.

Mifflin Township
Richland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$77,511	\$1,219,175	\$0	\$1,296,686
Charges for Services	0	197,997	0	197,997
Licenses, Permits and Fees	1,090	0	0	1,090
Intergovernmental	43,952	462,970	0	506,922
Special Assessments	0	0	9,100	9,100
Earnings on Investments	3,660	14,009	0	17,669
Miscellaneous	13,747	40,414	0	54,161
<i>Total Cash Receipts</i>	<u>139,960</u>	<u>1,934,565</u>	<u>9,100</u>	<u>2,083,625</u>
Cash Disbursements				
Current:				
General Government	157,699	0	0	157,699
Public Safety	0	994,091	0	994,091
Public Works	0	502,819	0	502,819
Capital Outlay	0	320,266	7,558	327,824
Debt Service:				
Principal Retirement	0	202,474	0	202,474
Interest and Fiscal Charges	0	40,573	0	40,573
<i>Total Cash Disbursements</i>	<u>157,699</u>	<u>2,060,223</u>	<u>7,558</u>	<u>2,225,480</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,739)</u>	<u>(125,658)</u>	<u>1,542</u>	<u>(141,855)</u>
Other Financing Receipts (Disbursements)				
Notes Issued	0	137,997	0	137,997
Sale of Capital Assets	0	13,002	0	13,002
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>150,999</u>	<u>0</u>	<u>150,999</u>
<i>Net Change in Fund Cash Balances</i>	<u>(17,739)</u>	<u>25,341</u>	<u>1,542</u>	<u>9,144</u>
<i>Fund Cash Balances, January 1</i>	<u>283,321</u>	<u>2,024,793</u>	<u>24,054</u>	<u>2,332,168</u>
Fund Cash Balances, December 31				
Restricted	0	1,603,082	25,596	1,628,678
Committed	1,483	462,361	0	463,844
Assigned	82,960	0	0	82,960
Unassigned (Deficit)	181,139	(15,309)	0	165,830
<i>Fund Cash Balances, December 31</i>	<u>\$265,582</u>	<u>\$2,050,134</u>	<u>\$25,596</u>	<u>\$2,341,312</u>

See accompanying notes to the financial statements

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

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

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Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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Capital Project Fund This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Lighting Assessment Fund The lighting assessment fund accounts for and reports the receipts of special assessments for the purpose of providing street lighting.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

Basis of Accounting

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 Township 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 disbursements 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.

Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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.

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 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Township'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.

Capital Assets

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

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, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

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:

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

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.

Committed The Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Township amends 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.

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 the Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$235,710	\$139,960	(\$95,750)
Special Revenue	2,002,879	2,085,564	82,685
Capital Projects	13,500	9,100	(4,400)

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$259,310	\$157,699	\$101,611
Special Revenue	2,328,350	2,060,223	268,127
Capital Projects	9,477	7,558	1,919

Note 4 – Deposits and Investments

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2018 was as follows:

	2018
Demand deposits	\$2,341,312

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

At December 31, 2018, \$1,297,807 of deposits were not insured or collateralized, contrary to Ohio law.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Property Taxes

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.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - 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, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u><u>\$4,330,789</u></u>

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Township 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. OPERS members contributed 10 percent, of their gross salaries and the Township contributed an amount equaling 14 percent, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Ohio Police and Fire Retirement System

The Township's full-time firefighters belong to the Ohio Police and Fire Retirement System (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Township contributed to OP&F an amount equal to 24 percent of full-time firefighters' wages. The Township has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

Both OPERS and OP&F 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Postemployment Benefits (continued)

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
General Obligation Bonds		
2016 Fire Station Bonds	\$760,000	3.80%
Installment Loans		
2016 Emergency Squad Loan	114,000	3.00%
2016 Road Truck Loan	74,400	3.00%
2018 Road Truck Loan	103,997	3.35%
Subtotal	292,397	
Total	\$1,052,397	

In 2016, the Township issued general obligation bonds for the purpose of refinancing the 2006 general obligation bonds which was for constructing a new fire station, renovating the current fire station and equipping those facilities. The Township’s taxing authority collateralized the bonds. The loans entered into for the Emergency Squad and the two Road Trucks are collateralized by the equipment that was purchased with the proceeds.

Amortization

Amortization of the above debt is scheduled as follows:

	General Obligation Bonds		Installment Loans	
	Principal	Interest	Principal	Interest
Year ending December 31:				
2019	\$70,000	\$27,539	\$96,800	\$7,612
2020	70,000	24,951	96,800	4,606
2021	70,000	22,219	98,797	1,532
2022	70,000	19,559	0	0
2023	70,000	16,899	0	0
2024-2028	350,000	44,651	0	0
2029	60,000	1,131	0	0
Total	\$760,000	\$156,949	\$292,397	\$13,750

Mifflin Township, Ohio
Richland County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

In previous years, the Township had unpaid federal income taxes, penalties and interest of \$533,025, which was paid in 2019, 2020 and 2021.

Note 11 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2021, the Township issued a loan for a dump truck for \$130,000 for 5 years at an interest rate of 2.4%.

Note 12 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(B), the Township's expenditures exceeded appropriations in the Road and Bridge Special Revenue Fund. Contrary to the Ohio Revised Code Section 5705.10(I), the Township had a negative fund balance in the Special Revenue Road District fund. Contrary to the Ohio Revised Code Section 5705.41(D), 47% of the Township's tested purchase orders were dated after the invoice dates.

**INDEPENDENT AUDITORS' 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 for each governmental fund type of Mifflin Township, Richland County, (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated February 27, 2022, 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. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and had outstanding unpaid federal income taxes, penalties and interest from prior years.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

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 2019-002, 2019-003, 2019-004, and 2019-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 27, 2022.

Entity's Responses to Findings

The Township's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

February 27, 2022

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2019-001 - Material Weakness

Cash Reconciliations/Adjustments

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

The monthly bank reconciliations during fiscal years 2019 and 2018 prepared by the Township fiscal officer contained unknown errors. As a result, the Township hired an independent private accountant, who completed the reconciliations after year end, 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 2019, a total of \$127,818 of errors were noted, decreasing 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:

- Disbursement and memo check errors of \$187,792, which included posting disbursements that never cleared the bank, not posting disbursements, or not posting disbursements for the correct amount or fund/line item;
- Deposit errors of \$59,974, which included not posting receipts, not posting receipts at the correct amount, or not correctly posting receipts at gross.

In 2018, a total of \$190,832 of errors were noted, reducing the Township's book balance. The following errors were identified by the accountant and have been posted to the Township's accounting records and financial statements:

- Disbursement and memo check errors of \$297,659, which included posting disbursements that never cleared the bank, not posting disbursements, or not posting disbursements for the correct amount or fund/line item;
- Deposit errors of \$106,827, 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 audited financial statements.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2019-001 - Material Weakness (Continued)

Without complete and accurate monthly bank reconciliations, 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.

Management Response:

See Corrective Action Plan

Finding Number 2019-002 – Internal Revenue Code Non-Compliance

Income Tax Collections and Payments:

Internal Revenue Code (I.R.C.) Chapter 26 - Collection of Income Tax at Source on Wages; 26 U.S.C. § 3401 through 3406 stipulates the requirements of withholding and remitting of federal income taxes. The Township had federal income tax withholdings from 2018 and previous years but did not remit those withholdings to the Internal Revenue Service. The Township had unremitted federal income tax withholdings of \$343,747. The Township was also assessed \$189,278 in penalties and interest. These amounts were paid to the IRS in 2019, 2020 and 2021.

We recommend that the Township ensure that all payrolls have the proper withholdings and that all amounts are remitted to the proper taxing agency on a timely basis. This will ensure compliance with all applicable laws and regulations and save the Township from having to pay unnecessary penalties and interest. This issue was communicated to the Auditor of State for further investigation.

Management Response:

See Corrective Action Plan

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number 2019-003 - Ohio Revised Code Non-Compliance

Certification of Expenditures

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution 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 Township.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificates – The Township may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number 2019-003 - Ohio Revised Code Non-Compliance

During 2019 and 2018, 83% and 47%, respectively of purchase orders tested were not certified by the Township Fiscal Officer prior to incurring the obligation respectively. The transactions had no evidence of the above-mentioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's expenditures exceeding budgetary spending limitations, we recommend that the Township certify expenditures prior to incurring the liability. The Township may use then & now purchase orders to assist in complying with this requirement.

Management Response:

See Corrective Action Plan

Finding Number 2019-004 – Ohio Revised Code Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the General Fund had expenditures in excess of appropriations of \$121,751 in 2019. In 2018, the Road and Bridge Special Revenue Fund had expenditures in excess of appropriations of \$127,351.

The Township Trustees should frequently review expenditures and appropriations. In addition, the necessary appropriation amendments should be made, if possible, to reduce the possibility of expenditures exceeding appropriations. The Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Management Response:

See Corrective Action Plan

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2019 and 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number 2019-005 – Ohio Revised Code Noncompliance

Ohio Revised Code 5705.10(I) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. We noted that the Road District Special Revenue Fund had a negative fund balance of \$15,309 in 2018 and the FEMA Special Revenue Fund had a negative fund balance of \$41,804 in 2019.

We recommend the Township Trustees frequently review expenditures, receipts and fund balances to ensure that there are adequate cash balances to make expenditures. The Fiscal Officer should deny payment requests exceeding the current cash balance in each fund.

Management Response:

See Corrective Action Plan

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2019 and 2018
Prepared by Management**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Cash Reconciliations	Not corrected	Due to oversight, Repeated as finding 2019-001
2017-002	Revenue Posting Error	Partially Corrected	This was included as part of finding 2019-001
2017-003	Financial Statement Presentation	Not Corrected	This was included as part of finding 2019-001

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

**CORRECTIVE ACTION PLAN
For the Years Ended December 31, 2019 and 2018
Prepared by Management**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	This was caused by the former fiscal officer. We hired a firm to complete and update bank reconciliations and financial statements.	Immediately	Karen Cline, Fiscal Officer
2019-002	This was caused by the former fiscal officer. The current fiscal officer worked with the IRS to get the payments made and updated.	Immediately	Karen Cline, Fiscal Officer
2019-003	The current fiscal officer is working to complete purchase orders on a timely basis and doing then and now P. O's when necessary.	Immediately	Karen Cline, Fiscal Officer
2019-004	Management and the trustees will approve appropriation changes monthly or as needed.	Immediately	Karen Cline, Fiscal Officer
2019-005	Caused by the former fiscal officer. Management and the trustees will review revenue and disbursements year to date reports and transfer funds from General Fund if available.	Immediately	Karen Cline, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



MIFFLIN TOWNSHIP

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/9/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov