



**Auditor of State
Betty Montgomery**

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Mifflin Township
Franklin County
155 Olde Ridenour Road
Gahanna, Ohio 43230

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2003, and December 31, 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2003, and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2004, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
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This report is intended solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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Betty Montgomery
Auditor of State

March 12, 2004

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non- Expendable Trust	
Cash Receipts:						
Local Taxes	\$544,176	\$6,422,596	\$0	\$0	\$0	\$6,966,772
Intergovernmental	204,112	774,455	0	0	0	978,567
Licenses, Permits, and Fees	0	171,260	0	0	0	171,260
Fines, Forfeitures, and Penalties	18,332	250	0	0	0	18,582
Earnings on Investments	81,287	1,170	0	0	328	82,785
Other Revenue	24,440	22,510	0	0	0	46,950
Total Cash Receipts	872,347	7,392,241	0	0	328	8,264,916
Cash Disbursements:						
Current:						
General Government	350,343	0	0	0	0	350,343
Public Safety	93,822	6,785,227	0	0	0	6,879,049
Public Works	0	74,885	0	0	0	74,885
Health	137,115	128,029	0	0	758	265,902
Human Services	5,883	0	0	0	0	5,883
Debt Service:						
Redemption of Principal	102,869	128,495	0	0	0	231,364
Interest and Fiscal Charges	25,757	0	0	0	0	25,757
Capital Outlay	33,383	502,848	0	0	0	536,231
Total Cash Disbursements	749,172	7,619,484	0	0	758	8,369,414
Total Receipts Over/(Under) Disbursements	123,175	(227,243)	0	0	(430)	(104,498)
Other Financing Receipts and (Disbursements):						
Debt Proceeds	0	375,366	0	0	0	375,366
Loss on Sale of Investments	(21,808)	0	0	0	0	(21,808)
Total Other Financing Receipts/(Disbursements)	(21,808)	375,366	0	0	0	353,558
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	101,367	148,123	0	0	(430)	249,060
Fund Cash Balances, January 1	746,038	1,610,961	12,825	277,167	13,067	2,660,058
Fund Cash Balances, December 31	\$847,405	\$1,759,084	\$12,825	\$277,167	\$12,637	\$2,909,118
Reserve for Encumbrances, December 31	\$18,051	\$536,552	\$0	\$18,084	\$3,900	\$576,587

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Non Expendable Trust	
Cash Receipts:						
Local Taxes	\$103,492	\$5,490,641	\$834,543	\$0	\$0	\$6,428,676
Intergovernmental	225,109	777,369	0	53,438	0	1,055,916
Licenses, Permits, and Fees	0	146,669	0	0	0	146,669
Fines, Forfeitures, and Penalties	33,410	668	0	0	0	34,078
Earnings on Investments	131,149	2,716	0	0	635	134,500
Other Revenue	42,476	94,057	0	0	0	136,533
Total Cash Receipts	535,636	6,512,120	834,543	53,438	635	7,936,372
Cash Disbursements:						
Current:						
General Government	387,930	0	0	0	0	387,930
Public Safety	30,752	6,537,368	0	0	0	6,568,120
Public Works	0	84,303	0	74,867	0	159,170
Health	83,745	143,426	0	0	1,573	228,744
Human Services	4,064	0	0	0	0	4,064
Debt Service:						
Redemption of Principal	0	0	920,806	0	0	920,806
Interest and Fiscal Charges	9,609	0	22,128	0	0	31,737
Capital Outlay	54,769	214,725	0	131,031	0	400,525
Total Cash Disbursements	570,869	6,979,822	942,934	205,898	1,573	8,701,096
Total Receipts Over/(Under) Disbursements	(35,233)	(467,702)	(108,391)	(152,460)	(938)	(764,724)
Other Financing Receipts and (Disbursements):						
Transfers-In	0	0	109,000	6,809	0	115,809
Transfers-Out	(115,309)	(500)	0	0	0	(115,809)
Other Sources	425	0	0	0	0	425
Loss on Sale of Investments	(6,647)	0	0	0	0	(6,647)
Total Other Financing Receipts/(Disbursements)	(121,531)	(500)	109,000	6,809	0	(6,222)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(156,764)	(468,202)	609	(145,651)	(938)	(770,946)
Fund Cash Balances, January 1	902,802	2,079,163	12,216	422,818	14,005	3,431,004
Fund Cash Balances, December 31	\$746,038	\$1,610,961	\$12,825	\$277,167	\$13,067	\$2,660,058
Reserve for Encumbrances, December 31	\$15,888	\$119,817	\$0	\$11,735	\$0	\$147,440

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

U.S. Government securities are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

Fire District Fund - This fund receives property tax, homestead, and rollback monies for the operation of the Township fire department.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

4. Capital Projects Funds

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

Permanent Improvement Fund - This Fund is used to maintain the Township's facilities.

Public Works Commission Fund - This Fund is used to account for construction activities.

5. Fiduciary Fund (Nonexpendable Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The agreements require the Township to maintain the corpus of the trust, therefore the fund is classified as a nonexpendable trust fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control for 2002; budgetary expenditures may not exceed appropriations at the fund level for 2003, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2003	2002
Demand deposits	\$1,189,574	\$960,252
Investments:		
Money Market Investments	3,839	83,839
U.S. Treasury Obligation Bonds	1,715,705	1,615,967
Total investments	1,719,544	1,699,806
Total deposits and investments	\$2,909,118	\$2,660,058

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

Investments: U.S. Treasury Obligation Bonds are held in book-entry form by the Federal Reserve, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$947,494	\$872,347	(\$75,147)
Special Revenue	7,387,547	7,767,607	380,060
Debt Service	0	0	0
Capital Projects	0	0	0
Fiduciary	1,000	328	(672)
Total	\$8,336,041	\$8,640,282	\$304,241

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,577,605	\$789,031	\$788,574
Special Revenue	8,489,821	8,156,036	333,785
Debt Service	0	0	0
Capital Projects	112,767	18,084	94,683
Fiduciary	9,652	4,658	4,994
Total	<u>\$10,189,845</u>	<u>\$8,967,809</u>	<u>\$1,222,036</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$498,566	\$536,061	\$37,495
Special Revenue	6,411,259	6,512,120	100,861
Debt Service	943,543	943,543	0
Capital Projects	60,247	60,247	0
Fiduciary	950	635	(315)
Total	<u>\$7,914,565</u>	<u>\$8,052,606</u>	<u>\$138,041</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,444,129	\$708,713	\$735,416
Special Revenue	8,619,044	7,100,139	1,518,905
Debt Service	955,759	942,934	12,825
Capital Projects	227,182	217,633	9,549
Fiduciary	10,150	1,573	8,577
Total	<u>\$11,256,264</u>	<u>\$8,970,992</u>	<u>\$2,285,272</u>

The Board of Trustees did not pass a resolution to authorize transfers in 2002 as required by Ohio Revised Code Section 5705.14. However, the Board subsequently approved transfers made during 2002.

4. PROPERTY TAX

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

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. PROPERTY TAX (continued)

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

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

5. DEBT

The Township paid Fire Station Notes and Township Building Notes in full during 2002. The Township also paid an Equipment Loan in full during 2003.

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Fire Engine Lease Purchase	\$246,871	2.72%

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

	Fire Engine Lease Purchase
Year ending December 31:	
2004	128,495
2005	128,495
Total	\$256,990

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of OP&F participants contributed 10% of their wages. The employee contribution was picked-up by the Township. The Township contributed an amount equal to 24% of their wages to OP&F. For 2002 and 2003, police officers enrolled in PERS contributed 10.1% of their gross salaries. The employee contribution was picked-up by the Township. The Township contributed an amount equal to 16.7% of participants' gross salaries. For 2003 and 2002, all other PERS members contributed 8.5% of their gross salaries. The employee contribution was picked-up by the Township. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for errors and omissions risk.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP).

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT (continued)

Health Care Coverage

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

8. PENDING LITIGATION

The Township is a defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. SUBSEQUENT EVENTS

On February 25, 2004, the Township contracted to purchase a plot of land at 485 Rocky Fork Boulevard, Gahanna, Ohio, for \$385,000 to be used to extend an adjoining fire station.

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**Auditor of State
Betty Montgomery**

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

Mifflin Township
Franklin County
155 Olde Ridenour Road
Gahanna, Ohio 43230

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2003, and December 31, 2002, and have issued our report thereon dated March 12, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated March 12, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 12, 2004.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

March 12, 2004

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

Material Noncompliance

Finding Number	2003-001
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Transfers

Ohio Rev. Code Section 5705.14, addresses the transfer of funds and states that no transfer shall be made from one fund of a subdivision to any other fund unless the transfer meets one of the exceptions contained in that section. The exceptions are stated in sections 5705.14(A) through (H). Section 5705.14(A) through (C) authorizes transfers of moneys from a bond fund, any specific improvement fund, the sinking fund, or bond retirement fund of a subdivision. Section 5705.14(D) authorizes transfers from any special fund of a subdivision after termination of the activity, service, or other undertaking for which the special fund existed. Section 5705.14(E) allows transfers from the general fund to any other fund of the subdivision. Section 5705.14(F) pertains to transferring county revenues from motor vehicle licensing and fuel excise taxes. Section 5705.14(G) provides a similar transfer authorization in the case of such revenues received or retained by a municipal corporation. Section 5705.14(H) authorizes transfers of money from a county's mental retardation and developmental disabilities general fund and capital fund. All transfers, except those made from the general fund, require a resolution passed by a 2/3 vote of the taxing authority. Transfers made from the general fund require a resolution passed by the majority of the taxing authority.

In 2002, the Township had the following transfers:

Amount of the Transfer	Funds
\$109,000	From the General Fund to the Debt Service Fund
\$6,309	From the General Fund to the Permanent Improvement Fund
\$500	From the Fire Operating Fund to the Permanent Improvement Fund

The transfers from the General Fund are allowable under Ohio Rev. Code Section 5705.14(E). The transfer from the Fire Operating fund does not meet one of the exceptions in 5705.14 and is, therefore, not allowable.

Initially, the Board of Trustees did not explicitly approve the transfers, but did authorize expenditures from funds which, in some cases, were unable to support the transaction without these transfers.

We recommend the Board approve all transfers via resolution. The transfer of funds should not occur until it has been approved. We also recommend the Township pay expenditures from several funds, if appropriate, rather than transferring funds.

The Board of Trustees approved a resolution on April 20, 2004, to retroactively approve these transfers.

Had the Township not made the illegal transfer from the Fire Fund to the Permanent Improvement Fund, the cash fund balance of the Fire Operating Fund as of December 31, 2003, would be increased from \$1,333,379 to \$1,333,879. The Permanent Improvement Fund would be decreased from \$267,661 to \$267,161.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

<u>Finding Number</u>	<u>Summary</u>	<u>Status of Finding</u>
2001-40625-001	Expenditures exceeding appropriations	Fully corrected
2001-40625-002	Board Monitoring of Financial Activity	Partially Corrected; revised recommendation included in separate letter to management



**Auditor of State
Betty Montgomery**

88 East Broad Street
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MIFFLIN TOWNSHIP

FRANKLIN 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
JULY 6, 2004**