



**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MIFFLIN
ASHLAND COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mifflin
Ashland County
36 Maine Street
Ashland, Ohio 44805

To the Village Council:

We have audited the accompanying financial statements of the Village of Mifflin, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village 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 Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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 audits.

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

Jim Petro
Auditor of State

April 27, 2001

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$883		\$883
Intergovernmental	45,518	\$10,603	56,121
Fines, Licenses, and Permits	7,415		7,415
Earnings on Investments	357	133	490
Miscellaneous	617	279	896
	<u>54,790</u>	<u>11,015</u>	<u>65,805</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	14,733		14,733
Basic Utility Services	2,071		2,071
Transportation	5,256	479	5,735
General Government	21,674		21,674
Debt Service:			
Principal Payments		7,037	7,037
Interest Payments		1,800	1,800
	<u>43,734</u>	<u>9,316</u>	<u>53,050</u>
Total Cash Receipts Over Cash Disbursements	<u>11,056</u>	<u>1,699</u>	<u>12,755</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets		2,600	2,600
Transfers-In		8,244	8,244
Transfers-Out	(8,244)		(8,244)
	<u>(8,244)</u>	<u>10,844</u>	<u>2,600</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,812	12,543	15,355
Fund Cash Balances, January 1	<u>2,726</u>	<u>16,594</u>	<u>19,320</u>
Fund Cash Balances, December 31	<u>\$5,538</u>	<u>\$29,137</u>	<u>\$34,675</u>
Reserves for Encumbrances, December 31	<u>\$726</u>	<u>\$1,292</u>	<u>\$2,018</u>

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$920		\$920
Intergovernmental	38,774	\$9,822	48,596
Fines, Licenses, and Permits	6,778		6,778
Earnings on Investments	347	144	491
Miscellaneous		203	203
	46,819	10,169	56,988
Cash Disbursements:			
Current:			
Security of Persons and Property	11,586		11,586
Public Health Services	475		475
Community Environment	100		100
Transportation	3,771	5,011	8,782
General Government	39,383		39,383
Capital Outlay	14,215	35,186	49,401
	69,530	40,197	109,727
Total Cash Receipts Under Cash Disbursements	(22,711)	(30,028)	(52,739)
Other Financing Receipts:			
Sale of Fixed Assets		685	685
Proceeds of Notes		35,186	35,186
	0	35,871	35,871
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(22,711)	5,843	(16,868)
Fund Cash Balances, January 1	25,437	10,751	36,188
Fund Cash Balances, December 31	\$2,726	\$16,594	\$19,320
Reserves for Encumbrances, December 31	\$483	\$1,092	\$1,575

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
AGENCY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	Agency Fund	
	2000	1999
Non-Operating Cash Receipts:		
Other Non-Operating Receipts	\$9,455	\$8,638
Non-Operating Cash Disbursements:		
Other Non-Operating Expenses	9,315	8,398
Net Cash Receipts Over Cash Disbursements	140	240
Fund Cash Balance, January 1	240	0
Fund Cash Balance, December 31	\$380	\$240
Reserves for Encumbrances, December 31	\$0	\$0

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

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**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mifflin, Ashland County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including police services and a Mayor's Court.

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

B. Basis of Accounting

These financial statements follow the cash 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

The Village maintains an interest bearing general checking account and an interest bearing Housing and Urban Development (HUD) checking account. The Village has no investments.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village 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 Village had the following significant Special Revenue Fund:

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund is used to record the collection and distribution of fines and court costs resulting from the operation of the Mayor's Court. Prior to January 1, 1999 this activity was recorded in the General Fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

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

F. Property, Plant and Equipment

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

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$35,055	\$19,560

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,854	\$ 54,790	\$ (2,064)
Special Revenue	4,460	21,859	17,399
Total	\$ 61,314	\$ 76,649	\$ 15,335

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,588	\$ 52,704	\$ 9,884
Special Revenue	14,292	10,608	3,684
Total	\$ 76,880	\$ 63,312	\$ 13,568

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,269	\$ 46,819	\$ (8,450)
Special Revenue	4,620	46,040	41,420
Total	\$ 59,889	\$ 92,859	\$ 32,970

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 69,675	\$ 70,013	\$ (338)
Special Revenue	13,600	41,289	(27,689)
Total	\$ 83,275	\$ 111,302	\$ (28,027)

4. NONCOMPLIANCE

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

The Village had cash expenditures which exceeded appropriations in the State Highway and Street Construction, Maintenance and Repair Funds for 2000 and 1999, respectively, contrary to Ohio Rev. Code Section 5705.41 (B).

The Village did not record certain receipt transactions properly, contrary to Ohio Admin. Code Section 117-05.

The Village did not maintain a cash book for the Mayor's Court, contrary to Ohio Rev. Code Section 2335.25.

5. PROPERTY TAX

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

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 Village.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2000 and 1999
(Continued)**

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
1999 Commercial Loan	\$ 28,149	6.70%

Proceeds of the 1999 Commercial Loan were used to purchase a 1999 GMC Dump Truck. The loan is collateralized by the truck.

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

Year Ending December 31	Commercial Loan 1999
2001	\$ 8,923
2002	8,452
2003	7,980
2004	7,510
Total	\$ 32,865

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

The Clerk/Treasurer belongs to Social Security. The Village's liability is 6.2 percent of wages paid.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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

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

Village of Mifflin
Ashland County
36 Maine Street
Ashland, Ohio 44805

To the Village Council:

We have audited the accompanying financial statements of the Village of Mifflin, Ashland County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 27, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-30503-001 through 2000-30503-007.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-30503-001 through 2000-30503-010. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-30503-006 to be a material weakness.

We also 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 Village in a separate letter dated April 27, 2001.

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

Jim Petro
Auditor of State

April 27, 2001

VILLAGE OF MIFFLIN
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

Findings for Recovery

Finding # 2000-30503-001

The former Village Clerk/Treasurer, Beckie Blough, was paid a salary of \$3,000 during 1999. Her salary for 1999 should have been \$2,601.59. Ordinance No. 11-99 increased her salary to \$3,000 per annum, effective April 8, 1999. She should have been paid \$398.63 at her prior annual salary for the period January 1, 1999 through April 7, 1999 and \$2,202.96 at her new annual salary for the period April 8, 1999 through December 31, 1999.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Beckie Blough, former Clerk/Treasurer of the Village of Mifflin, and the Ohio Farmers Insurance Company, her bonding company, jointly and severally, in the amount of three hundred ninety-eight dollars and forty-one cents (\$398.41), and in favor of the Village of Mifflin.

Finding # 2000-30503-002

The former Village Mayor, Victoria Shultz, was paid a salary of \$1,200 during 1999. By ordinance, her salary for 1999 was established at \$800. On January 21, 2000, she was notified by the Village Solicitor of the overpayment and she was requested to reimburse the Village for the excess salary. On February 29, 2000 and March 10, 2000, she reimbursed the Village a total of \$300. On April 11, 2000, she was notified by the Village Solicitor of the \$100 overpayment still owed. To date, this amount has not been repaid.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Victoria Shultz, former Mayor of the Village of Mifflin, and the Personal Service Insurance Company, her bonding company, jointly and severally, in the amount of one hundred dollars (\$100), and in favor of the Village of Mifflin.

Finding for Recovery Repaid Under Audit

Finding # 2000-30503-003

Ohio Rev. Code Section 733.40 states at the first regular meeting of the legislative authority each month, the Mayor shall submit an itemized statement by case of the amount received, from whom and for what purposes received and when paid into the treasury. This section also requires that costs due the State shall be distributed by the 20th day of the following month.

The Mayor did not maintain itemized statements disclosing from whom the money was received, for what purposes received or when paid into the treasury. Also, the Mayor only distributed State costs once per year on October 22, 1999 and December 14, 2000, and appears to have not distributed any costs due to the State for the periods of October 15, 1999 through December 31, 1999 and November 25, 2000 through December 31, 2000, resulting in total costs due to the State of \$380.

The Mayor should submit an itemized statement to Village Council which details the aforementioned requirements and distribute State costs timely in accordance with the said Ohio Rev. Code section.

**Finding for Recovery Repaid Under Audit
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money not distributed to the State is hereby issued against the Village of Mifflin in the amount of three hundred and eighty dollars (\$380), and in favor of the Treasurer of State of Ohio.

The Village repaid the finding on April 27, 2001.

Material Noncompliance

Finding # 2000-30503-004

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

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

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

During 2000 and 1999, 80% of the expenditures tested were not certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D) and certify the availability of funds prior to entering the obligation. The Village should also consider implementing the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

**Material Noncompliance
 (Continued)**

Finding #2000-30503-005

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

For the years ended December 31, 2000 and 1999, the Village had the following funds in which cash expenditures plus outstanding encumbrances exceeded appropriations:

<u>2000</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Special Revenue State Highway Fund	\$300	\$8,235	\$7,935
<u>1999</u>			
Special Revenue Street Construction, Maintenance and Repair Fund	\$4,000	\$5,557	\$1,557

While there were other budgetary overexpenditures noted in the financial statements, they were caused by audit adjustments, and hence, are not included here.

In addition, appropriations posted to the Village's Appropriation Reports did not always agree to the Village's actual Annual Appropriation Measure. The Clerk/Treasurer should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the object level to avoid potential overspending. In addition, the Clerk/Treasurer should periodically review the Village's Appropriation Reports to ensure appropriation amounts are posted accurately and timely. The accompanying budgetary presentation includes only appropriations approved by Council.

Finding # 2000-30503-006

Ohio Admin. Code Section 117-05-01 provides that each village which uses the cash basis of accounting use the uniform system of accounting prescribed by Ohio Admin. Code Sections 117-05-01 to 117-05-18. The Village did not comply with the following provisions of the Administrative Code:

- Section 117-05-07 establishes guidelines for the proper coding and classification of Village receipts. The Village did not always properly code and classify receipts. Various reclassifications and adjustments were necessary and such reclassifications and adjustments are reflected in the accompanying financial statements.

For example, various intergovernmental revenues such as homestead/rollback tax, motor vehicle license tax, and gasoline tax were posted to accounts in which the moneys were commingled with each other. Also, some motor vehicle license tax and gasoline tax distributions received from the Ashland County Auditor and State Auditor, respectively, which were intended for the Special Revenue Street Construction, Maintenance and Repair fund and also the State Highway Fund, where these moneys should be recorded, were recorded in General Fund line items. This practice allowed some individual accounts to be overstated and others to be understated. This also makes it difficult to maintain proper monitoring of specific moneys received for specific purposes from month to month.

We recommend the Clerk/Treasurer consult the "Village Officers' Handbook" prepared by the Auditor of State to determine the proper revenue account codes to be established and the correct type of revenues to be posted to each account code. This will ensure proper and consistent posting of similar type revenues.

**Material Noncompliance
(Continued)**

Finding # 2000-30503-006 (Continued)

Effective January 1, 2001, Ohio Admin. Code Section 117-9 replaced 117-5. The Clerk/Treasurer should refer to Section 117-9 for proper coding of transactions.

- Section 117-05-10 (117-2-02(2), effective July 1, 2000) provides guidelines for the proper and complete maintenance of a village receipt journal. Although the Village utilizes the Uniform Accounting Network, during 1999, the Clerk/Treasurer did not maintain a receipts journal.

The Clerk/Treasurer should accurately record all receipt activity of the Village within the receipts journal. At the end of each month, the monthly receipts journal columns should be totaled and reconciled with the monthly cash journal receipt column totals. The column totals should be ruled off to document this reconciliation.

Finding # 2000-30503-007

Ohio Rev. Code Section 2335.25, states in part that each clerk of a court of record shall enter in a journal or cashbook an accurate account of all moneys collected or received.

The Village did not maintain a cash book for the Mayor's Court during 1999 or 2000.

Reportable Conditions

Finding # 2000-30503-008

The Mayor's Court docket was not maintained in numerical order by case number, nor did it contain the complete offense and disposition of the cases. As a result, errors or irregularities on certain fines may occur and not be detected timely. The Mayor should ensure that the docket is maintained numerically by case number and that all aspects of the docket are properly completed. This will help ensure errors or irregularities are detected timely. The Village should follow the requirements of Ohio Rev. Code Section 1905.21 when preparing the Mayor's Court docket.

Finding # 2000-30503-009

The following weaknesses were noted during our review of court records:

1. Mayor's Court fines and costs were recorded in the Court Costs account (#1000-611-0000) in the General Fund rather than an Agency Fund.
2. The required monthly distributions of fines and costs to the State of Ohio were made from the Land & Land Improvement account (#1000-800-510-0000) and the Payment to Another Political Subdivision account (#1000-720-640-0000) in the General Fund, rather than from an Agency Fund.

These practices overstated receipts and expenditures in the General Fund and did not clearly report the amount that the Village received from the court's activity and the amount paid to the State of Ohio for state costs. The financial statements reflect an adjustment to correct this condition.

3. The offense and disposition of the case (by court appearance, waiver paid, continued, transferred to Ashland Municipal Court, etc.) were not always entered in the court docket during 1999 and 2000. The docket and case files were not in numeric order by case number and in some cases were left loose without files.
4. The Mayor did not maintain a Court Cashbook for 1999 or 2000

**Reportable Conditions
(Continued)**

Finding # 2000-30503-009 (Continued)

5. The Mayor did not appoint a Clerk of Courts to maintain required court records and make the required distributions to the State and the Village, nor monitor court activity to verify that required records were maintained and the required distributions were made. As a result, the Village distributed State costs only once in 1999 and once in 2000, and appears to have not distributed any costs for the period of 10/15/99 through 12/31/99 and 11/25/00 through 12/31/00, resulting in costs due to the State of \$380. In addition, without a court cashbook, adequate supporting documentation was not available to agree the payments for State costs due.
6. The Village did not utilize accurate descriptions (i.e. court case numbers or court receipt numbers) in the UAN Revenue Journal when entering the transaction to easily determine which court cases/court receipts comprised the UAN receipt transaction listed.

The following court procedures should be implemented to clearly separate the responsibility for Mayor's Court receipt and disbursement activity from the Village's other receipt and disbursement activity, to prevent overstatement of receipts and disbursements on the financial reports, and to provide complete information in the Mayor's Court records:

1. Fines and costs should be originally recorded in an Agency Fund and then only the portion of fines and costs due to the Village should be recorded as a receipt in the "Court Costs" account within the General Fund to clearly account for the portion of court receipts that legally belong to the Village.
2. The Mayor's Court annual receipts and disbursements should be recorded in a separate Agency Fund on the Village's annual report to account for the court's activity.
3. The information in the court docket should always be completed properly including offense (miles over the speed limit), and disposition of the case. The court docket and case files should be in numeric order and all cases should be assigned a file to provide completeness of all cases processed.
4. The Mayor should maintain a Court Cashbook to effectively track a complete record of all receipts and disbursements made to the State.
5. The Mayor is responsible for all court records and activity. The Mayor should either maintain the court records and make the required distributions herself, or appoint an official Clerk of Courts to maintain all the required court records. If a Clerk of Courts is appointed, the Mayor should establish formal monitoring controls to establish oversight responsibility. Such controls would include reviewing and initialing the court's monthly bank reconciliation and reviewing and initialing the court's monthly cashbook totals of receipts and disbursements.
6. The Village should utilize court case numbers or court receipt numbers in the description portion of the UAN Revenue Journal when entering transactions so that it is easily determinable which court cases or court receipts make up the UAN receipt transaction.

**Reportable Conditions
(Continued)**

Finding # 2000-30503-010

During our testing of the Village's payroll disbursements we noted the following weaknesses:

1. The Village did not withhold State or FICA taxes from six council members salaries who had elected to be covered by FICA tax rather than PERS during 2000. It is not yet determinable if the Village will pay both the employee and employer share of State and FICA taxes due because such taxes have not yet been remitted.

The Village should withhold State and FICA taxes from each applicable employee's salary to avoid paying more than its share of taxes.

2. The Mayor's W-2 for 1999 did not agree to the payroll ledger or amount paid. Also, her deductions per the payroll ledger were not reflected on her W-2.

The Clerk/Treasurer must accurately complete employees' W-2 forms indicating actual amounts paid and withheld for the year to ensure that only factual information is remitted to the Internal Revenue Service and to avoid any possible penalties.

3. The Clerk/Treasurer only withheld amounts from her pay on the last paycheck during 1999 and 2000 and on the last paycheck for the Mayor during 1999.

Although the amounts withheld represent all amounts due for the applicable year(s), the Clerk/Treasurer should withhold amounts each time a warrant is issued for payroll compensation.

4. The Clerk/Treasurer was paid 3 and 4 times, respectively, for her 1999 and 2000 compensation, and the Mayor was paid semi-annually for her 2000 compensation, both contrary to Ordinance # 11-99, indicating that the Mayor and Clerk/Treasurer shall be compensated monthly.

The Village must enforce all ordinances as they are part of the minutes which serve as documentation for all actions of Council. Failure to strictly enforce ordinances approved in the minutes can cause disputes at a later date as to what action was taken by Council.

**VILLAGE OF MIFFLIN
ASHLAND COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-30503-001	Finding for recovery against the prior Clerk-Treasurer.	No	Not Corrected. Village still pursuing finding.
1998-30503-002	Ohio Rev. Code Section 5705.41(D), Village did not certify the availability of funds for any of their expenditures.	No	Partially Corrected - 80% of expenditures tested were not certified properly.
1998-30503-003	Ohio Rev. Code Section 5705.41(B), certain funds had expenditures that exceeded appropriations.	No	Partially Corrected - Some funds still had expenditures exceeding appropriations.
1998-30503-004	Ohio Rev. Code Section 2335.25, Village did not maintain a cash book for the Mayor's Court during 1998.	No	Not Corrected - A Mayor's Court cash book was not maintained for 2000 or 1999.
1998-30503-005	Ohio Rev. Code Section 733.40, State costs from the Mayor's Court were not submitted to the State Treasurer timely.	No	Partially Corrected - State costs were still not distributed timely.
1998-30503-006	Numerous record keeping issues with the Mayor's Court.	No	Not Corrected - Similar issues still exist.
1998-30503-007	Numerous revenue coding/posting errors.	No	Not Corrected - Many posting errors still exist.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

VILLAGE OF MIFFLIN

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 14, 2001**