

***MIFFLIN TOWNSHIP***

**RICHLAND COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2021 and 2020**







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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Mifflin Township  
2326 Park Ave. East  
Mansfield, Ohio 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, 2020 through December 31, 2021. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

#### **FINDING FOR RECOVERY**

**Internal Revenue Code (IRC) Chapter 26, §§ 3401 through 3405, and 3102(a)** require the employing government to withhold federal, state, and local income and employment related taxes (such as Medicare). They also require the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

**Internal Revenue Service Publication 15** states, in part, "Penalties may apply if you don't make required deposits on time or if you make deposits for less than the required amount...For each whole or part month a return isn't filed when required, there is a failure-to-file (FTF) penalty...Also, for each whole or part month the tax is paid late, there is a failure-to-pay (FTP) penalty..."

Furthermore, **Ohio Rev. Code § 5747.06** requires the employing government to withhold state income taxes. It also requires the government to report and remit those tax matters to the appropriate tax authorities and to the recipients.

Finally, **Ohio Rev. Code § 4141.20(B)** states, in part, "Every contributory employer shall file a quarterly contribution and wage report. The quarterly report shall be filed not later than the last day of the first month following the close of the calendar quarter for which the quarterly report is being filed...In case of failure to properly file the quarterly contribution and wage report containing all the required contribution and wage information within the time prescribed by this section, the director [of job and family services] shall assess a forfeiture amounting to twenty-five one-hundredths of one per cent of the total remuneration reported by the employer, provided such forfeiture shall not be less than fifty nor more than one thousand dollars."

Board of Trustees  
Mifflin Township  
2326 Park Ave. East  
Mansfield, Ohio 44903  
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Former Fiscal Officer of Mifflin Township, Robyn Gast, was responsible for handling the Township's finances, including but not limited to payroll, taxes, budgeting, appropriations, and handling of general correspondence. Ms. Gast was the Fiscal Officer for approximately eighteen years until resigning effective May 31, 2019. After Ms. Gast resigned, the Township discovered various taxes were not paid timely, dating back to 2015. As of March 30, 2022, the Township has paid the following:

- \$203,581 to the IRS in penalties and interest due to late payments for the 2015 fourth quarter through the 2019 first quarter taxes.
- \$1,333 to the Ohio Department of Taxation in penalties and interest due for the 2018 employer withholding.
- \$1,716 to the Ohio Department of Job and Family Services in forfeiture and interest related to multiple quarters from 2015 through 2019.

These payments, totaling \$206,630, do not constitute proper public purposes.

On March 15, 2022, Ms. Gast pled no contest to five counts of dereliction of duty (**Ohio Rev. Code § 2921.44(E)**), a misdemeanor of the second degree, in Mansfield Municipal Court Case No. 2021 CRB 01153. She was sentenced to six months diversion.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public monies illegally expended is hereby issued against Robyn Gast and her bonding company Travelers Casualty and Surety Company of America, jointly and severally, in the amount of \$206,630 and in favor of Mifflin Township, to be allocated to the original funds of payment as determined appropriate by the Fiscal Officer.

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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 23, 2022

**MIFFLIN TOWNSHIP  
 RICHLAND COUNTY  
 Regular Audit  
 For the Years Ended December 31, 2021 and 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Mifflin Township  
Richland County  
2326 Park Avenue East  
Mansfield, Ohio 44903

To the Township Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Mifflin Township, Richland County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***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* section of our report, the accompanying financial statements 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, 2021, or the changes in financial position for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 to the 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.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.




- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.***

October 20, 2022

**Mifflin Township***Richland County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$362,667	\$1,405,465	\$1,768,132
Charges for Services	0	246,305	246,305
Licenses, Permits and Fees	1,680	0	1,680
Intergovernmental	56,518	844,960	901,478
Special Assessments	289	9,467	9,756
Earnings on Investments	396	355	751
Miscellaneous	20,050	70,668	90,718
<i>Total Cash Receipts</i>	<u>441,600</u>	<u>2,577,220</u>	<u>3,018,820</u>
<b>Cash Disbursements</b>			
Current:			
General Government	174,322	0	174,322
Public Safety	53,818	1,363,157	1,416,975
Public Works	0	776,337	776,337
Debt Service:			
Principal Retirement	0	124,696	124,696
Interest and Fiscal Charges	0	20,781	20,781
<i>Total Cash Disbursements</i>	<u>228,140</u>	<u>2,284,971</u>	<u>2,513,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>213,460</u>	<u>292,249</u>	<u>505,709</u>
<b>Other Financing Receipts (Disbursements)</b>			
Loans Issued	0	130,000	130,000
Sale of Capital Assets	0	5,510	5,510
Other Financing Uses	(277)	0	(277)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(277)</u>	<u>135,510</u>	<u>135,233</u>
<i>Net Change in Fund Cash Balances</i>	213,183	427,759	640,942
<i>Fund Cash Balances, January 1</i>	<u>126,306</u>	<u>2,110,576</u>	<u>2,236,882</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$339,489</u></u>	<u><u>\$2,538,335</u></u>	<u><u>\$2,877,824</u></u>

*See accompanying notes to the financial statements*

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

***Risk Pool Membership***

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 Fund:

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

***Road and Bridge Fund*** The road and bridge fund accounts for and reports the receipt of property tax money, charges for services, and grants for the purpose of providing road and bridge services to the citizens of the Township.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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 (C). 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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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 carried over, and need not be reappropriated.

A summary of 2021 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**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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 Trustees amend 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity**

Budgetary activity for the years ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 497,089	\$ 441,600	\$ (55,489)
Special Revenue	4,511,575	2,712,730	(1,798,845)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 346,656	\$ 228,817	\$ 117,839
Special Revenue	4,206,636	2,290,943	1,915,693

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit account is as follows:

	2021
Demand deposits	\$2,877,824

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township does not have any unremitted employee payroll withholdings.

***Deposits***

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

**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.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 5 – Property Taxes (continued)**

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% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% 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% 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% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (latest information available).

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u><u>\$5,296,707</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 - Defined Benefit Pension Plan**

*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% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

*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 members contributed 12.25%, of their gross salaries and the Township contributed an amount equaling 19.5%, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

**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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. OP&F contributed 0.5% to fund these benefits during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2021.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
General Obligation Bonds - 2016	\$ 550,000	3.80%
Emergency Squad Loan - 2016	30,838	3.00%
Dump Truck Road DEPT-2021	107,266	2.40%
Total	\$ 688,104	



**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 – Debt (continued)**

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 are collateralized by the equipment that was purchased with the proceeds. In 2021, the Township issued a loan for a dump truck for \$130,000 for 5 years at an interest rate of 2.4%.

***Amortization***

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

Year ending December 31:	GO Bonds - 2016	Dump Truck Road DEPT-2021	Emergency Squad Loan - 2016
2022	\$ 89,559	\$ 28,496	\$ 32,565
2023	86,899	27,872	-
2024	84,282	27,251	-
2025	81,579	26,624	-
2026	78,919	-	-
2027-2031	211,003	-	-
	\$ 632,241	\$ 110,243	\$ 32,565

**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.

**Note 11 – Fund Balances**

Fund balances may include money that the Township cannot spend, including the balances of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 400	\$ 5,972	\$ 6,371

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Compliance**

Contrary to the Ohio Revised Code Section 5705.41(D), 16% of the Township's tested purchase orders were dated after the invoice dates.

**INDEPENDENT AUDITOR'S 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 Township Trustees:

We have audited, 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 the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of Mifflin Township, Richland County, (the Township) and have issued our report thereon dated October 20, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 2021-001 to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matter we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2021-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 20, 2022.

***Township's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Township's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Township's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***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.***  
October 20, 2022

**INDEPENDENT AUDITORS' REPORT**

Mifflin Township  
Richland County  
2326 Park Avenue East  
Mansfield, Ohio 44903

To the Township 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 year ended December 31, 2020.

***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(C) 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(C), 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(C) 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, 2020, and changes in financial position for the year then ended.

***Opinion on Regulatory Basis of Accounting***

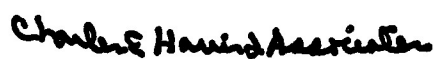
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and related notes of Mifflin Township, Richland County, Ohio, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 12 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 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.*  
October 20, 2022

**Mifflin Township**  
*Richland County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$81,836	\$1,406,036	\$1,487,872
Charges for Services	0	181,025	181,025
Licenses, Permits and Fees	2,983	0	2,983
Intergovernmental	42,154	856,101	898,255
Special Assessments	0	3,929	3,929
Earnings on Investments	1,114	7,524	8,638
Miscellaneous	49,525	39,033	88,558
<i>Total Cash Receipts</i>	<u>177,612</u>	<u>2,493,648</u>	<u>2,671,260</u>
<b>Cash Disbursements</b>			
Current:			
General Government	113,432	0	113,432
Public Safety	26,680	1,538,935	1,565,615
Public Works	0	816,642	816,642
Debt Service:			
Principal Retirement	0	202,797	202,797
Interest and Fiscal Charges	0	28,870	28,870
<i>Total Cash Disbursements</i>	<u>140,112</u>	<u>2,587,244</u>	<u>2,727,356</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,500</u>	<u>(93,596)</u>	<u>(56,096)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	31,197	0	31,197
<i>Total Other Financing Receipts (Disbursements)</i>	<u>31,197</u>	<u>0</u>	<u>31,197</u>
<i>Net Change in Fund Cash Balances</i>	68,697	(93,596)	(24,899)
<i>Fund Cash Balances, January 1, restated</i>	<u>57,609</u>	<u>2,204,172</u>	<u>2,261,781</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$126,306</u></u>	<u><u>\$2,110,576</u></u>	<u><u>\$2,236,882</u></u>

*See accompanying notes to the financial statements*



**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

***Risk Pool Membership***

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 to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

***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 (C). 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).

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 carried over, and need not be reappropriated.

A summary of 2020 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**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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 Trustees amend 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. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the years ended December 31, 2020 follows:

Fund Type	Receipts	Receipts	Variance
General	\$ 197,612	\$ 208,809	\$ 11,197
Special Revenue	4,749,140	2,493,648	(2,255,492)

2020 Budgeted vs. Actual Budgetary Basis Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 176,717	\$ 140,112	\$ 36,605
Special Revenue	4,164,394	2,587,244	1,577,150

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township's deposit account is as follows:

	<u>2020</u>
Demand deposits	\$2,236,882

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee payroll withholdings.

***Deposits***

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

**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.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 5 – Property Taxes (continued)**

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% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% 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% 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% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019 (latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (latest information available).

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 - Defined Benefit Pension Plan**

*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% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

*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 members contributed 12.25%, of their gross salaries and the Township contributed an amount equaling 19.5%, of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

**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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. OP&F contributed 0.5% to fund these benefits during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0% during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
General Obligation Bonds - 2016	\$620,000	3.80%
Emergency Squad Loan - 2016	38,000	3.00%
Road Truck Loan - 2016	24,800	3.00%
Total	\$682,800	

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (continued)**

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 Road Truck are collateralized by the equipment that was purchased with the proceeds.

***Amortization***

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

Year Ending December 31:	GO Bonds - 2016	Emergency Squad Loan - 2016	Road Truck Loan - 2016
2021	\$ 92,219	\$ 38,565	\$ 25,169
2022	89,559	-	-
2023	86,899	-	-
2024	84,282	-	-
2025	81,579	-	-
2026-2030	289,921	-	-
Total	\$ 724,459	\$ 38,565	\$ 25,169

**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 \$45,864, of which \$11,673 was paid in 2020, leaving a balance at December 31, 2020 of \$34,191, which was paid in 2021.

**Note 11 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Mifflin Township**  
*Richland County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balances.

**Note 13 – COVID-19**

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

**Note 14 – Subsequent Event**

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 15 – Prior Year Adjustments**

In 2020, beginning fund balance adjustments were made to increase the General Fund and Special Revenue Fund in the amounts of \$6,714 and \$55,070 due to cancelled checks. The Special Revenue Fund beginning balance was increased and Capital Projects decreased to reclassify a fund for \$27,413.

**Note 16 – Compliance**

Contrary to the Ohio Revised Code Section 5705.41(D), 16% of the Township's tested purchase orders were dated after the invoice dates. Also, the Township did not approve certain transfers contrary to Ohio Revised Code Section 5705.14.



INDEPENDENT AUDITOR'S 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 Township Trustees:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and the related notes of Mifflin Township, Richland County (the Township), and have issued our report thereon dated October 20, 2022, wherein we noted that the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

***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 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses. We consider findings 2021-001 and 2021-003 to be material weaknesses.

***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 2021-002 and 2021-003.

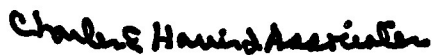
We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 20, 2022.

***Township'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 response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
October 20, 2022

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2021-001 - Material Weakness**

Audit Adjustments and Reclassifications:

The Township erroneously recorded numerous transactions during 2021 and 2020. The more significant adjustments are as follows:

- In 2020, the Special Revenue Fund had disbursements in Public Works of \$35,997 and \$995 reclassified to Principal and Retirement and Interest & Fiscal Charges.
- In 2020, the Special Revenue Fund had receipts in Miscellaneous of \$10,450 reclassified to Intergovernmental receipts.
- In 2020, the General Fund had receipts in Miscellaneous of \$31,197 reclassified to Sale of Capital Assets.
- In 2020, the Special Revenue had disbursements in Public Safety of \$1,292 and \$1,291 that were reclassified to the General Fund as General Government.
- In 2020, the Special Revenue Fund had disbursements in Public Safety of \$9,874 reclassified to Interest & Fiscal Charges.
- In 2021, the Special Revenue Fund had revenue in Miscellaneous reclassified to a reduction of disbursements in Other of \$24,300.
- In 2021, the Special Revenue Fund had disbursements in Other of \$132,318 reclassified to Public Safety.
- In 2021, the Special Revenue Fund had disbursements in Public Works of \$13,534 and \$1,504 reclassified to Principal Retirement and Interest & Fiscal Charges.
- In 2021, the Special Revenue Fund had disbursements in Public Safety of \$7,162 reclassified to Principal Retirement.
- In 2021, the Special Revenue Fund had receipts in Miscellaneous of \$130,000 reclassified to Loans Issued.
- In 2021, the Special Revenue Fund had receipts in Miscellaneous of \$5,510 reclassified to Sale of Capital Assets.
- In 2021, the Special Revenue Fund had receipts in Miscellaneous of \$19,500 reclassified to Intergovernmental Receipts.
- In 2021, the Special Revenue Fund had disbursements in Public Safety of \$1,385 and \$1,434 reclassified to the General Fund as General Government.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY  
SCHEDULE OF FINDINGS - continued  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**Finding Number 2021-001 - Material Weakness (Continued)**

The accompanying financial statements and the Township’s records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Ohio Township Handbook, UAN manual and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer adopt policies and procedures on the reviewing all financial reports compiled by UAN to ensure their accuracy.

**Management Response:**

See Corrective Action Plan

**Finding Number 2021-002 - 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.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY  
SCHEDULE OF FINDINGS - continued  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued</b>
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**Finding Number 2021-002 - Ohio Revised Code Non-Compliance (Continued)**

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.

During 2021 and 2020, 16% of purchase orders tested for both years 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 2021-003 - Ohio Revised Code Non-Compliance and Material Weakness**

**Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16** states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14.

In 2020, the Township transferred \$488,279 from the Fire District Fund to the Other Fire Fund. Instead of a transfer it was recorded in the Other Fire Fund as revenue in Miscellaneous and disbursements in the Fire District fund as Public Safety of \$488,279. The Board of Trustees did not approve the transfer.

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY  
SCHEDULE OF FINDINGS - continued  
December 31, 2021 and 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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**Finding Number 2021-003 - Ohio Revised Code Non-Compliance and Material Weakness (Continued)**

In 2020, the Township transferred \$41,804 from the FEMA Fund to the FEMA Grant Fund. The FEMA Fund had revenue in Intergovernmental Revenue of \$41,804 and disbursements in the FEMA Grant Fund in Public Safety and Human Services of \$33,033 and \$8,771. The Board of Trustees did not approve the transfer.

These transactions were reclassified to Transfers in the financial statements. We recommend the Township refer to Ohio Revised Code Section 5705.14 prior to making transfers and to ensure they are approved by the Board and recorded as transfers.

**Management Response:**

See Corrective Action Plan

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Material Weakness - Cash Reconciliations	Corrected	
2019-002	Non-Compliance Internal Revenue Code – Collections and Payments	Corrected	
2019-003	Ohio Revised Code Non-Compliance – Certification of Expenditures	Not Corrected	Repeated as finding 2021-002
2019-004	Ohio Revised Code Non-Compliance – Expenditure over Appropriations	Corrected	
2019-005	Ohio Revised Code Non-Compliance – Negative Fund Balances	Corrected	

**MIFFLIN TOWNSHIP  
RICHLAND COUNTY**

**CORRECTIVE ACTION PLAN  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Review receipts and disbursements more closely to ensure correct coding.	Immediately	Karen Cline, Fiscal Officer
2021-002	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
2021-003	Review any transfers and have them approved by the Trustees.	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 12/6/2022**

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](http://www.ohioauditor.gov)