

***MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Board of Trustees
Mifflin Township
2326 Park Avenue East
Mansfield, Ohio 44903

We have reviewed the *Report of Independent Accountants* of the Mifflin Township, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 1, 2006

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**MIFFLIN TOWNSHIP
RICHLAND COUNTY
For the Year Ending December 31, 2004**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Report of Independent Accountants	1-2
Management Discussion & Analysis	3-9
Statement of Net Assets – Cash Basis, as of December 31, 2004	10
Statement of Activities – Cash Basis, for the Year Ended December 31, 2004	11
Statement of Cash Basis Assets and Fund Balances, as of December 31, 2004	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities- For the Year Ended December 31, 2004	13
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds, for the Year Ended December 31, 2004	14
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2004	15
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – General Fund, For the Year Ended December 31, 2004	16
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – Gasoline Tax Fund, For the Year Ended December 31, 2004	17
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – Road District Fund, For the Year Ended December 31, 2004	18
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – Road and Bridge Fund, For the Year Ended December 31, 2004	19
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – Fire District Fund, For the Year Ended December 31, 2004	20
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - (Budget Basis) – Permissive Sales Tax Fund, For the Year Ended December 31, 2004	21
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual – (Budget Basis) – Ambulance & Emergency Medical Fund, For the Year Ended December 31, 2004	22

**MIFFLIN TOWNSHIP
RICHLAND COUNTY
For the Year Ending December 31, 2004**

TABLE OF CONTENTS – (Continued)

<u>Title</u>	<u>Page</u>
Notes to the Financial Statements	23-34
Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Required by <i>Government Auditing Standards</i>	35-36
Schedule of Prior Audit Findings	37

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustees
Mifflin Township, Richland County
Mansfield, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Richland County, Ohio as and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Richland County, Ohio, as of December 31, 2004, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund and all major Special Revenue funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 1, 2005 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, grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring the required supplementary information. However, we did not audit the information and express no opinion on it.

Charles E. Harris & Associates, Inc.

August 1, 2005

Mifflin Township
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

This discussion and analysis Mifflin Township, Richland County, Ohio's (Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets increased \$25,855, or 3.3 percent, an insignificant change from the prior year. The General Fund actually experienced a decrease in cash balances while the Road District Fund, the Permissive Sales Tax Fund and the Ambulance & EMS Fund all had significant increases in cash balances that more than offset the General Fund's decline. The overall increase in cash is due to a higher increase in receipts than disbursements.

The Township's general receipts are primarily property taxes and unrestricted grants. These receipts represent respectively 59.7 and 14.5 percent of the total cash received during the year, respectively. Property tax receipts for 2004 increased by \$102,630 or 14% compared to 2003. Increased property tax receipts reflects increasing property values, while decreasing unrestricted grants reflects the declining amount of local Township assistance from the State of Ohio.

The Township provides emergency medical through its Ambulance & EMS fund. The cash receipts (charges for services) for these services represents 13.1% of the Township's total receipts for 2004. The receipts for emergency medical runs increased \$87,726 or 88% from 2003. Emergency medical runs increased 71% from 2003 to 2004.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

Mifflin Township
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The notes to the financial statements are an integral part of the Government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

A three-member board of trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance

Mifflin Township
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Township has no business-type activity. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The Governmental fund financial statements provide a detailed view of the Township's Governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major funds are the general fund, road district, road and bridge, fire district, permissive sales tax and ambulance & emergency medical. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the Governmental fund financial statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has no internal service funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township has no fiduciary funds.

Mifflin Township
 Richland County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2004 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities
	2004
Assets	
Cash and Cash Equivalents	812,600
Total Assets	812,600
 Net Assets	
Restricted for:	
Other Purposes	743,623
Unrestricted	68,977
Total Net Assets	812,600

As mentioned previously, net assets of Governmental activities increased \$ 25,855 or 3.3 percent during 2004. The primary reasons contributing to the increases in cash balances are as follows:

- Increased property tax collections due to increased property values and new construction.
- Increased collections of \$87,726 for emergency medical runs.

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, a comparative analysis of Government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Mifflin Township
 Richland County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

	Governmental Activities 2004
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$197,467
Operating Grants and Contributions	122,864
Total Program Receipts	320,331
General Receipts:	
Property and Other Local Taxes	840,841
Grants and Entitlements Not Restricted to Specific Programs	203,657
Interest	4,366
Miscellaneous	38,345
Total General Receipts	1,087,209
Total Receipts	1,407,540
Disbursements:	
General Government	208,258
Public Safety	622,207
Public Works	444,381
Capital Outlay	7,635
Debt Service:	
Principal	84,974
Interest	14,230
Total Disbursements	1,381,685
Increase (Decrease) in Net Assets	25,855
Net Assets, January 1	786,745
Net Assets, December 31	\$812,600

Program receipts represent only 22.8 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and charges for emergency medical runs.

General receipts represent 77.2 percent of the Township's total receipts, and of this amount, 77.3 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (18.7%) along with other receipts (4.0%), which are insignificant and somewhat unpredictable revenue sources.

Mifflin Township
 Richland County, Ohio
 Management's Discussion and Analysis
 For the Year Ended December 31, 2004
 Unaudited

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, and the Township Clerk, as well as internal services such as payroll and purchasing.

Security of Persons and Property (Public Safety) are the costs of fire protection and emergency medical service; and Transportation is the cost of maintaining the roads and bridges.

Governmental Activities

If you look at the Statement of Activities on page 11, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for Governmental activities are for public works and security of persons and property, which account for 32 and 45 percent of all Governmental disbursements, respectively. General Government also represents a significant cost, about 15 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2004	Net Cost of Services 2004
	2004	2004
General Government	\$208,258	\$207,093
Public Safety	622,207	422,877
Public Works	444,381	324,545
Capital Outlay	7,635	7,635
Debt Service	99,204	99,204
Total Disbursements	\$1,381,685	\$1,061,354

The dependence upon property and income tax receipts is apparent as nearly 77 percent of Governmental activities are supported through these general receipts.

The Township's Funds

Total Governmental funds had receipts of \$1,423,537 and disbursements of \$ 1,397,682. The greatest change within Governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$ 90,684 as the result of continued costs exceeding receipts.

Mifflin Township
Richland County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

General Fund receipts were less than disbursements by \$ 90,684 indicating that the General Fund is in a deficit spending situation. The Board of Trustees are looking into shifting some General Fund costs to other funds such as Ambulance & Emergency Medical due to the increased time and effort required to oversee those services. Costs that are under consideration include the cost of insurance, payroll preparation and facilities maintenance.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2004, the Township amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were significantly less than original budgeted receipts due to decreased local Township assistance receipts. The difference between final budgeted receipts and actual receipts was (\$81,422).

Final disbursements were budgeted at \$398,571 while actual disbursements were \$247,681. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending below budgeted amounts. The Township had beginning General Fund cash balances which helped offset the lower than expected receipts. The result is the decrease in fund balance of \$ 90,684 for 2004.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. It is anticipated that the current accounting software will be enhanced to include capital assets and the Township will have the ability in the near future to keep track of its capital assets.

Debt

At December 31, 2004, the Township's outstanding debt totaled \$195,429. For further information regarding the Township's debt, refer to Note 10 to the financial statements.

Current Financial Related Activities

Mifflin Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Robyn Perry, Clerk, Mifflin Township, Richland County, 2326 Park Avenue East, Mansfield, Ohio 44903.

MIFFLIN TOWNSHIP, RICHLAND COUNTY, OHIO
 STATEMENT OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2004

		<u>Governmental Activities</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	812,600
Total Assets	<u>\$</u>	<u>812,600</u>
Net Assets		
Restricted for:		
Other Purposes	\$	743,623
Unrestricted		68,977
Total Net Assets	<u>\$</u>	<u>812,600</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF ACTIVITIES - CASH BASIS
 For the Year Ended December 31, 2004

	Program Cash Receipts			Net (Disbursements)
Cash Disbursements	Charges for Services	Operating Grants and Contributions	Receipts and Changes in Net Assets Governmental Activities	
Governmental Activities:				
General Government	\$ 208,258	\$ 1,165	\$ -	\$ (207,093)
Public Safety	622,207	187,205	12,125	(422,877)
Public Works	444,381	9,097	110,739	(324,545)
Capital Outlay	7,635	-	-	(7,635)
Debt Service:				
Principal	84,974	-	-	(84,974)
Interest	14,230	-	-	(14,230)
 Total Governmental Activities	 \$ 1,381,685	 \$ 197,467	 \$ 122,864	 (1,061,354)
General Receipts				
Property Taxes levied for:				
General purposes			840,841	
Grants and entitlements not restricted to a specific program			203,657	
Interest			4,366	
Miscellaneous			38,345	
Total General Receipts			1,087,209	
Change in Net Assets			25,855	
Net Assets Beginning of Year, See Note 3			786,745	
Net Assets End of Year			\$ 812,600	

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 DECEMBER 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road District</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Permissive Sales Tax</u>	<u>Ambulance & Emergency Med.</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets									
Equity in Pooled Cash and Cash Equivalents	\$ 68,977	\$ 57,799	\$ 158,734	\$ 92,915	\$ 149,295	\$ 92,028	\$ 161,606	\$ 31,246	\$ 812,600
	<u>\$ 68,977</u>	<u>\$ 57,799</u>	<u>\$ 158,734</u>	<u>\$ 92,915</u>	<u>\$ 149,295</u>	<u>\$ 92,028</u>	<u>\$ 161,606</u>	<u>\$ 31,246</u>	<u>\$ 812,600</u>
Fund Balances:									
Reserved:									
Reserved for Encumbrances	\$ 1,000	\$ -	\$ 2,000	\$ 2,500	\$ 660	\$ -	\$ 3,100	\$ 5,500	\$ 14,760
Unreserved:									
Undesignated, Reported in:									
General Fund	67,977	-	-	-	-	-	-	-	67,977
Special Revenue Funds	-	57,799	156,734	90,415	148,635	92,028	158,506	16,194	720,311
Debt Service Funds	-	-	-	-	-	-	-	2,202	2,202
Permanent Funds	-	-	-	-	-	-	-	900	900
Capital Projects Funds	-	-	-	-	-	-	-	6,450	6,450
Total Fund Balances	<u>\$ 68,977</u>	<u>\$ 57,799</u>	<u>\$ 158,734</u>	<u>\$ 92,915</u>	<u>\$ 149,295</u>	<u>\$ 92,028</u>	<u>\$ 161,606</u>	<u>\$ 31,246</u>	<u>\$ 812,600</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004

Total Governmental Fund Balances	<u>\$ 812,600</u>
Net Assets of Governmental Activities	<u><u>\$ 812,600</u></u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road District</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Permissive Sales Tax</u>	<u>Ambulance & Emergency Med.</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts									
Property and Other Local Taxes	\$ 76,906	\$ -	\$ 127,701	\$ 173,048	\$ 463,186	\$ -	\$ -	-	\$ 840,841
Charges for Services	-	-	-	-	-	-	187,205	-	187,205
Fines and Forfeitures	1,165	-	-	-	-	-	-	-	1,165
Intergovernmental	46,939	69,961	8,001	10,722	27,809	141,559	7,500	\$ 14,030	326,521
Special Assessments	-	-	-	-	-	-	-	9,097	9,097
Interest	4,068	156	37	-	-	-	-	105	4,366
Other	340	-	-	9,060	13,691	-	-	4,625	27,716
Total Receipts	<u>129,418</u>	<u>70,117</u>	<u>135,739</u>	<u>192,830</u>	<u>504,686</u>	<u>141,559</u>	<u>194,705</u>	<u>27,857</u>	<u>1,396,911</u>
Disbursements									
Current:									
General Government	208,258	-	-	-	-	-	-	-	208,258
Public Safety	14,607	-	-	-	466,857	-	133,086	7,657	622,207
Public Works	23,816	56,648	52,720	182,663	-	116,748	-	11,786	444,381
Capital Outlay	-	-	-	-	-	-	-	7,635	7,635
Debt Service:									
Principal Retirement	-	-	43,701	-	28,189	-	13,084	-	84,974
Interest and Fiscal Charges	-	-	5,961	-	7,510	-	759	-	14,230
Total Disbursements	<u>246,681</u>	<u>56,648</u>	<u>102,382</u>	<u>182,663</u>	<u>502,556</u>	<u>116,748</u>	<u>146,929</u>	<u>27,078</u>	<u>1,381,685</u>
Receipts over (under) disbursements	(117,263)	13,469	33,357	10,167	2,130	24,811	47,776	779	15,226
Other Financing Sources (Uses)									
Transfers in	15,997	-	-	-	-	-	-	-	15,997
Transfers out	-	-	-	-	-	-	-	(15,997)	(15,997)
Other Financing Sources	10,582	-	-	-	-	-	-	47	10,629
Total Other Financing Sources (Uses)	<u>26,579</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,950)</u>	<u>10,629</u>
Net Change in Fund Balances	(90,684)	13,469	33,357	10,167	2,130	24,811	47,776	(15,171)	25,855
Fund Balances Beginning of Year	<u>159,661</u>	<u>44,330</u>	<u>125,377</u>	<u>82,748</u>	<u>147,165</u>	<u>67,217</u>	<u>113,830</u>	<u>46,417</u>	<u>786,745</u>
Fund Balances End of Year	<u>\$ 68,977</u>	<u>\$ 57,799</u>	<u>\$ 158,734</u>	<u>\$ 92,915</u>	<u>\$ 149,295</u>	<u>\$ 92,028</u>	<u>\$ 161,606</u>	<u>\$ 31,246</u>	<u>\$ 812,600</u>
Reserves for Encumbrances December 31	<u>\$ 1,000</u>	<u>-</u>	<u>\$ 2,000</u>	<u>\$ 2,500</u>	<u>\$ 660</u>	<u>-</u>	<u>\$ 3,100</u>	<u>\$ 5,500</u>	<u>\$ 14,760</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Net Change in Fund Balances - Total Governmental Funds	<u>\$</u> 25,855
Change in Net Assets of Governmental Activities	<u><u>\$</u> 25,855</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive/ (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 65,000	\$ 65,000	\$ 76,906	\$ 11,906
Charges for Services	1,540	1,540	-	(1,540)
Fines and Forfeitures	-	-	1,165	1,165
Intergovernmental	121,900	137,897	46,939	(90,958)
Interest	20,000	20,000	4,068	(15,932)
Other	2,400	2,400	340	(2,060)
Total Receipts	<u>210,840</u>	<u>226,837</u>	<u>129,418</u>	<u>(97,419)</u>
Disbursements				
Current:				
General Government	272,971	272,971	209,258	63,713
Public Safety	43,100	43,100	14,607	28,493
Public Works	82,500	82,500	23,816	58,684
Total Disbursements	<u>398,571</u>	<u>398,571</u>	<u>247,681</u>	<u>150,890</u>
Receipts Over (Under) Disbursements	(187,731)	(171,734)	(118,263)	53,471
Other financing Sources (Uses)				
Transfers in	-	-	15,997	15,997
Other Financing Sources	-	-	10,582	10,582
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26,579</u>	<u>26,579</u>
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(187,731)	(171,734)	(91,684)	80,050
Fund Balance Beginning of Year	158,661	158,661	158,661	-
Prior Year Encumbrances Appropriated	1,000	1,000	1,000	-
Fund Balance End of Year	<u>\$ (28,070)</u>	<u>\$ (12,073)</u>	<u>\$ 67,977</u>	<u>\$ 80,050</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 GASOLINE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Receipts				
Intergovernmental	54,000	54,000	69,961	15,961
Interest	-	-	156	156
Total Receipts	<u>54,000</u>	<u>54,000</u>	<u>70,117</u>	<u>16,117</u>
Disbursements				
Current:				
Public Works	95,000	95,000	56,648	38,352
Total Disbursements	<u>95,000</u>	<u>95,000</u>	<u>56,648</u>	<u>38,352</u>
Net Change in Fund Balance	(41,000)	(41,000)	13,469	54,469
Fund Balance Beginning of Year	<u>44,330</u>	<u>44,330</u>	<u>44,330</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 3,330</u>	<u>\$ 3,330</u>	<u>\$ 57,799</u>	<u>\$ 54,469</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 ROAD DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	130,000	130,000	127,701	(2,299)
Intergovernmental	-	-	8,001	8,001
Interest	-	-	37	37
Total Receipts	<u>130,000</u>	<u>130,000</u>	<u>135,739</u>	<u>5,739</u>
Disbursements				
Current:				
Public Works	128,419	128,419	54,720	73,699
Debt Service:				
Principal	20,000	20,000	43,701	(23,701)
Interest	2,000	2,000	5,961	(3,961)
Total Disbursements	<u>150,419</u>	<u>150,419</u>	<u>104,382</u>	<u>46,037</u>
Net Change in Fund Balance	(20,419)	(20,419)	31,357	51,776
Fund Balance Beginning of Year	120,377	120,377	120,377	-
Prior Year Encumbrances Appropriated	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 104,958</u>	<u>\$ 104,958</u>	<u>\$ 156,734</u>	<u>\$ 51,776</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 ROAD AND BRIDGE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	164,000	164,000	173,048	9,048
Intergovernmental	-	-	10,722	10,722
Other	-	-	9,060	9,060
Total Receipts	<u>164,000</u>	<u>164,000</u>	<u>192,830</u>	<u>28,830</u>
Disbursements				
Current:				
Public Works	192,511	192,511	185,163	7,348
Total Disbursements	<u>192,511</u>	<u>192,511</u>	<u>185,163</u>	<u>7,348</u>
Net Change in Fund Balance	(28,511)	(28,511)	7,667	36,178
Fund Balance Beginning of Year	79,248	79,248	79,248	-
Prior Year Encumbrances Appropriated	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	-
Fund Balance End of Year	<u>\$ 54,237</u>	<u>\$ 54,237</u>	<u>\$ 90,415</u>	<u>\$ 36,178</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 FIRE DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	470,000	470,000	463,186	(6,814)
Intergovernmental	-	-	27,809	27,809
Other	-	-	13,691	13,691
Total Receipts	<u>470,000</u>	<u>470,000</u>	<u>504,686</u>	<u>34,686</u>
Disbursements				
Current:				
Public Safety	469,725	469,725	467,517	2,208
Debt Service:				
Principal	28,189	28,189	28,189	-
Interest	7,510	7,510	7,510	-
Total Disbursements	<u>505,424</u>	<u>505,424</u>	<u>503,216</u>	<u>2,208</u>
Net Change in Fund Balance	(35,424)	(35,424)	1,470	36,894
Fund Balance Beginning of Year	144,665	144,665	144,665	-
Prior Year Encumbrances Appropriated	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 111,741</u>	<u>\$ 111,741</u>	<u>\$ 148,635</u>	<u>\$ 36,894</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 PERMISSIVE SALES TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	128,865	128,865	141,559	12,694
Total Receipts	<u>128,865</u>	<u>128,865</u>	<u>141,559</u>	<u>12,694</u>
Disbursements				
Current:				
Public Works	123,000	123,000	116,748	6,252
Total Disbursements	<u>123,000</u>	<u>123,000</u>	<u>116,748</u>	<u>6,252</u>
Net Change in Fund Balance	5,865	5,865	24,811	18,946
Fund Balance Beginning of Year	<u>67,217</u>	<u>67,217</u>	<u>67,217</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 73,082</u>	<u>\$ 73,082</u>	<u>\$ 92,028</u>	<u>\$ 18,946</u>

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL - (BUDGET BASIS)
 AMBULANCE AND EMERGENCY MEDICAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final		
Receipts				
Charges for Services	86,000	86,000	187,205	101,205
Intergovernmental	-	-	7,500	7,500
Total Receipts	86,000	86,000	194,705	108,705
Disbursements				
Current:				
Public Safety	146,000	146,000	136,186	9,814
Debt Service:				
Principal	16,000	16,000	13,084	2,916
Interest	500	500	759	(259)
Total Disbursements	162,500	162,500	150,029	12,471
Net Change in Fund Balance	(76,500)	(76,500)	44,676	121,176
Fund Balance Beginning of Year	108,830	108,830	108,830	-
Prior Year Encumbrances Appropriated	5,000	5,000	5,000	-
Fund Balance End of Year	\$ 37,330	\$ 37,330	\$ 158,506	\$ 121,176

See accompanying notes to the financial statements

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

Note 1 – Reporting Entity

Mifflin Township, (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by three publicly-elected Trustees. The Township also has an elected Clerk.

The Township's management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. There are no component units within the Township.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government.

The statement of net assets presents the cash balance of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are recorded by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. Revenues, which are not classified as program receipts, are presented as general receipts of the Township, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the Township.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township programs or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at a more detail level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. Funds are classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General fund, Gasoline Tax, Road District, Road and Bridge, Fire District, Permissive Sales Tax and Ambulance & Emergency Medical. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township Board of Trustees may appropriate.

The appropriations resolution is the Township's Board of Trustees' authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township Board of Trustees. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Board of Trustees.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township Board of Trustees during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004, the Township invested in repurchase agreements. The securities are not in the Township's name. The Township's financial institution transfers securities to the Township's agent to collateralize the repurchase agreements.

Interested earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2004 were \$4,068.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted assets at year-end.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are recorded when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for special purposes.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which are not available for appropriation or which is legally segregated for a specific future use. Reserves have been established for encumbrances. There were no designations at year-end. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. There were no such activities for the year.

Note 3 – Change in Presentation and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented a cash basis of accounting presentation described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

The calculation of net assets of governmental type activities at December 31, 2003 is as follows:

	<u>Fund Balance</u> <u>December 31, 2003</u>
General Fund	\$ 159,661
Gasoline Tax	44,300
Road District	125,377
Road and Bridge	82,748
Fire District	147,165
Permissive Sales Tax	67,217
Ambulance & Emergency Medical	113,830
Other Governmental Funds	<u>46,417</u>
 Governmental Activities	
Net Assets December 31, 2003	<u>\$ 786,745</u>

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and all major Special Revenue funds is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is that outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

Note 5 – Deposits and Investments

State statutes classify deposits held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon the delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At year-end, the carrying amount of the Township's deposits were \$117,387 and the bank balance was \$136,071. Of the bank balance:

1. \$100,000 was covered by federal depository insurance
2. \$36,071 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

The Township's investments are categorized in the following table to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes deposits that are insured or collateralized with securities held by the Township or its safekeeping agent in the Township's name. Category 2 includes uninsured deposits collateralized with securities held by the pledging financial institution's trust department or safekeeping agent in the Township name. Category 3 includes uninsured and uncollateralized deposits, including any bank balance that is collateralized with securities held by the pledging institution, or by its trust department or safekeeping agent, but not in the Township name.

	1	Category 2	3	Fair Value
Repurchase Agreement	\$ -0-	\$ -0-	\$ 695,213	\$ 695,213
Totals	\$ -0-	\$ -0-	\$ 695,213	\$ 695,213

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

Tangible personal property tax receipts in 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2004, was \$6.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

Real Property	
Residential/Agriculture	\$79,010,150
Commercial/Industrial/Mineral	7,143,440
Public Utility Personal Property	4,099,170
Tangible Personal Property	<u>1,292,910</u>
Total Assessed Value	<u>\$91,545,670</u>

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004, the Township contracted with the Ohio Government Risk Management Plan, a risk sharing pool, for the following coverages:

Property	\$ 1,331,190
Liability	2,000,000/4,000,000
Wrongful Acts	2,000,000/4,000,000
Automobile	2,000,000
Bond	10,000
Crime	1,000
Inland Marine	492,232
Fire Vehicle RC	1,268,820
EDP	45,817

There were no significant reductions in coverage from the prior year and claims have not exceeded insurance coverages in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by a retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, the members were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's contributions for pension obligations to OPERS for the years ended December 31, 2004, 2003, and 2002 were \$17,778, \$17,431, and \$17,257; respectively; 100% representing the paid contribution for all three years.

B. Ohio Police and Fire Pension Fund

The Township also contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 16.25 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters was \$ 44,122 for the year ended December 31, 2004, \$ 42,130 for the year ended December 31, 2003 and \$ 41,582 for the year ended December 31, 2002. The full amount has been contributed for all three years.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described In GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll, 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$5,248. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Township's actual contributions for 2004 that were used to fund postemployment benefits was \$13,604 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003 (the latest information available) was \$150,853,148, which was net of member contributions of

MIFFLIN TOWNSHIP
Notes to the Financial Statements
For the Year Ended December 31, 2004

\$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003 was 13,662 for police and 10,474 for firefighters.

Note 10 – Debt

Debt outstanding at December 31, 2004 was as follows:

	<u>Balance 1/1/2004</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/04</u>
2002 Capital Lease				
Fire Truck Note 4.84%	\$ 155,264	-	(\$28,188)	\$ 127,076
2000 Capital Lease				
Loader-Tractor 5.75%	20,869	-	(20,869)	-
2004 Capital Lease				
Rescue Squad 5.0%	-	\$ 28,500	(13,090)	15,410
2004 Note				
Dump Truck 5.00%	-	75,770	(22,827)	52,943
Total	<u>\$ 176,133</u>	<u>\$ 104,270</u>	<u>(\$84,974)</u>	<u>\$ 195,429</u>

The general obligation notes were issued to finance the purchase of a new dump truck to be used for Township road maintenance. The fire truck lease is collateralized by the truck leased. The rescue squad lease is collateralized by the leased squad. The above noted new issued note and lease are not reflected in the financial statements under the Township's basis of accounting.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

<u>Year Ending 12/31</u>	<u>2002 Cap. Lease</u>	<u>2003 Cap. Lease</u>	<u>2004 G.O. Note</u>
2005	\$ 35,704	\$ 7,673	\$ 28,063
2006	35,704	10,022	28,063
2007	35,704	-	-
2008	35,704	-	-
Total	<u>\$ 142,816</u>	<u>\$ 17,695</u>	<u>\$ 56,126</u>

Note 11 - Transfers

The Township transferred money from the Sylvan Fund to the General Fund. The Township followed all applicable Ohio Revised Code requirements.

Note 12 – Contingent Liabilities

The Township may be a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, it is the opinion of the Township legal counsel that the resolution of these matters will not materially adversely affect the Township's financial condition.

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees
Mifflin Township, Richland County
Mansfield, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Richland County, Ohio as of and for the year ended December 31, 2004, which collectively comprise the Township's financial statements and have issued our report thereon dated August 1, 2005, wherein we noted the Township followed the cash basis of accounting rather than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements we audited may occur and not be detected within a timely period by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving internal controls over financial reporting that we have reported to the management of the Township in a separate letter dated August 1, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mifflin Township, Richland County, Ohio's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material affect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of the Township in a separate letter dated August 1, 2005.

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

Charles E. Harris and Associates, Inc.
August 1, 2005

MIFFLIN TOWNSHIP
 RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2004

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2003-MTRC-001	The Township did not effectively monitor the third-party administrator who was collecting revenues generated by the EMS	YES	The Township is monitoring those collecting EMS revenues.
2003-MTRC-002	Township incorrectly coding receipts and disbursements	YES	The Township Clerk is correctly coding receipts and disbursements.



**Auditor of State
Betty Montgomery**

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800-282-0370

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MIFFLIN TOWNSHIP

RICHLAND 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
MARCH 14, 2006**