

**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 AND DECEMBER 31, 2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Mifflin  
36 Main Street, Route 4  
Ashland, Ohio 44805

We have reviewed the *Independent Accountants' Report* of the Village of Mifflin, Ashland County, prepared by Knox & Knox, CPAs, for the audit period January 1, 2003 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Village of Mifflin is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

January 11, 2006

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VILLAGE OF MIFFLIN  
ASHLAND COUNTY

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**Independent Accountants' Report**

Village of Mifflin  
Ashland County  
36 Main Street, Rt. 4  
Ashland, Ohio 44805

To the Village Council:

We have audited the accompanying financial statements of the Village of Mifflin, Ashland County, Ohio, as of and for the years ended December 31, 2004 and 2003. These financial statements, which are prescribed or permitted by the Auditor of the State of Ohio, are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village has prepared these financial statements using accounting practices of Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement under the accounting basis the Auditor of State permits. Our opinion of the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Mifflin, Ashland County, as of December 31, 2004 and

2003, and its combined cash receipts and disbursements and reserve for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, and the results of that testing. 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.

*Knox & Knox*

Orrville, Ohio  
December 20, 2005



**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 1,512		\$ 1,512
Intergovernmental Receipts	41,412	\$ 7,231	48,643
Fines, Licenses, and Permits	15,617		15,617
Earnings on Investments	256	28	284
Total Cash Receipts	58,797	7,259	66,056
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	20,465		20,465
Public Health Services	845		845
Leisure Time Activities	278		278
Community Environment	2,728		2,728
Transportation		4,559	4,559
General Government	27,110		27,110
Debt Service:			
Principle Payments		7,037	7,037
Interest Payments		357	357
Total Cash Disbursements	51,426	11,953	63,379
Total Cash Receipts Over Cash Disbursements	7,371	(4,694)	2,677
Fund Cash Balances, January 1	27,207	22,274	49,481
<b>Fund Cash Balances, December 31</b>	<b>\$34,578</b>	<b>\$17,580</b>	<b>\$ 52,158</b>
Reserves for Encumbrances, December 31	\$8,453	\$0	\$8,453

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

**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,259		\$1,259
Intergovernmental Receipts	41,981	\$8,101	50,082
Fines, Licenses, and Permits	13,038		13,038
Earnings on Investments	176	29	205
Miscellaneous	<u>3,000</u>	<u>136</u>	<u>3,136</u>
Total Cash Receipts	<u>59,454</u>	<u>8,266</u>	<u>67,720</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	15,783		15,783
Public Health Services	845		845
Leisure Time Activities	32		32
Community Environment	3,216		3,216
Transportation		358	358
General Government	28,557		28,557
Debt Service:			
Principle Payments		7,037	7,037
Interest Payments		<u>836</u>	<u>836</u>
Total Cash Disbursements	<u>48,433</u>	<u>8,231</u>	<u>56,664</u>
Total Receipts Over (Under) Disbursements	11,021	35	11,056
Fund Cash Balances, January 1	<u>16,186</u>	<u>22,239</u>	<u>38,425</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$27,207</u></b>	<b><u>\$22,274</u></b>	<b><u>49,481</u></b>
Reserves for Encumbrances, December 31	<u>\$ 1,423</u>	<u>\$0</u>	<u>\$1,423</u>

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

VILLAGE OF MIFFLIN  
ASHLAND COUNTY

STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
AGENCY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	Agency Fund	
	2004	2003
<b>Non-Operating Cash Receipts</b>		
Other Non-Operating Receipts	\$15,562	\$13,037
<b>Non-Operating Cash Disbursements</b>		
Other Non-Operating Cash Disbursements	<u>15,562</u>	<u>13,057</u>
Net Cash Receipts Over/Under Cash Disbursements	<u>0</u>	<u>(20)</u>
Fund Cash Balance January 1	<u>0</u>	<u>20</u>
<b>Fund Cash Balance December 31</b>	<b><u>\$0</u></b>	<b><u>\$ 0</u></b>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>

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

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**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash**

The Village maintains an interest bearing checking account.

**D. Fund Accounting**

The Villages uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**3. Fiduciary Fund (Agency Fund)**

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

*Mayor's Court Fund* - This fund is used for the collection and distribution of fines and court costs resulting from the operation of the Mayor's Court.

**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. Council must annually approve appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are reflected as assets on the accompanying financial statements.

**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$52,158	\$49,481

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and December 31, 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,089	\$58,797	\$6,708
Special Revenue	8,830	7,259	(1,571)
Total	\$60,919	\$66,056	\$5,137

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$70,534	\$59,879	\$10,655
Special Revenue	24,500	11,953	12,547
Total	\$95,034	\$71,832	\$23,202

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$55,186	\$59,454	\$4,268
Special Revenue	11,745	8,266	(3,479)
Total	\$66,931	\$67,720	\$789

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,286	\$49,856	\$16,430
Special Revenue	16,050	8,231	7,819
Total	\$82,336	\$58,087	\$24,249

**VILLAGE OF MIFFLIN  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

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

Public Utilities are also taxed on personal and real property located within the Village.

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

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

**5. DEBT**

There was no debt outstanding at December 31, 2004.

**6. RETIREMENT SYSTEM**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

Village of Mifflin  
Ashland County  
36 Main Street, Rt. 4  
Ashland, Ohio 44805

To the Village Council:

We have audited the accompanying financial statements of the Village of Mifflin, Ashland County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated December 20, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Mifflin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Mifflin's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated December 20, 2005.

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

*Knox & Knox*

Orville, Ohio  
December 20, 2005

VILLAGE OF MIFFLIN  
ASHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-30503-001	Ohio Revised Code 5705.41 (D), failure to certify funds	yes	





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF MIFFLIN**

**ASHLAND COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 9, 2006**