



**Mary Taylor, CPA**  
Auditor of State



MIFFLIN TOWNSHIP  
FRANKLIN COUNTY

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Mary Taylor, CPA  
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Mifflin Township  
Franklin County  
155 Olde Ridenour Rd  
Gahanna, Ohio 43230

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

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Auditor of State

November 20, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007. 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 our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on 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 two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Mifflin Township, Franklin County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township 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 November 20, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of 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.



**Mary Taylor, CPA**  
Auditor of State

November 20, 2009



**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Private Purpose Trust	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 639,531	\$ 8,125,765	\$ -	\$ -	\$ -	\$ 8,765,296
Charges for Services	-	1,803,710	-	-	-	1,803,710
Licenses, Permits, and Fees	-	215,580	-	-	-	215,580
Fines and Forfeitures	17,195	25	-	-	-	17,220
Intergovernmental	208,540	1,056,861	-	-	-	1,265,401
Earnings on Investments	60,024	1,010	-	-	85	61,119
Miscellaneous	77,094	105,600	-	-	-	182,694
<b>Total Cash Receipts</b>	<b>1,002,384</b>	<b>11,308,551</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>12,311,020</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	463,232	1,972	-	-	-	465,204
Public Safety	-	11,726,769	-	-	-	11,726,769
Public Works	-	95,693	-	-	-	95,693
Health	9,269	254,931	-	-	-	264,200
Human Services	5,553	13,030	-	-	-	18,583
Miscellaneous	-	7,352	-	-	-	7,352
Capital Outlay	22,840	1,197,433	-	-	-	1,220,273
Supplies and Materials	-	-	-	-	300	300
Debt Service:						
Redemption of Principal	23,520	247,747	-	-	-	271,267
Interest and Other Fiscal Charges	1,852	67,127	-	-	-	68,979
<b>Total Cash Disbursements</b>	<b>526,266</b>	<b>13,612,054</b>	<b>-</b>	<b>-</b>	<b>300</b>	<b>14,138,620</b>
<b>Total Receipts Over Disbursements</b>	<b>476,118</b>	<b>(2,303,503)</b>	<b>-</b>	<b>-</b>	<b>(215)</b>	<b>(1,827,600)</b>
<b>Other Financing Sources (Uses):</b>						
Sale of Bonds	-	1,835,000	-	-	-	1,835,000
Premium on Issuance of Bond	-	12,134	-	-	-	12,134
Proceeds of Loan	-	25,000	-	-	-	25,000
Transfers-In	-	35,193	-	-	-	35,193
Transfers-Out	(35,193)	-	-	-	-	(35,193)
Other Financing Uses	(35,639)	-	-	-	-	(35,639)
<b>Total Other Financing Disbursements</b>	<b>(70,832)</b>	<b>1,907,327</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,836,495</b>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	405,286	(396,176)	-	-	(215)	8,895
Fund Cash Balances, January 1	1,492,772	2,270,235	12,825	259,084	7,286	4,042,202
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,898,058</b>	<b>\$ 1,874,059</b>	<b>\$ 12,825</b>	<b>\$ 259,084</b>	<b>\$ 7,071</b>	<b>\$ 4,051,097</b>
Reserve for Encumbrances, December 31	\$ 155,577	\$ 216,262	\$ -	\$ -	\$ -	\$ 371,839

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Governmental Fund Types</b>				<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Private Purpose Trust</b>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 631,450	\$ 8,087,873	\$ -	\$ -	\$ -	\$ 8,719,323
Charges for Services	-	1,644,169	-	-	-	1,644,169
Licenses, Permits, and Fees	-	224,376	-	-	-	224,376
Fines and Forfeitures	18,105	163	-	-	-	18,268
Integovernmental	219,469	929,525	-	-	-	1,148,994
Earnings on Investments	211,798	2,168	-	-	298	214,264
Miscellaneous	28,465	269,609	-	-	-	298,074
<b>Total Cash Receipts</b>	<b>1,109,287</b>	<b>11,157,883</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>12,267,468</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	393,491	6,031	-	-	-	399,522
Public Safety	22	9,894,093	-	-	-	9,894,115
Public Works	-	109,720	-	-	-	109,720
Health	611	218,667	-	-	-	219,278
Human Services	11,384	12,407	-	-	-	23,791
Miscellaneous	-	6,209	-	-	-	6,209
Capital Outlay	146,800	250,279	-	-	-	397,079
Debt Service:						
Redemption of Principal	23,419	240,930	-	-	-	264,349
Interest and Other Fiscal Charges	1,953	24,827	-	-	-	26,780
<b>Total Cash Disbursements</b>	<b>577,680</b>	<b>10,763,163</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,340,843</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>531,607</b>	<b>394,720</b>	<b>-</b>	<b>-</b>	<b>298</b>	<b>926,625</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Loan	-	176,542	-	-	-	176,542
Transfers-In	-	379,791	-	-	-	379,791
Transfers-Out	(379,791)	-	-	-	-	(379,791)
Other Financing Uses	(35,608)	-	-	-	-	(35,608)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(415,399)</b>	<b>556,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,934</b>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	116,208	951,053	-	-	298	1,067,559
Fund Cash Balances, January 1	1,376,564	1,319,181	12,825	259,084	6,988	2,974,642
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,492,772</b>	<b>\$ 2,270,234</b>	<b>\$ 12,825</b>	<b>\$ 259,084</b>	<b>\$ 7,286</b>	<b>\$ 4,042,201</b>
Reserve for Encumbrances, December 31	\$ 151,830	\$ 78,989	\$ -	\$ -	\$ -	\$ 230,819

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Mifflin Township, Franklin County, Ohio (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire and police protection services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or investment sales as receipts. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values U.S. Treasury Notes at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

**3. Debt Service Fund**

This fund accounts for resources the Township accumulated to pay debt.

**4. Capital Projects Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Funds:

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

**5. Fiduciary Fund**

Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals' grave sites in the Township cemetery.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

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

A summary of 2007 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement does not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	2008	2007
Demand deposits	\$1,272,782	\$3,088,821
Certificates of deposit	2,778,315	308,829
Total deposits	4,051,097	3,397,650
Investments:		
U.S. Treasury Obligation Bonds	0	644,551
Total deposits and investments	\$4,051,097	\$4,042,201

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Federal Reserve holds the Township's U.S. Treasury Notes in book-entry form, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and December 31, 2005 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,144,122	\$1,002,384	(\$141,738)
Special Revenue	13,275,691	13,171,945	(103,746)
Fiduciary	600	85	(515)
Total	\$14,420,413	\$14,174,414	(\$245,999)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,407,015	\$752,675	\$1,654,340
Special Revenue	15,511,202	13,784,383	1,726,819
Fiduciary	2,286	300	1,986
Total	\$17,920,503	\$14,537,358	\$3,383,145

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$978,134	\$1,109,287	\$131,153
Special Revenue	11,434,343	11,714,216	279,873
Fiduciary	600	298	(302)
Total	\$12,413,077	\$12,823,801	\$410,724

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,595,656	\$1,144,909	\$450,747
Special Revenue	12,986,357	10,842,152	2,144,205
Fiduciary	2,188	0	2,188
Total	\$14,584,201	\$11,987,061	\$2,597,140

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2008 Fire Station Improvement and Equipment Bonds	\$1,835,000	3.0 - 5.25%
2007 Chevrolet Truck Lease Purchase	\$20,981	4.31%
2007 Dodge Charger Lease Purchase	\$18,338	4.43%
2004 SANS/Telestaff Lease Purchase	\$38,830	4.35%
2004 Fire Station Acquisition Bond Anticipation Note	\$190,575	4.50%
2004 Ladder Truck Lease Purchase	\$112,725	3.36%
2005 Police Chief Vehicle	\$4,387	6.00%
2005 Police Lieutenant Vehicle Lease Purchase	\$4,765	6.15%
Total	<u>\$2,225,601</u>	

The Township issued general obligation bonds to finance the acquisition of an additional fire department building to be used for administrative offices. The Township's taxing authority collateralized the bonds.

The Township continued to pay lease purchase agreements used to purchase SANS/Telestaff equipment, a Ladder Truck, a Police Lieutenant Vehicle, Police Chief Vehicle and Code Enforcement Vehicle. The lease purchase agreements are collateralized by the equipment purchased.

During fiscal year 2007, the Township entered in to a lease purchase agreement for a Service Department Truck (see 2007 Chevrolet Truck Lease above) totaling \$34,997 and an EMS Vehicle totaling \$141,545. The Lease purchase agreement for the EMS vehicle was fully paid during fiscal year 2008. During fiscal year 2008, the Township entered in to a lease purchase agreement for a Police Cruiser (see 2007 Dodge Charger Lease above) totaling \$25,000. The lease purchase agreements are collateralized by the equipment purchased as above.

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT (Continued)**

Year ending December 31:	Chevrolet Truck	Dodge Charger	SANS / Telestaff	Fire Station BAN	Lader Truck	Police Chief Vehicle	Police Liutenant Vehicle	Fire Bonds
2009	\$7,613	\$6,662	\$32,085	\$42,641	\$114,469	\$3,569	\$4,876	\$194,965
2010	7,613	6,662	8,021	41,082		3,271		194,839
2011	7,613	6,662		39,523				199,614
2012				37,963				199,214
2013				36,404				198,589
2014-2018				17,614				991,394
2019-2023								328,850
2024-2028								331,280
Total	<u>\$22,839</u>	<u>\$19,986</u>	<u>\$40,106</u>	<u>\$215,227</u>	<u>\$114,469</u>	<u>\$6,840</u>	<u>\$4,876</u>	<u>\$2,638,744</u>

The Township issued acquisition bonds, series 2008 bonds in October 2008 to purchase two Fire Department vehicles totaling \$1,020,000 and Fire Station Improvement Bonds, Series 2008 in the amount of \$815,000.

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees including Full-time Police Officers belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OP&F participants had 10 percent of their wages contributed through the Township through OP&F pick-up. For 2008 and 2007, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2008 and 2007, police officers enrolled in OPERS had 10.1 percent of their gross salaries contributed through the Township through OPERS pick-up. For 2008 and 2007, the Township contributed to OPERS an amount equal to 17.4% and 17.17% respectively of police officers wages enrolled in OPERS. For 2008 and 2007, the Township picked-up the OPERS contribution of local members of 10 and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.



**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$66,179. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2006	\$88,516
2007	\$75,346
2008	\$70,402

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Health Care Coverage

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

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. JOINTLY GOVERNED ORGANIZATION**

The Township is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 42 political subdivisions in and around Franklin, Rose, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield Counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mifflin Township  
Franklin County  
155 Olde Ridenour Rd.  
Gahanna, Ohio 43230

To the Township Board of Trustees:

We have audited the financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 20, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe findings 2008-001 and 2008-002, noted above are also material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 20, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

November 20, 2009

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Special Fund for Bond Issues – Noncompliance Finding / Material Weakness**

Ohio Rev. Code section 5705.10(E) states in part, “all proceeds from the sale of public obligations or fractionalized interests in public obligations as defined in section 133.01 of the Revised Code, except premium and accrued interest, shall be paid into a special fund for the purpose of such issue.”

In 2008, the Township posted bond proceeds from their Fire Station Improvement Bond in the amount of \$796,650 to the General Fund as miscellaneous revenue for which the source of repayment is the fire levy. The bond proceeds were adjusted to Sale of Bonds line item in the Fire Fund.

We recommend the Township post bond proceeds to a special fund for the purpose of the issued bond, in compliance with ORC 5705.10(E). For the purpose of the Fire Station Improvement Bond, we have determined that posting the proceeds directly to the Fire Fund is sufficient to meet the requirement, assuming the Fire Fund “is a special fund for the purpose of such issue”.

**Officials’ Response:** The proceeds from the Fire Station Improvement Bond posting has been corrected and the original posting was temporary.

**FINDING NUMBER 2008-002**

**Material Weakness - Financial Reporting**

Sound financial reporting is the responsibility of the Township Fiscal Officer and Township Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Township utilizes the Ohio Township Account System (OTAS) and currently has monitoring controls over daily cash-basis transactions entered into the system.

The following aggregated audit adjustments/reclassifications, comprised of 13 adjusting journal entries, were made to the financial statements and, where applicable, the Township’s accounting records:

2008 Governmental Fund Type (which include all governmental fund type entries):

- Receipt adjustment between funds of \$796,650
- Receipt reclassifications of \$1,101,117
- Disbursement reclassifications of \$120,550

2007 Governmental Fund Type (which include all governmental fund type entries):

- Receipt reclassifications of \$190,845
- Disbursements reclassifications of \$114,371

Three reclassification journal entries totaling \$31,273 were immaterial to the overall financial statements of the Township and were not posted to the financial statements or the Township’s accounting records.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2008-002 (Continued)**

We recommend the Township develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year. We also recommend the Township implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

**Officials' Response:** Reclassification has been completed for the receipt and disbursement account involved in this finding.



**MIFFLIN TOWNSHIP  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Trustee Salary – Finding for Recovery	Yes	Finding No Longer Valid
2006-002	Flower Expenditures – Finding for Recovery	Yes	Finding No Longer Valid
2006-003	Financial Reporting	No	Reissued as finding 2008-002
2006-004	Reconciliation – Significant Deficiency	Yes	Finding No Longer Valid
2006-005	Time Sheet Documentation	Yes	Finding No Longer Valid





Mary Taylor, CPA  
Auditor of State

**MIFFLIN TOWNSHIP**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 5, 2010**