



Dave Yost • Auditor of State

MIFFLIN TOWNSHIP
FRANKLIN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Mifflin Township, Franklin County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 3, 2013

**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, 2012**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Private Purpose Trust</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 624,377	\$ 12,556,711	\$ -	\$ -	\$ 13,181,088
Charges for Services	-	2,307,373	-	-	2,307,373
Licenses, Permits, and Fees	22,007	232,298	-	-	254,305
Fines and Forfeitures	-	145	-	-	145
Intergovernmental	115,885	935,799	-	-	1,051,684
Earnings on Investments	1,742	14	-	1	1,757
Miscellaneous	45,669	341,921	-	-	387,590
Total Cash Receipts	809,680	16,374,261	-	1	17,183,942
Cash Disbursements:					
Current:					
General Government	611,552	5,706	-	-	617,258
Public Safety	-	14,296,840	-	-	14,296,840
Public Works	-	158,385	-	-	158,385
Health	8,739	216,914	-	-	225,653
Human Services	-	8,138	-	-	8,138
Miscellaneous	-	11,362	-	-	11,362
Capital Outlay	118,987	200,433	-	-	319,420
Debt Service:					
Redemption of Principal	-	164,319	-	-	164,319
Interest and Other Fiscal Charges	-	22,225	-	-	22,225
Total Cash Disbursements	739,278	15,084,322	-	-	15,823,600
Total Receipts Over Disbursements	70,402	1,289,939	-	1	1,360,342
Other Financing Sources (Uses):					
Transfers-In	-	211,250	-	-	211,250
Transfers-Out	(211,250)	-	-	-	(211,250)
Other Financing Uses	(26,233)	-	-	-	(26,233)
Total Other Financing Receipts / (Disbursements)	(237,483)	211,250	-	-	(26,233)
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(167,081)	1,501,189	-	1	1,334,109
Fund Cash Balances, January 1	2,027,319	1,396,207	12,825	5,063	3,441,414
Fund Cash Balances, December 31					
Nonspendable	-	-	-	5,000	5,000
Restricted	-	2,897,396	-	64	2,897,460
Assigned	30,458	-	12,825	-	43,283
Unassigned	1,829,780	-	-	-	1,829,780
Total Fund Cash Balances, December 31	\$ 1,860,238	\$ 2,897,396	\$ 12,825	\$ 5,064	\$ 4,775,523

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, 2011**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:						
Property and Other Local Taxes	\$ 627,820	\$ 8,624,234	\$ -	\$ -	\$ -	\$ 9,252,054
Charges for Services	-	2,344,366	-	-	-	2,344,366
Licenses, Permits, and Fees	40,869	204,840	-	-	-	245,709
Intergovernmental	202,112	1,189,286	-	110,972	-	1,502,370
Earnings on Investments	6,510	252	-	-	14	6,776
Miscellaneous	24,913	78,623	-	-	-	103,536
Total Cash Receipts	902,224	12,441,601	-	110,972	14	13,454,811
Cash Disbursements:						
Current:						
General Government	534,837	18,941	-	-	-	553,778
Public Safety	36,125	11,725,639	-	-	-	11,761,764
Public Works	-	229,393	-	185,344	-	414,737
Health	8,802	188,059	-	-	-	196,861
Human Services	7,545	32,079	-	-	-	39,624
Miscellaneous	-	12,805	-	-	-	12,805
Capital Outlay	32,818	431,228	-	-	-	464,046
Debt Service:						
Redemption of Principal	-	56,870	-	-	-	56,870
Interest and Other Fiscal Charges	-	5,964	-	-	-	5,964
Total Cash Disbursements	620,127	12,700,978	-	185,344	-	13,506,449
Total Receipts Over/(Under) Disbursements	282,097	(259,377)	-	(74,372)	14	(51,638)
Other Financing Sources (Uses):						
Proceeds of Loan	-	-	-	74,372	-	74,372
Transfers-In	173,706	372,939	-	-	-	546,645
Transfers-Out	(297,068)	-	-	(249,577)	-	(546,645)
Advances-In	-	90,000	-	-	-	90,000
Advances-Out	(90,000)	-	-	-	-	(90,000)
Other Financing Uses	(26,062)	-	-	-	-	(26,062)
Total Other Financing Receipts / (Disbursements)	(239,424)	462,939	-	(175,205)	-	48,310
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	42,673	203,562	-	(249,577)	14	(3,328)
Fund Cash Balances, January 1	1,984,646	1,192,645	12,825	249,577	5,049	3,444,742
Fund Cash Balances, December 31						
Nonspendable	-	-	-	-	5,000	5,000
Restricted	-	1,396,207	-	-	63	1,396,270
Assigned	242,989	-	12,825	-	-	255,814
Unassigned	1,784,330	-	-	-	-	1,784,330
Total Fund Cash Balances, December 31	\$ 2,027,319	\$ 1,396,207	\$ 12,825	\$ -	\$ 5,063	\$ 3,441,414

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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 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 protection and emergency medical services

The Township participates in a jointly governed organization, the Mid-Ohio Regional Planning Commission. Note 9 to the financial statements provides additional information for this entity.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio local governments. 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 OTARMS. OTARMA pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible. Note 8 to the financial statements provides additional information for this entity.

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

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. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Township had no investments in 2011 or 2012.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

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

3. Debt Service Funds

This fund accounts for and reports financial resources that are assigned to expenditure for principal and interest.

4. Capital Project Funds (2011 only)

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

OPWC Road Project Fund – This fund is used to account for a grant and related expenditures the Township received from the Ohio Public Works Commission for road improvements.

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, function or object 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.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 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 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the General Fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. 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. CHANGE IN ACCOUNTING PRINCIPLE

The Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," for 2011. The implementation of this statement did not result in any adjustment to the Township's financial statements.

3. 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:

	2012	2011
Demand deposits	\$3,982,916	\$2,648,421
Certificates of deposit	792,607	792,993
Total deposits	\$4,775,523	\$3,441,414

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and December 31, 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$806,549	\$809,680	\$3,131
Special Revenue	16,519,214	16,585,511	66,297
Fiduciary	1	1	0
Total	\$17,325,764	\$17,395,192	\$69,428

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,300,000	\$1,007,219	\$292,781
Special Revenue	17,761,551	15,340,804	2,420,747
Fiduciary	64	0	64
Total	\$19,061,615	\$16,348,023	\$2,713,592

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,074,752	\$1,075,930	\$1,178
Special Revenue	12,823,145	12,904,540	81,395
Debt Service	199,614	0	(199,614)
Capital Projects	185,344	185,344	0
Fiduciary	20	14	(6)
Total	\$14,282,875	\$14,165,828	(\$117,047)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,222,405	\$1,276,246	\$946,159
Special Revenue	13,830,588	12,837,341	993,247
Debt Service	12,825	0	12,825
Capital Projects	434,921	434,921	0
Fiduciary	70	0	70
Total	\$16,500,809	\$14,548,508	\$1,952,301

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. 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.

6. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2004 Fire Station Acquisition Bond Anticipation Note	\$51,975	4.50%
2008 Fire Station Improvement and Equipment Bonds	\$1,510,000	3.0 - 5.25%
2009 OPWC Loan Project	\$55,779	0.00%
2009 Chevrolet Truck Lease Purchase	\$9,390	3.45%
2009 Computer Equipment Lease Purchase	\$14,244	3.90%
2012 Chevrolet Equinox Lease Purchase	\$13,726	2.50%
2012 Fire Department Equipment Lease Purchase	<u>\$229,947</u>	2.65%
Total	<u><u>\$1,833,086</u></u>	

The Township issued 2004 Fire Station Acquisition Bond Anticipation Notes for the purpose of acquiring real estate for Township purposes of a fire station. The Township's taxing authority collateralized the bonds.

The Township issued acquisition bonds, Series 2008, 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 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 entered into an Ohio Public Works Commission (OPWC) Grant/Loan agreement in March 2009 for the purpose of financing road improvement projects. The loan portion of this agreement totaled \$74,372

The Township continued to pay lease purchase agreements used to purchase computer equipment, fire equipment, and various vehicles. The lease purchase agreements are collateralized by the equipment or vehicles purchased.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	Fire Station BAN	Fire Bonds	OPWC Loan	2009 Chevrolet Truck	Computer Equipment	2012 Cevrolet Equinox	Fire Equipment
2013	\$36,404	\$198,589	\$18,593	\$9,714	\$14,799	\$4,806	\$80,747
2014	17,617	196,439	\$18,593			4,806	80,747
2015		200,195	\$18,593			4,806	80,747
2016		198,670					
2017		196,920					
2018-2022		460,600					
2023-2027		330,320					
2028-2032		68,380					
Total	<u>\$54,021</u>	<u>\$1,850,113</u>	<u>\$55,779</u>	<u>\$9,714</u>	<u>\$14,799</u>	<u>\$14,418</u>	<u>\$242,241</u>

7. 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 2012 and 2011, OP&F participants had 10% of their wages contributed through the Township's OP&F pick-up. For 2012 and 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2012 and 2011, police officers enrolled in OPERS had 11.61% of their gross salaries contributed through the Township's OPERS pick-up. For 2012 and 2011, the Township contributed to OPERS an amount equal to 18.10% of police officers wages enrolled in OPERS. For 2012 and 2011, the Township picked-up the OPERS contribution of local members of 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

8. 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, 2012 AND 2011
(Continued)**

8. 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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Assets	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$60,000.

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.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. RISK MANAGEMENT (Continued)

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$102,265	\$98,554

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

9. JOINTLY GOVERNED ORGANIZATIONS

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, Ross, 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.

10. SUBSEQUENT EVENTS

Subsequent to the financial statement date of December 31, 2012, the Township entered into the following debt agreements:

- In February 2013, the Township entered into a debt agreement in the amount of \$72,410 with Park National Bank for the purpose of partially financing the purchase of two police vehicles.
- In March 2013, the Township entered into a debt agreement in the amount of \$370,000 with Fifth Third Bank for the purpose of financing the purchase of two Ford Horton emergency medical vehicles.
- In April 2013, the Township entered into a debt agreement in the amount of \$64,516 with Kansas State Bank for the purpose of financing the purchase of a 2013 Case Backhoe.
- In May 2013, the Township entered into a 5 year loan repayment agreement with Franklin County in the amount of 274,035 for costs in relation to engineering and design of the Leonard Park Water distribution System.
- In May 2013, the Township entered into a debt agreement in the amount of \$32,734 with Park National Bank for the purpose of financing the purchase of police radio equipment.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2013, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. We also noted in 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

December 3, 2013

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Expenditures Exceeding Appropriations – Noncompliance Finding	Yes	
2010-002	Financial Reporting – Material Weakness	No	Partially corrected. Re-issued as Management Letter

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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 21, 2014**