



Dave Yost • Auditor of State

MIFFLIN TOWNSHIP
FRANKLIN COUNTY

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Dave Yost • Auditor of State

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.

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Dave Yost
Auditor of State

August 10, 2011

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Dave Yost • 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, 2010 and 2009. 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.

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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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 August 10, 2011, 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.

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

August 10, 2011

**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, 2010**

	<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	\$ 623,499	\$ 8,559,504	\$ -	\$ -	\$ -	\$ 9,183,003
Payment in Lieu of Taxes	-	40,289	-	-	-	40,289
Other Local Taxes	31,296	-	-	-	-	31,296
Charges for Services	-	2,281,483	-	-	-	2,281,483
Licenses, Permits, and Fees	20,167	201,103	-	-	-	221,270
Fines and Forfeitures	-	1,235	-	-	-	1,235
Intergovernmental	220,071	1,633,753	-	-	-	1,853,824
Earnings on Investments	5,851	43	-	-	3	5,897
Miscellaneous	4,752	31,524	-	-	-	36,276
Total Cash Receipts	905,636	12,748,934	-	-	3	13,654,573
Cash Disbursements:						
Current:						
General Government	530,887	1,583	-	-	-	532,470
Public Safety	490	12,032,170	-	-	-	12,032,660
Public Works	-	239,446	-	-	-	239,446
Health	8,909	219,729	-	-	-	228,638
Human Services	5,829	9,989	-	-	-	15,818
Miscellaneous	-	7,234	-	-	-	7,234
Capital Outlay	20,058	467,092	-	-	-	487,150
Supplies and Materials	-	-	-	-	862	862
Debt Service:						
Redemption of Principal	16,832	70,742	110,000	-	-	197,574
Interest and Other Fiscal Charges	2,145	9,849	84,839	-	-	96,833
Total Cash Disbursements	585,150	13,057,834	194,839	-	862	13,838,685
Total Receipts Over/(Under) Disbursements	320,486	(308,900)	(194,839)	-	(859)	(184,112)
Other Financing Receipts / (Disbursements):						
Proceeds of Notes	-	36,955	-	-	-	36,955
Transfers-In	-	284,417	194,839	-	-	479,256
Transfers-Out	(284,417)	(194,839)	-	-	-	(479,256)
Other Financing Uses	(17,269)	-	-	-	-	(17,269)
Total Other Financing Receipts / (Disbursements)	(301,686)	126,533	194,839	-	-	19,686
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	18,800	(182,367)	-	-	(859)	(164,426)
Fund Cash Balances, January 1	1,965,846	1,375,012	12,825	249,577	5,908	3,609,168
Fund Cash Balances, December 31	\$ 1,984,646	\$ 1,192,645	\$ 12,825	\$ 249,577	\$ 5,049	\$ 3,444,742
Reserve for Encumbrances, December 31	\$ 4,116	\$ 174,152	\$ -	\$ -	\$ -	\$ 178,268

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, 2009**

	<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	\$ 651,730	\$ 8,901,444	\$ -	\$ -	\$ -	\$ 9,553,174
Payment in Lieu of Taxes	-	44,997	-	-	-	44,997
Other Local Taxes	31,472	-	-	-	-	31,472
Charges for Services	-	1,976,709	-	-	-	1,976,709
Licenses, Permits, and Fees	18,042	151,525	-	-	-	169,567
Fines and Forfeitures	-	525	-	-	-	525
Intergovernmental	202,294	1,228,463	-	-	-	1,430,757
Earnings on Investments	29,798	217	-	-	22	30,037
Miscellaneous	38,483	71,485	-	-	-	109,968
Total Cash Receipts	971,819	12,375,365	-	-	22	13,347,206
Cash Disbursements:						
Current:						
General Government	617,194	1,561	-	-	-	618,755
Public Safety	2,555	11,969,255	-	-	-	11,971,810
Public Works	-	199,554	-	-	-	199,554
Health	8,910	199,789	-	-	-	208,699
Human Services	5,827	8,198	-	-	-	14,025
Miscellaneous	-	6,887	-	-	-	6,887
Capital Outlay	92,481	314,797	-	-	-	407,278
Supplies and Materials	-	-	-	-	1,185	1,185
Debt Service:						
Redemption of Principal	30,891	197,641	95,000	-	-	323,532
Interest and Other Fiscal Charges	619	11,492	99,965	-	-	112,076
Total Cash Disbursements	758,477	12,909,174	194,965	-	1,185	13,863,801
Total Receipts Over/(Under) Disbursements	213,342	(533,809)	(194,965)	-	(1,163)	(516,595)
Other Financing Receipts / (Disbursements):						
Proceeds of Notes	68,647	35,000	-	-	-	103,647
Transfers-In	18,522	206,898	194,965	-	-	420,385
Transfers-Out	(203,849)	(207,029)	-	(9,507)	-	(420,385)
Advances-Out	-	(107)	-	-	-	(107)
Other Financing Uses	(28,874)	-	-	-	-	(28,874)
Total Other Financing Receipts / (Disbursements)	(145,554)	34,762	194,965	(9,507)	-	74,666
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	67,788	(499,047)	-	(9,507)	(1,163)	(441,929)
Fund Cash Balances, January 1	1,898,058	1,874,059	12,825	259,084	7,071	4,051,097
Fund Cash Balances, December 31	\$ 1,965,846	\$ 1,375,012	\$ 12,825	\$ 249,577	\$ 5,908	\$ 3,609,168
Reserve for Encumbrances, December 31	\$ 17,985	\$ 568,248	\$ -	\$ -	\$ -	\$ 586,233

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 and police protection services.

The Township participates in a jointly governed organization, the Mid-Ohio Regional Planning Commission. 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 2009 or 2010.

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 Fund:

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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 Project Funds

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

Public Works Fund - This Fund is used to account for costs related to the Eddystone, Genesse, and Minnesota Avenue road improvement project that was partially financed through a Community Development Block Grant. This project began in 2001.

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, 2010 AND 2009
(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 2010 and 2009 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 statements do 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:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$2,042,576	\$1,203,563
Certificates of deposit	1,402,166	2,405,605
Total deposits	<u>\$3,444,742</u>	<u>\$3,609,168</u>

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, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and December 31, 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$891,457	\$905,636	\$14,179
Special Revenue	13,009,371	13,070,306	60,935
Debt Service	0	194,839	194,839
Capital Projects	226,972	0	(226,972)
Fiduciary	50	3	(47)
Total	\$14,127,850	\$14,170,784	\$42,934

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,848,287	\$890,952	\$1,957,335
Special Revenue	14,310,263	13,426,825	883,438
Debt Service	12,825	194,839	(182,014)
Capital Projects	559,049	0	559,049
Fiduciary	958	862	96
Total	\$17,731,382	\$14,513,478	\$3,217,904

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,143,186	\$1,058,988	(\$84,198)
Special Revenue	13,881,596	12,617,263	(1,264,333)
Debt Service	194,965	194,965	0
Capital Projects	0	0	0
Fiduciary	100	22	(78)
Total	\$15,219,847	\$13,871,238	(\$1,348,609)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,075,077	\$1,009,185	\$2,065,892
Special Revenue	14,443,141	13,684,558	758,583
Debt Service	194,965	194,965	0
Capital Projects	259,084	9,507	249,577
Fiduciary	2,171	1,185	986
Total	\$17,974,438	\$14,899,400	\$3,075,038

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Service fund by \$182,014 and MECC Fund by \$416,541 for the year ended December 31, 2010.

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, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2008 Fire Station Improvement and Equipment Bonds	\$1,630,000	3.0 - 5.25%
2010 Dodge Charger Lease Purchase	\$17,489	3.60%
2009 Chevrolet Truck Lease Purchase	\$27,241	3.45%
2009 Computer Equipment Lease Purchase	\$41,148	3.90%
2007 Chevrolet Truck Lease Purchase	\$7,267	4.31%
2007 Dodge Charger Lease Purchase	\$13,556	4.43%
2004 Fire Station Acquisition Bond Anticipation Note	\$121,275	4.50%
Total	<u>\$1,857,976</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 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 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 continued to pay lease purchase agreements used to purchase computer 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, 2010 AND 2009
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Fire Bonds	2010 Dodge Charger	2009 Chevrolet Truck	Computer Equipment	2007 Chevrolet Truck	2007 Dodge Charger	Fire Station BAN
2011	\$199,614	\$9,220	\$9,714	\$14,800	\$7,613	\$14,156	\$39,523
2012	199,214	9,220	9,714	14,800			37,963
2013	198,589		9,714	14,799			36,404
2014	196,439						17,617
2015	200,195						
2016-2020	724,600						
2021-2025	331,050						
2026-2028	199,240						
Total	<u>\$2,248,941</u>	<u>\$18,440</u>	<u>\$29,142</u>	<u>\$44,399</u>	<u>\$7,613</u>	<u>\$14,156</u>	<u>\$131,507</u>

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 2010 and 2009, OP&F participants had 10% of their wages contributed through the Township's OP&F pick-up. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2010 and 2009, police officers enrolled in OPERS had 11.1% and 10.1%, respectively, of their gross salaries contributed through the Township's OPERS pick-up. For 2010 and 2009, the Township contributed to OPERS an amount equal to 17.87% and 17.63%, respectively, of police officers wages enrolled in OPERS. For 2010 and 2009, 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, 2010.

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, 2010 AND 2009
(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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$68,000.

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, 2010 AND 2009
(Continued)**

7. RISK MANAGEMENT (Continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$91,751	\$71,944

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.

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 91 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 44 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, Knox, Marion, Morrow, Union 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.

9. SUBSEQUENT EVENTS

In March 2009, the Township entered into an OPWC Grant/Loan agreement for road improvements totaling \$226,972. Of this total, \$110,972 is the grant portion and \$116,000 is the loan portion. As of 12/31/2010, the OPWC Grant/Loan has not yet been disbursed by OPWC to the contractors performing the project.

In February 2011, the Township purchased a 2010 Chevrolet Silverado 3500 truck for \$32,280 that was financed via debt note with Ally Bank. This Ally Bank loan was subsequently paid off in February 2011.

In May 2011, the Township passed by vote of the people a new 3.8 mill Fire Levy and a new 8.8 mill Police Levy. These levies are effective for the fiscal year 2011 and will be disbursed to the Township beginning in 2012.



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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 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, 2010 and 2009, and have issued our report thereon dated August 10, 2011, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings to be a material weakness.

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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 10, 2011.

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 management, the audit committee, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

August 10, 2011

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2010-001

Expenditures Exceeding Appropriations – Noncompliance Finding

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Township is the level at which Trustees adopts the original appropriation measure.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2010 as follows:

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditure</u>	<u>Variance</u>
MECC Fund	1,055,346	1,471,887	416,541
General Note Retirement Fund	12,825	194,839	182,014

This could result in the Township expending more money than what is available in the fund.

We recommend the Township ensure that expenditures do not exceed appropriations and, when appropriate, file an amended certificate with the County Auditor.

Officials' Response:

In response to this, during the middle of 2010, the amount due from each MECC entity was recalculated. The MECC Chief did not come before the Trustees to get the amount of the appropriation amended to reflect the additional income. Therefore the additional income was not reported to the County Auditor for amendment. The Township will monitor this in the future.

The General Note Retirement Fund had monies transferred in to it in order to make the bond payments that were required for 2010. It was an oversight that the appropriation was not changed accordingly.

FINDING NUMBER 2010-002

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Township's Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2010 financial statements and, where applicable, to the Township's accounting records:

1. Reclassification of \$31,296 of franchise fees in the General Fund from Licenses, Permits, and Fees receipts to Other Local Taxes receipts;
2. Reclassification of \$40,289 of payment in lieu of taxes revenues in the Special Revenue fund type from Miscellaneous receipts to payment in lieu of taxes receipts;

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-002 (Continued)

Financial Reporting – Material Weakness (Continued)

3. Reclassification of \$36,955 of note proceeds in the Special Revenue fund type from Miscellaneous receipts to Proceeds of Notes;
4. Reclassification of \$14,799 of General Government expenditures to Principal Retirement and Interest expenditures of \$12,699 and \$2,100, respectively, in the General Fund;
5. Reclassification of \$9,714 of Capital Outlay expenditures to Principal Retirement expenditures in the Special Revenue fund type;
6. Reclassification of \$130,094 of transfers in the Debt Service fund type from Property Tax receipts to Transfers In;
7. Reclassification of \$64,745 of transfers in the Debt Service fund type from Proceeds of Bonds to Transfers In.

The following audit adjustments were made to the December 31, 2009 financial statements and, where applicable, to the Township's accounting records:

1. Reclassification of \$31,472 of franchise fees in the General Fund from Miscellaneous receipts to Other Local Taxes receipts;
2. Reclassification of \$68,647 of note proceeds in the General Fund from Miscellaneous receipts to Proceeds of Notes;
3. Reclassification of \$35,000 of note proceeds in the Special Revenue fund type from Miscellaneous receipts to Proceeds of Notes;
4. Reclassification of \$44,997 of payment in lieu of taxes revenues in the Special Revenue fund type from Miscellaneous receipts to payment in lieu of taxes receipts;
5. Reclassification of \$18,888 of expenditures in the General Fund from General Government expenditures to Principal Retirement expenditures;
6. Reclassification of debt expenditures in the Special Revenue fund type from Capital Outlay expenditures of \$20,666 to Principal Retirement expenditures of \$20,634 and Interest expenditures of \$32;
7. Adjustment to move Transfers In from the Fire District Fund to the General Fund by \$9,015;
8. Reclassification of \$129,239 of transfers in the Debt Service fund type from Property Tax receipts to Transfers In;
9. Reclassification of \$65,726 of transfers in the Debt Service fund type from Proceeds of Bonds to Transfers In.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2010-002 (Continued)

Financial Reporting – Material Weakness (Continued)

The following audit adjustments was not material to the Township's December 31, 2009 financial statements and was not made to the Township's accounting records:

1. Reclassification of the tangible personal property tax reimbursement from Tax receipts to Intergovernmental receipts in the General Fund and Special Revenue fund type for \$23,900 and \$379,675, respectively.
2. Adjustment to reverse unapproved transfer from General Fund to Miscellaneous Grant Fund (Special Revenue) in the amount of \$9,051.
3. Adjustment to reverse unapproved transfer from General Fund to Capital Projects Fund in the amount of \$9,507.

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.

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 Township's annual 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:

The reclassifications made were purely that. Some of the changes were made to the accounts as a result of the 2007-2008 audits in 2009 and some were new classifications. These reclassifications only affected how they were reported on the annual report. All transactions were recorded in the appropriate manner.

The unapproved transfers were made in order to return unused matching fund monies from the Fund of origin and to eliminate unused accounts. All unapproved transfers are being presented to the Trustees for approval at their next meeting. The reclassifications are being corrected so that they roll in to the annual report under the appropriate category.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Special Fund for Bond Issues	Yes	Finding No Longer Valid
2008-002	Financial Reporting	No	Not Corrected; Reissued as finding 2010-002



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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
SEPTEMBER 13, 2011**