



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 Road
Gahanna, Ohio 43230

To the Board of Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Franklin County, Ohio (the Township), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Franklin County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, Fire District Fund, Ambulance and Emergency Fund, and MECC Center Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-13 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2015, 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

August 28, 2015

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The management's discussion and analysis of Mifflin Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2014 within the limitations of the Township's cash basis of accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the Cash-Basis Basic Financial Statements and the Notes to the Financial Statements to enhance their understanding of the Township's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- For 2014, the total net position of the Township increased \$1,269,753 or 19.69%.
- For 2014, general cash receipts accounted for \$14,545,929 or 79.64% of total governmental activities cash receipts, program specific cash receipts accounted for \$3,718,920 or 20.36% of total governmental activities.
- For 2014, the Township had \$16,995,096 in cash disbursements related to governmental activities; \$3,718,920 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$14,545,929 were adequate to provide for these programs.
- The Township's major funds are the General Fund, the Fire District Fund, the Ambulance and Emergency Fund and the MECC Center Fund. The General Fund, one of the Township's major funds, had cash receipts of \$767,078 in 2014. The cash disbursements and other financing disbursements of the general fund, totaled \$715,767 in 2014. The general fund's fund balance increased \$51,311 from 2013 to 2014.
- The Fire District Fund, a Township major fund, had cash receipts and other financing sources of \$12,492,766 in 2014. The Fire District Fund had cash disbursements of \$11,918,951 in 2014. The Fire District Fund balance increased \$573,815 from 2013 to 2014.
- The Ambulance and Emergency Fund, a Township major fund, had cash receipts of \$1,300,766 in 2014. The Ambulance and Emergency Fund had cash disbursements of \$880,276 in 2014. The Ambulance and Emergency Fund balance increased \$420,490 from 2013 to 2014.
- The MECC Center Fund, a Township major fund, had cash receipts of \$2,034,632 in 2014. The MECC Center Fund had cash disbursements of \$1,886,649 in 2014. The MECC Center Fund balance increased \$147,983 from 2013 to 2014.

Using this Cash Basis Basic Financial Statements (BFS)

The Cash Basis Annual Report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Township's cash basis of accounting. The Statement of Net Position - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Township's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Township, there are four major governmental funds. The General Fund, the Fire District Fund, the Ambulance and Emergency Fund, and the MECC Center Fund are the Township's major funds.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Reporting the Township as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2014?" These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Township's net position and changes in that position on a cash basis. This change in net position is important because it tells the reader that, for the Township as a whole, the cash basis financial position of the Township has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Township's property tax base, current property tax laws in Ohio, availability of Federal and State funding, facility conditions, mandated Federal and State programs and other factors.

As a result of the use of the cash basis of accounting, certain assets, deferred outflows of resources and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities, deferred inflows of resources and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position- Cash Basis and the Statement of Activities - Cash Basis, the governmental activities include the Township's programs and services, including fire protection, road and bridge maintenance and repair, dispatch services, police services and ambulance services. The Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 15 and 16 of this report.

Reporting the Township's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township are classified as governmental or fiduciary funds.

Fund financial reports provide detailed information about the Township's major funds. The Township uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Township's most significant funds. The General Fund, the Fire District Fund, the Ambulance and Emergency Fund, and the MECC Center Fund are the Township's major funds. The analysis of the Township's major governmental funds begins on page 10.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Governmental Funds

All of the Township's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Township's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the cash basis of accounting, there are no differences in the net position and fund cash balances or changes in net position and changes in fund balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the fund financial statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis. The governmental fund statements can be found on pages 17 and 18 of this report.

The Township's budgetary process accounts for transactions on the budgetary basis of accounting. The difference between the budgetary basis of accounting and the cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the General Fund, the Fire District Fund, the Ambulance and Emergency Fund, and the MECC Center Fund are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 19-22 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. A private-purpose trust fund is the Township's only fiduciary fund type. The fiduciary fund financial statements can be found on pages 23 and 24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to gain a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The Notes to the Financial Statements can be found on pages 25-44 of this report.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Government-Wide Financial Analysis

Recall that the Statement of Net Position - Cash Basis provides the perspective of the Township as a whole. The table below provides a summary of the Township's net position at December 31, 2014 and 2013.

	Net Position	
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Equity in Pooled Cash and Investments	\$ 7,717,748	\$ 6,447,995
Total Assets	<u>7,717,748</u>	<u>6,447,995</u>
<u>Net Cash Position</u>		
Restricted	6,016,958	4,798,516
Unrestricted	<u>1,700,790</u>	<u>1,649,479</u>
Total Net Cash Position	<u>\$ 7,717,748</u>	<u>\$ 6,447,995</u>

For 2014, net position of the Township increased \$1,269,753 or 19.69%. The balance of government-wide unrestricted net cash position of \$1,700,790 at December 31, 2014 may be used to meet the government's ongoing obligations to citizens and creditors.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The table below shows the change in net position for fiscal year 2014 and 2013.

	Activities <u>2014</u>	Activities <u>2013</u>
Cash Receipts:		
Program Cash Receipts:		
Charges for Services and Sales	\$ 3,038,490	\$ 2,982,117
Operating Grants and Contributions	307,430	96,819
Capital Grants and Contributions	<u>373,000</u>	<u>325,500</u>
Total Program Cash Receipts	<u>3,718,920</u>	<u>3,404,436</u>
General Cash Receipts:		
Property and Other Taxes	12,051,539	12,102,641
Unrestricted Grants	1,861,517	1,742,087
Loan Proceeds	584,595	811,267
Investment Receipts	5,801	3,003
Miscellaneous	<u>42,477</u>	<u>33,149</u>
Total General Cash Receipts	<u>14,545,929</u>	<u>14,692,147</u>
Total Cash Receipts	<u>18,264,849</u>	<u>18,096,583</u>
Cash Disbursements:		
Current:		
General Government	590,326	677,358
Public Safety	15,076,180	14,149,240
Public Works	234,268	125,900
Health	279,200	256,005
Miscellaneous	24,066	-
Capital Outlay	105,561	801,457
Debt Service:		
Principal Retirement	580,311	323,179
Interest and Fiscal Charges	<u>105,184</u>	<u>85,908</u>
Total Cash Disbursements	<u>16,995,096</u>	<u>16,419,047</u>
Change in Net Position	1,269,753	1,677,536
Net Position at Beginning of Year	<u>6,447,995</u>	<u>4,770,459</u>
Net Position at End of Year	<u>\$ 7,717,748</u>	<u>\$ 6,447,995</u>

MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Governmental Activities

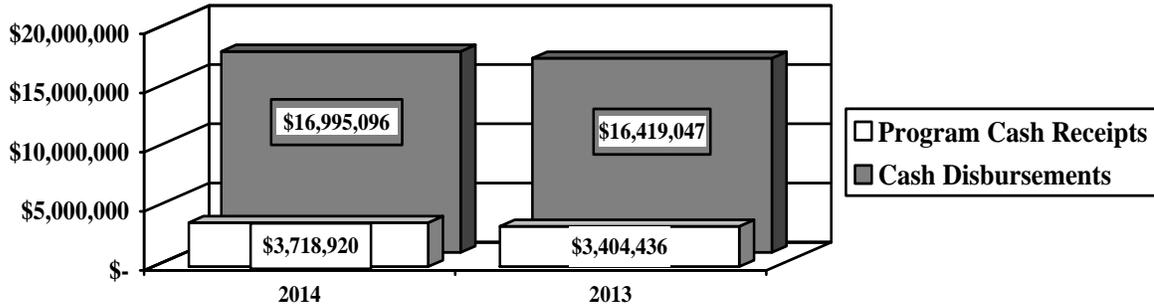
Governmental cash assets increased by \$1,269,753 in 2014 from 2013.

General government represents activities related to the governing body as well as activities that directly support Township programs. In 2014, general government cash disbursements totaled \$590,326 or 3.47% of total governmental cash disbursements. General government programs were supported by \$32,544 in direct charges to users for services.

In 2014, the public safety programs accounted for \$15,076,180 or 88.71% of total governmental cash disbursements. These operations are primarily supported through taxes and charges for services.

The Statement of Activities - Cash Basis shows the cost of program services and the charges for services and grants offsetting those services. The following graph shows, for governmental activities, the total cost of services and the net cost of services for 2014 and 2013. That is, it identifies the cost of these services supported by tax receipts and unrestricted State grants and entitlements.

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

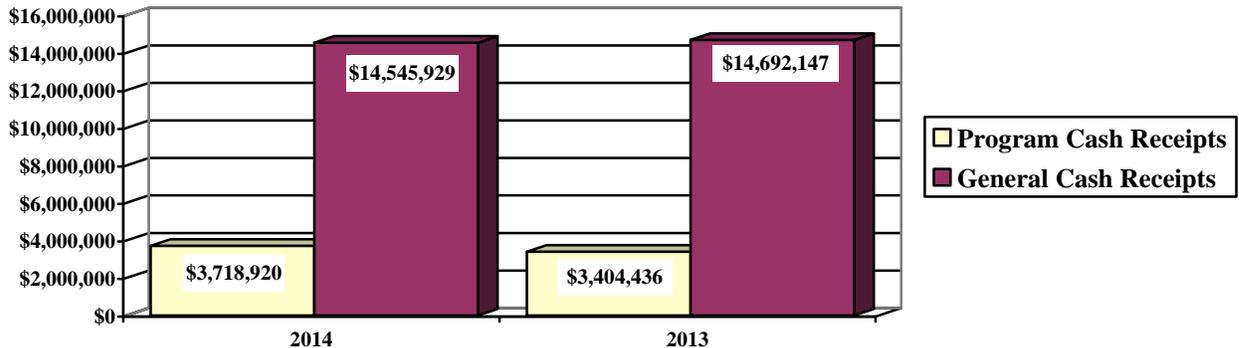
Governmental Activities

	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
Cash Disbursements:				
Current:				
General Government	\$ 590,326	\$ 553,255	\$ 677,358	\$ 649,327
Public Safety	15,076,180	11,901,905	14,149,240	11,599,119
Public Works	234,268	129,452	125,900	29,081
Health	279,200	49,345	256,005	99,977
Miscellaneous	24,066	23,881	-	-
Capital Outlay	105,561	(67,157)	801,457	228,020
Debt Service:				
Principal Retirement	580,311	580,311	323,179	323,179
Interest and Fiscal Charges	<u>105,184</u>	<u>105,184</u>	<u>85,908</u>	<u>85,908</u>
Total	<u>\$ 16,995,096</u>	<u>\$ 13,276,176</u>	<u>\$ 16,419,047</u>	<u>\$ 13,014,611</u>

The dependence upon general cash receipts for governmental activities is apparent with 76.58% of cash disbursements supported through taxes and other general cash receipts during 2014.

The graph below presents the Township's governmental receipts for 2014 and 2013.

Governmental Activities - General and Program Cash Receipts



**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Township's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2014, the Township's governmental funds reported a combined fund balance of \$7,717,748, which is \$1,269,753 more than the 2013 total of \$6,447,995. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2014 and 2013 for all major and nonmajor governmental funds.

	<u>Fund Balance</u> <u>December 31, 2014</u>	<u>Fund Balance</u> <u>December 31, 2013</u>	<u>Change</u>
Major Funds:			
General	\$ 1,700,790	\$ 1,649,479	\$ 51,311
Fire District	3,405,938	2,832,123	573,815
Ambulance and Emergency	1,330,856	910,366	420,490
MECC Center	495,729	347,746	147,983
Nonmajor funds	<u>784,435</u>	<u>708,281</u>	<u>76,154</u>
Total	<u>\$ 7,717,748</u>	<u>\$ 6,447,995</u>	<u>\$ 1,269,753</u>

General Fund

The General Fund, one of the Township's major funds, had cash receipts of \$767,078 in 2014. The cash disbursements and other financing disbursements of the General Fund, totaled \$715,767 in 2014. The General Fund's fund balance increased \$51,311 from 2013 to 2014.

The table that follows assists in illustrating the cash receipts of the General Fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 570,565	\$ 572,464	\$ (1,899)
Intergovernmental	154,254	137,873	16,381
License, Permits and Fees	32,544	28,031	4,513
Interest	5,678	3,003	2,675
Miscellaneous	<u>4,037</u>	<u>19,215</u>	<u>(15,178)</u>
Total	<u>\$ 767,078</u>	<u>\$ 760,586</u>	<u>\$ 6,492</u>

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the General Fund.

	2014 <u>Amount</u>	2013 <u>Amount</u>	<u>Change</u>
<u>Cash Disbursements</u>			
General Government	\$ 590,326	\$ 677,358	\$ (87,032)
Health	8,475	8,222	253
Debt Service	58,710	14,971	43,739
Miscellaneous	24,066	-	24,066
Capital Outlay	<u>14,209</u>	<u>28,944</u>	<u>(14,735)</u>
Total	<u>\$ 695,786</u>	<u>\$ 729,495</u>	<u>\$ (33,709)</u>

Fire District Fund

The Fire District Fund, a Township major fund, had cash receipts and other financing receipts of \$12,492,766 in 2014. The Fire District Fund had cash disbursements of \$11,918,951 in 2014. The Fire District Fund balance increased \$573,815 from 2013 to 2014.

Ambulance and Emergency Fund

The Ambulance and Emergency Fund, a Township major fund, had cash receipts of 1,300,766 in 2014. The Ambulance and Emergency Fund had cash disbursements of \$880,276 in 2014. The Ambulance and Emergency Fund balance increased \$420,490 from 2013 to 2014.

MECC Center Fund

The MECC Center Fund, a Township major fund, had cash receipts of \$2,034,632 in 2014. The MECC Center Fund had cash disbursements of \$1,886,649 in 2014. The MECC Center Fund balance increased \$147,983 from 2013 to 2014.

Budgeting Highlights - General Fund

The Township's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For 2014, the original and final budget basis receipts were \$745,836. Actual cash receipts of \$767,078 were \$21,242 greater than final budget basis receipts. The final budgetary basis disbursements and other financing disbursements of \$1,204,974 were \$1,913 less than original budget disbursements and other financing disbursements of \$1,206,887. Actual budgetary basis disbursements and other financing disbursements of \$715,767 were less than final budget estimates by \$489,207.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying Cash Basis Basic Financial Statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$105,561 and \$801,457 during 2014 and 2013, respectively.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

Debt Administration

The Township had the following debt outstanding at December 31, 2014 and 2013:

	Governmental Activities <u>2014</u>	Governmental Activities <u>2013</u>
Fire Station Improvement and Equipment Bonds	1,120,000	1,255,000
OPWC Loan	18,593	37,186
Fire Department Equipment Lease Purchase	78,580	155,212
Chevrolet Equinox Lease Purchase	4,689	9,263
EMS Vehicles Loan	183,286	366,572
Police Vehicles Lease Purchase	59,500	73,410
Backhoe Equipment Loan	21,502	42,516
Leonard Park Water Distribution System	221,578	274,035
Ford Fusion Lease Purchase	11,208	-
Ford 550 Lease Purchase	52,607	-
Pumper Truck Fire Engine Loan	452,119	-
Police Radio Equipment Loan	<u>26,550</u>	<u>32,734</u>
Total Long-Term Obligations	<u>\$ 2,250,212</u>	<u>\$ 2,245,928</u>

See Note 5 for more information on the Township's debt.

Current Financial Related Activities

The following economic factors were taken into consideration in preparing the budget for 2015:

Mifflin Township is located in Franklin County in central Ohio. Unemployment in Franklin County typically is slightly below the State and national levels.

State funding is uncertain due to budgetary shortfalls at the State level. Local government revenue funds will be cut by an estimated 50% in the State budget. Sales and property tax revenues are expected to remain consistent as well as expenditures for 2015. We monitor the real estate tax delinquency information provided by Franklin County for potential revenue shortfall.

These economic factors were considered in preparing the Township's budget for 2015. The Township has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nancy White, Fiscal Officer, Mifflin Township, 155 Olde Ridenour Rd. Gahanna, Ohio 43230.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2014**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 7,717,748
Total assets.	7,717,748
Net cash position:	
Restricted for:	
Public safety.	5,324,527
Cemetery.	185,326
Street maintenance and construction	434,531
Debt service.	72,574
Unrestricted	1,700,790
Total net cash position	\$ 7,717,748

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Cash Disbursements	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 590,326	\$ 32,544	\$ 4,527	\$ -	\$ (553,255)
Public safety	15,076,180	2,625,427	175,848	373,000	(11,901,905)
Public works	234,268	-	104,816	-	(129,452)
Health	279,200	229,523	332	-	(49,345)
Miscellaneous	24,066	-	185	-	(23,881)
Capital outlay	105,561	150,996	21,722	-	67,157
Debt service:					
Principal retirement	580,311	-	-	-	(580,311)
Interest and fiscal charges.	105,184	-	-	-	(105,184)
Total governmental activities	\$ 16,995,096	\$ 3,038,490	\$ 307,430	\$ 373,000	(13,276,176)

General receipts:

Property and other taxes levied for:

General purposes	570,564
Public safety - Fire District	10,362,702
Public safety - Police district	580,551
Debt service	400,793
Street construction and repair.	136,929
Grants and entitlements not restricted to specific programs	1,861,517
Loan proceeds.	584,595
Investment receipts.	5,801
Miscellaneous	42,477
Total general receipts.	14,545,929
Change in net position.	1,269,753
Net cash position at beginning of year	6,447,995
Net cash position at end of year	\$ 7,717,748

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Fire District	Ambulance and Emergency	MECC Center	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	\$ 1,700,790	\$ 3,405,938	\$ 1,330,856	\$ 495,729	\$ 784,435	\$ 6,016,958
Total assets	<u>\$ 1,700,790</u>	<u>\$ 3,405,938</u>	<u>\$ 1,330,856</u>	<u>\$ 495,729</u>	<u>\$ 784,435</u>	<u>\$ 6,016,958</u>
Fund balances:						
Restricted:						
Public safety.	-	3,405,938	1,330,856	495,729	92,004	5,324,527
Cemetery.	-	-	-	-	185,326	185,326
Street maintenance and construction.	-	-	-	-	434,531	434,531
Debt service.	-	-	-	-	72,574	72,574
Assigned:						
General government.	310,660	-	-	-	-	310,660
Unassigned	1,390,130	-	-	-	-	1,390,130
Total fund balances	<u>\$ 1,700,790</u>	<u>\$ 3,405,938</u>	<u>\$ 1,330,856</u>	<u>\$ 495,729</u>	<u>\$ 784,435</u>	<u>\$ 7,717,748</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Fire District	Ambulance and Emergency	MECC Center	Other Governmental Funds	Total Governmental Funds
Cash receipts:						
Taxes	\$ 570,565	\$ 10,362,702	\$ -	\$ -	\$ 1,118,273	\$ 12,051,540
Intergovernmental	154,254	1,621,597	163,110	396,226	206,759	2,541,946
Charges for services	-	6,297	1,137,641	1,620,849	87,525	2,852,312
License, permits and fees	32,544	-	-	-	153,284	185,828
Fines and forfeitures	-	-	-	-	350	350
Interest	5,678	-	-	-	123	5,801
Miscellaneous	4,037	5,550	15	17,557	15,318	42,477
Total cash receipts	<u>767,078</u>	<u>11,996,146</u>	<u>1,300,766</u>	<u>2,034,632</u>	<u>1,581,632</u>	<u>17,680,254</u>
Cash disbursements:						
Current:						
General government	590,326	-	-	-	-	590,326
Public safety	-	11,918,951	596,072	1,886,327	674,830	15,076,180
Public works	-	-	-	-	234,268	234,268
Health	8,475	-	-	-	270,725	279,200
Miscellaneous	24,066	-	-	-	-	24,066
Capital outlay	14,209	-	91,030	322	-	105,561
Debt service:						
Principal retirement	52,457	-	183,286	-	344,568	580,311
Interest and fiscal charges	6,253	-	9,888	-	89,043	105,184
Total cash disbursements	<u>695,786</u>	<u>11,918,951</u>	<u>880,276</u>	<u>1,886,649</u>	<u>1,613,434</u>	<u>16,995,096</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>71,292</u>	<u>77,195</u>	<u>420,490</u>	<u>147,983</u>	<u>(31,802)</u>	<u>685,158</u>
Other financing receipts (disbursements):						
Proceeds from loan	-	496,620	-	-	87,975	584,595
Transfers in	-	-	-	-	19,981	19,981
Transfers out	(19,981)	-	-	-	-	(19,981)
Total other financing receipts (disbursements)	<u>(19,981)</u>	<u>496,620</u>	<u>-</u>	<u>-</u>	<u>107,956</u>	<u>584,595</u>
Net change in fund balances	51,311	573,815	420,490	147,983	76,154	1,269,753
Fund balances						
at beginning of year	1,649,479	2,832,123	910,366	347,746	708,281	6,447,995
Fund balances at end of year	<u>\$ 1,700,790</u>	<u>\$ 3,405,938</u>	<u>\$ 1,330,856</u>	<u>\$ 495,729</u>	<u>\$ 784,435</u>	<u>\$ 7,717,748</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Taxes	\$ 607,913	\$ 607,913	\$ 570,565	\$ (37,348)
Intergovernmental	96,834	96,834	154,254	57,420
License, permits and fees	31,643	31,643	32,544	901
Interest	5,521	5,521	5,678	157
Miscellaneous	3,925	3,925	4,037	112
Total receipts	745,836	745,836	767,078	21,242
Disbursements:				
Current:				
General government	884,364	882,963	590,326	292,637
Health	10,016	10,000	8,475	1,525
Miscellaneous	35,056	35,000	24,066	10,934
Capital outlay	58,394	58,301	14,209	44,092
Debt service:				
Principal retirement	53,233	53,149	52,457	692
Interest and fiscal charges	5,570	5,561	6,253	(692)
Total disbursements	1,046,633	1,044,974	695,786	349,188
Excess (deficiency) of receipts over (under) disbursements.	(300,797)	(299,138)	71,292	370,430
Other financing disbursements:				
Transfers out	(160,254)	(160,000)	(19,981)	140,019
Total other financing disbursements	(160,254)	(160,000)	(19,981)	140,019
Net change in fund balance	(461,051)	(459,138)	51,311	510,449
Fund balance at beginning of year	1,642,592	1,642,592	1,642,592	-
Prior year encumbrances appropriated	6,887	6,887	6,887	-
Fund balance at end of year	\$ 1,188,428	\$ 1,190,341	\$ 1,700,790	\$ 510,449

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FIRE DISTRICT FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Taxes	\$ 10,152,772	\$ 10,104,788	\$ 10,362,702	\$ 257,914
Intergovernmental	1,588,746	1,581,238	1,621,597	40,359
Charges for services	6,169	6,140	6,297	157
Miscellaneous	5,438	5,412	5,550	138
Total receipts	11,753,125	11,697,578	11,996,146	298,568
Disbursements:				
Current:				
Public safety	12,097,308	12,787,807	11,918,951	868,856
Total disbursements	12,097,308	12,787,807	11,918,951	868,856
Excess (deficiency) of disbursements over (under) receipts	(344,183)	(1,090,229)	77,195	1,167,424
Other financing receipts:				
Proceeds from loan	\$ 486,559	484,260	496,620	12,360
Total other financing receipts	486,559	484,260	496,620	12,360
Net change in fund balance	142,376	(605,969)	573,815	1,179,784
Fund balance at beginning of year	2,659,764	2,659,764	2,659,764	-
Prior year encumbrances appropriated	172,359	172,359	172,359	-
Fund balance at end of year	\$ 2,974,499	\$ 2,226,154	\$ 3,405,938	\$ 1,179,784

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
AMBULANCE AND EMERGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Intergovernmental.	\$ 126,102	\$ 126,102	\$ 163,110	\$ 37,008
Charges for services	879,520	879,520	1,137,641	258,121
Miscellaneous	12	12	15	3
Total receipts	1,005,634	1,005,634	1,300,766	295,132
Disbursements:				
Current:				
Public safety	643,413	686,170	596,072	90,098
Capital outlay	93,488	99,701	91,030	8,671
Debt service:				
Principal retirement	171,865	183,286	183,286	-
Interest and fiscal charges	10,315	11,000	9,888	1,112
Total disbursements.	919,081	980,157	880,276	99,881
Excess of receipts over disbursements.	86,553	25,477	420,490	395,013
Fund balance at beginning of year.	868,985	868,985	868,985	-
Prior year encumbrances appropriated	41,381	41,381	41,381	-
Fund balance at end of year.	\$ 996,919	\$ 935,843	\$ 1,330,856	\$ 395,013

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
MECC CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Intergovernmental	\$ 323,664	\$ 358,017	\$ 396,226	\$ 38,209
Charges for services	1,324,017	1,464,541	1,620,849	156,308
Miscellaneous	14,342	15,864	17,557	1,693
Total receipts	<u>1,662,023</u>	<u>1,838,422</u>	<u>2,034,632</u>	<u>196,210</u>
Disbursements:				
Current:				
Public safety	2,149,826	2,151,676	1,886,327	265,349
Capital outlay	8,493	8,500	322	8,178
Total disbursements	<u>2,158,319</u>	<u>2,160,176</u>	<u>1,886,649</u>	<u>273,527</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(496,296)</u>	<u>(321,754)</u>	<u>147,983</u>	<u>469,737</u>
Fund deficit at beginning of year	(115,997)	(115,997)	(115,997)	-
Prior year encumbrances appropriated	<u>463,743</u>	<u>463,743</u>	<u>463,743</u>	<u>-</u>
Fund balance (deficit) at end of year	<u>\$ (148,550)</u>	<u>\$ 25,992</u>	<u>\$ 495,729</u>	<u>\$ 469,737</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2014**

	<u>Private-Purpose Trust</u>
Assets:	
Equity in pooled cash and investments.	\$ 5,069
Total assets.	<u>5,069</u>
Net cash position:	
Held in trust for other purposes	<u>5,069</u>
Total net cash position	<u>\$ 5,069</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

		<u>Private-Purpose Trust</u>
Additions:		
Interest	\$	<u>5</u>
Change in net position		<u>5</u>
Net cash position at beginning of year . . .	\$	<u>5,064</u>
Net cash position at end of year	\$	<u><u>5,069</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 - DESCRIPTION OF THE TOWNSHIP

Mifflin Township, Franklin County, Ohio (the "Township") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees.

The Township provides the following services: fire protection, road and bridge maintenance, cemetery maintenance and emergency medical services as well as general governmental services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Township's accounting policies:

A. Reporting Entity

For financial reporting purposes, the Township's Basic Financial Statements (BFS) include all funds, agencies, boards, commissions, and departments for which the Township is financially accountable. Financial accountability, as defined by the GASB, exists if the Township appoints a voting majority of an organization's Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Township. The Township may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the Township. The Township also took into consideration other organizations for which the nature and significance of their relationship with the Township are such that exclusion would cause the Township's basic financial statements to be misleading or incomplete. The Township has no component units.

The following organizations are described due to their significant relationship to the Township:

JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 environment infrastructure program funding to the full advantage of MORPC's members.

PUBLIC ENTITY RISK POOL

Ohio Township Association Risk Management Authority

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. 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' deductible. This organization is discussed in Note 8.

B. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and a fund financial statement which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements - During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary. The Township has no proprietary funds.

Governmental Funds - The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

General Fund - This fund is used to account for all financial activities of the Township except those required to be accounted for in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Fire District Fund - This fund is used to account for all financial activities of the fire operations.

Ambulance and Emergency Fund - This fund is used to account for all financial activities related to emergency management services (EMS).

MECC Center fund - This fund is used to account for all financial activities related to the Ohio Metropolitan Emergency Communications Center (MECC) for emergency services dispatching.

Other governmental funds of the Township are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Fiduciary Funds - Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 has one private-purpose trust fund used for grave site maintenance in the Township cemetery.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraphs.

D. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

E. Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

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

F. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During 2014, investments were limited to negotiable certificates of deposit and a U.S. Government money market fund.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2014 were \$5,678 which includes \$4,306 assigned from other Township funds.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. In addition to these disbursements the Township also contributes the entire employee share. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits; these amounts are the required amounts and are not necessarily the amounts that are paid.

K. Long-term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

L. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Township Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Township applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing receipt (disbursement) in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. Interfund transfers between government funds are eliminated for reporting in the statement of activities.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items 1 and 2 above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all Township deposits was \$4,322,935. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of December 31, 2014, \$5,746,705 of the Township's bank balance of \$6,104,849 was exposed to custodial risk as discussed below, while \$358,144 was covered by FDIC.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that in the event of bank failure, the Township deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township. The Township has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

B. Investments

As of December 31, 2014, the Township had the following investments and maturities:

<u>Investment type</u>	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
			<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>
Negotiable CD's	\$ 958,000	\$ 957,821	\$ 487,837	\$ 249,940	\$ 220,044
U.S. Government money market	<u>741,271</u>	<u>741,271</u>	<u>741,271</u>	-	-
Total	<u>\$ 1,699,271</u>	<u>\$ 1,699,092</u>	<u>\$ 1,229,108</u>	<u>\$ 249,940</u>	<u>\$ 220,044</u>

The weighted average maturity of investments is 0.36 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Township's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The U.S. Government money market fund carries a rating of AAAM by Standard & Poor's.

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 957,821	56.37
U.S. Government money market	<u>741,271</u>	<u>43.63</u>
Total	<u>\$ 1,699,092</u>	<u>100.00</u>

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of December 31, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,322,935
Investments	<u>1,699,092</u>
Total	<u>\$ 6,022,027</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 6,016,958
Private purpose trust	<u>5,069</u>
Total	<u>\$ 6,022,027</u>

NOTE 4 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Township. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009, tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2014 represent delinquent collections.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property was eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Township due to the phasing out of the tax. In calendar year 2012, the Township was fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4 - PROPERTY TAX - (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

	2014
Real property tax	\$921,773,560
Public utility tangible personal property	17,744,890
Total assessed valuation	\$939,518,450

NOTE 5 - DEBT OBLIGATIONS

Transactions for the year ended December 31, 2014 are summarized as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance December 31, 2013</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance December 31, 2014</u>
Bonds and Bond Anticipation Notes:					
2008 Fire State Improvement and Equipment Bonds	3.00-5.25%	1,255,000	-	(135,000)	1,120,000
Total Bond and Bond Anticipation Notes		1,255,000	-	(135,000)	1,120,000
Lease Purchase Agreements:					
2012 Chevrolet Equinox Lease Purchase	2.50%	9,263	-	(4,574)	4,689
2012 Fire Department Equipment Lease Purchase	2.65%	155,212	-	(76,632)	78,580
2013 Police Vehicles Lease Purchase	2.70%	73,410	-	(13,910)	59,500
2014 Ford Fusion	2.30%	-	17,006	(5,798)	11,208
2014 Ford 550 Lease Purchase	2.30%	-	70,969	(18,362)	52,607
Total Lease Purchase Agreements		237,885	87,975	(119,276)	206,584
Loans:					
2014 Pumper Truck Fire Engine	3.40%	-	496,620	(44,501)	452,119
2013 EMS Vehicles Loan	2.95%	366,572	-	(183,286)	183,286
2009 OPWC Loan Project	0.00%	37,186	-	(18,593)	18,593
2013 Cemetery Backhoe Loan	2.32%	42,516	-	(21,014)	21,502
2013 Leonard Park Water Distribution Loan	2.17%	274,035	-	(52,457)	221,578
2013 Police Radio Equipment Loan	2.85%	32,734	-	(6,184)	26,550
Total Loans		753,043	496,620	(326,035)	923,628
Total Outstanding Debt		\$ 2,245,928	\$ 584,595	\$ (580,311)	\$ 2,250,212

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 5 - DEBT OBLIGATIONS - (Continued)

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 a 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.

In 2013, the Township entered into loan agreements for the purchase of EMS Vehicles, a cemetery backhoe and police radio equipment. These loans are collateralized by the equipment or vehicles purchased.

In 2013, the Township entered into a loan agreement with Franklin County for the engineering and design of the Leonard Park Water Distribution System. The County obtained a loan from the Ohio Water Development Authority ("OWDA") and invoices the Township for the cost of the loan payments. The loan amount is for a five year period ending December 31, 2019 in the amount of \$274,035 at an interest rate of 2.17%.

In 2014, the Township entered into a loan with Deutshe Bank to finance a new fire engine. The fire engine was purchased from Pierce Manufacturing on January 23, 2014. The loan amount is for a 10 year period ending December 31, 2023 in the amount of \$496,620 at an interest rate of 3.40%.

The Township entered into a new lease purchase agreement and 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.

The principal and interest requirements to retire the bonds outstanding at December 31, 2014, are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	145,000	55,195	200,195
2016	150,000	48,670	198,670
2017	155,000	41,920	196,920
2018	165,000	34,170	199,170
2019	40,000	25,920	65,920
2020 - 2024	230,000	97,750	327,750
2025 - 2028	<u>235,000</u>	<u>31,460</u>	<u>266,460</u>
Total	<u>\$ 1,120,000</u>	<u>\$ 335,085</u>	<u>\$ 1,455,085</u>

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 5 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the lease purchase agreements outstanding at December 31, 2014, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	120,227	5,276	125,503
2016	37,876	2,167	40,043
2017	33,007	1,238	34,245
2018	<u>15,474</u>	<u>418</u>	<u>15,892</u>
Total	<u>\$ 206,584</u>	<u>\$ 9,099</u>	<u>\$ 215,683</u>

The principal and interest requirements to retire the loans outstanding at December 31, 2014, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	329,361	23,205	352,566
2016	108,902	18,268	127,170
2017	111,907	15,264	127,171
2018	115,000	12,172	127,172
2019	52,599	9,571	62,170
2020 - 2024	<u>205,859</u>	<u>19,781</u>	<u>225,640</u>
Total	<u>\$ 923,628</u>	<u>\$ 98,261</u>	<u>\$ 1,021,889</u>

NOTE 6 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the Traditional Pension Plan.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 6 - PENSION PLANS - (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2014 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 12.00% and 12.60%, respectively. The Township's contribution rate for 2014 was 14.00%, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 18.10% of covered payroll.

The Township's contribution rate for pension benefits for members in the Traditional Plan for 2014 was 13.00%. The Township's contribution rate for pension benefits for members in the Combined Plan was 13.00%. For those plan members in law enforcement and public safety pension contributions were 18.10%. The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014 and 2013 were \$178,453 and 196,911; 85.66% has been contributed for 2014 and 100% for 2013 (latest information available). Contributions to the member-directed plan for 2014 were \$7,262 made by the Township and \$5,187 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy – From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the Township was required to contribute 24.00% for firefighters. Contribution rates are established by State statute.

For 2014, the portion of the Township's contributions to fund pension obligations was 14.81% for January 1, 2014 through May 31, 2014 and 16.65% for June 1, 2014 through December 31, 2014 for police officers and 19.31% for January 1, 2014 through May 31, 2014 and 21.15% for June 1, 2014 through December 31, 2014 for firefighters.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 6 - PENSION PLANS - (Continued)

The Township's required contributions for pension obligations to OP&F for firefighters were \$1,511,867 for the year ended December 31, 2014, and \$1,168,213 for the year ended December 31, 2013 (latest information available). 92.86% has been contributed for firefighters for 2014 and 100% has been contributed for firefighters for 2013 (latest information available).

NOTE 7 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014 local government employers contributed 14.00% of covered payroll (18.10% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2014 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2014 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014 and 2013 were \$37,399, and \$25,297, respectively; 85.66% has been contributed for 2014 and 100% has been contributed for 2013 (latest information available).

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 7 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the OP&F Pension Fund sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 7 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters were \$32,115 for the year ended December 31, 2014 and \$207,280 for the year ended December 31, 2013; 92.86% has been contributed for firefighters in 2014 and 100% has been contributed for firefighters in 2013 (latest information available).

NOTE 8 - RISK MANAGEMENT

A. Risk Pool Membership

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.

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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, 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.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 8 - 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, 2014 and 2013 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$ 34,954,286	\$ 35,970,263
Liabilities	(8,486,363)	(8,912,432)
Net Assets	<u>\$ 26,467,923</u>	<u>\$ 27,057,831</u>

At December 31, 2014 and 2013, respectively, the liabilities above include approximately \$8.2 and \$7.9 million of estimated incurred claims payable. The assets above also include approximately \$7.2 and \$7.4 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2014 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, 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.

<u>Contributions to OTARMA</u>	
2014	\$108,252
2013	102,405

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.

B. Worker's Compensation

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

NOTE 9 - CONTINGENCIES

A. Litigation

The Township is currently not party to any pending litigation.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 9 – CONTINGENCIES (Continued)

B. Grants

The Township receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual funds included herein or on the overall financial position of the Township at December 31, 2014.

NOTE 10 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 19,981

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 11 - OTHER COMMITMENTS

The Township utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Township's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 3,573
Fire District	137,250
Ambulance and Emergency	25,699
MECC Center	72,494
Other Nonmajor Governmental	5,159
Total	\$ 244,175

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund and fire district fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements on the budgetary basis but are not on a cash basis. At December 31, 2014, the encumbrances outstanding at year end (budgetary basis) amounted to \$3,573 for the general fund, \$137,250 for the fire district fund, \$25,699 for the ambulance and emergency fund and \$72,494 for the MECC Center fund.



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 Road
Gahanna, Ohio 43230

To the Township 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 the governmental activities, each major fund, and the aggregate remaining fund information of Mifflin Township, Franklin County, Ohio (the Township) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated August 28, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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.

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 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. We consider finding 2014-002 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, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

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

August 28, 2015

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

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

FINDING NUMBER 2014-001

Finding For Recovery – Illegal Expenditures Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Angela Price is a part-time police officer at the Township and works full-time at the Ohio Department of Insurance (ODI). During the period of May 31, 2013 through October 8, 2014, we identified 68 instances totaling 203 hours in which Ms. Price submitted time worked on timesheets for both entities that overlapped with each other and resulted in an overpayment by the Township of \$2,232.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended was issued against Angela Price in the amount of \$2,232 and in favor of the Township’s Police District Fund, in the amount of \$2,232.

On September 29, 2015, Ms. Price pled guilty to theft in office. On October 7, 2015, \$2,232 was repaid by Angela Price and the money was deposited into the Township’s Police District Fund.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014
(Continued)**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2014-002

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Additionally, Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduced five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds.

The following entries were material to the Township's 2014 financial statements and were adjusted to the financial statements or to the Township's accounting records:

- Reclassification of \$54,662 from Tax Revenue to Intergovernmental Revenue in the General Fund.
- Reclassification of \$307,087 from Unassigned Fund Balance to Assigned Fund Balance in the General Fund.

The following entries were not material to the Township's 2014 financial statements, but were adjusted to the financial statements or to the Township's accounting records:

- Reclassification of \$3,573 from Assigned Net Position to Unrestricted Net Position.
- Reclassification of \$21,014 from Principal Debt Payments in the Road and Bridge Fund to the Cemetery Fund.
- Reclassification of \$986 from Principal Debt Interest in the Road and Bridge Fund to the Cemetery Fund.
- Encumbrances were not included in Actual Budgeted Expenditures for the General, Fire District, Ambulance and Emergency, or MECC Center Funds totaling \$3,573, \$137,250, \$25,699, and \$72,494, respectively.

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 review Auditor of State Bulletin 2011-004 for guidance in correctly classifying fund balances and develop policies and procedures to enhance its controls over recording of financial reporting to help ensure the information accurately reflects the activity of the Township thereby increasing the reliability of the financial data throughout the year.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Finding for Recovery – Illegal Expenditures	No	Not corrected. Re-issued as 2014-001
2013-002	Material Weakness - Financial Reporting	No	Not corrected. Re-issued as 2014-002.

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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
DECEMBER 22, 2015**