



**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

MIFFLIN TOWNSHIP
FRANKLIN COUNTY

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Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

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

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Mary Taylor, CPA
Auditor of State

December 6, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2006 and December 31, 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and December 31, 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Mifflin Township, Franklin County, Ohio, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 6, 2007

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 621,373	\$ 7,942,820	\$ -	\$ -	\$ 8,564,193
Charges for Services	-	783,568	-	-	783,568
Licenses, Permits, and Fees	-	133,379	-	-	133,379
Fines and Forfeitures	29,054	125	-	-	29,179
Intergovernmental	209,488	921,501	-	-	1,130,989
Earnings on Investments	156,732	4,132	-	-	160,864
Miscellaneous	35,472	338,559	-	-	374,031
	<u>1,052,119</u>	<u>10,124,084</u>	<u>-</u>	<u>-</u>	<u>11,176,203</u>
Cash Disbursements:					
Current:					
General Government	469,692	-	-	-	469,692
Public Safety	29,593	9,114,664	-	-	9,144,257
Public Works	-	96,732	-	-	96,732
Health	110,060	139,152	-	-	249,212
Human Services	3,871	-	-	-	3,871
Capital Outlay	91,015	221,511	-	-	312,526
Debt Service:					
Redemption of Principal	30,578	170,314	-	-	200,892
Interest and Other Fiscal Charges	4,484	29,742	-	-	34,226
	<u>739,293</u>	<u>9,772,115</u>	<u>-</u>	<u>-</u>	<u>10,511,408</u>
Total Receipts Over Disbursements	<u>312,826</u>	<u>351,969</u>	<u>-</u>	<u>-</u>	<u>664,795</u>
Other Financing Disbursements:					
Proceeds of Loans	24,365	-	-	-	24,365
Transfers-In	-	7,366	-	-	7,366
Transfers-Out	-	(7,366)	-	-	(7,366)
Other Financing Uses	(36,279)	-	-	-	(36,279)
	<u>(11,914)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,914)</u>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	300,912	351,969	-	-	652,881
Fund Cash Balances, January 1	<u>1,075,652</u>	<u>967,212</u>	<u>12,825</u>	<u>259,084</u>	<u>2,314,773</u>
Fund Cash Balances, December 31	<u>\$ 1,376,564</u>	<u>\$ 1,319,181</u>	<u>\$ 12,825</u>	<u>\$ 259,084</u>	<u>\$ 2,967,654</u>
Reserve for Encumbrances, December 31	<u>\$ 1,523</u>	<u>\$ 53,683</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,206</u>

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fiduciary Fund Type
	Private Purpose Trust
Non-Operating Cash Receipts:	
Earnings on Investments	\$ 261
Total Non-Operating Cash Receipts	261
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	-
Total Non-Operating Cash Disbursements	-
Net Receipts Over Disbursements	261
Fund Cash Balance, January 1	6,727
Fund Cash Balance, December 31	\$ 6,988

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 546,437	\$ 7,937,485	\$ -	\$ -	\$ 8,483,922
Charges for Services	-	482,678	-	-	482,678
Licenses, Permits, and Fees	-	159,572	-	-	159,572
Fines and Forfeitures	23,409	-	-	-	23,409
Intergovernmental	256,106	1,098,899	-	-	1,355,005
Earnings on Investments	88,759	1,866	-	-	90,625
Miscellaneous	26,061	137,023	-	-	163,084
Total Cash Receipts	940,772	9,817,523	-	-	10,758,295
Cash Disbursements:					
Current:					
General Government	478,835	-	-	-	478,835
Public Safety	72,186	8,958,242	-	-	9,030,428
Public Works	-	102,454	-	-	102,454
Health	162,596	146,526	-	-	309,122
Human Services	4,776	-	-	-	4,776
Capital Outlay	164,358	370,536	-	-	534,894
Debt Service:					
Redemption of Principal	13,072	290,548	-	-	303,620
Interest and Other Fiscal Charges	2,611	38,156	-	-	40,767
Total Cash Disbursements	898,434	9,906,462	-	-	10,804,896
Total Receipts Over/(Under) Disbursements	42,338	(88,939)	-	-	(46,601)
Other Financing Receipts / (Disbursements):					
Proceeds of Notes	100,965	82,122	-	-	183,087
Transfers-In	-	6,600	-	-	6,600
Transfers-Out	(6,600)	-	-	-	(6,600)
Other Financing Uses	(5,679)	-	-	-	(5,679)
Total Other Financing Receipts / (Disbursements)	88,686	88,722	-	-	177,408
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	131,024	(217)	-	-	130,807
Fund Cash Balances, January 1	944,628	967,429	12,825	259,084	2,183,966
Fund Cash Balances, December 31	\$ 1,075,652	\$ 967,212	\$ 12,825	\$ 259,084	\$ 2,314,773
Reserve for Encumbrances, December 31	\$ -	\$ 84,971	\$ -	\$ -	\$ 84,971

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Fiduciary Fund Type
	Private Purpose Trust
Operating Cash Disbursements:	
Supplies and Materials	\$1,821
Total Operating Cash Disbursements	1,821
Operating Loss	(1,821)
Non-Operating Cash Receipts:	
Earnings on Investments	196
Total Non-Operating Cash Receipts	196
Net Receipts (Under) Disbursements	(1,625)
Fund Cash Balance, January 1	8,352
Fund Cash Balance, December 31	\$6,727

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

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

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

C. Cash and Investments

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

3. Debt Service Fund

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

4. Capital Projects Funds

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

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

5. Fiduciary Fund

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2005 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2005	2006
Demand deposits	\$1,731,673	\$2,358,821
Investments:		
U.S. Treasury Obligation Bonds	499,980	499,980
Money Market Investments	89,847	115,840
Total investments	589,826	615,820
Total deposits and investments	\$2,321,499	\$2,974,641

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

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and December 31, 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$918,850	\$1,076,484	\$157,634
Special Revenue	10,110,530	10,131,450	20,920
Fiduciary	600	261	(339)
Total	\$11,029,980	\$11,208,195	\$178,215

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,356,839	\$777,095	\$579,744
Special Revenue	10,307,867	9,833,164	474,703
Fiduciary	1,727	0	1,727
Total	\$11,666,433	\$10,610,259	\$1,056,174

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$947,864	\$1,041,737	\$93,873
Special Revenue	9,056,352	9,906,245	849,893
Fiduciary	600	196	(404)
Total	\$10,004,816	\$10,948,178	\$943,362

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,479,559	\$910,713	\$568,846
Special Revenue	10,671,148	9,991,433	679,715
Fiduciary	3,952	1,821	2,131
Total	\$12,154,658	\$10,903,967	\$1,250,691

4. PROPERTY TAX

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

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

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
SANS/Telestaff Lease Purchase	\$96,751	4.35%
Fire Station Acquisition Bond Anticipation Note	259,875	4.50%
Ladder Truck Lease Purchase	370,748	3.36%
Police Chief Vehicle	11,476	6.00%
Police Lieutenant Vehicle Lease Purchase	18,460	6.15%
Code Enforcement Vehicle Lease Purchase	15,704	6.80%
Total	<u>\$773,014</u>	

The Township issued general obligation bonds to finance the acquisition of a new fire station building. The Township's taxing authority collateralized the bonds.

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

The Township entered into a loan to purchase the Police Chief Vehicle. The loan is collateralized by the vehicle purchased.

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

Year ending December 31:	SANS / Telestaff Lease Purchase	Fire Station Acquisition BAN	Ladder Truck Lease Purchase	Police Chief Vehicle	Police Lieutenant Vehicle	Code Enforcement Vehicle
2007	\$32,085	\$45,760	\$137,363	\$3,569	\$7,923	\$8,662
2008	32,085	44,200	137,363	3,569	7,314	8,662
2009	32,085	42,641	114,469	3,569	4,876	0
2010	8,021	41,082	0	3,271	0	0
2011	0	39,523	0	0	0	0
2012-2016	0	91,984	0	0	0	0
Total	<u>\$104,276</u>	<u>\$305,190</u>	<u>\$389,195</u>	<u>\$13,978</u>	<u>\$20,113</u>	<u>\$17,324</u>

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants had 10 percent of their wages contributed through the Township through OP&F pick-up. For 2006 and 2005, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2006 and 2005, police officers enrolled in OPERS had 10.1 percent of their gross salaries contributed through the Township through OPERS pick-up. For 2006 and 2005, the Township contributed to OPERS an amount equal to 16.93% and 16.7% respectively of police officers wages enrolled in OPERS. For 2006 and 2005, the Township picked-up the OPERS contribution of local members of 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

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

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

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

Casualty Coverage

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

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RISK MANAGEMENT (Continued)

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

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, 2006 and 2005.

Casualty Coverage	2006	2005
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	\$20,587,360	\$18,141,062

Property Coverage	2006	2005
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	\$9,334,254	\$7,771,765

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$177,032. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. RISK MANAGEMENT (Continued)

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.

Contributions to OTARMA	
2004	\$72,941
2005	\$81,261
2006	\$88,516

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

Health Care Coverage

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

8. SUBSEQUENT EVENT

On June 12, 2007 the Township entered into a loan for \$141,545 for the purchase of an EMS vehicle for use by the Township's fire department.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of Mifflin Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2006 and December 31, 2005, and have issued our report thereon dated December 6, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-003 through 2006-005.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding number 2006-003 is also a material weakness.

We also noted certain matters that we reported to the Township's management in a separate letter dated December 6, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 6, 2007.

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

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



Mary Taylor, CPA
Auditor of State

December 6, 2007

MIFFLIN TOWNSHIP
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

**Trustee Salary - Finding for Recovery – Repaid under Audit –
Noncompliance Finding**

Ohio Rev. Code Section 505.24 sets the 2006 salary for township salaried trustees in townships with a budget in excess of \$10,000,000, as \$19,674 annually. This is to be paid at a monthly rate of \$1,639.50.

The Fiscal Officer incorrectly calculated and compensated trustee Joseph Spanovich at the rate of \$1,691.50 on pay dates March 31, 2006 and June 23, 2006, resulting in an overpayment of \$104.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Joseph Spanovich, trustee, in the amount of \$104 in favor of the Township's General Fund.

On April 27, 2007, \$104 was repaid through a payroll deduction from Joseph Spanovich on April 25, 2007 and posted to the Township's General Fund.

Officials' Response:

This was corrected and repaid during the current audit period.

FINDING NUMBER 2006-002

**Flower Expenditures – Finding for Recovery – Repaid under Audit –
Noncompliance Finding**

State ex rel. McClure v. Hagerman (1951), 155 Ohio St. 320 provides that the primary object of an expenditure of public funds 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, 1982 Op. Att'y Gen. No. 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.

On August 21, 2006, the Township expended public funds in the amount of \$109 for the purchase of a floral arrangement for the funeral of a former Township employee. The Township Trustees did not enact an ordinance or resolution which demonstrates what public purpose such an expenditure serves, nor did the Trustees have a policy permitting this type of expenditure.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jim DeConnick, Fire Chief, in the amount of \$109 in favor of the Township's General Fund.

On December 18, 2007, the Township Trustees passed retroactive resolution 336-07 approving this expenditure type.

Officials Response:

Retro-resolution was made to approve this expenditure.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-003

Financial Reporting – Significant Deficiency / 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.

The following audit adjustments / reclassifications were made to the financial statements and client ledgers:

1. Adjusted the 2005 debt proceeds and capital outlay expenditures by \$69,474 in the Fire Fund and by \$75,566 in the General Fund for the new SANS/Telestaff equipment purchased that the bank paid directly to the vendor that the Township did not record on their books.
2. Adjusted the 2005 debt proceeds and capital outlay expenditures by \$12,648 in the Police Fund and \$25,399 in the General Fund for vehicles that were purchased that the bank paid directly to the vendor that the Township did not record on their books.
3. Adjusted the 2006 debt proceeds and capital outlay expenditures by \$24,366 in the General Fund for a vehicle that was purchased that the bank paid directly to the vendor that the Township did not record on their books.
4. Reclassified 2005 debt principal and interest payments by \$159,742 and \$17,631, respectively, in the Fire Fund from the capital outlay expenditure line item for the payment of debt for the Fire Engine and Building Acquisition Bond Anticipation Notes.
5. Reclassified 2005 debt principal and interest payments by \$2,055 and \$383, respectively, in the Police Fund from the public safety expenditure line item for the payment of debt for a vehicle.
6. Reclassified 2006 debt principal and interest payments by \$34,650 and \$12,699, respectively, in the Fire Fund from the capital outlay expenditure line item for the payment of debt for the Building Acquisition Bond Anticipation Notes.
7. Reclassified 2006 debt principal payments by \$8,661, respectively, in the General Fund from the general government expenditure line item for the payment of debt for a vehicle.

The following reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the financial statements.

1. Reclassified 2006 Special Revenue Funds property and other local tax receipts to intergovernmental receipts by \$25,180, for a misposted fire grant.
2. Reclassified 2006 Special Revenue Funds miscellaneous receipts to intergovernmental receipts by \$203,561, for a misposted fire grant.
3. Reclassified 2005 General Fund miscellaneous receipts to intergovernmental receipts by \$1,642, for a misposted special assessment.
4. Reclassified 2005 General Fund interest receipts due to misposting of \$1,394.
5. Reclassified 2006 General Fund miscellaneous receipts to property and other local taxes receipts by \$2,061, due to real estate taxes being misposted.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-003 (Continued)

Financial Reporting – Significant Deficiency / Material Weakness (Continued)

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities occurring and going undetected and decreases the reliability of financial data throughout the year.

We recommend the Board of Trustees adopt policies and procedures for controls over recording of financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increasing the reliability of the financial data throughout the year.

Officials' Response:

Unfamiliar with new guidelines – new classifications are being put into place to correct this.

FINDING NUMBER 2006-004

Reconciliation – Significant Deficiency

The Township should reconcile their cash balance from the Township's Ohio Township Association Software (OTAS) system to the bank account balances held by the Township at the completion of each month of the fiscal year, which should be reviewed by the Township's management.

The Township could not reconcile the OTAS system balances to the bank account balances held by the Township at December 2006 by \$1,692. Additionally, there were several reconciling items noted throughout fiscal year 2005 and 2006 that were not investigated and corrected timely to Township's ledgers.

Unreconciled balances prevent the Township's financial management from identifying possible errors, misstatements, non-compliance with laws and regulations, or theft on a timely basis. Unreconciled balances further prevent management from being able to properly monitor the financial position of the Township.

We recommend the OTAS system cash balance be reconciled to the Township's bank statements each month, and that monthly reports, including the expenditure and receipts journals, be compared to activity on the bank statement to aid in identifying any discrepancies. Any discrepancies should be investigated and resolved and should be recorded in the OTAS accounting system immediately.

We further recommend the Township's management review all monthly reconciliations and supporting system generated reports and become actively involved in the reconciliation process, in order to assure that all transactions are correctly posted on a timely basis and that the Township's bank accounts balance to the OTAS accounting system.

Officials' Response:

This unreconciled variance has been reviewed and will be corrected to bring reconciliation to a zero reconciled condition.

**MIFFLIN TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

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

FINDING NUMBER 2006-005

Timesheet Documentation – Significant Deficiency

Township employees submit timesheets authorized by the employee's supervisor prior to processing of payroll, with one exception. The Information Technology Administrator does not submit timesheets in a timely manner. He is paid for 40 hours for each two week period. When he submits his time worked (which could include several months at a time), Township staff reconcile the hours worked with the hours paid. If necessary, an additional lump sum payment is given to the Administrator to avoid excessive build up of hours worked for which he has not been paid. Additionally the time sheet is not supervisor approved due to the individual being the head of his department.

At January 6, 2006, the Township owed the Administrator for 268.25 hours (or \$6,706.25) which was paid in a lump sum payment.

We recommend the Township ensure all employees turn in timesheets every two weeks which should be reviewed and approved by the department head or an individual with appropriate supervisory capacity. All payroll payments should be paid from the approved timesheets for the actual hours worked.

Officials' Response:

This situation has been corrected. Current IT employee submits time on a bi-weekly basis.



Mary Taylor, CPA
Auditor of State

MIFFLIN TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 18, 2008**