

***MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Mifflin Township
2326 Park Avenue East
Mansfield, Ohio 44903

We have reviewed the *Report of Independent Accountants* of Mifflin Township, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Mifflin Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 29, 2009

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**MIFFLIN TOWNSHIP
RICHLAND COUNTY**
For the Years Ending December 31, 2008 and 2007

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Mifflin Township
Richland County
2326 Park Avenue East
Mansfield, Ohio 44903

To the Board of Trustees:

We have audited the accompanying financial statements of Mifflin Township, Richland County (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 June 27, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls 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.

Charles E. Harris & Associates, Inc.

June 27, 2009

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2008

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Receipts:					
Property and Other Local Taxes	\$ 94,996	\$ 1,246,530	\$ -	\$ -	\$ 1,341,526
Special Assessments	-	-	9,479	-	9,479
Intergovernmental	136,429	182,807	-	-	319,236
Charges for Services	-	247,293	-	-	247,293
Fines, Licenses and Permits	2,614	-	-	-	2,614
Earning on Investments	21,155	6,614	-	25	27,794
Miscellaneous	11,839	39,094	-	-	50,933
Total Receipts	267,033	1,722,338	9,479	25	1,998,875
Disbursements:					
General Government	184,296	4,191	-	-	188,487
Public Safety	-	766,315	-	-	766,315
Public Works	30,000	520,562	-	-	550,562
Capital Outlay	19,065	538,139	7,507	-	564,711
Debt Service:					
Principal Retirement	-	163,433	-	-	163,433
Interest	-	76,849	-	-	76,849
Total Disbursements	233,361	2,069,489	7,507	-	2,310,357
Total Receipts Over/(Under) Disbursements	33,672	(347,151)	1,972	25	(311,482)
Other Financing Sources:					
Other Financing Sources	14,020	9,509	-	-	23,529
Total Other Financing Sources	14,020	9,509	-	-	23,529
Total of Receipts and Other Sources Over (Under) Disbursements and Other (Uses)	47,692	(337,642)	1,972	25	(287,953)
Fund Cash Balance, January 1, 2008	411,058	1,887,515	5,138	1,412	2,305,123
Fund Cash Balance, December 31, 2008	\$ 458,750	\$ 1,549,873	\$ 7,110	\$ 1,437	\$ 2,017,170
Reserve for Encumbrances	\$ 83	\$ 24,365	\$ -	\$ -	\$ 24,448

See Accompanying Notes to the Financial Statements.

MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 All Governmental Fund Types
 For the Year Ended December 31, 2007

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	Permanent	
Receipts:						
Property and Other Local Taxes	\$ 100,687	\$ 1,242,704	\$ -	\$ -	\$ -	\$ 1,343,391
Special Assessments	-	-	4,153	-	-	4,153
Intergovernmental	153,172	176,393	-	-	-	329,565
Charges for Services	-	234,948	-	-	-	234,948
Fines, Licenses and Permits	2,105	-	-	-	-	2,105
Earnings on Investments	112,607	6,760	-	-	428	119,795
Miscellaneous	13,175	100,191	-	-	-	113,366
Total Receipts	381,746	1,760,996	4,153	-	428	2,147,323
Disbursements:						
General Government	180,147	9,048	-	-	-	189,195
Public Safety	-	798,119	-	-	-	798,119
Public Works	-	451,452	-	-	-	451,452
Capital Outlay	11,860	936,276	7,789	-	-	955,925
Debt Service:						
Principal Retirement	-	150,823	-	-	-	150,823
Interest	-	75,531	-	-	-	75,531
Total Disbursements	192,007	2,421,249	7,789	-	-	2,621,045
Total Receipts Over/(Under) Disbursements	189,739	(660,253)	(3,636)	-	428	(473,722)
Other Financing Sources (Uses)						
Transfers in	2,202	-	-	-	-	2,202
Transfers out	-	-	-	(2,202)	-	(2,202)
Proceeds of Loan	-	236,500	-	-	-	236,500
Total Other Financing Sources (Uses)	2,202	236,500	-	(2,202)	-	236,500
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	191,941	(423,753)	(3,636)	(2,202)	-	(237,222)
Fund Cash Balance, January 1, 2007	219,117	2,311,268	8,774	2,202	984	2,542,345
Fund Cash Balance, December 31, 2007	<u>\$ 411,058</u>	<u>\$ 1,887,515</u>	<u>\$ 5,138</u>	<u>\$ -</u>	<u>\$ 1,412</u>	<u>\$ 2,305,123</u>
Reserve for Encumbrances	<u>\$ 46</u>	<u>\$ 23,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,865</u>

See Accompanying Notes to the Financial Statements.

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Mifflin Township, Richland County, (the Township) is a body corporate and politic 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are included in the fund cash balances. 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 disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio is similar in concept to a money market fund and as such maintains a constant net asset value of one dollar per share.

D. FUND ACCOUNTING

The Township uses fund accounting to segregate cash and investments that are restricted to use. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Township classifies its funds into the following types:

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D FUND ACCOUNTING – (Continued)

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- **Special Fire Levy Fund** – This fund receives property taxes for providing fire and emergency medical services to the Township.
- **Parks & Recreation Fund** – This fund receives property taxes that are used for providing park and recreation services

Capital Projects Funds: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

- **Permanent Improvement Fund (Parks and Recreation)** – This fund received general obligation note proceeds in a prior year to construct and improve a park site.

Permanent Fund: This fund is used to account for resources restricted by legally binding trust agreements which restrict the Township to use of only the interest earned:

- **Cemetery Bequest Fund** – Interest derived from the corpus of this fund is used for cemetery upkeep.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except agency funds) be budgeted annually.

- **Estimated Resources**

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Fiscal officer by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS – (Continued)

• **Estimated Resources – (Continued)**

On or about January 1, the Fiscal Officer sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Fiscal Officer identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2008 and 2007. However, those fund balances are available for appropriation.

• **Appropriations**

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

• **Encumbrances**

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is at the object level. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding year without being reappropriated.

F. PROPERTY, PLANT, AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

**MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2008 and 2007**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2008	2007
Demand deposits	\$ 319,018	\$ 234,072
Repurchase Agreements	<u>1,698,152</u>	<u>2,071,051</u>
Total	<u>\$ 2,017,170</u>	<u>\$ 2,305,123</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The Richland County Treasurer collects property tax on behalf of all taxing Townships within the county. The Richland County Auditor periodically remits to the taxing Township their portions of the taxes collected.

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 190,205	\$ 281,053	\$ 90,848
Special Revenue Funds	1,532,110	1,731,847	199,737
Capital Projects Fund	8,000	9,479	1,479
Permanent Fund	-	25	25

2008 Budgeted vs Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 323,810	\$ 233,444	\$ 90,366
Special Revenue Funds	2,509,353	2,093,854	415,499
Capital Projects Fund	8,900	7,507	1,393
Permanent Fund	500	-	500

2007 Budgeted vs Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$ 130,040	\$ 383,948	\$ 253,908
Special Revenue Funds	1,671,680	1,997,496	325,816
Capital Projects Fund	8,000	4,153	(3,847)
Permanent Fund	-	428	428

2007 Budgeted vs Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 223,800	\$ 192,053	\$ 31,747
Special Revenue Funds	3,068,702	2,445,068	623,634
Capital Projects Fund	8,700	7,789	911
Permanent Fund	800	-	800

MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Balance December 31, 2008
Bonds	\$ 980,000
Tax Anticipation Notes	235,000
Ambulance	32,480
Truck	23,801
Fire Truck	202,445
Total	<u>\$ 1,473,726</u>

The prior audit's debt footnote was understated by \$64,286, the cost of the truck obtained in 2006. The debt outstanding at December 31, 2008 has been adjusted to reflect this amount.

The fire truck note is collateralized by the truck. The truck note is collateralized by the tractor and is used for Township road maintenance. The ambulance note is collateralized by the ambulance and is used to provide emergency medical services. On December 1, 2005 the Township issued Tax Anticipation Notes in the amount of \$320,000. The Tax Anticipation Notes are backed by the full faith and credit of the Township. During 2006, the Township issued Bonds for the purpose of constructing a new fire station, renovating the current fire station and equipping those facilities.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

Year ending December 31	Bonds	Tax Anticipation Notes	Ambulance	Truck	Fire Truck
2009	\$56,055	\$ 39,988	\$41,544	\$23,941	\$40,213
2010	55,843	39,225	-	-	40,213
2011	55,630	37,875	-	-	40,213
2012	55,418	42,250	-	-	40,213
2013	55,206	40,500	-	-	40,213
2014-2018	378,061	83,437	-	-	40,213
2019-2023	468,060	-	-	-	-
2024-2028	477,552	-	-	-	-
2029-2030	<u>188,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$1,790,200</u>	<u>\$280,588</u>	<u>\$41,544</u>	<u>\$23,941</u>	<u>\$241,278</u>

**MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2008 and 2007**

6. CAPITALIZED LEASES

The Village has entered into a capitalized lease for computer hardware and software during 2007.

The lease meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under capital leases and the present value of the minimum lease payments as of December 31, 2008.

<u>Year Ending December 31,</u>	<u>Long-Term Debt</u>
2009	\$ 5,717
2010	<u>1,906</u>
Total Minimum Lease Payments	\$ 7,623
Less Amount Representing Interest	<u>(691)</u>
Present Value of Minimum Lease Payments	<u>\$ 6,932</u>

7. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 percent 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. Bath Township participates only in the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008 and 2007, members were required to contribute 10 percent and 9.5 percent, respectively of their annual covered salaries and the Township's contribution rate for 2008 and 2007 was 14 percent and 13.85 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2008, 2007, and 2006 were \$39,920, \$24,630 and \$26,754, respectively. The full amount has been contributed for all years.

**MIFFLIN TOWNSHIP
 RICHLAND COUNTY, OHIO
 Notes to the Financial Statements
 For the Years Ended December 31, 2008 and 2007**

7. RETIREMENT SYSTEMS - (Continued)

B. Ohio Police and Fire Pension Fund

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 information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$74,722 for the year ended December 31, 2008, \$79,117 for the year ended December 31, 2007 and \$75,425 for the year ended December 31, 2006. The full amount has been contributed for all years. The Township has no police officers.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible. The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members Equity	<u>\$ 6,862,902</u>	<u>\$6,290,528</u>

**MIFFLIN TOWNSHIP
RICHLAND COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

10. INTERFUND TRANSFERS

During 2007, the Village transferred \$2,202 to the General Fund from the Debt Service Fund. The transfer represents unused debt proceeds authorized by the Court of Common Pleas in Richland County.

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Charles E. Harris & Associates, Inc.
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mifflin Township
Richland County
2326 Park Avenue East
Mansfield, Ohio 44903

To the Board of Trustees:

We have audited the financial statements of Mifflin Township, Richland County (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 27, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying Schedule of Findings, item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of 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 internal control that might be significant deficiencies or material weaknesses. However, we believe item 2008-001 described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We noted certain matters that we have reported to management of the Township in a separate letter dated June 27, 2009.

This report is intended solely for the information and use of the audit committee, management and the Township Board of Trustees. It is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

June 27, 2009

**MIFFLIN TOWNSHIP
RICHLAND COUNTY**

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

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

**FINDING NUMBER 2008-1
Material Weakness**

Incorrect Accounting Transactions

During the audit of the Township's financial records for the years ended December 31, 2008 and 2007 we noted a number of transactions incorrectly recorded. The financial statements have been adjusted to present the accounting information correctly and the Township has agreed with the required reclassifications and adjustments. Below is a listing of the various erroneous accounting transactions:

- Debt Service, for year end 2008 and 2007, was included in Public Safety and Public Works functions;
- Capital Outlay, for 2008 and 2007, was included in the Public Safety function;
- During 2007, the Township failed to record and report the proceeds of a loan used to purchase a fire truck.

We recommend that the Township closely follow the Ohio Township Handbook and the Ohio Revised Code when recording transactions. We also recommend that the Clerk-Treasurer contact the Auditor of State for additional guidance as needed.

Management Response:

The Township will review all debt and capital transactions to ensure that we are recording the transactions correctly.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ending December 31, 2006 and 2005, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

MIFFLIN TOWNSHIP

RICHLAND 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
AUGUST 11, 2009**