



**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008-2007



Mary Taylor, CPA
Auditor of State

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets – Modified Cash Basis, December 31, 2008.....	13
Statement of Activities – Modified Cash Basis, December 31, 2008.....	14
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds, December 31, 2008.....	15
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances - Governmental Funds, December 31, 2008.....	16
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund, December 31, 2008.....	17
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – Fire Fund, December 31, 2008.....	18
Statement of Fiduciary Net Assets – Modified Cash Basis, December 31, 2008.....	19
Statement of Net Assets – Modified Cash Basis, December 31, 2007.....	20
Statement of Activities – Modified Cash Basis, December 31, 2007.....	21
Statement of Modified Cash Basis Assets and Fund Balances – Governmental Funds, December 31, 2007.....	22
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances - Governmental Funds, December 31, 2007.....	23
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund, December 31, 2007.....	24
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – Road and Bridge Fund, December 31, 2007.....	25
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual (Budget Basis) – Fire Fund, December 31, 2007.....	26
Statement of Fiduciary Net Assets – Modified Cash Basis, December 31, 2007.....	27
Notes to the Financial Statements.....	29
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	43
Schedule of Findings.....	45

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Prairie Township
Franklin County
25 Maple Drive
Columbus, Ohio 43228

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Township, Franklin County, Ohio, as of December 31, 2008 and 2007, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, and Fire funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 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 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

July 20, 2009

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

The management's discussion and analysis of Prairie Township's (the "Township") financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's modified 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 modified cash-basis 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 2008 and 2007 are as follows:

- For fiscal year 2008, the total net assets of the township decreased \$6,747 or (0.1%). For fiscal year 2007, the total net assets of the Township increased \$418,002, which represents a 6.2% increase over fiscal year 2006
- For fiscal year 2008, general cash receipts accounted for \$5,436,205 or 68.5 % of total governmental activities cash receipts and program specific cash receipts accounted for \$2,498,159 or 31.5 % of total governmental activities cash receipts. For fiscal year 2007, general cash receipts accounted for \$5,964,312 or 80.2% of total governmental activities cash receipts and program specific cash receipts accounted for \$1,470,972 or 19.8% of total governmental activities cash receipts.
- For fiscal year 2008, the Township had \$7,941,111 in cash disbursements related to governmental activities: \$2,498,159 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grant entitlements and taxes) of \$5,436,205 were not adequate to provide for these programs. For fiscal year 2007, the Township had \$7,017,282 in cash disbursements related to governmental activities; \$1,470,972 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grants, entitlements and taxes) of \$5,964,312 were more than adequate to provide for these programs.
- The Township's major funds are the General, Fire, and Inah Avenue Road funds for 2008 and General, Road and Bridge, and Fire funds for 2007. The General fund, the Township's largest major fund, had cash receipts and other financing sources of \$1,787,901 and \$1,841,242 in 2008 and 2007, respectively. The cash disbursements and other financing uses of the General fund, totaled \$1,790,269 and \$1,559,183 in 2008 and 2007 respectively. The general fund's cash balance decreased \$2,368 from 2007 to 2008, and increased \$282,059 from 2006 to 2007.
- The Fire fund, a major Township fund, had cash receipts of \$3,828,724 and \$3,751,234 in 2008 and 2007, respectively. The Fire fund had cash disbursements of \$3,750,467 and \$3,522,072 in 2008 and 2007, respectively. The Fire fund cash balance increased \$78,257 from 2007 to 2008 and increased \$229,162 from 2006 to 2007.
- The Inah Avenue Improvement fund, a major Township fund for 2008, had cash receipts of \$1,027,388 in 2008. The Inah Avenue Improvement fund had cash disbursements of \$1,027,388 in 2008.
- The Road and Bridge fund, a major Township fund for 2007, had cash receipts and other financing sources of \$738,253 in 2007. The Road and Bridge fund had cash disbursements of \$918,602 in 2007.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Using these Modified Cash Basis Financial Statements (BFS)

This modified 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 modified cash basis of accounting. The Statement of Net Assets – Modified Cash Basis and Statement of Activities – Modified Cash

Basis provide information about the activities of the whole Township, presenting an aggregate view of the Township's modified 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 financial statements also look at the Township's most significant funds with all other non-major funds presented in total in one column. In the case of the Township, there are three major governmental funds in 2008 and 2007, the General Fund is the largest major fund.

Reporting the Township as a Whole

Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis

The Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis answer the question, "How did we do financially during 2008 and 2007?" These statements include only net assets using the modified cash basis of accounting, which is a basis of accounting other than accounting principals 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 modified cash assets and changes in those assets on a modified cash basis. This change in net modified cash assets is important because it tells the reader that, for the Township as a whole, the modified 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 modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and 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. 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 modified cash basis of accounting.

In the Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis, the Governmental Activities include the Township's programs and services, including public safety, public works and general governmental services. The Statement of Net Assets – Modified Cash Basis and the Statement of Activities – Modified Cash Basis can be found on pages 13 and 20 of this report, for the years ended December 31, 2008 and 2007, respectively.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

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 governmental funds 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 Township's major governmental funds are the General, Fire, and Inah Avenue Road funds for 2008 and General, Road and Bridge, and Fire funds for 2007. The analysis of the Township's major governmental funds begins on page 15 and 22.

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 modified cash basis of accounting, which is a basis of accounting other than accounting principals 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 modified cash basis financial resources that can be readily spent to finance various Township programs. Since the Township is reporting on the modified cash basis of accounting, there are no differences in the Net Assets and fund modified cash balances or changes in Net Assets and changes in fund modified cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities – Modified Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Modified Cash Basis. The governmental fund statements can be found on pages 15 and 22 for the years ended December 31, 2008 and 2007, respectively, 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 modified cash basis of accounting is that encumbrances at year-end are recorded as a disbursement on the budgetary basis of accounting whereas on the modified cash basis, the disbursement is only recorded when cash is paid. The budgetary statements for the General, Road and Bridge, and Fire funds are presented to demonstrate the Township's compliance with annually adopted budgets. The budgetary statements can be found on pages 17 and 24 for the years ended December 31, 2008 and 2007 respectively.

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 statements because the resources of those funds are not available to support the Township's own programs. The Township's fiduciary fund is an agency fund for developer bonds and permits. The fiduciary fund statement can be found on pages 19 and 27 for the years ended December 31, 2008 and 2007, respectively of this report.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Notes to the Financial Statements

The notes provide additional information that is essential to 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 28 thru 40 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets – Modified Cash Basis provides the perspective of the Township as a whole.

The table below provides a summary of the Township's net modified cash assets for 2007 and 2008.

	Net Modified Cash Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Equity in pooled cash, cash equivalents and investments	\$ <u>7,154,634</u>	\$ <u>7,161,381</u>
Total assets	<u>7,154,634</u>	<u>7,161,381</u>
 Net Assets		
Restricted	1,574,907	1,579,287
Unrestricted	<u>5,579,727</u>	<u>5,582,094</u>
Total net assets	\$ <u>7,154,634</u>	\$ <u>7,161,381</u>

For fiscal year 2008, net assets of the Township decreased \$6,747 due to a fairly stable level of operations. For fiscal year 2007, net assets of the Township increased \$418,002 or 6.2% due to decreased spending, particularly with capital projects for the Township, which saw a \$675,330 decrease.

The balance of government-wide unrestricted net cash assets of \$5,579,727 and \$5,582,094 for the years ended December 31, 2008 and 2007, respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

The table below shows the changes in net modified cash assets for fiscal years 2008 and 2007.

	<u>Change in Net Modified Cash Assets</u>	
	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Cash Receipts:		
Program cash receipts:		
Charges for services	783,979	700,791
Operating grants and contributions	686,792	605,616
Capital grants and contributions	1,027,388	164,385
Total program cash receipts	2,498,159	1,470,792
General cash receipts:		
Property taxes and other taxes	3,915,198	3,947,039
Special Assessments	118,042	114,661
Grants and Entitlements not Restricted to Specific Programs	920,355	932,963
Earnings on Investments	230,252	353,680
Miscellaneous	252,358	205,969
Sale of Bonds	0	310,000
Sale of Assets	0	100,000
Total general cash receipts	5,436,205	5,964,312
Total cash receipts	7,934,364	7,435,104
Cash Disbursements:		
Current:		
General Government	960,328	788,130
Public Safety	4,348,265	4,077,713
Public Works	1,158,422	1,040,308
Health	169,026	174,243
Conservation – recreation	4,456	5,046
Capital outlay	1,171,864	858,307
Debt Service Principal	119,312	67,645
Debt Service Interest	9,438	5,890
Total cash disbursements	7,941,111	7,017,282
Change in net cash assets	(6,747)	418,002
Net cash assets at beginning of year	7,161,381	6,743,379
Net cash assets at end of year	7,154,634	7,161,381

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Governmental Activities

Governmental modified cash assets decreased by \$6,747 in 2008 from 2007 and increased \$418,002 in 2007 from 2006. General Government represents activities related to the governing body as well as activities that directly support Township programs. In 2008, general government cash disbursements totaled \$960,328, or 12.1% of total governmental cash disbursements. In 2007, general government cash disbursements totaled \$788,130, or 11.2% of total governmental cash disbursements.

In 2008 and 2007, the public safety programs accounted for \$4,348,265 and \$4,077,713, respectively, of total governmental cash disbursements, respectively. These operations are primarily supported through charges for services, for charges such as EMS fees, and operating grants in addition to general receipts.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2007. That is, it identifies the cost of these services supported by general receipts, such as tax receipts and unrestricted state grants and entitlements.

	<u>Governmental Activities</u>		<u>Governmental Activities</u>	
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Cash disbursements:				
Current:				
General government	960,328	(676,588)	788,130	(587,655)
Public Safety	4,348,266	(3,425,389)	4,077,713	(3,237,679)
Public Works	1,158,422	96,980	1,040,308	(653,489)
Health	169,026	(132,885)	174,243	(130,599)
Conservation-Recreation	4,456	(4,456)	5,046	(5,046)
Capital outlay	1,171,864	(1,171,864)	858,307	(858,307)
Debt Service Principal	119,312	(119,312)	67,645	(67,645)
Debt Service Interest	9,438	(9,438)	5,890	(5,890)
 Total	 7,941,111	 (5,442,952)	 7,017,282	 (5,546,310)

The dependence upon general cash receipts for governmental activities is apparent; with 68.5% and 79.0% of cash disbursements supported through general receipts during 2008 and 2007, respectively.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

Financial Analysis of the Township'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 modified cash basis of accounting.

The Township's governmental funds reported combined fund cash balances of \$7,154,634 and \$7,161,381 in 2008 and 2007, respectively, which is \$6,747 below and \$418,002 above the previous years' totals of \$7,161,381 and \$6,743,379 respectively. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and non-major governmental funds.

	<u>Fund Cash Balance December 31, 2008</u>	<u>Fund Cash Balance December 31, 2007</u>	<u>Increase (Decrease)</u>
Major Funds:			
General Fund	5,579,727	5,582,094	(2,367)
Fire Fund	684,104	605,847	78,257
Inah Avenue Improvement Fund	0	0	0
Other Non-Major Governmental Funds	890,803	973,439	(82,636)
Total	7,154,634	7,161,381	(6,746)

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and December 2006, for all major and non-major governmental funds.

	<u>Fund Cash Balance December 31, 2007</u>	<u>Fund Cash Balance December 31, 2006</u>	<u>Increase (Decrease)</u>
Major Funds:			
General Fund	5,582,094	5,300,035	282,059
Fire Fund	605,847	376,685	229,162
Road and Bridge	189,181	369,530	(180,349)
Other Non-major Governmental Funds	784,259	697,129	87,130
Total	7,161,381	6,743,379	418,002

General Fund

The General Fund, the Township's largest major fund, had cash receipts and other financing sources of \$1,787,901 and \$1,841,242 in 2007 and 2008, respectively. The cash disbursements and other financing uses of the General Fund, totaled \$1,790,269 and \$1,559,813 in 2008 and 2007, respectively. The General Fund's cash balance decreased \$2,368 from 2007 to 2008 and increased \$282,059 from 2006 to 2007.

The table that follows assists in illustrating the cash receipts of the General Fund received in 2008 and 2007.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts</u>			
Taxes	209,146	203,683	2.7 %
Intergovernmental	920,355	932,963	(1.4) %
Investment income	230,252	353,680	(34.9) %
Other	396,770	321,282	23.5 %
Total	1,756,523	1,811,608	

Intergovernmental revenue decreased due to a decrease in local government funding.

Investment income decreased due to a decrease in interest rates and amount invested in lower yielding investments.

The table that follows assists in illustration the cash receipts of the General Fund received in 2007 and 2006.

	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts</u>			
Taxes	203,683	196,167	3.8 %
Intergovernmental	932,963	915,303	1.9 %
Investment income	353,680	240,731	46.9 %
Other	321,282	251,315	27.8 %
Total	1,811,608	1,603,516	

Investment revenue increased due to increased interest rates and an increase in investments.

The table that follows assists in illustrating the expenditures of the General Fund disbursed in 2008 and 2007.

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>			
General government	960,328	788,130	21.8 %
Public Safety	284,442	274,518	3.6 %
Public Works	404,708	362,950	11.5 %
Health	60,026	54,862	9.4 %
Conservation-Recreation	4,456	5,046	(11.7) %
Capital Outlay	32,352	22,346	44.8 %
Total	1,746,312	1,507,852	

The general government variance was primarily due to an increase in disbursements between 2008 and 2007 related to general Township activities. Overall, cash disbursements increased \$238,460 from 2007.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

The table that follows assists in illustrating the expenditures of the General Fund disbursed in 2007 and 2006.

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements</u>			
General government	788,130	732,414	7.6 %
Public Safety	274,518	263,857	4.0 %
Public Works	362,950	426,508	(14.9) %
Health	54,862	53,334	2.9 %
Conservation-Recreation	5,046	3,071	64.3 %
Capital Outlay	22,346	24,210	(7.7) %
Total	1,507,852	1,503,394	

The General government variance was primarily due to an increase in disbursements between 2007 and 2006 for general Township activities. Overall, cash disbursements increased \$4,458 from 2006.

Fire Fund

The Fire Fund, a Township major fund, had cash receipts of \$3,828,724 and \$3,751,234 in 2008 and 2007, respectively. The Fire fund had cash disbursements of \$3,750,467 and \$3,522,073 in 2008 and 2007, respectively. The Fire fund cash balance increased \$78,257 from 2007 to 2008 and increased \$229,162 from 2006 to 2007, due to sustained operations as a result of the fire levy.

Road and Bridge

The Road and Bridge Fund, a Township major fund in 2007, had cash receipts of \$328,253 in 2007. The Road and Bridge fund had cash disbursements of \$918,602 in 2007. The Road and Bridge fund cash balance decreased \$180,349 from 2006 to 2007 as a result of projects entered into.

Inah Avenue Improvement Fund

The Inah Avenue Improvement fund, a Township major fund in 2008, had cash receipts of \$1,027,388 in 2008. The Inah Avenue Improvement fund had cash disbursements of \$1,027,388 in 2008. The Inah Avenue Improvement fund cash balance had no change from 2007 to 2008 as it was a one time grant for the project.

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 modified cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

In 2008, for the General Fund, final budgeted receipts and other sources of \$1,661,970 was only slightly increased from the original budget estimate of \$1,627,052. Actual cash receipts and other sources of \$1,787,901 were more than final budget estimates by \$125,931. The final budgeted disbursements and other financing uses of \$1,911,826 was only slightly increased from the original budget estimate \$1,876,826. The actual budgetary basis disbursements and other financing uses of \$1,805,146 were \$106,680 less than the final budget estimates.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
UNAUDITED**

In 2007, for the General Fund, final budgeted receipts and other sources of \$1,557,176 was slightly lower than the original budget estimate of \$1,614,932. Actual cash receipts and other sources of \$1,841,242 were more than final budget estimates by \$284,067. The final budgeted disbursements and other financing uses of \$1,653,713 was slightly higher than the original budget estimate of \$1,615,881. The actual budgetary basis disbursements and other financing uses of \$1,589,666 were \$64,046 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The Township does not record capital assets in the accompanying financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$1,171,864 and \$858,307 during fiscal year 2008 and 2007, respectively.

Economic Factors and Next Year's Budgets and Rates

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be reduced by as much as 10% for 2009, but it is expected to rebound during 2010 by 5% (over 2009) in the next State budgets. Sales and property tax revenues are expected to decline up to 2% for 2009, and total expenditures are expected to be reduced by this same amount.

These economic factors were considered in preparing the Township's budget for fiscal year 2008 and 2007. 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 accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Dan McCardle, Fiscal Officer, 23 Maple Drive, Columbus, Ohio 43228.

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

Statement of Net Assets - Modified Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,154,634
<i>Total Assets</i>	<u><u>7,154,634</u></u>
Net Assets	
Restricted for:	
Capital Projects	65,728
Maintenance of Cemetery:	
Nonexpendable	2,000
Fire and EMS Protection	1,039,685
Road Maintenance	191,939
Other Purposes	275,555
Unrestricted	5,579,727
<i>Total Net Assets</i>	<u><u>\$7,154,634</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008**

	Program Cash Receipts				(Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 960,328	\$ 283,740	\$ -	\$ -	\$ (676,588)
Public Safety	4,348,265	464,098	458,778	0	(3,425,389)
Public Works	1,158,422	0	228,014	1,027,388	96,980
Health	169,026	36,141	0	0	(132,885)
Conservation-Recreation	4,456	0	0	0	(4,456)
Capital Outlay	1,171,864	0	0	0	(1,171,864)
Debt Service:					
Principal	119,312	0	0	0	(119,312)
Interest	9,438	0	0	0	(9,438)
Total Governmental Activities	7,941,111	783,979	686,792	1,027,388	(5,442,952)
General Receipts					
Property Taxes and Other Local Taxes					3,915,198
Special Assessments					118,042
Grants and Entitlements not Restricted to Specific Programs					920,355
Earnings on Investments					230,252
Miscellaneous					252,358
Total General Receipts					5,436,205
Change in Net Assets					(6,747)
Net Assets Beginning of Year					7,161,381
Net Assets End of Year					\$ 7,154,634

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008**

	General	Fire	Inah Ave. Road	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 5,579,727	\$ 684,104	\$ -	\$ 890,803	\$ 7,154,634
<i>Total Assets</i>	<u>5,579,727</u>	<u>684,104</u>	<u>-</u>	<u>890,803</u>	<u>7,154,634</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	14,877	36,486	392,612	3,493	447,467
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	5,564,850	-	-	-	5,564,851
Special Revenue Funds	-	647,618	-	819,582	1,467,200
Capital Projects Funds	-	-	(392,612)	65,728	(326,884)
Permanent Fund	-	-	-	2,000	2,000
<i>Total Fund Balances</i>	<u>\$ 5,579,727</u>	<u>\$ 684,104</u>	<u>\$ -</u>	<u>\$ 890,803</u>	<u>\$ 7,154,634</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008**

	General	Fire	Inah Ave. Road	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$ 209,146	\$ 3,285,141	\$ -	\$ 420,911	\$ 3,915,198
Charges for Services	33,745	-	-	430,353	464,098
Licenses, Permits and Fees	252,845	-	-	36,141	288,986
Fines and Forfeitures	30,895	-	-	-	30,895
Intergovernmental	920,355	458,778	1,027,388	210,412	2,616,933
Special Assessments	-	-	-	118,042	118,042
Earnings on Investments	230,252	-	-	17,602	247,854
Miscellaneous	79,285	84,805	-	88,014	252,104
Total Receipts	1,756,523	3,828,724	1,027,388	1,321,475	7,934,110
Disbursements					
Current:					
General Government	960,328	-	-	-	960,328
Public Safety	284,442	3,705,829	-	357,994	4,348,265
Public Works	404,708	-	-	753,714	1,158,422
Health	60,026	-	-	109,000	169,026
Conservation-Recreation	4,456	-	-	-	4,456
Capital Outlay	32,352	44,638	1,027,388	67,486	1,171,864
Debt Service:					
Principal Retirement	-	-	-	119,312	119,312
Interest and Fiscal Charges	-	-	-	9,438	9,438
Total Disbursements	1,746,312	3,750,467	1,027,388	1,416,944	7,941,111
Excess of Receipts Over (Under) Disbursements	10,211	78,257	-	(95,469)	(7,001)
Other Financing Sources (Uses)					
Transfers In	-	-	-	28,039	28,039
Transfers Out	(15,978)	-	-	(12,061)	(28,039)
Advances In	31,124	-	-	27,979	59,103
Advances Out	(27,979)	-	-	(31,124)	(59,103)
Other Financing Sources	254	-	-	-	254
Total Other Financing Sources (Uses)	(12,579)	-	-	12,833	254
Net Change in Fund Balances	(2,368)	78,257	-	(82,636)	(6,747)
Fund Balances Beginning of Year	5,582,095	605,847	-	973,439	7,161,381
Fund Balances End of Year	<u>\$ 5,579,727</u>	<u>\$ 684,104</u>	<u>\$ -</u>	<u>\$ 890,803</u>	<u>\$ 7,154,634</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 186,052	\$ 186,052	\$ 209,146	\$ 23,094
Charges for Services	15,000	15,000	33,745	\$18,745
Licenses, Permits and Fees	176,000	176,000	252,845	\$76,845
Fines and Forfeitures	20,000	20,000	30,895	\$10,895
Intergovernmental	891,000	891,000	920,355	\$29,355
Earnings on Investments	200,000	200,000	230,252	\$30,252
Miscellaneous	69,000	103,918	79,285	(\$24,633)
<i>Total receipts</i>	<u>1,557,052</u>	<u>1,591,970</u>	<u>1,756,523</u>	<u>164,553</u>
Disbursements				
Current:				
General Government	1,063,531	1,041,504	969,764	71,740
Public Safety	288,225	288,225	284,442	3,783
Public Works	394,109	429,109	410,149	18,960
Health	58,000	60,027	60,026	1
Conservation-Recreation	8,000	8,000	4,456	3,544
Capital Outlay	13,961	33,961	32,352	1,609
<i>Total Disbursements</i>	<u>1,825,826</u>	<u>1,860,826</u>	<u>1,761,189</u>	<u>99,637</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(268,774)</u>	<u>(268,856)</u>	<u>(4,666)</u>	<u>64,916</u>
Other Financing Sources (Uses)				
Transfers In	50,000	50,000	-	(50,000)
Transfers Out	(16,000)	(16,000)	(15,978)	22
Advances In	20,000	20,000	31,124	11,124
Advances Out	(35,000)	(35,000)	(27,979)	7,021
Other Financing Sources	-	-	254	254
<i>Total Other Financing Sources (Uses)</i>	<u>19,000</u>	<u>19,000</u>	<u>(12,578)</u>	<u>(31,578)</u>
<i>Net Change in Fund Balance</i>	<u>(249,774)</u>	<u>(249,856)</u>	<u>(17,244)</u>	<u>33,338</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	5,551,611	5,551,611	5,551,611	-
<i>Prior Year Encumbrances Appropriated</i>	<u>30,483</u>	<u>30,483</u>	<u>30,483</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 5,332,320</u>	<u>\$ 5,332,238</u>	<u>\$ 5,564,850</u>	<u>\$ 33,338</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 3,454,584	\$ 3,481,194	\$ 3,285,141	\$ (196,053)
Intergovernmental	313,100	313,100	458,778	\$145,678
Miscellaneous	20,000	20,000	84,805	\$64,805
<i>Total receipts</i>	<u>3,787,684</u>	<u>3,814,294</u>	<u>3,828,724</u>	<u>14,430</u>
Disbursements				
Current:				
Public Safety	3,995,467	3,995,467	3,708,141	287,326
Capital Outlay	131,952	131,952	78,812	53,140
<i>Total Disbursements</i>	<u>4,127,419</u>	<u>4,127,419</u>	<u>3,786,953</u>	<u>340,466</u>
<i>Net Change in Fund Balance</i>	(339,735)	(313,125)	41,771	(326,036)
<i>Unencumbered Cash Balance Beginning of Year</i>	596,557	596,557	596,557	-
Prior Year Encumbrances Appropriated	<u>9,290</u>	<u>9,290</u>	<u>9,290</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 266,112</u>	<u>\$ 292,722</u>	<u>\$ 647,618</u>	<u>\$ (326,036)</u>

See accompanying notes to the basic financial statements

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,090
<i>Total Assets</i>	<u>8,090</u>
Net Assets	
Restricted for:	
Other Purposes	<u>8,090</u>
<i>Total Net Assets</i>	<u>\$ 8,090</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

***Statement of Net Assets - Modified Cash Basis
December 31, 2007***

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,161,381
<i>Total Assets</i>	<u><u>7,161,381</u></u>
Net Assets	
Restricted for:	
Capital Projects	65,728
Maintenance of Cemetery:	
Nonexpendable	2,000
Fire and EMS Protection	903,912
Road Maintenance	302,506
Other Purposes	305,141
Unrestricted	5,582,094
<i>Total Net Assets</i>	<u><u>\$ 7,161,381</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 788,130	\$ 200,475	\$ -	\$ -	\$ (587,655)
Public Safety	4,077,713	456,852	383,182	-	(3,237,679)
Public Works	1,040,308	-	222,434	164,385	(653,489)
Health	174,243	43,644	-	-	(130,599)
Conservation-Recreation	5,046	-	-	-	(5,046)
Capital Outlay	858,307	-	-	-	(858,307)
Debt Service:					
Principal	67,645	-	-	-	(67,645)
Interest	5,890	-	-	-	(5,890)
<i>Total Governmental Activities</i>	7,017,282	700,971	605,616	164,385	(5,546,310)
General Receipts					
Property Taxes and other Local Taxes					3,947,039
Special Assessments					114,661
Grants and Entitlements not Restricted to Specific Programs					932,963
Sale of Bonds					310,000
Sale of Fixed Assets					100,000
Earnings on Investments					353,680
Miscellaneous					205,969
<i>Total General Receipts</i>					5,964,312
Change in Net Assets					418,002
<i>Net Assets Beginning of Year</i>					6,743,379
<i>Net Assets End of Year</i>					<u>\$ 7,161,381</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007**

	General	Road and Bridge	Fire	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 5,582,094	\$ 189,181	\$ 605,847	\$ 784,259	\$ 7,161,381
<i>Total Assets</i>	<u>5,582,094</u>	<u>189,181</u>	<u>605,847</u>	<u>784,259</u>	<u>7,161,381</u>
Fund Balances					
Reserved:		22			
Reserved for Encumbrances	30,483	20,277	9,290	5,500	65,550
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	5,551,611	-	-	-	5,551,611
Special Revenue Funds	-	168,904	596,557	711,031	1,476,492
Capital Projects Funds	-	-	-	65,728	65,728
Permanent Fund	-	-	-	2,000	2,000
<i>Total Fund Balances</i>	<u>\$ 5,582,094</u>	<u>\$ 189,181</u>	<u>\$ 605,847</u>	<u>\$ 784,259</u>	<u>\$ 7,161,381</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007**

	General	Road and Bridge	Fire	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$ 203,683	\$ 278,019	\$ 3,336,324	\$ 129,012	\$ 3,947,038
Charges for Services	31,170	-	-	425,682	456,852
Licenses, Permits and Fees	170,885	-	-	43,644	214,529
Fines and Forfeitures	29,590	-	-	-	29,590
Intergovernmental	932,963	33,894	383,182	319,107	1,669,146
Special Assessments	-	-	-	114,661	114,661
Earnings on Investments	353,680	-	-	33,818	387,498
Miscellaneous	89,637	16,340	31,728	66,675	204,380
Total Receipts	1,811,608	328,253	3,751,234	1,132,599	7,023,694
Disbursements					
Current:					
General Government	788,130	-	-	-	788,130
Public Safety	274,518	-	3,492,070	311,125	4,077,713
Public Works	362,950	256,997	-	420,361	1,040,308
Health	54,862	-	-	119,381	174,243
Conservation-Recreation	5,046	-	-	-	5,046
Capital Outlay	22,346	604,048	30,002	201,911	858,307
Debt Service:					
Principal Retirement	-	51,667	-	15,978	67,645
Interest and Fiscal Charges	-	5,890	-	-	5,890
Total Disbursements	1,507,852	918,602	3,522,072	1,068,756	7,017,282
Excess of Receipts Over (Under) Disbursements	303,756	(590,349)	229,162	63,843	6,412
Other Financing Sources (Uses)					
Sale of Bonds	-	310,000	-	-	310,000
Sale of Fixed Assets	-	100,000	-	-	100,000
Transfers In	-	-	-	16,378	16,378
Transfers Out	(16,378)	-	-	-	(16,378)
Advances In	28,044	-	-	34,953	62,997
Advances Out	(34,953)	-	-	(28,044)	(62,997)
Other Financing Sources	1,590	-	-	-	1,590
Total Other Financing Sources (Uses)	(21,697)	410,000	-	23,287	411,590
Net Change in Fund Balances	282,059	(180,349)	229,162	87,130	418,002
Fund Balances Beginning of Year	5,300,035	369,530	376,685	697,129	6,743,379
Fund Balances End of Year	\$ 5,582,094	\$ 189,181	\$ 605,847	\$ 784,259	\$ 7,161,381

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 244,599	\$ 166,843	\$ 203,683	\$ 36,840
Charges for Services	9,000	9,000	31,170	22,170
Licenses, Permits and Fees	151,000	151,000	170,885	19,885
Fines and Forfeitures	17,500	17,500	29,590	12,090
Intergovernmental	891,000	891,000	932,963	41,963
Earnings on Investments	230,000	230,000	353,680	123,680
Miscellaneous	71,833	71,833	89,637	17,804
<i>Total receipts</i>	<u>1,614,932</u>	<u>1,537,176</u>	<u>1,811,608</u>	<u>274,433</u>
Disbursements				
Current:				
General Government	848,776	869,235	814,652	54,583
Public Safety	276,500	276,518	274,518	2,000
Public Works	369,880	369,880	362,950	6,930
Health	55,000	55,000	54,862	138
Conservation-Recreation	4,725	5,398	5,046	353
Capital Outlay	20,000	26,346	26,307	39
<i>Total Disbursements</i>	<u>1,574,881</u>	<u>1,602,378</u>	<u>1,538,335</u>	<u>64,042</u>
<i>Excess of Receipts Over Disbursements</i>	<u>40,051</u>	<u>(65,202)</u>	<u>273,273</u>	<u>210,391</u>
Other Financing Sources (Uses)				
Transfers Out	(16,000)	(16,382)	(16,378)	4
Advances In	-	20,000	28,044	8,044
Advances Out	(25,000)	(34,953)	(34,953)	(0)
Other Financing Sources	-	-	1,590	1,590
<i>Total Other Financing Sources (Uses)</i>	<u>(41,000)</u>	<u>(31,335)</u>	<u>(21,697)</u>	<u>9,638</u>
<i>Net Change in Fund Balance</i>	(950)	(96,537)	251,576	220,029
<i>Unencumbered Cash Balance Beginning of Year</i>	5,286,053	5,286,053	5,286,053	-
<i>Prior Year Encumbrances Appropriated</i>	<u>13,982</u>	<u>13,982</u>	<u>13,982</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 5,299,086</u>	<u>\$ 5,203,498</u>	<u>\$ 5,551,611</u>	<u>\$ 220,029</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 278,026	\$ 278,026	\$ 278,019	\$ (7)
Intergovernmental	33,000	33,000	33,894	894
Miscellaneous	11,500	11,500	16,340	4,840
<i>Total receipts</i>	<u>322,526</u>	<u>322,526</u>	<u>328,253</u>	<u>5,727</u>
Disbursements				
Current:				
Public Works	315,176	315,176	256,997	58,179
Capital Outlay	376,879	629,322	624,324	4,998
Debt Service:				
Principal Retirement	-	51,667	51,667	-
Interest and Fiscal Charges	-	5,890	5,890	-
<i>Total Disbursements</i>	<u>692,055</u>	<u>1,002,055</u>	<u>938,878</u>	<u>63,177</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(369,529)</u>	<u>(679,529)</u>	<u>(610,625)</u>	<u>68,904</u>
Other Financing Sources				
Sale of Bonds	-	310,000	310,000	-
Sale of Fixed Assets	-	-	100,000	100,000
<i>Total Other Financing Sources</i>	<u>-</u>	<u>310,000</u>	<u>410,000</u>	<u>100,000</u>
<i>Net Change in Fund Balance</i>	(369,529)	(369,529)	(200,625)	168,904
<i>Unencumbered Cash Balance Beginning of Year</i>	259,320	259,320	259,320	-
Prior Year Encumbrances Appropriated	110,209	110,209	110,209	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 168,904</u>	<u>\$ 168,904</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Fund
For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 3,437,898	\$ 3,437,898	\$ 3,336,324	\$ (101,574)
Intergovernmental	313,100	313,100	383,182	70,082
Miscellaneous	-	-	31,728	31,728
<i>Total receipts</i>	<u>3,750,998</u>	<u>3,750,998</u>	<u>3,751,234</u>	<u>236</u>
Disbursements				
Current:				
Public Safety	3,599,839	3,621,404	3,494,408	126,996
Capital Outlay	51,423	52,858	36,954	15,904
<i>Total Disbursements</i>	<u>3,651,262</u>	<u>3,674,262</u>	<u>3,531,362</u>	<u>142,900</u>
<i>Net Change in Fund Balance</i>	99,736	76,736	219,872	(142,664)
<i>Unencumbered Cash Balance Beginning of Year</i>	370,263	370,263	370,263	-
Prior Year Encumbrances Appropriated	<u>6,422</u>	<u>6,422</u>	<u>6,422</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 476,421</u>	<u>\$ 453,421</u>	<u>\$ 596,557</u>	<u>\$ (142,664)</u>

See accompanying notes to the basic financial statements

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 90
<i>Total Assets</i>	<u>90</u>
Net Assets	
Restricted for:	
Other Purposes	<u>90</u>
<i>Total Net Assets</i>	<u>\$ 90</u>

See accompanying notes to the basic financial statements

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**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007**

Note 1 – Reporting Entity

Prairie Township, Franklin County, Ohio (the Township), is a body politic and corporate established to exercise 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection, and cemetery maintenance. The Township contracts with the Franklin County Sheriff's Department to provide police protection.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township does not have any component units.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The statement of net assets 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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type 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 or business-type activity is self-financing on a *modified* 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 and enterprise 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. Fiduciary funds are reported by type.

B. 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 two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund and Fire Levy Fund for fiscal years ended December 31, 2008 and 2007, Inah Avenue Fund for fiscal year end December 31, 2008 and Road and Bridge fund for fiscal year end December 31, 2007. The General Fund is used to account for all financial resources, 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. The Fire Levy Fund received real estate and personal property taxes to provide for fire services. The Inah Avenue Fund received grant and loan proceeds for Inah Avenue road improvements. The Road and Bridge Fund receives real estate and personal property taxes for the maintenance of township roads.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 does not have pension trust funds, investment trust funds, or private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for developer bonds and permits.

C. Basis of Accounting

The Township's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this *modified* 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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the 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 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 fund, department, and object level for all funds.

The 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 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.

The Township did not encumber all commitments required by Ohio law.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

E. 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 “Earnings on 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, respectively.

During 2008 and 2007, the Township invested in nonnegotiable certificates of deposit, Federal Home Loan Securities, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit and Federal Home Loan Securities are reported at cost. The Township’s money market mutual fund investment is recorded at the amount reported by 5/3rd Securities, Inc., on December 31, 2008 and 2007.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

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 2008 and 2007 was \$230,252 and \$353,680, respectively, which excludes \$17,602 and \$33,818, respectively, assigned to other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not have any restricted assets at December 31, 2008 and 2007.

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 are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

J. 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 *modified* cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

L. Long-Term Obligations

The Township's *modified* 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 expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are 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. Net assets restricted for other purposes include resources restricted for road improvements and fire protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

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 sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 3 – 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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, Fire Levy fund, and Road and Bridge fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the *modified* cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis).

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active 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 Trustees have 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 held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 4 - Deposits and Investments (Continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2008, the Township had the following investments:

	Carrying Value
Federal Loan Home Securities	\$3,006,115
Certificate of Deposits	538,262
Money Market Fund	1,997,050
STAR Ohio	763,934
Total Portfolio	\$6,305,361

Investment Type	Carrying Value	Investment Maturities (in Years)		
		Less than 1	1-2	3-5
Federal Loan Home Securities	\$3,006,115	\$ -	\$ -	\$3,006,115
Certificate of Deposits	538,262	538,262	-	-
Money Market Fund	1,997,050	1,997,050	-	-
STAR Ohio	763,934	763,934	-	-
Total Investments	\$6,305,361	\$3,299,246	\$	\$3,006,115

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 4 - Deposits and Investments (Continued)

The Money Market Fund carries a rating of Aaa by Moody's and AAA by SNP, in addition STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2008 and 2007 for real and public utility property taxes represents collections of the 2007 and 2006 taxes. Property tax payments received during 2008 and 2007 for tangible personal property (other than public utility property) is for 2008 and 2007 taxes.

2008 and 2007 real property taxes are levied after October 1, 2008 and 2007 on the assessed values as of January 1, 2008 and 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 and 2007 real property taxes are collected in and intended to finance 2009 and 2009, respectively.

Real property taxes are payable annually or semi-annually. 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. Under certain circumstances, State statute permits alternate payment dates to be established.

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. 2008 and 2007 public utility property taxes which became a lien on December 31, 2007 and 2006, are levied after October 1, 2008 and 2007, and are collected in 2009 and 2998 with real property taxes.

2008 and 2007 tangible property taxes are levied after October 1, 2007 and 2006, on the value as of December 31, 2007 and 2006. Collections are made in 2008 and 2007, respectively. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This was reduced to 6.25 percent for 2008, and will be zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 5 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2008 and 2007, was \$18.20 and \$18.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>
Real Property	\$292,762,090	\$291,727,270
Public Utility Property	10,561,370	12,175,710
Tangible Personal Property	2,514,497	3,737,223
Total Assessed Values	<u>\$305,837,957</u>	<u>\$307,640,203</u>

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.

Note 6 – Risk Management

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	2007	2006
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>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plan

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 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. 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 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 in the traditional plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and 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 that may be obtained by 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 the year ended December 31, 2008 and 2007, members in state and local classifications contributed 10 and 9.5 percent, respectively, of covered payroll.

The Township's contribution rate for 2008 and 2007 was 14 and 13.85 percent, respectively. The Township's contribution equal to 7 and 5 percent, respectively, of covered payroll was allocated to fund the postemployment healthcare plan. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$110,395, \$100,566, and \$185,507 respectively. The full amount has been contributed for 2008, 2007 and 2006.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Defined Benefit Pension Plan (Continued)

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 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2008, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$633,573 for the year ended December 31, 2008, \$583,413 for the year ended December 31, 2007 and \$604,240 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to 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 provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment 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 postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008 and 2007, local government employers contributed 14 and 13.85 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 and 5 percent, respectively of covered payroll.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, and 2007 were \$55,198, and \$36,306, respectively; 100 percent has been contributed for 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit 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 of the OP&F Board of Trustees to provide healthcare 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 information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008 and 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 - Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$178,192 for the year ended December 31, 2008, and \$164,085 for the year ended December 31, 2007. The full amount has been contributed for 2008, 2007.

Note 9 – Debt

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Vehicle Maintenance and Storage Bond	\$154,999	4%
OPWC Loan	<u>279,609</u>	0%
Total	<u><u>434,608</u></u>	

The Vehicle Maintenance and Storage Bond proceeds were used to finance road department vehicle maintenance and the construction of a new road department road salt storage facility. The OPWC loan proceeds were used to finance street improvements to Palmetto Road.

The Township entered into a \$310,000 bond with National City Bank in accordance with § 505.262 of the Ohio Revised Code. This bond was to finance the construction of a road department salt storage shed and road department vehicle maintenance. The Township will pay the National City Bank semi-annual payments for 3 years, starting in November 2007 and ending with the final payment on May 1, 2010, with a fixed annual interest rate. The Township also entered into a \$319,554 loan agreement with the Ohio Public Works Commission in accordance with § 164.05 of the Ohio Revised Code and §164-1-21 of the Ohio Administrative Code. This agreement was to help finance the street improvement project on Palmetto Road. The Township will pay Ohio Public Works Commission semi-annual payments for 20 years, starting January 2007 and ending July 1, 2026.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 9 – Debt (Continued)

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

Years ending December 31:	Road Department <u>Bond</u>	OPWC <u>Loan</u>
2009	\$108,564	\$15,978
2010	52,704	15,978
2011		15,978
2012		15,978
2013		15,978
2014-2018		79,888
2019-2023		79,888
2024-2026		39,944
Total	\$161,268	\$279,610

Note 10 – Interfund Transfers

During 2008 and 2007 the following transfers were made:

Transfers from the General Fund to: Other Governmental Funds	<u>2008</u> \$15,978	<u>2007</u> \$16,378
Total Transfers from the General Fund	\$15,978	\$16,378

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Additionally during 2008 a transfer of \$12,061 was made from the FEMA Fund to the Road and Bridge Fund to reimburse the Road and Bridge fund for expenditures made that were covered by a FEMA grant received.

Note 11 – Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the Township's financial condition.

Note 12 – Subsequent Events

The Township was awarded a grant and loan with Ohio Public Works Commission (OPWC) in February 2009 for road improvement projects on South Greener Road. The grant award was for \$2,277,715 and the loan was for \$787,283, totaling \$3,064,998.

The Township was also awarded a grant with MORPC in June 2009 for road improvement projects on West Broad Street. The Grant award was for \$1.88 million.



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*

Prairie Township
Franklin County
23 Maple Drive
Columbus, Ohio 43228

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Township, Franklin County, Ohio (the Township) as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 20, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 opinions 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.

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We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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. We believe the significant deficiency described above is not a material weakness.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated July 20, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

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 July 20, 2009.

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

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



Mary Taylor, CPA
Auditor of State

July 20, 2009

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 and 2007

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

FINDING NUMBER 2008-001

Financial Reporting – Significant Deficiency

Sound financial reporting is the responsibility of the Fiscal Officer of the Township 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 reclassifications were made to the Township's financial statements and, where applicable, to the Township's accounting records:

1. For 2008 and 2007, adjustments to reclassify principal retirement expenditures from the capital outlay line in the Palmetto Road Fund for \$15,978.
2. For 2007, adjustment to properly classify the sale of fixed assets from miscellaneous revenue for \$100,000 in the Road and Bridge Fund.
3. For 2008, adjustment to properly classify transfers of a FEMA reimbursement from revenue and expenditures to transfers in and out for \$12,061 in the FEMA and Road and Bridge funds.

The following differences were immaterial to the overall financial statements of the Township and were not posted to the financial statements:

1. \$6,093 of 2006 interest was posted to the 2007 interest line item in the General and Gasoline Tax funds that should have been included in the beginning balances of the funds.
2. Reclassification of Miscellaneous receipts to appropriate line item of \$7,929 in the General Fund and \$13,705 in the Road and Bridge Fund for 2007 and \$20,622 for Other Governmental Funds in 2008.

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 the financial data throughout the year.

We recommend the Township develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Township and thereby increases the reliability of the financial data throughout the year. Such procedures may include review of the financial ledgers and financial statements by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors and omissions.

Officials' Response

We did not receive a response from officials to this finding

FINDING NUMBER 2008-002

Certification of Funds – Material Noncompliance

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 and 2007
(Continued)

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

FINDING NUMBER 2008-002 (Continued)

Certification of Funds – Material Noncompliance (Continued)

The main exceptions are: “then and now” certificates, blanket certificates and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **“Then and Now” certificates** - If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the “then and now” certificate to approve payment by resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Township.

2. **Blanket certificates** - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** - The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called “super blanket” certificate may be outstanding at a particular time for any line item appropriation.

The Township did not certify the availability of funds prior to the purchase commitment for 32 percent of expenditures tested during 2008 and 2007.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Fiscal Officer. When prior certification is not possible, “then and now” certification should be used.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials’ Response:

Measures to improve compliance will be implemented by September 30, 2009.



Mary Taylor, CPA
Auditor of State

PRAIRIE TOWNSHIP

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 15, 2009**