



Dave Yost • Auditor of State

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Prairie Township
Franklin County
23 Maple Drive
Columbus, Ohio 43228

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Prairie Township, Franklin County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 of the financial statements for the years ended December 31, 2012 and 2011 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Township, Franklin County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General, Fire, and Joint Economic Development Zone funds thereof for the years then ended in accordance with the accounting basis described in Note 2 of the financial statements for the years ended December 31, 2012 and 2011.

Accounting Basis

We draw attention to Note 2 of the financial statements for the years ended December 31, 2012 and 2011, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 2 and Note b14 to the financial statements for the year ended December 31, 2012, during 2011, the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements. *Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities, and long-term debt. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 10, 2013

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**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

This discussion and analysis of Prairie Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2012 and 2011 within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2012 and 2011 are as follows:

- For fiscal year 2012 net position of governmental activities increased \$1,223,139 or 19.7%. For fiscal year 2011 net position of governmental activities decreased \$455,468 or 6.8%.
- For fiscal year 2012, general cash receipts, including contributions to permanent fund, accounted for \$7,105,006 or 75.6% of total governmental activities. Cash receipts and program specific cash receipts accounted for \$2,291,449 or 24.4% of total governmental activities cash receipts. For fiscal year 2011, general cash receipts, including contributions to permanent fund, accounted for \$5,873,514 or 59.5% of total governmental activities. Cash receipts and program specific cash receipts accounted for \$3,992,829 or 40.5% of total governmental activities cash receipts.
- For fiscal year 2012, the Township had \$8,173,316 in cash disbursements related to governmental activities: \$2,291,449 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grant entitlements and taxes) of \$7,105,006 were not adequate to provide for these programs. For fiscal year 2011, the Township had \$10,321,811 in cash disbursements related to governmental activities: \$3,992,829 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grant entitlements and taxes) of \$5,873,514 were not adequate to provide for these programs.
- The Township's major funds are General, Fire and Joint Economic Development District fund for 2012 and General, Fire, and South Greener Road funds for 2011. The General fund, the Township's largest major fund, had cash receipts and other financing sources of \$3,255,323 and \$2,510,128 in 2012 and 2011 respectively. The General Fund had cash disbursements of \$1,832,438 and \$1,687,991 for 2012 and 2011 respectively. The General fund's cash balance increased \$875,170 from 2011 to 2012 and decreased \$878,077 from 2010 to 2011.
- The Fire fund, a major Township fund, had cash receipts and other financing sources of \$4,313,485 and \$4,771,125 in 2012 and 2011, respectively. The Fire fund had cash disbursements of \$4,135,201 and \$4,409,109 in 2012 and 2011, respectively. The Fire fund's cash balance increased \$132,087 from 2011 to 2012 and increased \$364,836 from 2010 to 2011.
- The South Greener Road fund, a major Township fund for 2011, had cash receipts and other financing sources of \$2,982,972. The South Greener Road fund had cash disbursements of \$1,777,600 in 2011.
- The JEDZ fund, a major Township fund for 2012, had cash receipts and other financing sources of \$632,654. The JEDZ fund had no cash disbursements in 2012.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Using the Cash Basis Financial Statements

This cash basis annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

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

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole. Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2012 and 2011, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

In the Statement of Net Position and the Statement of Activities:

Governmental Activities - Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Fire and Joint Economic Development Zone funds in 2012 and the General, Fire, and South Greener Road funds in 2011. Since the Township is reporting on the cash basis of accounting, there are no differences in Net Position and fund cash balances of changes in Net Position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2012 compared to 2011 on a cash basis:

Net Cash Position

	Governmental Activities		
	2012	2011	2010
Assets			
Cash and Cash Equivalents	\$7,433,337	\$6,214,194	\$6,669,662
Total Assets	<u>7,433,337</u>	<u>6,214,194</u>	<u>6,669,662</u>
Net Assets			
Restricted for:			
Capital Projects	251,766	210,431	4,589
Fire Operations	1,035,681	904,947	0
Emergency Medical Services	388,853	365,139	0
Joint Economic Development Zone	632,654	0	0
Permanent Fund Purpose			
Expendable	13	5	0
Nonexpendable	2,000	2,000	2,000
Other Purposes	0	438,139	1,500,782
Unrestricted	<u>5,122,370</u>	<u>4,293,533</u>	<u>5,162,291</u>
Total Net Position	<u>\$7,433,337</u>	<u>\$6,214,194</u>	<u>\$6,669,662</u>

As mentioned previously, net position of governmental activities increased \$1,223,139 during 2012 and decreased \$455,468 during 2011 due to a decline in tax and grant revenues.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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Table 2 reflects the changes in net position on a cash basis in 2012 and 2011 for governmental activities.

(Table 2)
Changes in Net Position

	Governmental Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$1,237,758	\$1,083,848	\$974,298
Operating Grants and Contributions	790,425	888,930	759,219
Capital Grants and Contributions	263,266	2,020,051	475,469
Total Program Receipts	<u>2,291,449</u>	<u>3,992,829</u>	<u>2,208,986</u>
General Receipts:			
Property and Other Local Taxes	4,214,058	4,579,199	3,824,417
Grants and Entitlements Not Restricted to Specific Programs	1,838,668	751,175	799,069
Sale of Fixed Assets	659,379	39,596	50,624
Proceeds from Loans	118,428	218,527	198,833
Cable Franchise Fees	200,968	187,043	-
Earnings on Investments	59,333	71,885	112,450
Miscellaneous	14,172	26,087	126,445
Special Assessments	-	-	163,645
Total General Receipts	<u>7,105,006</u>	<u>5,873,512</u>	<u>5,275,483</u>
Total Receipts	<u>9,396,455</u>	<u>9,866,341</u>	<u>7,484,469</u>
Disbursements:			
General Government	1,053,238	853,615	935,689
Public Safety	5,079,762	4,825,577	4,632,283
Public Works	1,172,800	1,079,648	1,073,101
Health	197,295	193,512	143,644
Conservation-Recreation	18,883	5,398	5,829
Capital Outlay	581,749	3,302,894	894,989
Principal Retirement	69,589	61,165	57,933
Total Disbursements	<u>8,173,316</u>	<u>10,321,809</u>	<u>7,743,468</u>
Increase (Decrease) in Net Assets	1,223,139	(455,468)	(258,999)
Net Assets at the beginning of the year	<u>6,214,194</u>	<u>6,669,662</u>	<u>6,928,661</u>
Net Assets at the end of the year	<u>\$7,437,333</u>	<u>\$6,214,194</u>	<u>\$6,669,662</u>

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
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Program receipts represent only 24.4 percent and 40.5 percent, for 2012 and 2011 respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 75.6 percent and 59.5 percent in 2012 and 2011 respectively, of the Township's total receipts, and of this amount, over 66.7 percent and 75.9 percent in 2012 and 2011 respectively are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (18.4 and 14.8 percent in 2012 and 2011 respectively). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. For 2012, the major program disbursements for governmental activities are for public safety and public works, which account for 62.3 percent and 14.4 percent of all governmental disbursements, respectively. For 2011, the major program disbursements for governmental activities are for public safety and capital outlay, which account for 46.8 percent and 32.0 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 12.7 percent and 8.3 for 2012 and 2011 respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$1,053,238	\$303,037	\$853,615	\$714,677
Public Safety	5,079,762	4,274,624	4,825,577	3,426,156
Public Works	1,172,800	833,300	1,079,648	742,591
Health	197,295	63,951	193,512	96,150
Conservation-Recreation	18,883	18,883	5,398	5,398
Capital Outlay	581,749	318,483	3,302,896	1,282,845
Principal Retirement	69,589	69,589	61,165	61,165
Interest and Fiscal Charges	-	-	-	-
Total Expenses	\$8,173,316	\$5,881,867	\$10,321,811	\$6,328,982

The dependence upon property tax receipts is apparent as over 66.7 percent of governmental activities in 2012 and 75.9 percent in 2011 are supported through these general receipts.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

The Township's Funds

In 2012, the total governmental funds had receipts of \$8,602,892 and disbursements of \$8,173,316. In 2011, the total governmental funds had receipts of \$9,606,249 and disbursements of \$10,321,811. The greatest change within governmental funds from 2011 to 2012 occurred within the Joint Economic Development Zone Fund. The fund balance of the JEDZ Fund increased \$632,654. The greatest change with governmental funds from 2010 to 2011 occurred within the General fund. The fund balance of the General fund decreased \$868,504.

General Fund Budgeting Highlights

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

In 2012, for the General fund, actual receipts and other sources of \$3,255,323 was \$505,323 more than the final budgeted receipts. In 2011, for the General fund, actual receipts and other sources of \$2,510,127 was \$1,007,492 higher than the final budgeted receipts. For 2012, General Fund final budgeted disbursements and other uses were budgeted at \$2,663,166 while actual disbursements and other uses were \$2,426,089. For 2011, final disbursements and other uses were budgeted at \$2,097,416 while actual disbursements and other uses were \$3,424,567.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently record its capital assets in the accompanying financial statements, but records payments for capital assets as disbursements. The Township had capital outlay disbursements of \$581,749 and \$3,302,896 for 2012 and 2011, respectively.

Debt

At December 31, 2012, the Township's outstanding debt with Ohio Public Works Commission at 0% in the amount of \$1,238,056 for street repairs. At December 31, 2011, the Township's outstanding debt with Ohio Public Works Commission at 0% in the amount of \$1,189,495 for street repairs. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

Changes in State law and funding policies will threaten to create significant revenue shortfalls in the township budget. The Local Government Revenue and Local Government Revenue Assistance Funds will be reduced by 25% in State fiscal year 2012 and by 50% in State fiscal year FY 2013. The elimination of the estate tax and the premature end to the personal property tax replacement funding will add significant financial pressure to the already tight outlook. Combinations of additional spending and service cuts, new revenue sources and shared service programs with neighboring jurisdictions must be identified in order for the township to maintain its financial health.

These economic factors were considered in preparing the Township's budget for fiscal year 2011. The Township has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
UNAUDITED**

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Dan McCardle, Fiscal Officer, 23 Maple Drive, Columbus, Ohio 43228.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

***Statement of Net Position - Cash Basis
December 31, 2012***

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,433,337</u>
<i>Total Assets</i>	<u><u>7,433,337</u></u>
Net Position:	
Restricted for:	
Capital Projects	251,766
Fire Operations	1,035,681
Emergency Medical Services	388,853
Joint Economic Development Zone	632,654
Permanent Fund Purpose	
Expendable	13
Nonexpendable	2,000
Unrestricted	<u>5,122,370</u>
<i>Total Net Assets</i>	<u><u>\$ 7,433,337</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2012**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Interest and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 1,053,238	\$ 146,896	\$ 603,305	\$ -	\$ (303,037)
Public Safety	5,079,762	805,138	-	-	(4,274,624)
Public Works	1,172,800	152,380	187,120	-	(833,300)
Health	197,295	133,344	-	-	(63,951)
Conservation-Recreation	18,883	-	-	-	(18,883)
Capital Outlay	581,749	-	-	263,266	(318,483)
Debt Service:					
Principal Retirement	69,589	-	-	-	(69,589)
Interest and Fiscal Charges	-	-	-	-	-
Total	\$ 8,173,316	\$ 1,237,758	\$ 790,425	\$ 263,266	(5,881,867)
General Receipts					
Property Taxes and Other Local Taxes					
General Purposes					168,667
Fire					3,683,724
Road and Bridge					361,667
Special Assessments					-
Grants and Entitlements not Restricted					1,838,668
Sale of Capital Assets					659,379
Cable Franchise Fees					200,968
Proceeds of Loan					118,428
Earnings on Investment					59,333
Miscellaneous					14,172
<i>Total General Receipts</i>					<u>7,105,006</u>
Change in Net Position					1,223,139
<i>Net Position Beginning of Year</i>					<u>6,214,194</u>
<i>Net Position End of Year</i>					<u><u>\$ 7,437,333</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2012**

	General	Fire Fund	Joint Economic Development Zone Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,490,368	\$ 1,035,681	\$ 632,654	\$ 1,274,634	\$ 7,433,337
<i>Total Assets</i>	<u>4,490,368</u>	<u>1,035,681</u>	<u>632,654</u>	<u>1,274,634</u>	<u>7,433,337</u>
 Fund Balances					
Nonspendable					
Permanent Trust				2,000	2,000
Restricted:					-
Fire Operations		1,035,681			1,035,681
Joint Economic Development Zone			632,654		632,654
Cemetery				62,867	62,867
Emergency Medical Services				536,408	536,408
Fire Capital				50,000	50,000
Motor Vehicle License Tax				26,942	26,942
Gasoline Tax				33,373	33,373
Road and Bridge				85,736	85,736
Permissive Motor Vehicle License Tax				26,492	26,492
South Greener Ave. Project				235,084	235,084
Sidewalk Assessment				215,732	215,732
Unassigned	4,490,368	-		-	4,490,368
<i>Total Net Position</i>	<u>\$ 4,490,368</u>	<u>\$ 1,035,681</u>	<u>\$ 632,654</u>	<u>\$ 1,274,634</u>	<u>\$ 7,433,337</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2012**

	General	Fire Fund	Joint Economic Development Zone Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 168,667	\$ 3,683,724	\$ -	\$ 361,667	\$ 4,214,058
Charges for Services	27,895	-	-	531,049	558,944
Licenses, Permits and Fees	288,025	17,710	-	61,544	367,279
Fines and Forfeitures	44,804	-	-	-	44,804
Intergovernmental	1,310,744	603,305	632,654	539,912	3,086,615
Special Assessments	18,546	-	-	163,342	181,888
Earnings on Investments	58,865	-	-	469	59,334
Miscellaneous	8,587	2,607	-	78,776	89,970
Total Receipts	1,926,133	4,307,346	632,654	1,736,759	8,602,892
Disbursements					
Current:					
General Government	1,053,238	-	-	-	1,053,238
Public Safety	535,669	4,117,520	-	426,573	5,079,762
Public Works	91,644	-	-	1,081,156	1,172,800
Health	59,546	-	-	137,749	197,295
Conservation-Recreation	18,883	-	-	-	18,883
Capital Outlay	73,458	15,231	-	493,060	581,749
Debt Service:					
Principal Retirement	-	-	-	69,589	69,589
Interest and Fiscal Charges	-	-	-	-	-
Total Disbursements	1,832,438	4,132,751	-	2,208,127	8,173,316
Excess of Receipts Over (Under) Disbursements	93,695	174,595	632,654	(471,368)	429,576
Other Financing Sources (Uses)					
Sale of Capital Assets	665,000	6,139	-	-	671,139
Proceeds of Loan	-	-	-	118,428	118,428
Transfers In	-	-	-	693,651	693,651
Transfers Out	(543,651)	(50,000)	-	(100,000)	(693,651)
Advances In	31,536	-	-	50,000	81,536
Advances Out	(50,000)	-	-	(31,536)	(81,536)
Other Financing Sources	-	-	-	-	-
Other Financing Uses	-	-	-	-	-
Total Other Financing Sources (Uses)	102,885	(43,861)	-	730,543	789,567
Net Change in Fund Balances	196,580	130,734	632,654	259,175	1,219,143
Fund Balances Beginning of Year	4,293,788	904,947	-	1,015,459	6,214,194
Fund Balances End of Year	\$ 4,490,368	\$ 1,035,681	\$ 632,654	\$ 1,274,634	\$ 7,433,337

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, 2012**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 1,498,374	\$ 1,498,374	\$ 168,667	\$ (1,329,707)
Charges for Services	33,000	33,000	27,895	(5,105)
Licenses, Permits and Fees	313,000	313,000	288,025	(24,975)
Fines and Forfeitures	35,500	35,500	44,804	9,304
Intergovernmental	745,000	745,000	1,943,398	1,198,398
Special Assessments	-	-	18,546	18,546
Earnings on Investments	90,000	90,000	58,865	(31,135)
Miscellaneous	35,126	35,126	8,587	(26,539)
<i>Total receipts</i>	<u>2,750,000</u>	<u>2,750,000</u>	<u>2,558,787</u>	<u>(191,213)</u>
Disbursements				
Current:				
General Government	1,083,631	1,160,531	1,053,238	107,293
Public Safety	695,000	628,592	535,669	92,923
Public Works	90,800	100,398	91,644	8,754
Health	66,000	66,000	59,546	6,454
Conservation-Recreation	19,100	19,100	18,883	217
Other	50,000	50,000	-	50,000
Capital Outlay	67,500	74,137	73,458	679
<i>Total Disbursements</i>	<u>2,072,031</u>	<u>2,098,758</u>	<u>1,832,438</u>	<u>266,320</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>677,969</u>	<u>651,242</u>	<u>726,349</u>	<u>75,107</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	665,000	665,000
Transfers In	-	-	-	-
Transfers Out	(365,000)	(564,408)	(543,651)	20,757
Advances In	-	-	31,536	31,536
Advances Out	-	-	(50,000)	(50,000)
Other Financing Sources	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(365,000)</u>	<u>(564,408)</u>	<u>102,885</u>	<u>667,293</u>
<i>Net Change in Fund Balance</i>	312,969	86,834	829,234	742,400
<i>Unencumbered Fund Balance Beginning of Year</i>	4,247,852	4,247,852	4,247,852	-
<i>Prior Year Encumbrances Appropriated</i>	45,936	45,936	45,936	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 4,606,757</u>	<u>\$ 4,380,622</u>	<u>\$ 5,123,022</u>	<u>\$ (742,400)</u>

**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, 2012**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 4,028,355	\$4,028,355	\$ 3,683,724	\$ (344,631)
Licenses, Permits, and Fees	14,400	14,400	17,710	3,310
Intergovernmental	555,731	555,731	603,305	47,574
Miscellaneous	-	-	2,607	2,607
<i>Total receipts</i>	4,598,486	4,598,486	4,307,346	(291,140)
Disbursements				
Current:				
Public Safety	4,650,272	4,655,272	4,117,520	537,752
Capital Outlay	115,000	60,000	17,681	42,319
<i>Total Disbursements</i>	4,765,272	4,715,272	4,135,201	580,071
<i>Excess of Receipts Over (Under) Disbursements</i>	(166,786)	(116,786)	172,145	288,931
Other Financing Sources (Uses)				
Sale of Capital Assets	5,600	5,600	6,139	539
Transfer Out		(50,000)	(50,000)	
<i>Total Other Financing Sources (Uses)</i>	5,600	(44,400)	(43,861)	539
<i>Net Change in Fund Balance</i>	(161,186)	(161,186)	128,284	289,470
<i>Unencumbered Fund Balance Beginning of Year</i>	901,145	901,145	901,145	
Prior Year Encumbrances Appropriated	3,803	3,803	3,803	
<i>Unencumbered Fund Balance End of Year</i>	\$ 743,762	\$ 743,762	\$ 1,033,232	\$ 289,470

See accompanying notes to the basic financial statements

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2012

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,453</u>
<i>Total Assets</i>	<u><u>8,453</u></u>
Net Position:	
Held For:	
Developer Bonds and Permits	<u>8,453</u>
<i>Total Net Assets</i>	<u><u>\$ 8,453</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

***Statement of Net Position - Cash Basis
December 31, 2011***

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 6,214,194</u>
<i>Total Assets</i>	<u><u>6,214,194</u></u>
Net Position:	
Restricted for:	
Capital Projects	210,431
Fire Operations	904,947
Emergency Medical Services	365,139
Permanent Fund Purpose	
Expendable	5
Nonexpendable	2,000
Other Purposes	438,139
Unrestricted	<u>4,293,533</u>
<i>Total Net Assets</i>	<u><u>\$ 6,214,194</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Activities - Cash Basis
For the Year Ended December 31, 2011**

	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	\$ 853,615	\$ 138,938	\$ -	\$ -	(714,677)
Public Safety	4,825,577	700,266	699,155	-	(3,426,156)
Public Works	1,079,648	147,282	189,775	-	(742,591)
Health	193,512	97,362	-	-	(96,150)
Conservation-Recreation	5,398	-	-	-	(5,398)
Capital Outlay	3,302,896	-	-	2,020,051	(1,282,845)
Debt Service: Principal Retirement	61,165	-	-	-	(61,165)
Total	\$ 10,321,811	\$ 1,083,848	\$ 888,930	\$ 2,020,051	(6,328,982)
General Receipts					
Property Taxes and Other Local Taxes					
General Purposes					180,996
Fire					4,014,058
Road and Bridge					384,145
Grants and Entitlements not Restricted to Specific Programs					751,175
Sale of Fixed Assets					39,596
Cable Franchise Fees					187,043
Proceeds of Loans					218,527
Earnings on Investments					71,885
Miscellaneous					26,089
<i>Total General Receipts</i>					<u>5,873,514</u>
Change in Net Position					(455,468)
<i>Net Position Beginning of Year</i>					<u>6,669,662</u>
<i>Net Position End of Year</i>					<u>\$ 6,214,194</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2011**

	General	Fire Fund	South Greener Road Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,293,788	\$ 904,947	\$ 209,074	\$ 806,385	\$ 6,214,194
<i>Total Assets</i>	<u>4,293,788</u>	<u>904,947</u>	<u>209,074</u>	<u>806,385</u>	<u>6,214,194</u>
Fund Balances					
Nonspendable					
Permanent Trust				2,000	2,000
Restricted:					-
Fire Operations		904,947			904,947
Cemetery				70,169	70,169
Emergency Medical Services				365,139	365,139
Motor Vehicle License Tax				5,901	5,901
Gasoline Tax				45,045	45,045
Road and Bridge				55,718	55,718
Permissive Motor Vehicle License Tax				17,745	17,745
South Greener Ave. Project			209,074	-	209,074
Sidewalk Assessment				244,668	244,668
Unassigned	4,293,788				4,293,788
<i>Total Fund Balances</i>	<u>\$ 4,293,788</u>	<u>\$ 904,947</u>	<u>\$ 209,074</u>	<u>\$ 806,385</u>	<u>\$ 6,214,194</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011**

	General	Fire Fund	South Greener Road Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 180,996	\$ 4,014,058		\$ 384,145	\$ 4,579,199
Charges for Services	27,590	-		535,543	563,133
Licenses, Permits and Fees	284,199	-		46,212	330,411
Fines and Forfeitures	38,650	-		-	38,650
Intergovernmental	864,925	695,355	1,485,925	733,645	3,779,850
Special Assessments	10,017	-		157,838	167,855
Earnings on Investment	71,629	-		255	71,884
Miscellaneous	896	22,115		52,256	75,267
Total Receipts	1,478,902	4,731,528	1,485,925	1,909,894	9,606,249
Disbursements					
Current:					
General Government	853,615	-		-	853,615
Public Safety	317,952	4,063,799		443,826	4,825,577
Public Works	81,455	-		998,193	1,079,648
Health	61,662	-		131,850	193,512
Conservation-Recreation	5,398	-		-	5,398
Capital Outlay	321,974	341,507	1,777,600	861,815	3,302,896
Debt Service:					
Principal Retirement	-	-		61,165	61,165
Interest and Fiscal Charges	-	-		-	-
Total Disbursements	1,642,056	4,405,306	1,777,600	2,496,849	10,321,811
Excess of Receipts Over (Under) Disbursements	(163,154)	326,222	(291,675)	(586,955)	(715,562)
Other Financing Sources (Uses)					
Sale of Capital Assets	-	39,596			39,596
Proceeds of Loan			89,248	129,279	218,527
Transfers In	-	-		307,933	307,933
Transfers Out	(307,933)	-			(307,933)
Advances In	1,031,226	-	1,407,799	20,844	2,459,869
Advances Out	(1,428,643)	-	(996,298)	(34,928)	(2,459,869)
Other				1,971	1,971
Total Other Financing Sources (Uses)	(705,350)	39,596	500,749	425,099	260,094
Net Change in Fund Balances	(868,504)	365,818	209,074	(161,856)	(455,468)
Fund Balances Beginning of Year	5,162,292	539,129	-	968,241	6,669,662
Fund Balances End of Year	\$ 4,293,788	\$ 904,947	\$ 209,074	\$ 806,385	\$ 6,214,194

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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 190,000	\$ 200,061	\$ 180,996	\$ (19,065)
Charges for Services	33,000	33,000	27,590	(5,410)
Licenses, Permits and Fees	308,000	308,000	284,199	(23,801)
Fines and Forfeitures	35,500	35,500	38,650	3,150
Intergovernmental	835,000	777,839	864,925	87,086
Special Assessments	-	-	10,017	10,017
Earnings on Investments	110,000	110,000	71,629	(38,371)
Miscellaneous	50,000	38,235	895	(37,340)
<i>Total receipts</i>	<u>1,561,500</u>	<u>1,502,635</u>	<u>1,478,901</u>	<u>(23,734)</u>
Disbursements				
Current:				
General Government	916,286	972,606	899,551	73,055
Public Safety	314,626	317,952	317,952	-
Public Works	89,503	89,863	81,455	8,408
Health	78,000	78,000	61,662	16,338
Conservation-Recreation	6,000	6,000	5,398	602
Capital Outlay	365,000	321,973	321,973	-
<i>Total Disbursements</i>	<u>1,769,415</u>	<u>1,786,394</u>	<u>1,687,991</u>	<u>98,403</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(207,915)</u>	<u>(283,759)</u>	<u>(209,090)</u>	<u>(122,137)</u>
Other Financing Sources (Uses)				
Transfers Out	(328,000)	(311,022)	(307,933)	3,089
Advances In	-	-	1,031,226	1,031,226
Advances Out	-	-	(1,428,643)	(1,428,643)
<i>Total Other Financing Sources (Uses)</i>	<u>(328,000)</u>	<u>(311,022)</u>	<u>(705,350)</u>	<u>(394,328)</u>
<i>Net Change in Fund Balance</i>	(535,915)	(594,781)	(914,440)	(319,659)
<i>Unencumbered Fund Balance Beginning of Year</i>	5,125,929	5,125,929	5,125,929	-
<i>Prior Year Encumbrances Appropriated</i>	<u>36,363</u>	<u>36,363</u>	<u>36,363</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 4,626,377</u>	<u>\$ 4,567,511</u>	<u>\$ 4,247,852</u>	<u>\$ (319,659)</u>

**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, 2011**

	<u>Budgeted Amounts</u>			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 4,476,950	\$ 4,183,833	\$ 4,014,058	\$ (169,775)
Intergovernmental	420,000	814,085	695,356	(118,729)
Miscellaneous	20,000	-	22,115	22,115
<i>Total receipts</i>	<u>4,916,950</u>	<u>4,997,918</u>	<u>4,731,529</u>	<u>(266,389)</u>
Disbursements				
Current:				
Public Safety	4,181,852	4,212,852	4,067,602	145,250
Capital Outlay	387,217	356,217	341,507	14,710
<i>Total Disbursements</i>	<u>4,569,069</u>	<u>4,569,069</u>	<u>4,409,109</u>	<u>159,960</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>347,881</u>	<u>428,849</u>	<u>322,420</u>	<u>(106,429)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	-	39,596	39,596
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>39,596</u>	<u>39,596</u>
<i>Net Change in Fund Balance</i>	347,881	428,849	362,016	(66,833)
<i>Unencumbered Fund Balance Beginning of Year</i>	536,309	536,309	536,309	-
Prior Year Encumbrances Appropriated	2,820	2,820	2,820	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 887,010</u>	<u>\$ 967,978</u>	<u>\$ 901,145</u>	<u>\$ (66,833)</u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

*Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011*

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 8,453</u>
<i>Total Assets</i>	<u><u>8,453</u></u>
Net Position	
Held For:	
Developer Bonds and Permits	<u>8,453</u>
<i>Total Net Assets</i>	<u><u>\$ 8,453</u></u>

See accompanying notes to the basic financial statements

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Note 1 – Reporting Entity

Prairie Township, Franklin County, Ohio (the Township), is a body politic and corporate established in 1819 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 Township is also limited home rule form of government since 2002.

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. Police protection is provided by the Franklin County Sheriff's Department.

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.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in two joint ventures and the Ohio Township Association Risk Management Authority public entity risk pool. Notes 6 and 12 to the financial statements provides additional information for these entities. These organizations are:

Joint Venture:

Prairie Township-City of Columbus Joint Economic Development District is a contract created on November 15, 2010 under Ohio Revised Code 715.72 through 718.81 (the "JEDD Statutes") to facilitate economic development, to create jobs and employment opportunities and to improve the economic welfare of the people of the Township, the City, the County of Franklin, and the State of Ohio.

Prairie-Obetz Joint Economic Development Zone (JEDZ) is a contract created on August 1, 2011 under Ohio Revised Code 715.691 to facilitate new or expanded growth for commercial and economic development within the JEDZ and the State for the benefit of the Village, the Township and the State, and their residents.

Public Entity Risk Pool:

The Ohio Township Association Risk Management Authority (OTARMA) is a risk-sharing pool available to Ohio townships which provides property and casualty coverage for its members.

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

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). 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 cash basis of accounting. 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.

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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 cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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, Fire Fund, and Joint Economic Development Zone Fund (JEDZ) for fiscal year ended December 31, 2012. The Township's major governmental funds are the General Fund, Fire Fund, and South Greener Road for fiscal year ended December 31, 2011. 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 Fund received real estate and personal property taxes to provide for fire services. The JEDZ fund accounts for receipts from income taxes received from the zone primarily on Broad Street within the Township as outlined in the JEDZ agreement which restricts the funds for commercial and economic development within the JEDZ. The South Greener Road Fund received grant and loan proceeds for the South Greener Road Improvements.

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

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

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

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds.

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.

In 2012, the Township did not budget for advances and budgeted for the revenue received from the Joint Economic Development Zone Fund within the General Fund.

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 2012 and 2011, the Township invested in nonnegotiable certificates of deposit, Federal Home Loan Securities, a money market mutual fund, and STAR Ohio. The nonnegotiable certificates of deposit and the 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 on December 31, 2012 and 2011.

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, 2012 and 2011.

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 2012 and 2011 was \$58,865 and \$71,629. Interest receipts assigned from other Township funds during 2012 and 2011 was \$468 and \$253, respectively.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2012 and 2011.

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.

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 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 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.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", the Township classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follow:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

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

Committed – Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporated contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

P. Changes in Accounting Principles

For the year ended December 31, 2011, the Township has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 59, "Financial Instruments Omnibus."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

P. Changes in Accounting Principles (Continued)

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of the GASB statement did not affect the presentation of the financial statements of the Township.

For the year ended December 31, 2011, the Township early implemented Governmental Accounting Standard Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 identifies net positions, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2011 financial statements; however there was no effect on beginning net position/fund balance.

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 and Fire Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at 2012 (budgetary basis) amounted to \$45,936 for the General Fund and \$3,803 for the Fire Fund major Special Revenue Fund. The encumbrances outstanding at 2011 (budgetary basis) amounted to \$36,363 for the General Fund and \$2,820 for the Fire Fund major Special Revenue Fund. In addition, the Township legal budgeted for the revenue received from the Joint Economic Development Zone Fund within the General Fund resulting in a difference of \$632,654.

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.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 4 – Deposits and Investments (Continued)

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;
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.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 4 – Deposits and Investments (Continued)

Investments

As of December 31, 2011, the Township had the following investments

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposits	\$3,887,000	1-4 year
Money Market Mutual Fund	17,164	Less than 1 Year
STAR Ohio	1,001	Less than 1 Year
Total Portfolio	<u>\$3,905,165</u>	

As of December 31, 2012, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificate of Deposits	\$4,782,000	Less than 1 year
Money Market Mutual Fund	877,230	Less than 1 year
STAR Ohio	1,001	Less than 1 Year
Total Portfolio	<u>\$5,660,231</u>	

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.

The Money Market Fund carries a rating of AAA by Moody's and AAA by Standard's and Poor, 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 2012 and 2011 for real and public utility property taxes represents collections of the 2012 and 2011 taxes. Property tax payments received during 2012 and 2011 for tangible personal property (other than public utility property) is for 2012 and 2011 taxes.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 5 – Property Taxes (Continued)

2012 and 2011 real property taxes are levied after October 1, 2012 and 2011 on the assessed values as of January 1, 2012 and 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2012 and 2011 real property taxes are collected in and intended to finance 2012 and 2011.

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. 2012 and 2011 public utility property taxes which became a lien on December 31, 2012 and 2011 are levied after October 1, 2012 and 2011 are collected in 2012 and 2011 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2012 (2011), was \$18.20 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2012 (2011) property tax receipts were based are as follows:

	2012	2011
Real Property	\$298,731,060	\$296,225,790
Public Utility Property	13,180,360	12,479,190
Total Assessed Values	<u>\$311,911,420</u>	<u>\$ 308,704,980</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

Casualty Coverage

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 6 – Risk Management (Continued)

Casualty and Property Coverage (Continued)

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	(9,355,082)	(9,718,792)
Net Assets	<u>\$25,416,188</u>	<u>\$25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.0 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$22,462.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$33,419	\$33,041

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

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

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.

A. Ohio Public Employees Retirement System (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2012 and 2011 members in state and local classifications contributed 10 percent of covered payroll.

The Township's contribution rate for 2012 and 2011 was 14 percent. 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, 2012, 2011, and 2010 were \$109,498, \$111,745, and \$113,906 respectively. The full amount has been contributed for 2012, 2011 and 2010.

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. The Township's contributions to OP&F for firefighters were \$685,070 for the year ended December 31, 2012, \$669,590 for the year ended December 31, 2011 and \$669,871 for the year ended December 31, 2010. The full amount has been contributed for 2012, 2011 and 2010.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

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 2012, local government employers contributed 14 percent of covered payroll (18.10 percent for public safety and law enforcement). 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 4.0 percent of covered payroll.

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, 2012 and 2011 were \$31,285 and \$31,927. The Township's contributions allocated to fund postemployment healthcare benefits for fiscal year 2010 was \$22,194 from January 1 through June 30, 2010, \$17,346 from July 1 through December 31, 2010.

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.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 8 - Postemployment Benefits (Continued)

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 health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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. That report is also available on OP&F's website at www.op-f.org.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2012, 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 is limited by the provisions of Sections 115 and 401 (h).

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.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters for the years ending December 31, 2012, 2011, and 2010 were \$192,676, \$188,322 and \$188,401 respectively. The full amount has been contributed for 2012, 2011, and 2010.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 – Debt

The Township's long-term debt activity for the year ended December 31, 2011 and 2012 was as follows:

<u>Governmental Activities</u>	Interest Rate	Balance December 31, 2010	Additions	Reductions	Balance December 31, 2011
OPWC Loan - Palmetto Street	0%	247,654	-	15,978	231,676
OPWC Loan - Inah Avenue	0%	468,088		25,318	442,770
OPWC Loan - South Greener (Phase 1)	0%	316,113		16,638	299,475
OPWC Loan – South Greener (Phase 2)	0%		129,279	3,232	126,047
OPWC Loan – South Greener (Phase 3)	0%		89,527		89,527
Totals		<u>\$1,031,855</u>	<u>\$ 247,430</u>	<u>\$ 61,166</u>	<u>\$1,189,495</u>

The amount due within one year is \$69,590.

<u>Governmental Activities</u>	Interest Rate	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012
OPWC Loan - Palmetto Street	0%	231,676	-	15,978	215,698
OPWC Loan - Inah Avenue	0%	442,770	-	25,318	417,452
OPWC Loan - South Greener (Phase 1)	0%	299,475		16,638	282,837
OPWC Loan - South Greener (Phase 2)	0%	126,047		6,464	119,583
OPWC Loan – South Greener (Phase 3)	0%	89,527	118,151	5,192	202,486
Totals		<u>\$1,189,495</u>	<u>\$ 118,151</u>	<u>\$ 69,590</u>	<u>\$1,238,056</u>

The amount due within one year is \$74,780.

OPWC Loan Agreements

The Township entered into a \$319,554, \$511,200, and \$388,155 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, Inah Avenue, and South Greener Road Improvement. 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 YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 9 – Debt (Continued)

The following is a summary of the Township's future annual debt service requirements:

OPWC Loan Agreements:

Year	Palmetto Street	Inah Avenue	South Greener Road
2013	15,978	25,318	16,638
2014	15,978	25,318	16,638
2015	15,978	25,318	16,638
2016	15,978	25,318	16,638
2017	15,978	25,318	16,638
2018-2022	79,890	126,590	83,190
2023-2027	55,918	164,272	116,457
Total	<u>\$ 215,698</u>	<u>\$ 417,452</u>	<u>\$ 282,837</u>

South Greener Avenue Road Improvement Project

The Township entered into a \$787,238 and \$596,912 loan agreement with Ohio Public Works Commission in accordance with § 164.05 and §164.06 of the Ohio Revised Code. This agreement is to help finance the street improvement project on South Greener Avenue (Phases 11 and 111). The amortization schedules will be provided upon the completion of the project.

Note 10 – Interfund Transfers

During 2011 and 2012 the following transfers were made:

2011	Transfer From			
Transfer To	General	Fire	Other Governmental Funds	Total
Other Government Funds	\$307,933	\$0	\$0	\$307,933

2012	Transfer From			
Transfer To	General	Fire	Other Governmental Funds	Total
Other Government Funds	\$543,651	\$50,000	\$100,000	\$693,651

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.

In 2012 there was a transfer into the RFI from RFI. This transfer is start-up money for a fire capital fund and an EMS capital fund.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
(Continued)**

Note 11 – Contingencies

- A. The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.
- B. Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Joint Ventures

The Township is a member of Joint Economic Development District (JEDD) with the City of Columbus. The City of Columbus provides the city services to business within the District and subsequently is permitted to collect income tax on those employees of the business district. At the same time, the JEDD prevents the annexation of Township property by the City and maintains the Township's property tax base. In the event of termination of the contract, all party revenue is split equally, while the Project Revenue is distributed to the Township for purposes which benefit the District as determined by the Township Trustees.

The Township is a member of Prairie-Obetz Joint Economic Development Zone (JEDZ) with the Village of Obetz. The Township residents approved the creation of the JEDZ by a majority vote on November 8, 2011. The Township will provide the JEDZ all usual and customary governmental services furnished by the Township. The Village will engage in activities to promote, complement and benefit economic development in the JEDZ as well as collecting income tax levied at the rate of the income tax currently and hereafter levied by the Village. The proceeds of that tax are allocated in accordance to the contract, mainly to the Township. In the event of termination of the JEDZ, the distribution of assets are split 20% to the Village and 80% to the Township.

Note 13- Subsequent Events

On January 9, 2013, the Township purchased nine-acre parcel of land in the amount of \$360,000 for the future site of a new community center. Also on January 9, 2013, the Township purchased 110-acre tract on the west side in the amount of \$600,000 for the future site of new ball fields.

Note 14- Change in Accounting Principles and Fund Balances

For fiscal year 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Township's funds.

Note 15- Interfund Receivables/Payables

Interfund balances at December 31, 2011, consisted of \$415,443 owed by the South Greener to the General Fund. The balance due to the General Fund represents loans made to provide for a land acquisition. This amount is expected to be repaid in 2013.

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Dave Yost • Auditor of State

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

Prairie Township
Franklin County
23 Maple Drive
Columbus, Ohio 43228

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prairie Township, Franklin County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 10, 2013, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles and adopted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2012-01 and 2012-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion.

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The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompany schedule of findings as item 2012-002.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

July 10, 2013

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

Material Weakness—Financial Reporting

Procedures and controls should be in place to prevent and detect errors in the accounting records and financial statements to help assure that the users have accurate and complete information.

The 2012 accounting records and financial statements had the following recording errors:

- Receipts received from Joint Economic Development Zone agreement in the amount of \$632,654 recorded in the General Fund were recorded as property taxes receipts instead of as intergovernmental;
- The sale capital assets in the General Fund in the amount \$665,000 was recorded at net receipts after all expenses instead of as gross receipts;
- Loan proceeds in the amount of \$118,428 in the Non Mayor Capital Projects South Grener Road Fund were classified as intergovernmental instead of as other debt proceeds; and
- There are adjustments to reclassify program revenue ranging from \$38,676 to \$695,400.

The 2011 accounting records and financial statements had the following recording errors:

- Loan proceeds in the amount of \$218,527 in the Non Major Capital Projects South Grener Road Fund was classified as intergovernmental instead of other debt proceeds;
- Receipts from the State of Ohio for tangible personal property replacement in the amount of \$109,476 were classified as property tax instead of as intergovernmental; and
- There are adjustments to reclassify program revenue ranging from \$39,781 to \$636,479.

The accompanying financial statements and if applicable the accounting records, have been adjusted to correct the errors identified above.

Errors in the financial statements and supporting ledgers inhibit the ability of both the Township Fiscal Officer and the Trustees to monitor financial activity and to make sound financial decision. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Township. In addition, financial information with errors reduces the likelihood that irregularities will be detected in a timely manner.

The Township Fiscal Officer should review the Ohio Township Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts, disbursements, fund balance, and funds. Periodically, the Trustees should perform a review of the accounting ledgers to help identify errors and/or irregularities. Prior to submission to the Auditor of State, the annual financial statements should be reviewed for accuracy.

Officials' Response:

We are aware of the audit adjustments and reclassifications and will ensure these changes are applied in future financial reports.

PRAIRIE TOWNSHIP
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2012
(Continued)

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

FINDING NUMBER 2012-002

Material Weakness/Noncompliance Citation

Ohio Rev. Code Section 5705.09 (F) requires that each subdivision shall establish a special fund for each source of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

The Joint Economic Development Zone agreement requires a new fund to be established and the receipts should be recorded in the fund and used for the purposes listed in the agreement. In 2012, the Township recorded the receipts from the Joint Economic Development Zone in the General Fund in the amount of \$632,654 and should have been posted to a Special Revenue Fund.

By not establishing the required fund, the Township increases the risk that restricted funds will be spent for purposes other than those allowed by law.

We recommend that the Township establish a special revenue fund to account for the financial activity as required by the Joint Economic Development Zone agreement.

An audit adjustment has been posted to the Township's accounting system and to the financial statements to reflect the correct fund and related activity.

Officials' Response:

As Prairie Township made preparations to receive revenue generated in the Prairie-Obetz Joint Economic Development Zone, the Township contacted an attorney, who had assisted the Township with matters related to the JEDZ. The attorney advised that the Township had the option of accounting for the funds specifically earmarked for use in the JEDZ by establishing a separate fund or by establishing separate revenue and expense line items in its General Fund. The Township elected to establish separate line items within the General Fund.

Now that the Auditor of State's office has made a determination which conflicts with the opinion that we received previously, Prairie Township is prepared to take all necessary steps in order to account for JEDZ-earmarked monies in a separate fund.



Dave Yost • 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
JULY 25, 2013**