

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2004 and 2003

LORI MONTAG, CLERK



Auditor of State Betty Montgomery

Board of Trustees
Prairie Township
23 Maple Drive
Columbus, Ohio 43228

We have reviewed the *Independent Accountant's Report* of Prairie Township, Franklin County, prepared by Julian and Grube, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Finding For Recovery

State ex rel. McClure v. Hagerman, (1951) 155 Ohio St. 320 provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

Further, the Attorney General concluded that township trustees have no authority to construct drains or sewers to carry off surplus water except to the extent incidental to and necessary in the improvement of a township road. **1958 Op. Att'y Gen. No. 2775**

The Township was advised in May 2001 by their legal counsel, Loveland & Brosius, that the Township was likely without legal authority to expend public funds to construct or maintain drains, ditches or sewers to carry off excess surface water except to the extent necessary to drain township roads.

Between September 18, 2002 and April 16, 2003, the Township undertook and expended public funds for certain storm water drainage improvement projects on private property located within the Township on or between the private residences at 4864 and 4872 Annhurst Road. The Township engaged the services of Feller, Finch & Associates, Inc. as a consultant. Township minutes dated September 18, 2002 indicate that a solution was proposed to fix the water problem in the rear of the properties at 4880, 4872 and 4864 Annhurst Road which was identified by the Board of Health as a significant mosquito breeding ground. Two estimates were presented: one using an outside contractor and one using in house crews. Township minutes dated October 16, 2002 indicate that the drainage project at Annhurst Road was completed. Additional work was performed April 16, 2003 to plant grass seed at the site of the project.

Amounts paid to Feller, Finch & Associates, Inc. were as follows:

Invoice Number	Invoice Date	Amount Paid
18571	October 22, 2002	\$2,506
18810	November 20, 2002	\$68
19742	April 30, 2003	\$135
Total Paid		\$2,709

In addition, the Township expended \$2,233.73 to complete the aforementioned project by force account.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against, Joe Wharton, Teresa Keller, and Jeff Nourse, former Township Trustees, and their bonding companies, Cincinnati Insurance Company and the State Automobile Mutual Insurance Company, jointly and severally, in the amount of \$4,942.73 in favor of Prairie Township.

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

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

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BETTY MONTGOMERY
Auditor of State

November 17, 2006

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**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Accountant’s Report

Prairie Township
Franklin County
23 Maple Drive
Columbus, Ohio 43228

We have audited the accompanying financial statements of Prairie Township, Franklin County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of Prairie Township’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, Prairie Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted (GAAP) in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Prairie Township as of December 31, 2004 and 2003, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of Prairie Township, Franklin County, as of and for the year ended December 31, 2004 and 2003, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2005, on our consideration of Prairie Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 31, 2005

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004 AND 2003

<u>Cash and Cash Equivalents</u>	<u>2004</u>	<u>2003</u>
Cash and Cash Equivalents	\$ 8,017,684	\$ 9,556,559
Total Cash and Cash Equivalents	<u>\$ 8,017,684</u>	<u>\$ 9,556,559</u>
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 6,497,308	\$ 8,067,712
Special Revenue Funds	1,443,524	1,479,446
Capital Project Funds	<u>69,050</u>	<u>-</u>
Total Governmental Fund Types	<u>8,009,882</u>	<u>9,547,409</u>
<u>Fiduciary Fund Types:</u>		
Non-expendable Trust Funds	248	251
Expendable Trust Funds	2,004	2,000
Agency Funds	<u>5,550</u>	<u>7,150</u>
Total Proprietary Fund Types	<u>7,802</u>	<u>9,401</u>
Total Fund Balances	<u>\$ 8,017,684</u>	<u>\$ 9,556,559</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash receipts:					
Local taxes	\$ 185,117	\$ 2,815,455	\$ -	\$ -	\$ 3,000,572
Intergovernmental	937,322	455,100	260,313	-	1,652,735
Special assessments	-	88,067	-	-	88,067
Charges for services	7,756	347,984	-	-	355,740
Licenses, permits and fees	149,749	41,465	-	-	191,214
Fines and forfeitures	17,490	-	-	-	17,490
Interest	114,185	3,291	-	1	117,477
Refunds	106,534	-	-	-	106,534
Miscellaneous	27,333	100,559	-	-	127,892
Total cash receipts	<u>1,545,486</u>	<u>3,851,921</u>	<u>260,313</u>	<u>1</u>	<u>5,657,721</u>
Cash disbursements:					
Current:					
General government	1,389,008	-	-	-	1,389,008
Public safety	215,000	3,127,111	-	-	3,342,111
Public works	971,295	648,883	-	-	1,620,178
Health	48,361	95,312	-	4	143,677
Conservation - recreation	8,933	-	-	-	8,933
Capital outlay	27,429	187,885	507,233	-	722,547
Total cash disbursements	<u>2,660,026</u>	<u>4,059,191</u>	<u>507,233</u>	<u>4</u>	<u>7,226,454</u>
Total cash receipts under cash disbursements	<u>(1,114,540)</u>	<u>(207,270)</u>	<u>(246,920)</u>	<u>(3)</u>	<u>(1,568,733)</u>
Other financing receipts/(disbursements):					
Operating transfers in	-	43,862	315,970	-	359,832
Operating transfers out	(359,832)	-	-	-	(359,832)
Advances in	5,882	133,370	-	-	139,252
Advances out	(133,370)	(5,882)	-	-	(139,252)
Other sources	31,455	-	-	-	31,455
Total other financing receipts/(disbursements)	<u>(455,865)</u>	<u>171,350</u>	<u>315,970</u>	<u>-</u>	<u>31,455</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(1,570,405)	(35,920)	69,050	(3)	(1,537,278)
Cash fund balances, January 1, 2004	<u>8,067,713</u>	<u>1,479,445</u>	<u>-</u>	<u>251</u>	<u>9,547,409</u>
Cash fund balances, December 31, 2004	<u>\$ 6,497,308</u>	<u>\$ 1,443,525</u>	<u>\$ 69,050</u>	<u>\$ 248</u>	<u>\$ 8,010,131</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Fiduciary Fund Types		Total (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating cash receipts:			
Interest	\$ 8	\$ -	\$ 8
Total operating cash receipts	<u>8</u>	<u>-</u>	<u>8</u>
Operating cash disbursements:			
Purchased services	4	-	4
Miscellaneous	-	3,300	3,300
Total operating cash disbursements	<u>4</u>	<u>3,300</u>	<u>3,304</u>
Operating income/(loss)	<u>4</u>	<u>(3,300)</u>	<u>(3,296)</u>
Nonoperating cash receipts:			
Miscellaneous receipts	-	1,700	1,700
Total nonoperating cash receipts	<u>-</u>	<u>1,700</u>	<u>1,700</u>
Net cash receipts over/(under) disbursements	4	(1,600)	(1,596)
Cash fund balances, January 1, 2004	<u>2,000</u>	<u>7,150</u>	<u>9,150</u>
Cash fund balances, December 31, 2004	<u>\$ 2,004</u>	<u>\$ 5,550</u>	<u>\$ 7,554</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 7,533,412	\$ 1,367,319	\$ 8,900,731	\$ 1,582,823	\$ 215,504	\$ 534,301	\$ 4,058,622	\$ 4,592,923	\$ 3,153,228	\$ 597,456	\$ 3,750,684	\$ 842,239
Special Revenue	1,402,915	3,781,899	5,184,814	4,029,153	247,254	76,530	4,520,594	4,597,124	4,065,073	76,530	4,141,603	455,521
Capital Projects	-	1,023,182	1,023,182	576,283	(446,899)	-	623,400	623,400	507,233	-	507,233	116,167
Fiduciary:												
Expendable	251	3	254	1	(2)	-	50	50	4	-	4	46
Nonexpendable	<u>2,000</u>	<u>21</u>	<u>2,021</u>	<u>8</u>	<u>(13)</u>	<u>-</u>	<u>20</u>	<u>20</u>	<u>4</u>	<u>-</u>	<u>4</u>	<u>16</u>
Total (Memorandum Only)	<u>\$ 8,938,578</u>	<u>\$ 6,172,424</u>	<u>\$ 15,111,002</u>	<u>\$ 6,188,268</u>	<u>\$ 15,844</u>	<u>\$ 610,831</u>	<u>\$ 9,202,686</u>	<u>\$ 9,813,517</u>	<u>\$ 7,725,542</u>	<u>\$ 673,986</u>	<u>\$ 8,399,528</u>	<u>\$ 1,413,989</u>

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash receipts:					
Local taxes	\$ 158,457	\$ 2,686,065	\$ -	\$ -	\$ 2,844,522
Intergovernmental	982,110	416,596	60,000	-	1,458,706
Special assessments	-	77,754	-	-	77,754
Charges for services	-	289,037	-	-	289,037
Fines, licenses, and permits	167,447	38,710	-	-	206,157
Fines and forfeitures	22,682	-	-	-	22,682
Interest	109,963	3,262	-	1	113,226
Miscellaneous	10,191	68,288	-	-	78,479
Total cash receipts	<u>1,450,850</u>	<u>3,579,712</u>	<u>60,000</u>	<u>1</u>	<u>5,090,563</u>
Cash disbursements:					
Current:					
General government	1,186,950	-	-	-	1,186,950
Public safety	133,420	2,849,057	-	-	2,982,477
Public works	475,578	558,699	-	-	1,034,277
Health	47,866	83,231	-	50	131,147
Conservation - Recreation	10,795	-	-	-	10,795
Capital outlay	124,062	302,275	65,033	-	491,370
Total cash disbursements	<u>1,978,671</u>	<u>3,793,262</u>	<u>65,033</u>	<u>50</u>	<u>5,837,016</u>
Total cash receipts (under) cash disbursements	<u>(527,821)</u>	<u>(213,550)</u>	<u>(5,033)</u>	<u>(49)</u>	<u>(746,453)</u>
Other financing receipts/(disbursements):					
Proceeds from sale of fixed assets	-	5,000	-	-	5,000
Operating transfers in	-	-	5,033	-	5,033
Operating transfers out	(5,033)	-	-	-	(5,033)
Advances in	-	60,665	-	-	60,665
Advances out	(60,665)	-	-	-	(60,665)
Other sources	19,040	-	-	-	19,040
Total other financing receipts/(disbursements)	<u>(46,658)</u>	<u>65,665</u>	<u>5,033</u>	<u>-</u>	<u>24,040</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(574,479)	(147,885)	-	(49)	(722,413)
Cash fund balances, January 1, 2003	<u>8,642,191</u>	<u>1,627,331</u>	<u>-</u>	<u>300</u>	<u>10,269,822</u>
Cash fund balances, December 31, 2003	<u>\$ 8,067,712</u>	<u>\$ 1,479,446</u>	<u>\$ -</u>	<u>\$ 251</u>	<u>\$ 9,547,409</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Fiduciary Fund Types		Total (Memorandum Only)
	Nonexpendable Trust	Agency	
Operating cash receipts:			
Interest	\$ 9	\$ -	\$ 9
Total operating cash receipts	<u>9</u>	<u>-</u>	<u>9</u>
Operating cash disbursements:			
Purchased Services	9	-	9
Total operating cash disbursements	<u>9</u>	<u>-</u>	<u>9</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating cash receipts/(disbursements):			
Other financing sources	-	7,150	7,150
Other financing uses	-	(500)	(500)
Total nonoperating cash receipts/(disbursements)	<u>-</u>	<u>6,650</u>	<u>6,650</u>
Net cash receipts over disbursements	-	6,650	6,650
Cash fund balances, January 1, 2003	<u>2,000</u>	<u>500</u>	<u>2,500</u>
Cash fund balances, December 31, 2003	<u>\$ 2,000</u>	<u>\$ 7,150</u>	<u>\$ 9,150</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 8,390,346	\$ 1,471,980	\$ 9,862,326	\$ 1,469,890	\$ (2,090)	\$ 251,845	\$ 2,454,816	\$ 2,706,661	\$ 2,044,369	\$ 534,301	\$ 2,578,670	\$ 127,991
Special Revenue	1,457,823	3,329,269	4,787,092	3,645,377	316,108	169,508	4,110,198	4,279,706	3,793,262	76,530	3,869,792	409,914
Capital Projects	-	616,990	616,990	65,033	(551,957)	189,108	25,000	214,108	65,033	-	65,033	149,075
Fiduciary:												
Expendable	300	5	305	1	(4)	-	50	50	50	-	50	-
Nonexpendable	2,000	20	2,020	9	(11)	-	20	20	9	-	9	11
Total (Memorandum Only)	<u>\$ 9,850,469</u>	<u>\$ 5,418,264</u>	<u>\$ 15,268,733</u>	<u>\$ 5,180,310</u>	<u>\$ (237,954)</u>	<u>\$ 610,461</u>	<u>\$ 6,590,084</u>	<u>\$ 7,200,545</u>	<u>\$ 5,902,723</u>	<u>\$ 610,831</u>	<u>\$ 6,513,554</u>	<u>\$ 686,991</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

Prairie Township, Franklin County, Ohio, (the "Township") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, park operations (leisure time activities), fire protection, and emergency medical services. The Township contracts with the Franklin County Sheriff's Department to provide security of persons and property.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Township had the following significant special revenue funds:

Fire Fund - This fund receives real estate and personal property taxes to provide for fire services and operations.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Capital Project Fund

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

OPWC Medfield Way Fund - This fund receives money from Ohio Public Works. The proceeds are used for the replacement of road and curbs on Medfield Way.

Fiduciary Funds (Trust Fund and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following fiduciary funds:

Cemetery Bequest Fund (Expendable Trust) - This is a trust fund in which donations and investment earnings are used for purchasing flowers to be placed on graves in the Township cemetery.

Cemetery Bequest Fund (Nonexpendable Trust) - This is a fund in which investment earnings are used for purchasing flowers to be placed on graves in the Township cemetery.

Permits Fund (Agency Fund) - This fund receives road cut deposits to be held until the completion of a project. After the project is completed to specifications, the money is refunded to the contractor.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Township's Board of Trustees. The Township had several budget modifications throughout the years ended December 31, 2004 and 2003.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2004 and 2003.

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated. The Township had outstanding encumbrances at December 31, 2004 and 2003.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Township totaled \$117,485 and \$113,235 for the years ended December 31, 2004 and 2003, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Township.

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. The resources advanced are temporary loans of cash.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>2004</u>	<u>2003</u>
Deposits:		
Demand deposits	\$ 1,522,758	\$ 2,754,319
Investments:		
STAR Ohio	<u>6,494,926</u>	<u>6,802,240</u>
Total deposits and investments	<u>\$ 8,017,684</u>	<u>\$ 9,556,559</u>

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 3 - CASH AND CASH EQUIVALENTS - (Continued)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 4 - INVESTMENTS

The Township had the following interfund transfers for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 359,832
<u>Special Revenue Fund</u>		
Permissive Motor Vehicle Loans	43,862	-
Total Special Revenue Fund	<u>43,862</u>	<u>-</u>
<u>Capital Projects Fund:</u>		
OPWC - Medfield Way	161,000	-
OPWC - Handicap Ramps	154,970	-
Total Capital Projects Fund	<u>315,970</u>	<u>-</u>
Total	<u>\$ 359,832</u>	<u>\$ 359,832</u>

The Township had the following interfund advances for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 5,882	\$ 133,370
<u>Special Revenue Funds</u>		
2003 sidewalk assessment	-	5,882
2004 sidewalk assessment	133,370	-
Total Special Revenue Funds	<u>133,370</u>	<u>5,882</u>
Total	<u>\$ 139,252</u>	<u>\$ 139,252</u>

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 4 - INVESTMENTS - (Continued)

The Township had the following interfund transfers for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 5,033
<u>Capital Projects Fund</u>		
OPWC Hilton	5,033	-
Total Capital Projects Fund	5,033	-
Total	<u>\$ 5,033</u>	<u>\$ 5,033</u>

The Township had the following interfund advances for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ -	\$ 60,665
<u>Special Revenue Fund</u>		
2003 sidewalk assessment	60,665	-
Total Special Revenue Fund	60,665	-
Total	<u>\$ 60,665</u>	<u>\$ 60,665</u>

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due on the following June 20.

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

**PRAIRIE TOWNSHIP
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 5 - PROPERTY TAX - (Continued)

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

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

NOTE 6 - RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and PERS' are cost sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

NOTE 7 - RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

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

NOTE 8 - CONTINGENT LIABILITIES

The Township is not currently involved in litigation.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Accountant’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

We have audited the financial statements of Prairie Township as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 31, 2005, wherein we noted Prairie Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Prairie Township’s internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Prairie Township in a separate letter dated August 31, 2005.

Board of Trustees
Prairie Township

Compliance and Other Matters

As part of reasonably assuring whether Prairie Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board and management of Prairie Township and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 31, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 30, 2006**