

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT
OF
PRAIRIE TOWNSHIP
LAPORTE COUNTY, INDIANA
January 1, 2007 to December 31, 2009



FILED
05/17/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Lynne A. Shei	01-01-07 to 12-31-10
Chairman of the Township Board	Chester M. Rosenkranz	01-01-07 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF PRAIRIE TOWNSHIP, LAPORTE COUNTY, INDIANA

We have examined the financial information presented herein of Prairie Township (Township), for the period of January 1, 2007 to December 31, 2009. The Township's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Township for the years ended December 31, 2007, 2008, and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 14, 2010

PRAIRIE TOWNSHIP, LAPORTE COUNTY
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL FUND TYPES
As Of And For The Years Ended December 31, 2007, 2008, And 2009

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
Township	\$ 14,812	\$ 1,207	\$ 13,553	\$ 2,466
School General	1,995,001	457,079	203,944	2,248,136
Dog	322	-	-	322
Township Assistance	19,445	-	90	19,355
Firefighting	4,259	2,324	32,000	(25,417)
Transportation	61,458	13,450	116,374	(41,466)
Special Education Preschool	3,918	81	14	3,985
Education License Plates	428	-	-	428
Riverboat	36,529	7,797	1,000	43,326
Totals	<u>\$ 2,136,172</u>	<u>\$ 481,938</u>	<u>\$ 366,975</u>	<u>\$ 2,251,135</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
Township	\$ 2,466	\$ 16,193	\$ 12,028	\$ 6,631
School General	2,248,136	403,156	257,606	2,393,686
Dog	322	-	-	322
Township Assistance	19,355	-	650	18,705
Firefighting	(25,417)	28,676	34,000	(30,741)
Transportation	(41,466)	74,569	46,065	(12,962)
Special Education Preschool	3,985	538	-	4,523
Education License Plates	428	-	-	428
Riverboat	43,326	7,919	733	50,512
Rainy Day	-	10,000	-	10,000
Totals	<u>\$ 2,251,135</u>	<u>\$ 541,051</u>	<u>\$ 351,082</u>	<u>\$ 2,441,104</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
Township	\$ 6,631	\$ 11,661	\$ 13,405	\$ 4,887
School General	2,393,686	618,994	38,332	2,974,348
Dog	322	-	-	322
Township Assistance	18,705	132	219	18,618
Firefighting	(30,741)	28,404	34,000	(36,337)
Transportation	(12,962)	59,238	41,704	4,572
Special Education Preschool	4,523	-	-	4,523
Education License Plates	428	18	-	446
Riverboat	50,512	10,194	2,866	57,840
Rainy Day	10,000	-	-	10,000
Stimulus Stabilization	-	45,049	45,012	37
Totals	<u>\$ 2,441,104</u>	<u>\$ 773,690</u>	<u>\$ 175,538</u>	<u>\$ 3,039,256</u>

The accompanying notes are an integral part of the financial information.

PRAIRIE TOWNSHIP, LAPORTE COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Township was established under the laws of the State of Indiana. The Township provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Township uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Township in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

PRAIRIE TOWNSHIP, LAPORTE COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Township to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Subsequent Event

LaPorte County Property Taxes

LaPorte County has not completed and settled an approved property tax cycle since the 2005 payable 2006 property tax year. Each subsequent year the County has sent out various forms of provisional bills with the notice that a reconciliation bill will be provided to taxpayers once assessments are approved and certified and final tax rates are established. These delays and uncertainties have resulted in a lower than budgeted property tax collection rate for the Township. It could not be determined how much property tax collections the Township will receive once all the reconciliation bills have been distributed and the collections received. Provisional bills for taxes payable in 2009 were due January 29, 2010. The Township received their distribution on February 11, 2010.

PRAIRIE TOWNSHIP, LAPORTE COUNTY
EXAMINATION RESULTS AND COMMENTS

OFFICIAL BOND

The Trustee's official bond was not filed in the Office of the County Recorder for the years 2007, 2008, and 2009.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

Until July 1, 2009, IC 5-4-1-18 stated in part:

"(c) The fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount must equal fifteen thousand dollars (\$15,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount may not be less than fifteen thousand dollars (\$15,000) nor more than three hundred thousand dollars (\$300,000) . . ."

Effective July 1, 2009, IC 5-4-1-18 states in part:

"(c) Except as provided in subsections (h) and (i), the fiscal bodies of the respective units shall fix the amount of the bond of . . . township trustees . . . as follows:

- (1) The amount of annual coverage must equal thirty thousand dollars (\$30,000) for each one million dollars (\$1,000,000) of receipts of the officer's office during the last complete fiscal year before the purchase of the bond, subject to subdivision (2).
- (2) The amount of annual coverage may not be less than thirty thousand dollars (\$30,000) nor more than three hundred thousand dollars (\$300,000) unless the fiscal body approves a greater amount of annual coverage for the officer or employee. . . ."

OVERDRAWN CASH BALANCES

The cash balances of the Firefighting and Transportation Funds were overdrawn at December 31 of the examination years as follows:

Fund	2007	2008	2009
Firefighting	\$ 25,417	\$ 30,741	\$ 36,377
Transportation	41,466	12,962	-

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRAIRIE TOWNSHIP, LAPORTE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ORGANIZATION OF BOARDS

The minutes presented for examination did not contain information related to the annual meeting of the Township Board or the Township Board of Finance. These boards were not reorganized with the election of officers in January of 2007, 2008, 2009, or 2010.

IC 36-6-6-7(a) states: "The legislative body shall meet at the office of the executive on the first Tuesday after the first Monday in January of each year. At this meeting the legislative body shall elect one (1) member as chairman for that year and one (1) member as secretary for that year."

IC 5-13-7-6(a) states in part: "Each local board of finance shall meet annually after the first Monday and on or before the last day of January. At the annual meeting the board of finance shall . . . Elect, from the board's membership . . . a president; and a secretary . . . The officers elected hold office until the officers' successors are elected and qualified."

RECEIPTS

The Township did not issue Township Receipt Form 16 for funds received.

The Township Trustee's Receipt (Form 16-1997) is to be used for receipt of each item of money received. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRESCRIBED FORMS

Township Form 1C, Financial and Appropriation Record, was not used as prescribed. Approved appropriations were not entered into the record and disbursements were not listed by appropriation. The receipts and disbursements columns were not totaled at year-end which would facilitate the preparation of accurate and timely financial reports. Additionally, no payroll withholdings transactions were entered into the record.

The Financial and Appropriation Record . . . Form 1C includes a record of receipts, disbursements and balances by fund; a control of all funds and a control of expenditures by appropriation . . . The right hand page includes the accounting for deductions from salaries and wages . . . (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

The record is to be proved at the close of each month and reconciled with the monthly bank statement or statements . . . After the funds have been proved to the control account, prove the various appropriation expenditures of each fund to total disbursements for each fund. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 3)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRAIRIE TOWNSHIP, LAPORTE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

ANNUAL REPORTS

Township Annual Reports, Township Form 15, were filed late for the years ending December 31, 2007, 2008, and 2009. The 2007 and 2008 Reports were due January 31; however, Reports were not filed until April 14, 2008, and February 20, 2009, respectively. The 2009 Report was due March 1, 2010; however, the Report was not filed until April 1, 2010.

The Township Trustee's Report of Receipts and Disbursements for the Calendar Year is an abstract report of receipts and disbursements for the calendar year. The annual report shall be prepared, verified, and filed with the State Board of Accounts within 30 days after the close of each fiscal year . . . (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 2)

IC 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

DONATIONS

The Township donated \$1,000 to the South Central Jr.-Sr. High School for weight equipment during the examination period.

Governmental funds should not be donated or given to other organizations, individuals, or governmental units unless specifically authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

LIST OF EMPLOYEES NOT FILED WITH COUNTY TREASURER

Officials or employees of the Township had money due from the Township, but a list of such employees was not certified to the County Treasurer.

IC 6-1.1-22-14(a) states in part: "On or before June 1 and December 1 of each year . . . the disbursing officer of each political subdivision . . . shall certify the names and addresses of each person who has money due the person from the political subdivision to the treasurer of each county in which the political subdivision is located."

CERTIFIED REPORT, FORM 100R, NOT FILED

The Township did not file a Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R) in 2007, 2008, or 2009.

PRAIRIE TOWNSHIP, LAPORTE COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

Each township trustee shall, during the month of January of each year, make and sign a written or printed certified report, correctly and completely showing the names and addresses of each and all officers and employees of the township and the respective duties and compensation of each. The report must be filed (on Form 100R) in the office of the State Examiner of the State Board of Accounts, 302 West Washington Street, Room E418, Indianapolis, Indiana, 46204-2765. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 12)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PAYROLL RECORDS AND REPORTS

Payments to some employees were made without payroll deductions for federal and state taxes. Internal Revenue Service (IRS) Forms W-2 for those who are paid as employees were not presented for examination. The records show that payments were made to the Indiana Department of Revenue and the United States Treasury for payroll withholdings; however, no payroll reports were presented for examination.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

Each governmental unit is responsible for compliance with all rules, regulations, guidelines, and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Townships, Chapter 13)

PRAIRIE TOWNSHIP, LAPORTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 14, 2010, with Lynne A. Shei, Trustee.